

INTERNET WATCH FOUNDATION

England & Wales · Charity number 1112398

Details

Other names	IWF
Status	Registered
Legal form	Charitable company
Company number	03426366
Registered	2005-12-05
Register	View on the Charity Commission register

Contact

Address	296 Cambridge Science Park Milton Road Cambridge CB4 0WD
Phone	01223203030
Email	admin@iwf.org.uk
Website	www.iwf.org.uk

Activities

Objects: (A) THE PROMOTION OF THE CARE AND PROTECTION OF THE HEALTH AND WELFARE OF THE PUBLIC IN PARTICULAR CHILDREN AND YOUNG PEOPLE BY WORKING TO MINIMISE THE AVAILABILITY OF POTENTIALLY ILLEGAL OR OTHERWISE HARMFUL CONTENT ON THE INTERNET. (B) THE PREVENTION OF CRIMES RELATING TO OFFENCES INVOLVING EXPOSURE TO ILLEGAL CONTENT ON THE INTERNET IN PARTICULAR BY: (I) OPERATING A HOTLINE ENABLING THE PUBLIC TO REPORT SUCH INSTANCES;(II) OPERATING A NOTICE AND TAKEDOWN SERVICE TO ALERT HOSTING SERVICE PROVIDERS OF SUCH CRIMINAL CONTENT FOUND ON THEIR SERVERS; AND (III) ALERTING RELEVANT LAW ENFORCEMENT AGENCIES TO THE CONTENT. (C) TO FURTHER SUCH PURPOSES AS ARE RECOGNISED AS EXCLUSIVELY CHARITABLE UNDER THE LAW OF ENGLAND AN WALES.

Activities: Foster trust and confidence in the Internet.Assist Internet service providers to combat online child abuse content.Assist law enforcement in the fight against online child abuse content

Classification

- **How:** Provides Services, Provides Advocacy/advice/information, Sponsors Or Undertakes Research, Acts As An Umbrella Or Resource Body, Other Charitable Activities
- **What:** General Charitable Purposes
- **Who:** Children/young People, The General Public/mankind

Geography

- **Area of benefit:** NOT DEFINED. IN PRACTICE. WORLDWIDE.
- Angola
- Anguilla
- Australia
- British Virgin Islands
- Cayman Islands
- Christmas Island
- Falkland Islands
- France
- Gibraltar
- India
- Ireland
- Mauritius
- Montserrat
- Netherlands
- Northern Ireland
- Philippines
- Pitcairn, Henderson, Ducie And Oeno Islands
- Saint Helena
- Scotland
- South Africa
- Turks And Caicos Islands
- Uganda
- Zambia
- Throughout England And Wales

Finances

Period end	Income	Expenditure	Assets	Employees
2025-03-31	£7,049,679	£7,174,090	£6,223,109	75
2024-03-31	£6,950,958	£6,145,645	£6,318,609	70
2023-03-31	£6,011,992	£4,913,399	£5,457,525	67
2022-03-31	£5,495,269	£4,074,548	£4,409,062	51
2021-03-31	£4,525,464	£3,693,153	£2,961,316	43

Trustees

Name	Role	Appointed
Catherine Brown	Chair	2024-01-01
Alexander Ian Arthur Evans		2024-03-19
Andrew John Campling		2022-12-06
Bronagh McCloskey		2019-06-04
Dr Rebecca Portnoff		2026-01-05
Henry John Adams		2025-09-22
Mary Beth Christie		2025-09-22
Nicholas Jeremy Newman		2024-01-01
Rachel Sarah Yeomans		2024-03-01
Supriya Suri Malik		2020-12-02
Thomas Donal Newton		2025-12-02

INTERNET WATCH FOUNDATION

England & Wales - Charity number 1112398

Accounts

Trustees' Annual Report & Accounts

For the year ended 31 March 2025



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Working together
to stop child sexual
abuse online

iwf.org.uk

Reference & Administrative Details

Charity Registration Number

1112398

Company Registration Number

03426366

Chief Executive Officer

Kerry Smith

From 18 August 2025

Derek Ray-Hill (Interim)

11 September 2024 to 17 August 2025

Susan Hargreaves

Resigned 31st July 2024

Senior Management Personnel

- Ms K Smith
- Ms E Hardy
- Mr C Hughes
- Mr D Sexton
- Mr M Durham
Appointed 1 May 2025
- Ms R Roxburgh
Appointed 1 April 2025
- Ms S Hargreaves
Resigned 31 July 2024
- Ms H Kempster
Resigned 28 February 2025

**Visit our website to learn more
about our [Executive Team](#)¹
and read their bios.**

Board of Trustees

- Henry Adams
Appointed 22 September 2025
- Catherine Brown (Chair)
- Andrew Campling
- Mary Beth Christie
Appointed 22 September 2025
- Alexander Evans
- Sanjit Gill
Appointed 29 April 2024
- Sherry Malik
- Bronagh McCloskey
- Nick Newman
- Rachel Yeoman
- Simon Staffel
Resigned 25 September 2025
- Sinead Coogan Jobes
Term ended 29 April 2024
- Giles Crown
Term ended 31 August 2025
- Terry Downing
Term ended 3 December 2024

**Visit our website to learn more
about our [Board of Trustees](#)² and
read their bios.**

Principal/

Registered Office

Discovery House
Chivers Way
Histon
Cambridge
CB24 9ZR

Independent Auditors

Price Bailey LLP Chartered
Accountants
& Statutory Auditors
Tennyson House
Cambridge
Business Park
Cambridge
CB4 0WZ

Investment Advisors

Rathbones Brothers Plc
8 Finsbury Circus
London
EC2M 7AZ

Investment Managers

CCLA
One Angel Lane
London
EC4R 3AB

Bankers

Barclays Bank UK PLC
Abacus House
Castle Park
Castle Hill
Cambridge
CB3 0AX

Flagstone Group Limited
1st Floor, Clare Ville House
26-27 Oxendon Street
London
SW1Y 4EL

1. <https://www.iwf.org.uk/about-us/who-we-are/our-executive-team/>

2. <https://www.iwf.org.uk/about-us/who-we-are/governance/our-board-of-trustees/>

Trustees' Annual Report

(including directors' report and strategic report)

Chair's Statement

Over the last 12 months we saw the scale and complexity of the problem we are grappling with continue to escalate.

We are finding and removing more webpages showing images and recordings of child sexual abuse than ever before, involving younger children. We're also facing growing challenges from numerous sources, including AI-generated images and the increasing use of end-to-end encrypted services which prevent platform moderators, law enforcement and safeguarding charities from identifying, blocking or removing criminal content. Following our work in this area, the UK Government's Home Secretary has announced a raft of new landmark legislation designed to curb the rise of child sexual abuse material generated by AI.

It's only by working collaboratively with our Members, governments and regulators worldwide that we can disrupt the system of online exploitation and abuse. To increase our impact, we're making more of our services accessible to more of our Members and non-Members, and are extremely grateful for the Public Interest Registry's sponsorship, which enables smaller domain registries to ensure their portfolio of top-level domains is not being abused.

We have made sure that our insights inform international policy by organising a joint event with Microsoft in Brussels on Uniting for a Safer Online Experience. We have also visited our US and Canadian equivalents, NCMEC and C3P, to discuss further opportunities for us to work together to scale up our collective impact.

As the UK regulator, Ofcom presses on with implementing the Online Safety Act, we're pleased that it

has set out positive measures for services to undertake to detect and remove known child sexual abuse online. However, given the scale of the problem, we will continue to call on Ofcom and the UK government to be more ambitious.

For the Executive Team, this has been a time of significant change. I'd like to recognise the central contributions of Susie Hargreaves OBE, who stepped down in July 2024 after 13 successful years as CEO, and of Heidi Kempster, COO and Deputy CEO who moved on in February 2025 after 11 years of service. Derek Ray-Hill provided invaluable leadership to the team as Interim CEO ahead of the appointment of a new permanent CEO, Kerry Smith, who took the reins in August 2025.

Meanwhile, our diverse Board, with its wide range of expertise in industry, technology, law, child protection, communications and public relations, is well placed to support the IWF as we move forward. I would like to thank them, as well as our colleague team, for all their work this year.

We're doing great work, but there's still so much more to do. Next year, I expect us to increase our membership and build more and stronger partnerships so that we can intensify our collective impact and protect more children from being victimised online.

Thank you for your support this year. We look forward to making even bigger impacts together in the year ahead.



Catherine Brown

Chief Executive's Statement

I stepped into the role of permanent CEO of the Internet Watch Foundation (IWF) on 18 August 2025, picking up from Derek Ray-Hill who had been our Interim CEO since September 2024.

This report covers an historic period of transformation both within the IWF and externally. During which, under Derek's tenure, the IWF successfully delivered a change programme to ensure stability and future impact through a period of leadership transition.

In the UK, the Online Safety Act has been implemented by Ofcom after many years in the making. It's a world-first in many ways and it has enabled us to expand our work and impact. To support companies in complying with the Act, we prioritised the development of Image Intercept. This new service lets smaller companies and startup platforms use our child sexual abuse hash list, even when they do not have the capacity to adopt full IWF Member services. It's a service that was offered, for the first time, to smaller companies completely free. Tested in April 2025, the tool was designed with easy-of-use in mind for small and medium sized companies, providing real-time analytics on successful detection and removal.

Rightly, online criminality and harms affecting children have dominated both the news and public policy agendas. In the US we have seen an increasing trend towards deregulation; in Europe there is an ongoing debate on the balance between privacy rights and the prevention of harmful digital content, including images of child sexual abuse; and in Australia we saw the introduction of a ban on social media for under 16s. In

response, we have taken seriously our responsibility as one of the few experts in the field of online child sexual abuse and exploitation with access to real-time data, and used this expertise to inform and strengthen global efforts to protect children. We have strengthened our ability to provide robust information and share meaningful knowledge on what works and where future threats are emerging, ensuring we can influence policy development more effectively, informed by our Members and stakeholders.

Unfortunately, criminals and their tactics are also developing quickly, with new technologies being abused by those looking to harm and exploit children. This is why partnerships with our Members, law enforcement, sector colleagues, including NCMEC in the USA, C3P in Canada, and our international portal partners, will continue to be invested in as a means to substantively increase impact. Not least to advocate for robust safety by design in the rapidly evolving field of AI-driven tools and applications. We are also proud of the partnerships we have with others who also share our mission such as NSPCC with whom our Report Remove service is a critical tool to enable children to have agency over their own images.

It's a privilege to take the helm of such a trailblazing organisation which clearly has a leading role to play at this moment of such global change, and which has an abundance of appetite and energy to make huge progress on preventing online child sexual abuse and exploitation. I give huge thanks to Derek Ray-Hill for his stewardship of IWF during the

leadership transition, and I thank our brilliant team, supportive Members and our long-standing partners around the World for their time and commitment.

We are determined to ensure that over the coming decade we continue to play a pivotal role in ending online child sexual abuse and exploitation, while sitting at the frontline of exponential change. It is through partnerships with our Members, regulators, sector colleagues and children and young people themselves, that we will be able to successfully tackle the spread of online child sexual abuse and exploitation. Thank you for all of your support and work to date.

Without you our successes wouldn't be possible, and I look forward to working with you to rapidly build the change we all want to see: a digital world free from child sexual abuse and exploitation.



Kerry Smith

Impact and Achievements

We regularly publish data to communicate the state of child sexual abuse imagery online. And in all these numbers, we remember that there are real child victims and survivors who have been abused.

Our analysts and assessors have worked tirelessly to identify, disrupt and remove child sexual abuse images and videos online.

We've found, and worked to remove, more instances of child sexual abuse imagery on URLs than ever before.

In the 2024 calendar year:

424,047 reports were assessed by the IWF during the year (an 8% increase on the previous year), equating to one report every 74 seconds:

- 424,031 were reports of URLs or from child reporting services.
- 16 were reports of newsgroups.
- 267,788 (63%) came from the proactive work of our analysts.

291,273 reports were confirmed to either contain criminal imagery of child sexual abuse, link to this criminal imagery or were found advertising it (a 6% increase on the previous year) meaning that every 108 seconds we assessed a report that showed at least one child being sexually abused.

- 290,637 were URLs.
- 636 were reports received from our child reporting services.
- 91% of the reports assessed as criminal were found to contain 'self-generated' imagery.
- 94% of these 'self-generated' reports showed only girls.

Every report to the IWF represents either a single URL or a direct report via our child reporting services (Report Remove and Meri Trustline).

Each URL could contain one, tens, hundreds or even thousands of individual child sexual abuse images or videos.

We've increased the ability of our Members to identify, disrupt and remove child sexual abuse images and videos online – by growing our list of digital fingerprints to more than 2.8 million.

In addition to our work removing the images on URLs, we use IntelliGrade, our bespoke grading and hashing software, to enable us to perform an image level assessment of images and videos.

This also creates a hash of the image or video. A hash is a type of digital fingerprint created using a mathematical algorithm that identifies a picture of confirmed child sexual abuse. Each hash is completely unique. Once an image has been hashed, it enables us to share these with industry and law enforcement, eliminating the need to view the criminal imagery. Hashes are quickly recognised; this means thousands of criminal pictures can be blocked from ever being uploaded to the internet in the first place. The IWF began hashing child sexual abuse images in 2015.

In the year we reviewed 1,264,393 images and videos of which 734,048 were assessed to be criminal. By the end of 2024, we had accumulated 2,883,015 individual hashes of criminal imagery which includes 122,487 videos.

We've supported UK hosting companies to keep child sexual abuse material off UK-based servers.

In 2024, of the 291,273 reports that displayed child sexual abuse imagery:

- Just 987 were hosted in the UK which is 0.34% of all actioned reports globally.

Impact and Achievements

We've developed new technology and recording systems to deepen our understanding of the issue.

In 2024, we developed the technology (funded by Nominet) to allow us to count thousands of additional child victims of sexual abuse for the first time. Thanks to the new 'Multichild' feature in our IntelliGrade system, we have recorded 70,898 children who would otherwise have been 'invisible'.

We've met audiences where they are with education and information to help them protect themselves and those they care for.

In 2024 we developed and launched four major campaigns: Think Before You Share, Report Remove, and resources focused on AI and financially motivated sexual extortion, often called 'sextortion'.

We've shared our insights with the international policy community to inform relevant legislation to prevent child sexual abuse imagery.

We teamed up with Microsoft to run a joint event in Brussels on Uniting for a Safer Online Experience.

We've secured measures in the UK's Crime and Policing Bill to criminalise AI models used to make child sexual abuse images

The UK's Safeguarding and Violence Against Women and Girls Minister Jess Phillips, said: "I give credit to the Internet Watch Foundation and NSPCC, which have campaigned fiercely over the years for these measures to become law. They have been trying to sound the alarm on AI imagery, which uses real children and has real-world consequences. It is very easy for people to think that because an image is not of a real child, it does not cause real problems. Those organisations have been sounding the alarm, so I give credit to them."

Trustees' Report

The Trustees present their report and the audited financial statements of the charity for the year ended 31 March 2025. The Trustees have adopted the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" (FRS 102) in preparing the annual report and financial statements of the charity.

Public Benefit

We are confident that the IWF continues to meet the public benefit requirements and that we have paid due regard to the published guidance from the Charity Commission. Our specific objects as a company are set out in our Articles of Association. Our aims as a charity continue to be to promote the protection and welfare of the public, particularly children, by working to minimise the availability of illegal content on the internet.

Mission

To detect, disrupt, remove, and prevent online child sexual abuse material using our expertise and resources as effectively as possible.

Main Activities

Online child sexual abuse imagery is a global problem, which demands a global solution. The internet does not respect geographical borders, so we work in close cooperation with partners worldwide. It is our continued aim to use the expertise of the IWF's team and work with UK and international partners to:

- Disrupt the availability of child sexual abuse content hosted anywhere in the world.
- Protect child victims of sexual abuse from repeat victimisation and public identification.

- Prevent internet users from accidentally stumbling across child sexual abuse content.
- Remove any non-photographic child sexual abuse content that is found to be hosted in the UK.

How we do this

- Identify, assess, report and remove illegal child sexual abuse imagery.
- Provide a world class Hotline for anyone to securely and anonymously report child sexual abuse imagery.
- Use our intelligence to actively search for child sexual abuse images and videos on the public internet.
- Work with industry partners worldwide to remove images of child sexual abuse as quickly as possible and prevent them from being spread further.
- Develop technical solutions, services and tactics to disrupt and remove illegal content.
- Research, analyse and disseminate relevant trends data.
- Promote best-practice welfare for staff who are working to eliminate child sexual abuse imagery and provide a caring and safe environment for all of our staff.

The focus of our strategy has been to deliver excellence in our core operations, particularly the Hotline and in the technical services we deliver.

Financial Review

Following several years of financial surplus and reserves building, trustees initiated an investment programme during 2024/25 to reshape the organisation in response to the challenges of implementing the UK's Online Safety Act. The programme is scheduled to run until 2026 and will use previously designated funds to finance the development of new services and reporting systems, internal restructuring, and the relocation of IWF's main office from Vision Park Histon to larger and newly refurbished premises on Cambridge Science Park during the winter of 2025/26.

Income

Total 24/25 income of £7,050k (2023/24: £6,951k) was £99k (1.4%) higher.

- Income from charitable activities (predominately membership subscriptions and grant revenues) increased by £362k (5.8%) to £6,636k (2023/24: £6,274k), in line with growth of membership numbers from 205 to 210. Significant grants were received from Nominet (£795k) and UK Home Office (£526k)
- However, donations declined by £272k (61.3%) to £172k (2023/24: £444k), as gifts-in-kind reverted to a lower level following prior year's donation of Microsoft licences.

Expenditure

Total 2024/25 expenditure was £1,028k (16.7%) higher at £7,174k (2023/24: £6,146k).

- Staff costs (see note 9 to the financial statements) increased by £715k (19.7%) to £4,351k (2023/24: 3,636k) driven by higher staffing levels, salary

inflation and organisational restructuring costs.

- Non staff costs were £313k (12.5%) higher at £2,823k (2023/24: £2,510k) as spending progressed on the premises and scale up related projects identified during 2023/24, using the designated funds established for those purposes.

Allowing for an investment gain of £29k (£2023/24: £56k), IWF's net expenditure for the year was £96k (2023/24: net income of £861k), reducing net assets on 31st March 2025 to £6,223k (31st March 2024: £6,319k)

Funds Summary

IWF's closing net assets were represented by unrestricted funds of £6,309k (31st March 2024: £6,344k) together with a deficit on restricted funds of £86k (31st March 2024: deficit of £25k) which the trustees are confident will be recovered from future income.

Designations of unrestricted funds

In previous years, trustees designated some of IWF's unrestricted funds to support future spending on i) technical/IT development projects (Technical Fund); ii) relocation of its main office (Premises Fund); and iii) expansion plans (Scaling Up Fund). As set out in note 18a to the financial statements, unspent designations on 31st March 2025 totalled £896k (2024: £1,350k).

General funds

Reported general funds (total unrestricted reserves less designated funds) on 31st March 2025 were £5,413k (2024: £4,994k). This represents 113% (2024: 105%) of IWF's general funds target of £4,772k, a policy benchmark designed to maintain adequate

but not excessive reserves against the risk of unexpected changes in income or operations, fluctuations in cash flow and the timescales and commitments in the event of winding up our operations. The target is an estimate of the funds required to run the Hotline and associated essential support activities for 12 months.

In July 2025 the trustees designated a new Tangible Fixed Asset (TFA) Fund equivalent to the net book value of tangible fixed assets. In line with Charity Commission Guidance CC19 (Charity Reserves: building resilience) this fund will in future be excluded from the value of general funds as tangible fixed assets aren't considered freely available to be spent on the charity's purposes. If the TFA fund had been in place on 31st March 2025, IWF's reported general funds would have represented 102% (2024: 93%) of IWF's general funds target.

Investments

IWF's objective is to maintain the value of its investments after inflation. The portfolio's value on 31st March 2025 was £2,424k (2024: £1,098k). During the year, trustees invested surplus cash into the portfolio via CAF's Flagstone Deposit Fund, an interest earning money market investment with a value on 31st March 2025 of £1,285k. The remainder of the portfolio continues to be managed on IWF's behalf by Rathbones under its Cautious Growth strategy, the key parameters of which are:

- A return reference of CPI+2%.
- An expected time horizon of 5+ years.
- An exposure of up to 65% in equity and equity-correlated risks with the balance in liquid and diversifying assets.
- Income will be reinvested in the portfolio.

Financial Review

The total average annual return on investment since inception is 3% against a target of 6%.

Fundraising

IWF understands its duty to protect the public, including vulnerable people, from unreasonably intrusive or persistent fundraising approaches and undue pressure to donate. Other than a Donate button on its public website IWF does not campaign publicly to raise funds, nor does it use any internal fundraisers or external fundraising agencies for either telephone or face-to-face campaigns. No complaints regarding fundraising were received during the year.

Going concern

After making appropriate enquiries, the Trustees have a reasonable expectation that the charitable company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Structure, Governance & Management

Constitution

The Internet Watch Foundation is an independent registered charity (number 1112398) and is also a company limited by guarantee (registered company number 03426366). The company was incorporated on 29 August 1997 and charitable status was gained on 16 December 2004. The IWF is governed by its Memorandum and Articles of Association originally adopted on 16 December 2004, and periodically updated since then, most recently on 27 January 2022.

The Board

We are governed by a Board of 11 Trustees who are led by an Independent Chair. The rest of the Board comprises six independent Trustees, three industry Trustees and one co-opted Trustee. Changes to the Board membership during the year are documented at the beginning of the Report.

The Board elects two Vice-Chairs from within its membership – one from industry and one independent.

The Board governs via a regular cycle of Board meetings, each documented with official minutes.

Our Independent Board members are chosen by an open selection procedure following national advertising. No Trustee may serve more than six years.

Funding Council

In addition, we operate a Funding Council who not only provide funding but also support the Board with expert advice from their respective industries. All of our Members have the opportunity to nominate representatives to the Funding Council.

The Funding Council elects three of its Members to represent industry views on the Board and the Council meets six times per year.

Method of appointment or election of Trustees

Independent Board members are appointed by the Board through a fair and open selection procedure managed by the Board Executive Committee.

This Committee comprises the Chair, the two Vice-Chairs and an Independent person. In making a selection, the Committee will ensure that the Board has an appropriate balance of skills and experience. All recommendations of the Committee for Board appointments are subject to Board approval.

The Independent Chair is appointed by the Board through an open selection procedure managed by the Nominations Committee, comprising the two Vice-Chairs and an independent person.

Induction, training and vetting of Trustees

All new Board members undergo an induction process and training to enable them to understand the role of the IWF and their role as Trustees.

All of our Trustees are subject to the IWF vetting policy procedure and their responsibilities are described in the Board Members' Handbook.

Organisational structure and decision making

During the period under review the Board of Trustees was supported by two subcommittees: the Finance and Risk Committee and the Capabilities and Change Committee. Neither committee had

any delegated powers but each met regularly to understand key issues in more detail and to assist Board decision making by making recommendations.

Remuneration of key management personnel

IWF's key management personnel are listed on page 3 of this report. The Board undertakes regular reviews of salaries of key management personnel, drawing upon market data available for the charity sector and will continue to monitor and review salaries as necessary.

Section 6 of the Memorandum of Association of the IWF permits payments to a maximum of three Trustees attending each Board meeting. During the year, no Trustee was paid in respect of their duties. The Chair was however remunerated for their role and further details can be found in note 9 of these accounts.

Related party relationships

Trustees regularly review the organisation's activities and relationships, and no related parties have been identified. IWF cooperates with a wide array of UK and international organisations to deliver its mission, including from the charity and technology sector, UK internet industry, law enforcement agencies, government departments, and other non-profit organisations.

Risk management

The trustees acknowledge responsibility for ensuring that IWF has effective systems in place to identify, assess, and manage risks that may impact the achievement of its objectives.

Structure, Governance & Management

The principal risks IWF faces are:

- **Service Delivery:** Risks associated with the effectiveness of the services IWF provides in detecting and removing child sexual abuse materials are managed with strong operational quality assurance processes; continuous technical development to counter the threat posed by encryption technologies; and regular engagement with governments to shape the regulatory and legal environment in which all internet users operate
- **Cybersecurity and Data Protection:** As a technology-based charity, IWF is exposed to risks related to data breaches, system vulnerabilities, and compliance with GDPR. Mitigation measures include regular penetration testing, staff training, and robust data governance policies.
- **Funding and Financial Sustainability:** The charity remains vigilant to risks arising from reliance on key funders and the existence of economic uncertainties, and the Board seeks to diversify income streams as far as possible and maintain reserves in line with our reserves policy to ensure operational continuity.
- **Reputational Risk:** Given public interest in and awareness of our work, reputational damage from misinformed or adverse media coverage is a key concern. We have crisis communication protocols in place and closely monitor public engagement.

- **Regulatory Compliance:**

Trustees monitor changes in charity law, digital regulation, and safeguarding requirements to ensure ongoing compliance. Trustees receive regular updates and training on governance and regulatory matters.

The trustees confirm that appropriate systems are in place to manage these risks and that they are satisfied with the effectiveness of the controls and mitigation strategies. The risk register is reviewed quarterly by both Finance & Risk Committee and the full Board.

Statement of Trustees' Responsibility

The Trustees (who are also directors of Internet Watch Foundation for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

1. Select suitable accounting policies and then apply them consistently;
2. Observe the methods and principles in the Charities SORP 2019 FRS102;
3. Make judgments and accounting estimates that are reasonable and prudent;
4. State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
5. 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 adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Structure, Governance & Management

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

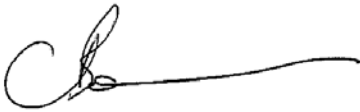
Auditors

In so far as the Trustees are aware:

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

The Board recommends at the AGM that Price Bailey LLP should continue to be engaged as auditors for the forthcoming financial year.

This report was approved by the Board on 14th October 2025 and signed on its behalf by:



Catherine Brown

Independent Chair

Opinion

We have audited the financial statements of Internet Watch Foundation (the 'charitable company') for the year ended 31 March 2025 which comprise the Statement of Financial activities, the Balance Sheet, The Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2025, 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 charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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 charitable company'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 trustees' 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 trustees' report (incorporating the strategic report and directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' report (incorporating the strategic report and directors' report) has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with

the accounting records and returns; or

- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees

As explained more fully in the trustees' responsibilities statement on page 12 the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to

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

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:

We gained an understanding of the legal and regulatory framework applicable to the charitable company and how it operates and considered the risk of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations. This included those regulations directly related to the financial statements. In relation to the charity this included GDPR, health and safety, employment law and financial reporting.

Auditor's responsibilities for the audit of the financial statements (continued)

We communicated the identified laws and regulations with the audit team and remained alert to any indications of non-compliance throughout the audit. We carried out specific procedures to address the risks identified. These included the following:

- agreeing the financial statement disclosures to underlying supporting documentation.
- assessing compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiries of management including those responsible for key regulations;
- enquires of management about GDPR compliance and reviewing register of any GDPR breaches in the year;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reviewing minutes of Trustee Board meetings, minutes of Audit Committee meetings and correspondence with the Charity Commission;
- in addressing the risk of management override of controls, we carried out testing of journal entries and other adjustments for appropriateness, and

- reviewing the risk management processes and mitigating actions in place.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance.

The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website: [frc.org.uk/library/standards-codes-policy/audit-assurance-and-ethics/auditors-responsibilities-for-the-audit/](https://www.frc.org.uk/library/standards-codes-policy/audit-assurance-and-ethics/auditors-responsibilities-for-the-audit/). This description forms part of our auditor's report.

Use of this Report

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

or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Shaun Jordan ACA
Senior Statutory Auditor

for and on behalf of
PRICE BAILEY LLP
Chartered Accountants
Statutory Auditors
Tennyson House
Cambridge Business Park
Cambridge
CB4 0WZ

Date: 23 October 2025

Financial Statements



Statement of Financial Activities



Statement Of Financial Activities (Including Income and Expenditure Account) For the year ended 31 March 2025

					2025	2024
	Note	Unrestricted - General Funds £	Unrestricted - Designated	Restricted £	Total £	Total £
Income						
Donations	2	171,736	-	-	171,736	444,012
Charitable activities	3	5,072,660	-	1,563,361	6,636,021	6,274,145
Other trading activities	4	26,480	-	-	26,480	34,233
Investment income	5	215,442	-	-	215,442	198,568
Total income		5,486,318	-	1,563,361	7,049,679	6,950,958
Expenditure						
Charitable expenditure:	6	(5,029,278)	(454,382)	(1,690,430)	(7,174,090)	(6,145,645)
Total expenditure		(5,029,278)	(454,382)	(1,690,430)	(7,174,090)	(6,145,645)
Net Gain on investments		28,911	-	-	28,911	55,771
Net income/ (expenditure) in the year		485,951	(454,382)	(127,069)	(95,500)	861,084
Transfers between funds						
Transfers between unrestricted & restricted	18a	(66,555)	-	66,555	-	-
Transfers from designated to restricted	18b	-	-	-	-	-
Net movement in funds		419,396	(454,382)	(60,514)	(95,500)	861,084
Reconciliation of funds:						
Total funds brought forward		4,993,757	1,350,000	(25,148)	6,318,609	5,457,525
Total funds carried forward		5,413,153	895,618	(85,662)	6,223,109	6,318,609

All amounts relate to continuing activities of the company.

The Statement of Financial Activities includes all gains and losses recognised in the year.

The attached notes on pages **21 to 33** form part of these financial statements.

Company Balance Sheet



Internet Watch Foundation | Registered Company Number: 03426366
Company Balance Sheet for the year ended 31 March 2025

	Note	2025 £	2024 £
Fixed Assets			
Tangible assets	12	554,783	571,594
Investments	14	2,424,262	1,098,123
Total Fixed Assets		<u>2,979,045</u>	<u>1,669,717</u>
Current Assets			
Debtors	15	2,071,779	1,570,362
Cash at bank and in hand		5,161,471	6,498,212
Total Current Assets		<u>7,233,250</u>	<u>8,068,574</u>
Liabilities			
Creditors: amounts falling due within one year	16	(3,989,186)	(3,419,682)
Net Current Assets		<u>3,244,068</u>	<u>4,648,892</u>
Total Net Assets		<u><u>6,223,109</u></u>	<u><u>6,318,609</u></u>
Funds Of The Charity:			
Unrestricted General Funds - free reserves	18	4,858,370	4,993,757
Unrestricted General Funds - fixed assets	18	554,783	-
Unrestricted Funds - designated	18	895,618	1,350,000
Restricted funds	18	(85,662)	(25,148)
		<u><u>6,223,109</u></u>	<u><u>6,318,609</u></u>

The attached notes on pages **21 to 33** form part of these financial statements.

The financial statements were approved by the Board of Trustees on 14th October 2025 and signed on their behalf by:

Catherine Brown
Independent Chair

Statement of Cash Flows



Internet Watch Foundation | Registered Company Number: 03426366
Statements of Cash Flows for the year ended 31 March 2025

	Note	2025 £	2024 £
Cash Flows from Operating Activities			
Net cash provided by operating activities	20	47,642	664,759
Cash Flows from Investing Activities			
Dividends and interest from investment		22,055	21,390
Purchase of investments		(1,556,286)	(256,571)
Investment disposal proceeds		259,654	244,127
Purchase of property, plant and equipment		(303,193)	(401,715)
Bank interest received		193,387	177,178
Change in cash and cash equivalents in the reporting period		(1,336,741)	449,168
Cash and cash equivalents at the beginning of the reporting period		6,498,212	6,049,044
Cash and cash equivalents at the end of the reporting period	21	<u>5,161,471</u>	<u>6,498,212</u>

The attached notes on pages **21 to 33** form part of these financial statements.

1. Accounting policies

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

a) Basis of preparation and consolidation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019) - (Charities SORP (FRS 102)) and the Companies Act 2006. The financial statements are prepared on a going concern basis and are presented in sterling, which is the functional currency of the charity.

These financial statements are rounded to the nearest £.

The charity meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes.

The financial statements were not consolidated with the charity's subsidiary, Internet Watch Limited on the basis of materiality and significance, further detailed in note 13.

b) Going Concern

After making appropriate enquiries, the Trustees have a reasonable expectation that

the charitable company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

c) Legal status of the Charity

The charitable company number and registered office address are included on the reference and administration page of these accounts. There is no share capital as the charity is limited by guarantee. Each member has guaranteed an amount, not exceeding £1, towards the charity's liabilities in the event of a winding up, provided that a member has not ceased to be a member one year prior to any winding up order. The charity is registered in the United Kingdom (England and Wales).

d) Fund accounting

Unrestricted funds are available for use at the discretion of the Trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Designated funds are unrestricted funds of the charity which the Trustees have decided at their discretion to set aside to use for a specific purpose. The aim and purpose of each designated fund is set out in the notes to the financial statements.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been

raised by the charity for particular purposes. The cost of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

e) Income

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

Subscription fee income represents amounts receivable based upon the services provided. When their economic benefit is probable, it can be measured reliably and the charity has control over the item.

Voluntary income – donations are accounted for as received. Gifts in kind to the charity are included at the value specified by the donor or, if this is not available, at estimated cost to the charity. Donated facilities and donated professional services are recognised in income at their fair value.

Fair value is determined on the basis of the value of the gift to the charity. For example the amount the charity would be willing to pay in the open market for such facilities and services. A corresponding amount is recognised in expenditure.

Grants – Grants are included as income when they meet the SORP criteria for income recognition.

Income from trading activities includes income earned from activities to raise funds for the charity. Income is received in exchange for supplying goods and services in order to raise funds and is recognised when entitlement has occurred.

The charity receives government grants in order to pursue its charitable objects and minimise criminal content on the internet. Income from government and other grants are recognised at fair value when the charity has entitlement after any performance conditions have been met, it is probable that the income will be received and the amount can be measured reliably. If entitlement is not met then these amounts are deferred.

f) Expenditure

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. All expenditure is accounted for on an accruals basis.

Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with use of the resources.

g) Tangible fixed assets and depreciation

All assets costing more than £1,000 are capitalised at their historical cost when purchased.

Depreciation is provided on all tangible fixed assets at rates calculated to write each asset

down to its estimated off the cost on a straight line basis over their expected useful economic lives as follows:

- Leasehold improvements
 - over the life of the lease
- Office equipment
 - 33.33% straight line
- Computer equipment
 - 20%-33.33% straight line

Assets are reviewed for any indications of impairment at each balance sheet date.

h) Investments

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. The statement of financial activities includes the net gains and losses arising on revaluation and disposals throughout the year. The charity does not enter into put options, derivatives or other complex financial instruments. The main form of financial risk faced by the charity is that of volatility in equity markets and investment markets due to wider economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning equities and within particular sectors or sub sectors.

Investments in subsidiaries are measured at cost less provision for impairment.

i) Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due. Accrued income and tax recoverable is included at the best estimate of the amounts receivable at the balance sheet date.

j) 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.

k) Creditors

Creditors 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 are normally recognised at their settlement amount after allowing for any trade discounts due. Concessionary loans received at below market rates are received in order to further the charitable objects of the organisation and are therefore included at the amount received and are not discounted.

l) Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially

recognised at transaction value and subsequently measured at their settlement value. Fixed assets are recorded at depreciated historical cost. All other assets and liabilities are recorded at cost which is their fair value and investments are recorded at the closing market value and details of unrealised gains and losses are included within note 14. m) Pensions Employees of the charity are entitled to join a defined contribution pension scheme. The charity contribution is restricted to the contributions disclosed in note 10.	n) Operating leases Operating leases are recognised over the period of which the lease falls due. o) Foreign Currencies Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction. p) Taxation The company is considered to pass the tests set out in Paragraph 1 Schedule 6 of the	Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the company is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.
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2. Donations	2025	2024
	£	£
Donations & gifts in kind	171,736	444,012
	<u>171,736</u>	<u>444,012</u>

All donations received in 2025 and 2024 relate to unrestricted funds.

Notes to the Financial Statements



Internet Watch Foundation | Registered Company Number: 03426366
Notes to the Financial Statements for the year ended 31 March 2025

3. Income from Charitable Activities	2025	2024
	£	£
Subscription fee income	4,861,755	4,447,620
Protech grant income	-	73,840
Nominet grant income	226,352	231,759
End Violence Against Children Chatbot grant income	76,109	138,851
Strategic partnerships	210,904	209,204
UK Home Office grant income	526,315	370,000
Nominet UK Safer Internet Centre	568,707	551,852
Oak Foundation grant income	153,130	214,370
Childhood grant income	-	17,426
Miscellaneous income	-	19,223
Qualcomm grant income	12,749	-
	<u>6,636,021</u>	<u>6,274,145</u>

Income from charitable activities was £6,636,021 (2024 - £6,274,145) of which £1,563,361 (2024 - £1,598,098) was attributable to restricted and £5,072,660 (2024 - £4,676,047) was attributable to unrestricted funds.

4. Other trading activities	2025	2024
	£	£
Project contributions	26,480	34,233
	<u>26,480</u>	<u>34,233</u>

All trading income received in 2025 and 2024 relates to unrestricted funds.

5. Investment Income	2025	2024
	£	£
Bank interest and dividends	215,442	198,568
	<u>215,442</u>	<u>198,568</u>

All investment income received in 2025 and 2024 relates to unrestricted funds.

Notes to the Financial Statements



Internet Watch Foundation | Registered Company Number: 03426366
Notes to the Financial Statements for the year ended 31 March 2025

6a. Analysis of expenditure by activity (2025)	Direct Costs £	Support Costs £	2025 Costs £
Charitable activities:			
Minimise criminal internet content	4,553,435	2,620,655	7,174,090
	<u>4,553,435</u>	<u>2,620,655</u>	<u>7,174,090</u>

6b. Analysis of expenditure by activity (2024)	Direct Costs £	Support Costs £	2024 Costs £
Charitable activities:			
Minimise criminal internet content	3,878,614	2,267,031	6,145,645
	<u>3,878,614</u>	<u>2,267,031</u>	<u>6,145,645</u>

Included within expenditure above is £5,029,278 (2024: £4,487,610) in relation to unrestricted funds, £454,382 (2024: £nil) in relation to designated funds and £1,690,430 (2024: £1,658,035) in relation to restricted funds.

7. Analysis of support costs	2025 £	2024 £
Finance and legal	205,687	166,840
Staff and related costs	1,553,059	1,280,279
IT	164,518	151,082
Premises	210,887	222,180
General office costs	352,380	317,582
Other	73,343	41,037
Governance (note 8)	60,781	88,031
	<u>2,620,655</u>	<u>2,267,031</u>

Support costs have been allocated to activities as a fixed percentage basis consistent with use of the resources and staff costs have been allocated based upon time spent on each activity.

8. Analysis of governance costs	2025 £	2024 £
Audit fees	11,250	9,650
Accountancy fees paid to auditor	6,150	3,580
Chair fees	30,000	34,125
Board expenses	9,992	4,947
Board strategy day	3,389	4,770
Trustee recruitment and training	-	30,959
	<u>60,781</u>	<u>88,031</u>

Notes to the Financial Statements



Internet Watch Foundation | Registered Company Number: 03426366
Notes to the Financial Statements for the year ended 31 March 2025

9. Analysis of staff costs and key management personnel	2025	2024
	£	£
Wages and salaries	3,496,671	2,896,828
Social security costs	379,721	313,615
Pension	474,260	425,149
	<u>4,350,652</u>	<u>3,635,592</u>

In accordance with Section 6 of the Memorandum of Association of Internet Watch Foundation, the Chair received £30,000 (2024: £34,125) during the year in respect of their duties in office. This sum is included within governance costs.

Section 6 of the Memorandum of Association of Internet Watch Foundation permits payments to a maximum of 3 Trustees attending each board meeting. During the year, other than the Chair, a total of £nil (2024: £nil) Trustees were paid in respect of their duties and these amounted to a total of £nil (2024: £nil).

In 2025, 8 Trustees (2024 – 8) received reimbursements of expenses for travel and subsistence amounting to £9,992 (2024: £4,947).

The charity considers its key management personnel to comprise of 15 people. During the year, the total employment benefits of these 15 key management personnel, including social security and pension was £1,720,791 (2024: £1,324,059).

The average monthly head count was as follows:

	2025	2024
	Number	Number
Charitable activities	<u>75</u>	<u>70</u>

The number of employees whose total employee benefits excluding pension contributions earning over £60,000, classified within bands of £10,000 is as follows:

	2025	2024
	Number	Number
£60,000 - £70,000	2	2
£70,001 - £80,000	2	4
£80,001 - £90,000	2	-
£90,001 - £100,000	2	3
£100,001 - £110,000	1	-
£110,001 - £120,000	-	1
£120,000 - £130,000	3	-
£130,000 - £140,000	1	1
£140,000 - £150,000	-	1
£230,000 - £240,000	<u>2</u>	<u>-</u>
	<u>15</u>	<u>12</u>

£17,500 (2024: £14,773) was paid into a defined contribution pension scheme on behalf of the above highest paid employee.

During the year, termination payments were made to two members of staff totalling £255,454 (2024: £nil). These were approved by the Board of Trustees where required, and included in the table directly above.

Notes to the Financial Statements



Internet Watch Foundation | Registered Company Number: 03426366
Notes to the Financial Statements for the year ended 31 March 2025

10. Pension costs

The charity operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the charitable company in an independently administered fund. Contributions payable by Internet Watch Foundation amounted to £474,260 (2024: £425,149). There were £nil outstanding contributions payable to the pension fund at the balance sheet date (2024: £nil).

11. Net income	2025 £	2024 £
Net income is stated after charging:		
Depreciation of charitable assets owned by group	320,004	285,533
Loss on disposal of fixed assets	-	-
Auditors remuneration:		
- for audit services	11,250	9,650
- for non-audit services	6,150	3,580
Operating lease costs for land and buildings	339,298	279,831
Operating lease costs for equipment	<u>3,921</u>	<u>4,429</u>

12. Tangible fixed assets

	Leasehold Improvements £	Office Equipment £	Computer Equipment £	Cycle Equipment £	Total £
Cost:					
At 31 March 2024	663,199	115,292	729,741	1,444	1,509,676
Additions	29,486	-	273,707	-	303,193
Disposals	(9,347)	(36,973)	(335,501)	(1,444)	(383,265)
At 31 March 2025	<u>683,338</u>	<u>78,319</u>	<u>667,947</u>	<u>-</u>	<u>1,429,604</u>
Depreciation:					
At 31 March 2024	371,203	73,746	492,330	803	938,082
Charge for the year	161,766	18,027	139,570	641	320,004
Disposals	(9,347)	(36,973)	(335,501)	(1,444)	(383,265)
At 31 March 2025	<u>523,622</u>	<u>54,800</u>	<u>296,399</u>	<u>-</u>	<u>874,821</u>
Net book value:					
At 31 March 2024	291,996	41,546	237,411	641	571,594
At 31 March 2025	<u>159,716</u>	<u>23,519</u>	<u>371,548</u>	<u>-</u>	<u>554,783</u>

Notes to the Financial Statements



Internet Watch Foundation | Registered Company Number: 03426366
Notes to the Financial Statements for the year ended 31 March 2025

13. Investment in Trading Subsidiary

Internet Watch Limited is incorporated in England and Wales (company number 03257468) and is a wholly owned subsidiary of Internet Watch Foundation (company number 03426366). The company has been dormant since 2017 and has £nil net assets (2024: £nil).

Within the charitable company balance sheet, the investment in the subsidiary is held at a cost of £2 (2024: £2).

14. Investments

	2025	2024
Investment in dormant subsidiary company at cost	2	2
Investment portfolio	1,139,011	1,098,121
Flagstone account	1,285,249	-
Net assets	<u>2,424,262</u>	<u>1,098,123</u>
	2025	2024
	Total	Total
	£	£
Investment portfolio		
Market value at 1 April	1,098,123	1,028,924
Additions	271,037	256,571
Disposal proceeds	(259,654)	(244,127)
Net investment (losses) / gains	28,911	55,771
Cash movement	594	984
Market value at 31 March	<u>1,139,011</u>	<u>1,098,123</u>
Historical cost	1,098,123	1,029,756
Analysed as follows:		
	2025	2024
	£	£
UK Fixed Interest Securities	378,021	375,674
Quoted UK Equities	270,629	270,437
Quoted Overseas Equities	310,735	289,338
Alternative markets	161,016	144,658
Cash	18,610	18,016
	<u>1,139,011</u>	<u>1,098,123</u>

Notes to the Financial Statements



Internet Watch Foundation | Registered Company Number: 03426366
Notes to the Financial Statements for the year ended 31 March 2025

15. Debtors	2025	2024
	£	£
Trade debtors	1,253,327	850,536
Prepayments and accrued income	818,452	719,826
	<u>2,071,779</u>	<u>1,570,362</u>
16. Creditors: amounts falling due within one year	2025	2024
	£	£
Trade creditors	114,835	209,714
Other tax and social security	269,263	115,014
Accruals and deferred income	3,577,263	3,094,954
Creditors	<u>27,825</u>	<u>-</u>
	<u>3,989,186</u>	<u>3,419,682</u>
Deferred income	2025	2024
	£	£
Deferred income at 1 April	2,899,038	3,032,487
Income deferred during the year	3,411,500	2,899,038
Amounts released from previous years	(2,899,038)	(3,032,487)
Deferred income at 31 March	<u>3,411,500</u>	<u>2,899,038</u>

Deferred income relates to subscriptions and license fees.

Notes to the Financial Statements



Internet Watch Foundation | Registered Company Number: 03426366
Notes to the Financial Statements for the year ended 31 March 2025

17. Leases

Total future minimum lease payments under non-cancellable operating leases are as follows

	Land and buildings	Equipment	Equipment
	2025	2024	2025
	£	£	£
No later than one year	365,064	339,298	3,921
Later than one year and no later than five years	2,388,991	395,536	12,455
Later than five years	3,211,600	-	-
	5,965,655	734,834	16,376
			19,625

18a. Funds analysis - current year

	Balance at 01/04/2024	Income	Expenditure	Transfers	Gains / (Losses)	Balance at 31/03/2025
	£	£	£	£	£	£
Unrestricted funds						
Unrestricted funds - free reserves	4,993,757	5,486,318	(5,029,278)	(621,338)	28,911	4,858,370
Unrestricted funds - fixed assets fund	-	-	-	554,783	-	554,783
Total general funds	4,993,757	5,486,318	(5,029,278)	(66,555)	28,911	5,413,153
Designated funds						
Technical fund	350,000	-	-	-	-	350,000
Premises fund	500,000	-	(70,822)	-	-	429,178
Scaling Up fund	500,000	-	(383,560)	-	-	116,440
Total designated funds	1,350,000	-	(454,382)	-	-	895,618
Total unrestricted funds	6,343,757	5,486,318	(5,483,660)	(66,555)	28,911	6,308,771
Restricted funds						
Technical Project	-	226,351	(227,004)	653	-	-
Nominet UK Safer Internet Centre	-	568,707	(593,101)	24,394	-	-
End Violence Against Children Chatbot	-	76,109	(76,109)	-	-	-
UK Home Office	-	526,315	(526,315)	-	-	-
EU ProTech	(23,495)	-	(85,663)	23,496	-	(85,662)
Oak Foundation	(1,653)	153,130	(170,609)	19,132	-	-
Qualcomm		12,749	(11,629)	(1,120)		-
Total restricted funds	(25,148)	1,563,361	(1,690,430)	66,555	-	(85,662)
Total funds	6,318,609	7,049,679	(7,174,090)	-	28,911	6,223,109

Notes to the Financial Statements



Internet Watch Foundation | Registered Company Number: 03426366
Notes to the Financial Statements for the year ended 31 March 2025

18b. Funds analysis - prior year

	Balance at 01/04/2023 £	Income £	Expenditure £	Transfers £	Gains / (Losses)	Balance at 31/03/2024 £
Unrestricted funds						
General funds	4,805,413	5,352,860	(4,487,610)	(732,677)	55,771	4,993,757
Total general funds	4,805,413	5,352,860	(4,487,610)	(732,677)	55,771	4,993,757
Designated funds						
Technical fund	350,000	-	-	-	-	350,000
Premises fund	350,000	-	-	150,000	-	500,000
Scaling Up fund	-	-	-	500,000	-	500,000
Total designated funds	700,000	-	-	650,000	-	1,350,000
Total unrestricted funds	5,505,413	5,352,860	(4,487,610)	(82,677)	55,771	6,343,757
Restricted funds						
Technical Project	-	231,759	(231,759)	-	-	-
Nominet UK Safer Internet Centre	-	551,852	(563,906)	12,054	-	-
End Violence Against Children Chatbot	-	138,851	(163,686)	24,835	-	-
UK Home Office	-	370,000	(415,788)	45,788	-	-
Childhood	-	17,426	(17,426)	-	-	-
EU ProTech	(6,017)	73,839	(91,317)	-	-	(23,495)
Oak Foundation	(41,871)	214,371	(174,153)	-	-	(1,653)
Total restricted funds	(47,888)	1,598,098	(1,658,035)	82,677	-	(25,148)
Total funds	5,457,525	6,950,958	(6,145,645)	-	55,771	6,318,609

18c. Funds analysis - description of funds

Restricted funds

Nominet Technical Projects 1

and 2 – These funds represent a grant from Nominet in respect of developing technologies to assist IWF in the detection and removal of child sexual abuse material. A transfer was made from unrestricted funds to ensure that the grant fund does not go into deficit.

Nominet UK Safer Internet Centre (UKSIC)

– These funds represent a grant from Nominet in respect of assistance in meeting the costs of running the Hotline, as part of the UKSIC. A transfer was made unrestricted funds to ensure that the Nominet UKSIC grant funds did not go into deficit. There are no unfulfilled conditions relating to amounts recognized in the year.

End Violence Against Children

(EVAC) Chatbot – These funds represent a grant from the End Violence Against Children Fund to support the development of a chatbot aimed at internet users at risk of viewing CSAM. This project is a partnership between IWF and The Lucy Faithful Foundation. The chatbot will engage individuals searching for CSAM online and encourage them to seek help to change their behavior.

UK Home Office – These funds represent a grant from the Home Office to undertake the hashing of images in the UK Home Office owned Child Sexual Abuse Database (CAID). A transfer was made from unrestricted funds to ensure the grant did not go into deficit.

EU Protech – These funds represent a grant from the European Union's Internal Security Fund (ISF), where IWF is working as part of a consortium to prevent and reduce child sexual abuse material use through on-device technology.

Oak Foundation – These funds represent a grant from the Oak Foundation in respect of developing an evidence base of new and existing research to reduce production and distribution of self-generated child sexual abuse material. This project is a partnership between IWF and the Policing Institute for the Eastern Region (PIER).

Qualcomm – These funds represent a grant from Qualcomm as a contribution towards new and existing evidence-based research, with the aim of reducing the production and distribution of self-generated child sexual abuse material.

Childhood – These funds represent a grant to be used on the Chatbot Evaluation project.

Designated funds

Technical Fund – These funds represent a designated fund generated to meet future technical IT developments and requirements.

Premises Fund – These funds represent a designated fund generated to meet future changing demands of business accommodation.

Scaling Up Fund – These funds represent a designated fund generated to meet future changing demands in IWF's expansion.

Notes to the Financial Statements



Internet Watch Foundation | Registered Company Number: 03426366
Notes to the Financial Statements for the year ended 31 March 2025

19. Related party transactions

IWF works in partnership with international technology industries, law enforcement agencies, governments and hotlines to minimise the availability of specific illegal content found online. Member companies subscribe to IWF services at levels ranging from £1,250 to £90,500. Some Trustees also work for Members have no direct influence on transactions undertaken with Internet Watch Foundation.

The Chair received £30,000 (2024: £34,125) during the year in respect of their duties in office.

There were no other related party transactions in the year other than those described in note 9.

20. Reconciliation of net expenditure to net cash flows from operating activities

	2025 £	2024 £
Net (expenditure)/income for the reporting period (as per the statement of financial activities)	(95,500)	861,084
Adjustments for:		
Depreciation charges	320,001	285,533
Loss on disposal of fixed assets	-	-
(Gains) / Losses on investments	(28,911)	(55,771)
(Increase) in debtors	(501,416)	(171,420)
Increase / (Decrease) in creditors	569,504	(55,115)
Bank interest received	(193,387)	(177,178)
Dividends received from investments	(22,055)	(21,390)
Investment cash account movement	(594)	(984)
Net cash provided by operating activities	47,642	664,759

21. Net Debt Reconciliation

	Balance at 31/03/2024	Cash Movement	Balance at 31/03/2025
Cash in hand	6,498,212	(1,336,741)	5,161,471
Investments - short term deposits	-	-	-
Total cash and cash equivalents	6,498,212	(51,492)	6,446,720

22. Capital commitments

Total capital commitments are as follows:

	2025 £	2024 £
	-	-

23. Post Balance Sheet Events

There are no post balance sheet events to disclose.



IWF
Internet
Watch
Foundation

Working together
to stop child sexual
abuse online

Internet Watch Foundation

Discovery House
Chivers Way
Histon
Cambridge
CB24 9ZR

iwf.org.uk
media@iwf.org.uk
+44 (0) 1223 20 30 30

Charity number: 01112398 - Company number: 03426366

    Search: Internet Watch Foundation

INTERNET WATCH FOUNDATION

England & Wales - Charity number 1112398

Accounts



Working together
to stop child sexual
abuse online

Trustees' Report & Financial Statements

For the year ended 31 March 2024

#BehindTheScreens

28
Years

54
Countries

200
Members

72
Employees

1
Mission

Our Vision

We're creating an internet free from child sexual abuse that is **a safe place** for children and adults to use around the world.

Our Mission

Child sexual abuse images and videos are just as much a weapon as a knife.

We actively search for this imagery and for the past 28 years, we've given people a safe place to report it to us, anonymously, now covering 54 countries.

We assess every report we receive. If it shows the sexual abuse of a child, we make sure the image or video is removed from the internet.

To do this effectively, we develop technology-for-good: we provide bespoke services, products and datasets to our industry Members to prevent the imagery

from re-appearing and make it harder for offenders to find and share.

We care. Our work relies on compassionate and resilient staff members, who are highly trained and carefully looked after.

We encourage others to play their part, whether it is reporting to us, funding us, or collaborating on the best technology and research.

The children in these pictures and videos are real. The suffering captured in this imagery and the knowledge that it could be shared can haunt a victim for life.

That's why it's **our mission** to remove this material for good. And to show **every child** there is someone out there who cares enough to help.



An incorporated charity,
limited by guarantee.

Registered in England.

Charity No. 1112398

Company Reg. 03426366

Registered office:

Discovery House, Chivers Way,
Vision Park, Histon, Cambridge
CB24 9ZR, United Kingdom

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Our Members

£80,000+		£25,000+	
			
			
			
			
			
			
			
		£20,000+	
			
			
			
£50,000+			
			
			
		£15,000+	
			
			
			
			
			
			

Members between 1 April 2023 to 31 March 2024

£10,000+			£5,000+			
						
						
						
						
						
						
			£2,500+			
						
						
						
						
						
			£1,000+			
						
						
						
						
						
						



“I’m very proud to have taken over the chair of this incredible organisation. Never has the IWF been so relevant and crucial to the online safety landscape.”

Welcome from Our Chair

Since I joined the IWF as Chair in January 2024, I have been struck by the dedication and resilience of its staff, and the way the organisation has built up formidable partnerships and global networks to help prevent the spread of child sexual abuse imagery.

Now the UK’s landmark Online Safety Act has been passed into law, organisations are looking anew at their responsibilities and requirements in the new age of online regulation.

The Internet Watch Foundation stands ready to help them, and to help deliver the kind of internet our children deserve. Somewhere they can benefit from the awesome potential to learn, socialise, play, and have fun in peace without facing threats of exploitation, abuse, and predation.

I’m very proud to have taken over the chair of this incredible organisation. Never has the IWF been so relevant and crucial to the online safety landscape.

We have a record number of members, and we provide an unparalleled service, building on our strong relationships with the UK Government, the incoming UK regulator, Ofcom, and law enforcement in the UK and globally.

The IWF will be stepping up its offering to technology companies to ensure that they have what they need to meet the standards being set by regulation not just in the UK but all over the world.

Our strength has always been in teamwork, and we will work with our Members, and existing and new partners, to support companies who want to do the right thing to make sure that they not only meet regulatory requirements but continue to innovate in ways that make a real difference to the global problem and drive up standards for all.

Together, I know we can seize the opportunities the new regulatory world is offering us and make a real difference – building the internet we all want and deserve. We are stronger together.

Catherine Brown
IWF Chair



“We look forward to building further on the strong, considerate, and compassionate organisation we have all worked so hard on over the years. We owe it to children all over the world.”

Caring for Our People

In the digital world, things change. Things adapt and evolve at dizzying rates, and new technologies arrive in what appears to be the blink of an eye.

But what is so heartening to me is how we can evolve and adapt too – and how whatever technological advancements rear up to threaten the safety of children on the internet, it's human beings that step up to take the crucial action to find, block, remove, and stop online child sexual abuse.

The Internet Watch Foundation is growing, and I have never been prouder of the people who work here. Every day is a mission, and they are what makes the difference, for so many children, between a life of hopelessness, where imagery of their abuse is shared unchecked, and a chance to move forward.

Given the sensitive nature of the work we do at IWF, we took our responsibilities to the IWF's mission, and the staff who help us achieve it, incredibly seriously.

Our commitment to the welfare of our staff begins in the recruitment process and is a core part of how we, as an organisation, function.

From new recruits to seasoned staff, we continue to pride ourselves on the quality and resilience of those undertaking this essential and exacting work,

As our team grows, we keep the safety and wellbeing of our staff close to our hearts. The supportive and welcoming culture we have worked so hard to cultivate and encourage here at the IWF is something we will always work to maintain.

We now have a newly refurbished office space which means those who work from home can now explore new ways to divide their time and collaborate with colleagues. Creating an environment where our teams can be together and work has been key to making sure we operate as a cohesive team, fostering better relationships between teams. We look forward to building further on the strong, considerate, and compassionate organisation we have all worked so hard on over the years. We owe it to children all over the world.

Heidi Kempster

*IWF Chief Operating Officer
& Deputy CEO*

Our Senior Leadership Team



Susie Hargreaves OBE

CEO

Stepped down 31 July 2024

Susie joined the Internet Watch Foundation in September 2011 as Chief Executive. She has worked in the charity sector for more than 35 years in a range of senior positions.

She is an experienced presenter and conference chair at events around the globe and regularly appears in the national media and on TV. Susie has represented the IWF in high level political discussions across the world including the UK Houses of Parliament, the African Union, the Vatican, the White House, the EU and most recently the Japanese Parliament.

Susie sits on a number of international and national boards and groups. She was a founding member of the WePROTECT Global Alliance International Advisory Board and has also served as an expert advisor to UNICEF.

Susie is a Clore Leadership Fellow. She was a finalist for a number of awards including PA Magazine's Best Boss of 2014. Susie was a finalist in the Inspiring Women Awards UK 2023 and Woman in IT Awards 2024 - Tech For Good Award.

Susie was awarded an OBE in the Queen's Birthday Honours in 2016 for 'Services to Child Online Safety' and in 2023 was appointed as an Honorary Member of the NSPCC Council.



Heidi Kempster

Deputy CEO & COO

Heidi directs IWF's business activities.

She is a detail-orientated, strategic thinker devoted to creating a caring and supportive environment for all. She is responsible for deputising for the CEO and she ensures the operations of IWF run smoothly and efficiently.

Heidi oversees all finance, HR, legal and statutory compliance, including managing performance and risk. She manages the IWF Development Team, and is also responsible for maintaining and developing the IWF's gold-standard welfare programme for staff.

Heidi started her career in local government finance and has worked in a number of positions and departments in education, audit and property. Before joining IWF in June 2013 she was part of the Senior Management Team of one of the first large secondary Academy Trusts, overseeing operations for both children, adults and the wider community.



Emma Hardy

Communications Director

Emma directs all IWF's communications functions with energy and enthusiasm, and ensures all communications are consistent, timely and in line with IWF's values.

She oversees reputation management, awareness raising, campaigns, media relations and the public affairs functions.

Emma started her career as a journalist, writing for a newspaper and magazine before taking internal communications and press office roles at a police force and in local government.

Emma is a Chartered Member of the Chartered Institute of Public Relations (CIPR) where she holds a public relations diploma. She is a primary school governor, has a multi-media journalism degree and is a qualified senior reporter.

Emma is also a Co-Director of the UK Safer Internet Centre.



Chris Hughes

Hotline Director

Chris joined the IWF in February 2012 as Hotline Manager, running a team of five analysts. He has overseen the expansion of the hotline which now boasts 30 analysts – and growing – including a Hotline Manager and a team of Senior Analysts.

Chris is responsible for the running of the Hotline, training of analysts, and the provision of datasets and services to IWF's Members. He is the IWF's key contact with law enforcement bodies around the world, and he sits on several advisory groups.

Chris started his career in hospitality and catering before moving into the IT training sector. He has previously had roles as a Training Director and Business Manager overseeing the delivery of the DWP Work Programme, across three sites in the East of England.



Dan Sexton

Chief Technology Officer

Dan joined IWF in February 2021. He is responsible for Information technology, cybersecurity and software development leading the in-house technical and compliance teams.

He leads our software engineering work which includes the creation of world-leading technologies, such as IntelliGrade and Report Remove, to support the Hotline and our technology Members.

Dan has over 20 years' experience in IT, working across a range of environments including local government, the academic sector and in commercial software development.

Dan has a degree in Media, Culture and Society and a Master's in Computer Science.

Reference & Administrative Details

Charity Registration Number
1112398

Company Registration Number
03426366

Chief Executive Officer
Ms S E Hargreaves
Resigned 31 July 2024

Senior Management Personnel

- Ms S E Hargreaves
Resigned 31 July 2024
- Ms H Kempster
- Ms E Hardy
- Mr C Hughes
- Mr D Sexton

Board of Trustees

- Claire Bassett
Resigned 1 January 2024
- Sinead Coogan Jobses
Resigned 29 April 2024
- Giles Crown
- Terry Downing
- Elizabeth Kanter
Resigned 1 May 2023
- Sherry Malik
- Bronagh McCloskey
- John Parkinson
Resigned 1 January 2024
- Andrew Puddephatt
Resigned 1 January 2024
- Andrew Campling
- Simon Staffel
Appointed 04 July 2023
- Catherine Brown
Appointed 01 January 2024
- Nick Newman
Appointed 01 January 2024
- Rachel Yeoman
Appointed 01 March 2024
- Alexander Evans
Appointed 19 March 2024
- Sanjit Gill
Appointed 29 April 2024

Principal/ Registered Office

Discovery House
Chivers Way
Histon
Cambridge
CB24 9ZR

Independent Auditors

Price Bailey LLP
Chartered Accountants
& Statutory Auditors
Tennyson House
Cambridge
Business Park
Cambridge
CB4 0WZ

Investment Advisors

Rathbones Brothers Plc
8 Finsbury Circus
London
EC2M 7AZ

Investment Managers

CCLA
One Angel Lane
London
EC4R 3AB

Bankers

Barclays Bank UK PLC
Abacus House
Castle Park
Castle Hill
Cambridge
CB3 0AX

Objectives & Activities

The Trustees present their report and the audited financial statements of the charity for the year ended 31 March 2024. The Trustees have adopted the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" (FRS 102) in preparing the annual report and financial statements of the charity.

Public Benefit

We are confident that the IWF continues to meet the public benefit requirements and that we have paid due regard to the published guidance from the Charity Commission. Our specific objects as a company are set out in our Articles of Association. Our aims as a charity continue to be to promote the protection and welfare of the public, particularly children, by working to minimise the availability of illegal content on the internet.

Remit

To remove online child sexual abuse content hosted anywhere in the world and to remove non-photographic child sexual abuse content hosted in the UK.

2021-2025 Strategy

Online child sexual abuse imagery is a global problem, which demands a global solution. The internet does not respect geographical borders, so we work in close cooperation with partners worldwide. It is our continued aim to use the expertise of the IWF's team and work with partners to:

- Disrupt the availability of child sexual abuse content hosted anywhere in the world.
- Protect children who are victims of sexual abuse from repeat victimisation and public identification.
- Prevent internet users from accidentally stumbling across child sexual abuse content.
- Remove any non-photographic child sexual abuse content that is found to be hosted in the UK.
- Promote best-practice welfare for staff who are working to eliminate child sexual abuse imagery and provide a caring and safe environment for all of our staff.

The main focus of our strategy has been to deliver excellence in our core operations, particularly the Hotline and in the technical services we deliver.

We have also carried out a number of projects during this financial year and continue to develop our project work in line with our strategy. These projects and much more will contribute to our 2021-2025 Strategy.

How we do this

- Identify, assess, report and remove illegal child sexual abuse imagery.
- Provide a world class Hotline for anyone to securely and anonymously report child sexual abuse imagery.
- Use our intelligence to actively search for child sexual abuse images and videos on the public internet.
- Work with industry partners worldwide to remove images of child sexual abuse as quickly as possible and prevent them from being spread further.
- Develop technical solutions and services using innovative tactics to disrupt and remove illegal content.
- Research, analyse and disseminate relevant trends data.
- Share our expertise and play an active role in the UK Safer Internet Centre.

Our Year at a Glance

392,665

reports were assessed in 2023.

375,230 assessed in 2022



275,652

of these reports were confirmed to contain
child sexual abuse imagery.

255,588 confirmed in 2022



As each report contains at least one,
and sometimes thousands of images,
**this equates to millions of criminal
images** removed from the internet.



2 +

By the end of 2023, we had accumulated
2,604,806 individual hashes of
criminal images and videos to share
with technology companies.

We continue to see an exponential increase in what is termed 'self-generated' child sexual abuse content, created using **webcams or smartphones** and then shared online via a growing number of platforms.



Of the 275,652 webpages actioned during 2023, **nine in every ten** reports (254,071 or 92%) were assessed as containing 'self-generated' imagery.

Cat A

Since 2022, reports that include child sexual abuse imagery showing UK Category A content (rape, sexual torture and inclusion of sexual activities with animals) have **increased by 22%**.



A higher proportion (46%) of the **imagery of boys** shows Category A child sexual abuse compared to girls (21%).



2.6 billion



We've given 2.6bn+ people a safe place to report child sexual abuse material, anonymously via our portals.

25%



rise in imagery featuring **7-10 year olds** compared to 2022.



Online Safety Act receives Royal Assent

Throughout 2023, we tracked and influenced the passage of the Online Safety Bill through Parliament, until it finally received Royal Assent and became law on 26 October 2023.

+200

More than 200 companies are Members of the IWF, covering a broad and diverse range of industries and sectors, enabling a **global reach** to keep the internet free from child sexual abuse and a safe place for children and adults to use around the world.

Our Theory of Change

Our Theory of Change and values guide our work.

The desired outcomes in our Theory of Change form the objectives of our business plan, which in turn translate into detailed activities to guide our work.

Everyone at IWF is set personal objectives which relate to those activities and objectives which helps us move as one force towards our vision of an internet free from child sexual abuse that is a safe place for children and adults to use around the world.

Problem

Child sexual abuse has a devastating impact on people’s lives.

Online child sexual abuse is increasing globally with a significant increase in ‘first-person produced imagery’.

Criminals use technology to evade detection and prey on children; re-victimisation occurs every time an image is viewed online and a generation could be growing up with the fear that an online sexual image of themselves as a child will follow them into adulthood.

The internet can be unsafe for children and adults who do not, or cannot fully appreciate the risks. Among some companies, groups or individuals who can help combat child sexual abuse material (CSAM), there is indifference, inconsistency, inaction or mis-representation of the issue which increases victim suffering and emboldens criminals.

Activities

We help to solve the problem by:

Activity 1.

Working to prevent, disrupt and remove child sexual abuse material from the internet.

Activity 2.

Carrying out and disseminating world leading information and trends analysis.

Activity 3.

Working collaboratively, transparently yet influentially, in the online safety space, always innovating, developing and evaluating impact.

Activity 4.

Generating income, delivering value for money services and activities which contribute to a robust, sustainable and accountable business model.

We have taken a deep dive into these activities and their impact. Please see pages 14 - 15.

Outcomes

We know we are on course to reduce the demand for CSAM, and its availability is minimised when:

We run a world-class hotline, proactively identify CSAM and provide a safe place for anyone, globally, to report.

We use technology effectively to support the work of
i) our world-class hotline and;
ii) the wider organisation.

We develop and curate high quality datasets, services, and products to support our Members' and partners' work in achieving our mission.

We use our expertise, research and data to influence and inform the public, our stakeholders and public affairs activities in the UK, EU and Five Eyes partnership.

We are accountable and transparent, and we always put our mission and values first.

We have strong, effective and collaborative relationships with our stakeholders including technology companies, Members and funders, without compromising our independence.

The IWF is future proofed and we have a caring environment provided for all our staff.

Impacts

Globally, the internet has less child sexual abuse material.

The UK is the most hostile country in the world to host CSAM and is the safest place in the world to be online.

People know about CSAM, are better able to keep themselves and their loved ones safer online, and know the part they can play in its prevention and removal.

IWF is recognised as the model of best practice around the world.

Super Impacts

The internet is free from child sexual abuse and is a safer place for children and adults to use around the world.

Examples of Our Activities

Activity 1.

Working to prevent, disrupt and remove child sexual abuse material from the internet.

We provide a safe place for people to report suspected child sexual abuse imagery to us from 54 countries, and in 17 languages. We also actively search the internet for child sexual abuse imagery.

In 2023, we continued to see child sexual abuse material being distributed by offenders prolifically posting links to dedicated commercial sites. These links are frequently shared in chat rooms related to child sexual abuse, but also on unrelated platforms easily accessible to the public, like social media sites and even digital music apps.

This method uses viral marketing techniques, similar to that of a pyramid scheme, where people are incentivised to share links to child sexual abuse sites far and wide in a 'scattergun' approach.

Those people are then 'rewarded' when others click on the links and ultimately download or watch the criminal material.

In 2023, we identified nearly 15,000 reports of child sexual abuse being distributed in this way. To support the identification and take down on this imagery, we've provided training and briefing sessions to partners who are able to help support the disruption of these types of criminal enterprises which put children and ordinary people at risk.

Activity 2.

Carrying out and disseminating world leading information and trends analysis.

We published a snapshot study to understand the extent to which there was evidence of 3- to 6-year-old children appearing in 'self-generated' child sexual abuse imagery.

We performed an image-based analysis on image hashes we had assessed during 2023. We found 2,401 'self-generated' images and videos of 3-6-year-olds. 91% were of girls and most (62%) were assessed as Category C by our analysts.

While children grow up, it is quite normal for there to be an element of sexual experimentation and body-curiosity; that is not what we find in these 'self-generated' images and videos of child sexual abuse. To be clear, the term 'self-generated' does not mean that the child is instigating the creation of this sexual content themselves, instead they are being groomed, coerced and in some cases blackmailed into engaging in sexual behaviour. They are never to blame for the creation or existence of this imagery.

What can we do about this?

Each image found has been hashed, meaning we created a digital fingerprint of it. We not only work with partners to secure the removal of this criminal material from online spaces, but we also provide a hash list service so that tech companies can prevent the upload, storage and circulation of this imagery.

Activity 3.

Working collaboratively, transparently yet influentially, in the online safety space, always innovating, developing and evaluating impact.

We were asked to assist on a case where child sexual abuse imagery featuring two UK-based children was 'going viral' online. It was a race against time to remove all the instances from various platforms and websites, and we relied on the prompt cooperation of our industry contacts and child protection partners to help us.

Our partners at SWGfL had received a call through their Professionals Online Safety Helpline confirming the people featured were both under 18 and that the imagery was going viral, and being used to create memes. The children's school and the police were also involved.

Thanks to our ability to proactively search for child sexual abuse imagery, we mobilised all our analysts to hunt for the material and seek its removal in an attempt to stop it spreading online.

Our partners at the social media sites acted quickly to ensure the content we found was removed from their platforms. Cooperation and good communication with social media companies was critical to fast and effective content removal.

This is a great example of how the IWF can be reactive to a 'live' situation and where speed of action is imperative.

Activity 4.

Generating income, delivering value for money services and activities which contribute to a robust, sustainable and accountable business model.

In 2023 we launched our Fundraising Team in response to the need to combat child sexual abuse material remaining as high as ever. The team's mission is to strengthen IWF's resources, enabling us to stay ahead of the curve in detecting and combating illegal content.

Our new Fundraising Team is not just an administrative addition but a strategic move to encourage the support of individuals, grant funders, Members and organisations who share our vision for a safer internet. By creating a community of supporters, we aim to establish a financial foundation that sustains our critical work to find and remove online child sexual abuse imagery.

Fundraising support enables us to innovate, expand our reach, invest in cutting-edge technologies, provide a unique range of services to our Members, run crucial communications campaigns, provide a duty of care and wellbeing programme to our analysts, and be agile enough to keep up with ever-evolving digital threats, such as AI.

Our Results

The IWF is recognised globally as one of the leading organisations tackling child sexual abuse online. Our reports and data are trusted and used by law enforcement, government, NGOs and the tech/internet industry.

Every 80 seconds we assess a webpage, every 114 seconds that webpage shows child sexual abuse material (CSAM).

In 2023 alone:

- **392,665 reports** were assessed by IWF (5% increase on 2022).
- **275,652 URLs*** (webpages) were confirmed to contain child sexual abuse imagery, having links to the imagery or advertising it (8% increase on 2022).
- We hold **+2.25million hashes** (digital fingerprints) of data-enriched child sexual abuse images.

**Each URL could contain one, tens, hundreds or even thousands of individual child sexual abuse images or videos.*

Just over three in 10 (34%) public reports (132,710), correctly identified child sexual abuse content, up from 26% in 2022. Our legal ability to proactively search for this material is by far the most effective way to find and remove it. 90% of public reports to IWF were made anonymously.

Geographical hosting

📈 Trend:

Since 2016, Europe (inc Russia and Turkey) has hosted the most child sexual abuse webpages and 2023 was no different.

- More than three in five URLs (176,299 or 64%) of child sexual abuse content we found in 2023 was traced to a server in Europe (inc Russia).
- More than half of all global URLs we identified (51% or 140,911 URLs) were hosted in an EU Member state.
- Most imagery was traced to the Netherlands (33%), followed by the USA (15%) and Hong Kong (9%).
- Switzerland (8%) jumped from 0% in 2022 due to just two bad-actor hosters, hosting thousands of child sexual abuse images and videos.

Solutions:

- We notify partners globally to speed up the removal of this content hosted in their territories.
- We provide domains services to prevent this content from evading detection, and to prevent domains services being offered to serial bad actors.
- Our IWF Hash List and URL List prevent the upload, storage, distribution and finding of this material.
- We train analysts in sister hotlines to successfully thwart and disrupt offenders distributing and selling this material.

Severity of abuse seen in images

📈 Trend:

We are finding more imagery of the most severe forms of child sexual abuse.

- There was a 22% increase in identified UK Category A imagery: penetrative sexual activity; images involving sexual activity with an animal or sadism in 2023 (from 51,369 in 2022, to 62,652 in 2023). This has been the trend for the past three years.

Sexually coerced extortion or 'sextortion'

📈 Trend:

Predominantly affecting teen boys, this is where an abuser tries to use intimate, naked or sexual photos or videos of a young person to blackmail or extort them often for either more images or for money.

- We identified 176 cases of sexually coerced extortion where it was clear that blackmail had been used as a technique by the offender, for money, or more imagery. We get most reports from boys, aged 14-17. This is an eight-fold increase on the year before.

Solution:

- Our Report Remove service in partnership with the NSPCC provides a tool for young people to report sexual images and videos of themselves, for removal from the internet, and hashing to prevent the upload, sharing, and storage of this imagery.



Ages of children

📈 Trend:

We mostly find imagery of 11–13-year-olds, but gap is closing as more and more imagery of 7–10s is being identified.

- Most of the reports contained images of 11–13-year-olds (54%), followed by 7–10-year-olds (41%). Over the past three years we've seen the gap between the numbers of images showing these age groups getting narrower, meaning more imagery of 7–10s is discovered and fewer images of 11–13s. There was a 25% increase in the volume of reports containing 7–10-year-olds and a 1% increase in 11–13-year-olds from 2022.

📈 Trend:

Since 2021, “self-generated” child sexual abuse imagery has been the dominant type of CSAM discovered and removed by our analysts.

- Of the 275,652 webpages actioned during 2023, more than nine in 10 (254,071 or 92%) were assessed as containing ‘self-generated’ imagery.
- This is a 14 percentage point proportional increase on 2022 when 78% of actioned reports (or 199,363) were ‘self-generated’.
- This represents a 27% increase in ‘self-generated’ reports from 2022 to 2023 in terms of the number of actioned webpages.

Children aged 11–13 continue to appear most frequently in ‘self-generated’ imagery, as in previous years. We also continued to observe an increase in the proportion of this type of imagery including children aged 7–10 in 2023, up 65% from 2022 (104,282 in 2023 vs 63,057 in 2022).

Solutions:

- Our Hash List of digital fingerprints prevents the upload, storage, and sharing of this imagery online.
- Our URL List prevents people from accessing this content while we work with a global network of partners to get it removed from the open internet.
- Our long-running harm reduction campaigns aim to empower and educate young people about the tactics of offenders, and encourage good quality conversations in the family home about online safety.

The trade in child sexual abuse content

📈 Trend:

Virtual currencies are the most-offered method to purchase child sexual abuse images and videos.

- In 2023 we actioned 2,809 reports where commercial sites were offering a payment option.
- Across all 2,809 reports we found 845 instances where cryptocurrencies were offered as a type of payment. These were attributed to 332 unique URLs.

Solution:

- Our Virtual Currency Alerts are designed to give cryptocurrency companies real-time notifications when a virtual currency is used to buy child sexual abuse imagery. The alerts are immediate. When a virtual currency wallet (a type of storage for digital currency) has been linked with any confirmed online child sexual abuse imagery, the provider is warned.

AI-generated child sexual abuse imagery

📈 Trend:

Text-to-image and text-to-video AI software enables people to create high quality life-like child sexual abuse images in seconds. These may be based upon likenesses of real victims, or likeness of real children who have not been physically abused, or may be completely synthetic.

Our 2023 AI case study found that on just one dark web forum specialising in AI generated imagery of children:

- 2,562 images were criminal pseudo-photographs, and 416 were criminal prohibited images.

Solution:

- If they look like ‘real’ images of child sexual abuse, under UK law they are treated exactly like ‘real’ child sexual abuse images. These are added to the IWF URL list and removal of the content is pursued.
- If they look like non-photographic images of child sexual abuse, they are treated as prohibited images. These are added to the IWF NPI list.

Our Services

Notice and Takedown

The most effective way to eliminate online child sexual abuse content is to remove it at source. The UK hosts a small volume of online child sexual abuse content and remains an incredibly hostile territory in this respect. When we started in 1996, the UK hosted 18% of the global total – in 2023 this figure was just 0.1%.

We took action on 287 webpages hosting images and videos in the UK in 2023 (a decrease of 55% from 640 URLs in 2022). The fastest removal time for an actioned site was just 1 minute. Overall, 38% of all UK hosted content was removed and taken down in two hours or less. We issued 112 takedown notices against these 287 URLs. We might send one notice for several webpages and content may have already been removed by the time we get authorisation from the police.

URL List

We provide a list of webpages (URLs) with child sexual abuse content hosted abroad to companies who want to block or filter them for their users' protection, and to prevent repeat victimisation. We update the list twice a day, removing and adding URLs. During 2023, the list was sent across all seven continents. There were 194,580 unique URLs included on the list in 2023. On average, 1,116 new URLs were added each day (1,029 in 2022), the list averaged 8,351 URLs per day.

Hash List

Each image can be given a unique code, known as a hash. A hash is like a digital fingerprint of an image. The IWF list of hashes can be used to find duplicate images. By the end of

2023, we had accumulated 2,255,390 individual hashes of criminal images and videos. Of these, 554,553 (24%) related to Category A images, the worst forms of abuse - images of rape or sexual torture of children. This is an increase from the end of 2021, where 411,458 hashes related to the worst forms of abuse.

Keywords List

Offenders often create their own language – codes – for finding and hiding child sexual abuse images online. To help counter this, each month we give our Members a list of keywords that are used by people looking for child sexual abuse images online. This is to improve the quality of search returns, reduce the abuse of their networks and provide a safer online experience for internet users. In December 2023, the Keywords List held 5,247 words associated with child sexual abuse images and videos.

Newsgroups

We are one of only a handful of hotlines in the world that processes reports on newsgroups. Our Hotline team monitors the content of newsgroups and issues takedown notices for individual postings of child sexual abuse imagery.

We also provide a Newsgroup Alert to Members, which is a notification of child sexual abuse content hosted on newsgroup services so they can be removed. In 2023 we actioned 6 reports of confirmed child sexual abuse images hosted within newsgroups.

Alerts

We also provide various alert services to Members, such as Domain Alerts. These are issued

to companies in the domain registration sector when illegal content is found on domains registered through them. The other alert services are for payment brands, virtual currency use and 'Simultaneous' alerts for our US Members. We launched a new Alert service called the Top-Level Domain Hopping List, which lists known domain strings that have been confirmed to move from top-level domain to top-level domain with the express purpose of selling or distributing child sexual abuse material. This is specifically to alert the domain registry sector.

NPI List

The NPI List is comparable to our standard URL List but features URLs showing images and videos of non-photographic child sexual abuse.

These could include cartoons, drawings, computer-generated imagery (CGI) and other non-photographic representations of child sexual abuse. The URLs provided are those deemed at the time of assessment to potentially breach UK legislation, specifically Sections 62 to 69 of the Coroners and Justice Act 2009. IWF Members can request access to the list enabling them to block webpages featuring this type of content - further protecting their users and contributing to the overall fight against child sexual abuse online.

In 2023, we took action on 280 reports of non-photographic child sexual abuse imagery. However, after our assessment, none of these were confirmed as UK-hosted content.

At the end of 2023, 295 unique URLs of non-photographic child sexual abuse imagery were included on the list.

Review of Activities and Successes

The 2023/24 year marked a period of robust growth and significant development for us. We celebrated reaching the highest number of Members in IWF's history and saw the [Royal Assent](#) of the Online Safety Act into law. These milestones have not only strengthened our business objectives but also reinforced our commitment to maintaining exceptionally high standards and engagement levels in our work.

Our contributions remain pivotal in the global fight against online child sexual abuse. Highlights from the past year include:

- Our work was independently recognised for its use of cutting-edge tech tools designed to make it easier to identify and remove online child sexual abuse at the 2023 National Technology Awards with the coveted [Tech for Good](#) award.



- We [sounded the alarm](#) on the first confirmed AI-generated images of child sexual abuse calling for robust action from the Government.
- Thanks to a grant from partner and funder Nominet, we were able to develop new cutting edge [clustering technology](#) allowing our analysts to assess multiple child sexual abuse images in seconds, rather than hours.
- Our analysts highlighted the serious and increasing threat

of [online sexually coerced](#) extortion or 'sextortion', finding that in the first six months of 2023 reports of confirmed child sexual abuse involving 'sextortion' surged by 257% compared with the whole of 2022.

- [Alongside partners in ECLAG](#) (the European Child Sexual Abuse Legislation Advocacy Group), we took to the streets of Brussels to show support for the proposed EU Regulation to prevent and combat child sexual abuse.
- [Catherine Brown](#) was officially named as our new Independent Chair taking over from Andrew Puddephatt OBE, who held the position since 2017.
- We announced a [trailblazing partnership](#) with Public Interest Registry (PIR), the US non-profit that operates the .ORG Top-Level Domain, taking aim at criminals profiting from child sexual abuse online.
- Our pioneering [reThink chatbot project](#) was shown to reduce searches for illegal sexual images of children on adult content website Pornhub.
- We welcomed a number of prominent new [Members](#) into IWF including Discover Financial Services, Bitly, Discord, GoFibre, Lebara and F-Secure.

Read more about our achievements on our [website](#).

Membership Drive

Our Development Team worked hard to bring 34 new companies into membership with the IWF between 1 April 2023 – 31 March 2024:

- A10 Networks Inc.
- Axiata Group

- Bank Frick & Co. AG
- Bitly, Inc.
- Borderlink Broadband Limited (t/a GoFibre)
- BRAND-fi Technologies Ltd
- Bumble Inc.
- C4FF (Centre for Factories of the Future Ltd)
- Certida LLC
- CoCCA Registry Services (NZ) Limited
- Discord Inc.
- Discover Financial Services
- FlashStart Group Srl (Collini Consulting)
- Fortis LLC
- F-Secure Oyj
- Heimdal Security SRL.
- Human Digital
- Image Analyser Ltd (T/A Image Analyzer)
- Ko-fi Labs Limited
- Lebara Mobile Ltd.
- Magnet Forensics Inc.
- MGID (Central German Society for Information Security and Data Protection)
- OKLink Fintech Limited
- Orange Slovensko, A.S.
- Rebrandly (RadiateCapital LTD)
- Seekr Technologies Inc.
- Seqrd Technology Ltd (T/A SchoolsMobile)
- SS8 Networks Inc.
- Unitary Ltd
- Vendo Services GMBH
- Videntifier Iceland EHF
- Wave 9 Managed Services Ltd
- You

* The 34th member wishes to remain anonymous

Financial Review

Income

Total income for the year at £6,950,958 (2022/23 £6,011,992) increased from the previous year, due to an increase in the value of strategic partnership income, membership and other membership income. At the end of 2023/24 the IWF had 205 Members (2022/23 184). Retaining and developing membership is critical to being able to fund our activities. We received grants from Nominet (£784k), Home Office (£370k), Oak (£214k), The Global Fund to End Violence Against Children (£139k), EU Commission (£70k) and from World Childhood Foundation (£17k).

In 2022/23 we received grants from Nominet (£959k), Home Office (£384k), Thorn (£214k) The Global Fund to End Violence Against Children (£139k) and from the EU Commission (£74k).

Expenditure on charitable activities

Our key objective is running the Hotline in the most efficient and beneficial way to maximise our removal of illegal child sexual abuse content. We have also created a new team of Internet Content Assessors, whose job it is to assess, grade and hash content from the CAID Police database.

Our expanded Tech Team have continued to develop cutting edge technology to detect content more efficiently during this financial year. Total expenditure of charitable activities at £6,145,645 (2022/23 £4,913,399) represented an increase of 25% from the previous year.

Reserves

IWF ended the year with reserves of £6,318,609 in 2023/24 of which £6,343,757 are free reserves, (2022/23 total reserves £5,457,525). IWF target free reserves are £4,771,693. IWF's policy is to maintain a level of reserves which takes into account unexpected changes in income or operations, fluctuations in cash flow and the timescales and commitments

in the event of winding up our operations. The Trustees deem it appropriate to maintain unrestricted general funds which are at least equivalent to the minimum core costs of running the Hotline and support required for the next 12 months. This is the minimum service that the IWF would need to undertake to meet its charitable obligations.

The Trustees have designated £1,350,000 as designated funds split between a Technical Fund of £350,000, a Premises Fund of £500,000 and a new Project Change Fund of £500,000. These designated funds are for future investments and growth of the IWF in light of the Online Safety Act which the Trustees wish to fully resolve before over committing on the spending of the reserves. Reserves are invested to maintain their value to IWF, minimising risk and not specifically to generate ongoing income.

The £25k negative fund is the agreed costs for the 2 grants where the grant funds will be received next year.

Investments

IWF's objective is to maintain the value of its investments after inflation. Rathbones Investment Management Ltd continue to manage a portfolio containing £1,098,121 on our behalf (2022/23 £1,028,924). An assessment of attitude to risks has been undertaken and as a result the appropriate investment strategy has been determined as Cautious Growth (Rathbones SAAC3). Key parameters of the mandate are:

- A return reference of CPI+2%.
- An expected time horizon of 5+ years.
- An exposure of up to 65% in equity and equity-correlated risks with the balance in liquid and diversifying assets.
- Income will be reinvested in the portfolio.

The portfolio has almost performed in line with the targets set with the exception of the previous financial year which saw significant turmoil in the financial markets. The return on investment since inception, which is just over the target 5 year time horizon, is showing a total average annual return of 3% against an average annual target of 6%.

Fundraising

The charitable company understands its duty to protect the public, including vulnerable people, from unreasonably intrusive or persistent fundraising approaches and undue pressure to donate. The IWF has not proactively fundraised from the public currently, nor does it use any internal fundraisers or external fundraising agencies for either telephone or face-to-face campaigns. No complaints regarding fundraising were received during the year.

The fundraising strategy for 2024/25 continues primarily to be on securing income from corporates through membership and strategic partnerships, and grants from trusts, foundations and the government. The improvements made to the online donation process have resulted in a greater number of donations from private households, whilst, no targeted approaches have been made, nor will be made directly to the public in the year ahead, the IWF does run social media campaigns to support the charity through various means. We also steward our online donors and ask them to support the charity.

Going concern

After making appropriate enquiries, the Trustees have a reasonable expectation that the charitable company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Structure, Governance & Management

Constitution

The Internet Watch Foundation is an independent registered charity (number 1112398) and is also a company limited by guarantee (registered company number 03426366). The company was incorporated on 29 August 1997 and charitable status was gained on 16 December 2004. The IWF is governed by its Memorandum and Articles of Association as approved on 16 December 2004. These have been regularly reviewed, and an update of the Articles took place in 2020/21.

The Board

We are governed by a Board of 11 Trustees who are led by an Independent Chair. The rest of the Board comprises six independent Trustees, three industry Trustees and one co-opted Trustee. Changes to the Board membership during the year are documented at the beginning of the Report.

The Board elects two Vice-Chairs from within its membership – one from industry and one independent. The independent Trustee in this case also carries out the role of Senior Independent Director. The Board monitors, reviews and directs the IWF's remit, strategy, policy and budget to help us achieve our objectives and delegates operational management to the CEO.

The Board governs via a regular cycle of Board meetings, each documented with official minutes.

Our Independent Board members are chosen by an open selection procedure following national advertising. No Trustee may serve more than six years.

Funding Council

In addition, we operate a Funding Council who not only provide funding but also support the Board with expert advice from their respective industries. All of our

Members have the opportunity to nominate representatives to the Funding Council.

The Funding Council elects three of its Members to represent industry views on the Board and the Council meets six times per year.

Its role is to:

- Consider relevant policy issues affecting the IWF in order to brief the Board representatives with Members' views.
- Contribute to funds and ensure renewal of funds for the continued operation of the IWF.
- Advise on the annual IWF budget and setting of membership fees. Select three Members for the IWF Board.
- Advise on and approve the Members' code of practice.
- Review and follow their Funding Council Constitution which describes how the Council conducts its business.

Vetting

All of our Trustees are subject to the IWF vetting policy procedure and their responsibilities are described in the Board Members' Handbook.

We continue to monitor our governance to ensure that we not only maintain relevant documentation and our independent status, but that we also remain up to date with current legislation.

Method of appointment or election of Trustees

Independent Board members are appointed by the Board through a fair and open selection procedure managed by the Board Executive Committee.

This Committee comprises the Chair, the two Vice-Chairs and an Independent person. In making a selection, the Committee will ensure that the Board has an appropriate

balance of skills and experience. All recommendations of the Committee for Board appointments are subject to Board approval.

The Independent Chair is appointed by the Board through an open selection procedure managed by the Nominations Committee, comprising the two Vice-Chairs and an independent person.

Policies adopted for the induction and training of Trustees

All new Board members undergo an induction process and training to enable them to understand the role of the IWF and their role as Trustees.

Organisational structure and decision making

In order to facilitate a better understanding of issues and to enable more effective decision making, the Board operates a Finance Committee. The Finance Committee has no delegated power and all major decision are made by the Board of Trustees.

IWF's organisational structure can be found on our website [here](#).

Remuneration of key management personnel

The key management personnel are the Trustees, the Chief Executive Officer, the Chief Operating Officer/ Deputy Chief Executive Officer, the Chief Technical Officer, the Hotline Director and the Communications Director. The Board undertakes regular reviews of salaries of key management personnel, drawing upon market data available for the charity sector and will continue to monitor and review salaries as necessary.

Section 6 of the Memorandum of Association of the IWF permits payments to a maximum of three Trustees attending each Board meeting. During the year, no Trustee was paid in respect of their duties.

Structure, Governance & Management

The Chair was however remunerated for their role and further details can be found in note 9 of these accounts.

Related party relationships

All major decisions are made by the Board of Trustees. The industry Members of the charity are members of the Funding Council as described previously. The IWF works in partnership with representatives from the UK internet industry, police, government departments and partner hotlines overseas in order to minimise the availability of child sexual abuse content found online.

Risk management

Risk management is an integral part of the planning, budget, forecasting and management cycle of the IWF and takes into account:

- Variations in income streams and expenditure, which is addressed through budgeting and expenditure controls.
- Potential liabilities that have been identified through appropriate insurances.
- Information security, hardware and operational risks to comply with relevant standards and best practice.
- Property and assets where IWF has audited procedures in place.

Relevant legislation changes

The systems of internal controls utilised to support our risk management are designed to provide reasonable, but not absolute, assurance against material misstatement or loss. They include a strategic business plan, an annual budget approved by the Trustees, regular consideration by the Trustees of financial results,

variances from budgets, non-financial performance indicators and benchmarking reviews, delegation of authority and segregation of duties, and an audited Information Security Management System (ISMS).

The Finance Committee, comprising Board and SLT representatives, lead our risk management activities, regularly monitoring and reviewing risks via a dedicated Risk Register.

Principal risks and uncertainties include:

1. Funding sustainability.
2. Cyber-attack or system failure.
3. Positioning the IWF in a potentially changing regulatory landscape.
4. Threat posed by DNS over HTTPS encryption.

Mitigation:

5. Consideration of alternative and additional funding streams. Our dedicated Development Team are exploring the various avenues available to us.
6. Maintenance of our information security resilience and to keep pace with change, and regular staff training.
7. Active engagement with government regarding the Online Safety Act with a dedicated Head of Policy & Public Affairs leading on this. Although published April 2019, this change in legislation was known of, and being prepared for, during the financial year.
8. Engaging government with the support of a number of our parliamentary Champions to raise this issue given its

potential to significantly undermine our work and be detrimental to the welfare of victims.

An Information Security Forum (ISF) meets regularly to maintain and continually improve the ISMS. The IWF also ensures all staff understand the principles of risk management and remain vigilant when it comes to the security of our information.

A Quality Assurance team works daily within the Hotline to independently review assessments. The Hotline is externally audited biennially by an independent team chaired by Independent Inspector Sir Mark Hedley, an esteemed High Court Judge.

In the ever-changing technological environment in which the IWF operates, monitoring and managing risk and maintaining pace with change are recognised by the Board as critical to continued successful operation.

Statement of Trustees' Responsibility

The Trustees (who are also directors of Internet Watch Foundation for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year. Under that law the Trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting

Structure, Governance & Management

Practice (United Kingdom Accounting Standards and applicable law). Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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:

1. Select suitable accounting policies and then apply them consistently;
2. Observe the methods and principles in the Charities SORP 2019 FRS102;
3. Make judgments and accounting estimates that are reasonable and prudent;
4. State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
5. 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 adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the

financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Auditors

In so far as the Trustees are aware:

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

The Board recommends at the AGM that Price Bailey LLP should continue to be engaged as auditors for the forthcoming financial year.

This report has been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

This report was approved by the Board on 15th October 2024 and signed on its behalf by:



Catherine Brown
Independent Chair

Our Board of Trustees



Catherine Brown

Independent Chair

Catherine Brown is an experienced board chair, consultant and coach who works with UK and global organisations and leaders who want to improve their governance and impact.

Catherine has led organisations in the private, public, and not-for-profit sectors and has extensive experience in regulation and a particular interest in the contribution that responsible businesses can make to social outcomes.

In addition to her work with IWF Catherine currently chairs Hubbub, a UK environmental charity, and the Enforcement Conduct Board, the independent oversight body of the bailiff industry.

Our Board of Trustees



Giles Crown

Independent Vice-Chair

Giles was appointed in September 2019.

Giles is a Partner at law firm Taylor Wessing. He specialises in intellectual property, media, data & privacy and regulatory work.

His clients include famous brands, major marketing communications agencies, tech & telecoms companies and media & entertainment organisations.

He was previously in-house counsel at an advertising agency and before that a media barrister.

He has also held trustee and advisory positions in the charitable and tech sectors, including as Chair of Westminster Citizens Advice, and is an accredited mediator.



Bronagh McCloskey

Industry Vice-Chair

Bronagh McCloskey is Head of Public Affairs and Regulatory Policy at TalkTalk, where she works with Government and industry stakeholders on public policy issues. Her experience includes working on telecommunications infrastructure projects and online safety initiatives.

Prior to joining TalkTalk, she worked in a consultancy providing communications and policy advice to businesses and charities, where she completed a number of secondments. She began her career working in Parliament.

Our Board of Trustees



Andrew Campling

Independent Trustee

Andrew Campling is passionate about social justice and lifelong learning. He has over thirty years of experience in a wide range of increasingly senior roles in technology, marketing, stakeholder management and public policy, coupled with significant leadership experience. He has managed large, distributed teams of professionals, bringing with him considerable experience in team creation, team down-sizing, coaching and culture change.

In addition to his support of the IWF, Andrew runs 419 Consulting Ltd, a public policy and public affairs consultancy focused on the tech and telecoms sectors, working with clients around the world on a range of marketing and policy-related projects. Andrew is also involved in the development of internet standards and internet governance, with much of his current activity in this area captured in blogs and podcasts on his [company website](#).



Sanjit Gill

Industry Trustee

Sanjit is the Head of Public Policy for the UK and Ireland at Snap Inc. She is a former civil servant where she spent over 12 years at the Home Office working closely with Ministers on a range of public policies, including online harms, migration and digital policing. Sanjit is a graduate of Law from Keele University.

Our Board of Trustees



Terry Downing

Independent Trustee

Terry has over 30 years' experience in the international media and technology sectors, holding C-suite level roles in both publicly and privately owned businesses.

Currently, Terry is the Group CFO for a fintech start-up, Centtrip Ltd, and a founding partner and investor in a sports and media focused investment fund. Prior to this, Terry held senior executive roles with FOX, Warner Bros and Chime Communications.

Terry has held a large number of board roles including being the Audit Chair and NED for the Wandsworth NHS where he completed two terms.

Terry is a graduate of Massey University in New Zealand and qualified with Deloitte.



Sherry Malik

Independent Trustee

Sherry Malik is passionate about social care and social justice. Her signature strength is in enabling change and transformation, working with individuals, organisations, boards and partnerships. She has over 30 years of experience of leading and managing a diverse portfolio in large complex, political settings in public (local and central government and the NHS), voluntary and commercial settings, both in executive and non-executive roles.

Her former executive roles include the Director of Children's Services at the NSPCC, Director of Children and Adult Services at LB Hounslow and executive roles at Cafcass and the General Social Care Council. She is currently Chair of Nottingham CityCare Partnership, a non-executive Director of Dimensions UK, a Trustee of the Social Awards and a Staff College Associate, providing coaching, mentoring and leadership development.

From the need to give every child a great start in life to promoting independence and community resilience, Sherry is committed to working creatively within professional and community systems to find solutions.

Our Board of Trustees



Simon Staffell

Industry Trustee

Dr Simon Staffell is UK Government Affairs Director at Microsoft, where he works on a broad range of technology policy issues. He is also a fellow at RUSI and a visiting Research Fellow at Kings College London.

Simon previously served in the UK government, holding senior appointments in the Foreign and Commonwealth Office, Home Office and Cabinet Office, and postings in Cairo and Washington DC.

Simon's PhD in politics at Sheffield University, awarded in 2010, focused on Terrorist Use of the Internet. He was previously an Adjunct Professor at Georgetown University in Washington DC.

Prior to joining government, Simon was a teacher.



Nick Newman

Independent Trustee

Nick took early retirement in 2022 from PA Consulting where he led the company's Homeland Security business, focusing on investigatory powers, counterterrorism, de-radicalisation, serious & organised crime, and online harms. His teams focused on technology-led business transformation, to enable the lawful acquisition and exploitation of digital data. He now manages a rural estate in Northumberland and has a portfolio of voluntary roles, including with the Prince's Trust and York Community Consulting.

Previously, Nick served 20 years in the Royal Air Force with operations in Belize, the Middle East (First Gulf War), the United States (post 9/11) and Sierra Leone, plus international postings to Germany and India. He is a post-graduate in International Relations from the University of Cambridge.

Our Board of Trustees



Rachel Yeomans

Independent Trustee

Rachel Yeomans is Global Head of Communications at strategic advisory firm Hakluyt.

She was previously Director of Global Strategic Communications at the Tony Blair Institute for Global Change, and before that held a number of senior communications roles in the UK government, including in 10 Downing Street.

Rachel also serves on the Advisory Board of Smart Thinking, a professional body for think tanks.



Alexander Evans

Co-opted Trustee

Alexander Evans is a Professor in Practice at the London School of Economics where he teaches technology and public policy.

He brings executive and non-executive board experience from roles in the UK and US governments, the United Nations, think tanks and academia.

A career diplomat, his roles have included Director Cyber in the Foreign Office and Strategy Director in the Cabinet Office, as well as working in 10 Downing Street.

Alexander is also a Trustee of the International Longevity Centre and on the advisory council of the British Library and Wilton Park.

Opinion

We have audited the financial statements of Internet Watch Foundation (the 'charitable company') for the year ended 31 March 2024 which comprise the Statement of Financial activities, the Balance Sheet, The Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2024, 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 charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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 charitable company'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 trustees' 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 trustees' report (incorporating the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of Trustees

As explained more fully in the trustees' responsibilities statement on page 22 the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material

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

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:

We gained an understanding of the legal and regulatory framework applicable to the charitable company and how it operates and considered the risk of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations. This included those regulations directly related to the financial statements. In relation to the charity this included GDPR, health and safety, employment law and financial reporting.

Auditor's responsibilities for the audit of the financial statements (continued)

We communicated the identified laws and regulations with the audit team and remained alert to any indications of non-compliance throughout the audit. We carried out specific procedures to address the risks identified. These included the following:

- agreeing the financial statement disclosures to underlying supporting documentation.
- assessing compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiries of management including those responsible for key regulations;
- enquires of management about GDPR compliance and reviewing register of any GDPR breaches in the year;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reviewing minutes of Trustee Board meetings, minutes of Audit Committee meetings and correspondence with the Charity Commission;
- in addressing the risk of management override of controls, we carried out testing of journal entries and other adjustments for appropriateness, and

- reviewing the risk management processes and mitigating actions in place.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance.

The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website: frc.org.uk/library/standards-codes-policy/audit-assurance-and-ethics/auditors-responsibilities-for-the-audit/. This description forms part of our auditor's report.

Use of this Report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by

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



Shaun Jordan ACA
Senior Statutory Auditor

for and on behalf of
PRICE BAILEY LLP
Chartered Accountants
Statutory Auditors
Tennyson House
Cambridge Business Park
Cambridge
CB4 0WZ

Date: 15 November 2024

Statement of Financial Activities



Statement Of Financial Activities (Including Income and Expenditure Account) For the year ended 31 March 2024

	Note	Unrestricted £	Restricted £	2024 Total £	2023 Total £
Income					
Donations	2	444,012	-	444,012	19,142
Charitable activities	3	4,676,047	1,598,098	6,274,145	5,924,202
Other trading activities	4	34,233	-	34,233	11,990
Investment income	5	198,568	-	198,568	56,658
Total income		5,352,860	1,598,098	6,950,958	6,011,992
Expenditure					
Charitable expenditure:	6	(4,487,610)	(1,658,035)	(6,145,645)	(4,913,399)
Total expenditure		(4,487,610)	(1,658,035)	(6,145,645)	(4,913,399)
Net Gain / (Loss) on investments		55,771	-	55,771	(50,130)
Net income/ (expenditure) in the year		921,021	(59,937)	861,084	1,048,463
Transfers between funds					
Transfers between unrestricted & restricted	18a	(82,677)	82,677	-	-
Transfers from designated to restricted	18b	-	-	-	-
Net movement in funds		838,344	22,740	861,084	1,048,463
Reconciliation of funds:					
Total funds brought forward		5,505,413	(47,888)	5,457,525	4,409,062
Total funds carried forward		6,343,757	(25,148)	6,318,609	5,457,525

All amounts relate to continuing activities of the company.

The Statement of Financial Activities includes all gains and losses recognised in the year.

The attached notes on pages **36 to 48** form part of these financial statements.

Company Balance Sheet



Internet Watch Foundation | Registered Company Number: 03426366
Company Balance Sheet for the year ended 31 March 2024

	Note	2024 £	2023 £
Fixed Assets			
Tangible assets	12	571,594	455,412
Investments	14	1,098,123	1,028,926
Total Fixed Assets		<u>1,669,717</u>	<u>1,484,338</u>
Current Assets			
Debtors	15	1,570,362	1,398,940
Cash at bank and in hand		6,498,212	6,049,044
Total Current Assets		<u>8,068,574</u>	<u>7,447,984</u>
Liabilities			
Creditors: amounts falling due within one year	16	(3,419,682)	(3,474,797)
Net Current Assets		<u>4,648,892</u>	<u>3,973,187</u>
Total Net Assets		<u><u>6,318,609</u></u>	<u><u>5,457,525</u></u>
Funds Of The Charity:			
Unrestricted funds:			
General funds	18	6,343,757	5,505,413
Restricted funds	18	(25,148)	(47,888)
		<u>6,318,609</u>	<u>5,457,525</u>

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

The attached notes on pages **36 to 48** form part of these financial statements.

The financial statements were approved by the Board of Trustees on 15 October 2024 and signed on their behalf by:

Catherine Brown
Independent Chair

Statement of Cash Flows



Internet Watch Foundation | Registered Company Number: 03426366
Statements of Cash Flows for the year ended 31 March 2024

	Note	2024 £	2023 £
Cash Flows from Operating Activities			
Net cash provided by operating activities	20	664,759	2,430,019
Cash Flows from Investing Activities			
Dividends and interest from investment		21,390	13,470
Purchase of investments		(256,571)	(750,616)
Investment disposal proceeds		244,127	317,849
Purchase of property, plant and equipment		(401,715)	(417,563)
Bank interest received		177,178	43,188
Change in cash and cash equivalents in the reporting period		<u>449,168</u>	<u>1,636,347</u>
Cash and cash equivalents at the beginning of the reporting period		6,049,044	4,412,696
Cash and cash equivalents at the end of the reporting period	21	<u><u>6,498,212</u></u>	<u><u>6,049,044</u></u>

The attached notes on pages **36 to 48** form part of these financial statements.

1. Accounting policies

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

a) Basis of preparation and consolidation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019) - (Charities SORP (FRS 102)) and the Companies Act 2006. The financial statements are prepared on a going concern basis and are presented in sterling, which is the functional currency of the charity.

These financial statements are rounded to the nearest £.

The charity meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes.

The financial statements were not consolidated with the charity's subsidiary, Internet Watch Limited on the basis of materiality and significance, further detailed in note 13.

b) Going Concern

After making appropriate enquiries, the Trustees have a reasonable expectation that

the charitable company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

c) Legal status of the Charity

The charitable company number and registered office address are included on the reference and administration page of these accounts. There is no share capital as the charity is limited by guarantee. Each member has guaranteed an amount, not exceeding £1, towards the charity's liabilities in the event of a winding up, provided that a member has not ceased to be a member one year prior to any winding up order. The charity is registered in the United Kingdom (England and Wales).

d) Fund accounting

Unrestricted funds are available for use at the discretion of the Trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Designated funds are unrestricted funds of the charity which the Trustees have decided at their discretion to set aside to use for a specific purpose. The aim and purpose of each designated fund is set out in the notes to the financial statements.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular

purposes. The cost of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

e) Income

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

Subscription fee income represents amounts receivable based upon the services provided. When their economic benefit is probable, it can be measured reliably and the charity has control over the item.

Voluntary income – donations are accounted for as received. Gifts in kind to the charity are included at the value specified by the donor or, if this is not available, at estimated cost to the charity. Donated facilities and donated professional services are recognised in income at their fair value.

Fair value is determined on the basis of the value of the gift to the charity. For example the amount the charity would be willing to pay in the open market for such facilities and services. A corresponding amount is recognised in expenditure.

Grants – Grants are included as income when they meet the SORP criteria for income recognition.

Income from trading activities includes income earned from

activities to raise funds for the charity. Income is received in exchange for supplying goods and services in order to raise funds and is recognised when entitlement has occurred.

The charity receives government grants in order to pursue its charitable objects and minimise criminal content on the internet. Income from government and other grants are recognised at fair value when the charity has entitlement after any performance conditions have been met, it is probable that the income will be received and the amount can be measured reliably. If entitlement is not met then these amounts are deferred.

f) Expenditure

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. All expenditure is accounted for on an accruals basis.

Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with use of the resources.

g) Tangible fixed assets and depreciation

All assets costing more than £1,000 are capitalised at their historical cost when purchased.

Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated off the cost

on a straight line basis over their expected useful economic lives as follows:

- Leasehold improvements
- over the life of the lease
- Office equipment
- 33.33% straight line
- Computer equipment
- 33.33%-40% straight line

Assets are reviewed for any indications of impairment at each balance sheet date.

h) Investments

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. The statement of financial activities includes the net gains and losses arising on revaluation and disposals throughout the year. The charity does not enter into put options, derivatives or other complex financial instruments. The main form of financial risk faced by the charity is that of volatility in equity markets and investment markets due to wider economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning equities and within particular sectors or sub sectors.

Investments in subsidiaries are measured at cost less provision for impairment.

i) Debtors

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

discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due. Accrued income and tax recoverable is included at the best estimate of the amounts receivable at the balance sheet date.

j) 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.

k) Creditors

Creditors 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 are normally recognised at their settlement amount after allowing for any trade discounts due. Concessionary loans received at below market rates are received in order to further the charitable objects of the organisation and are therefore included at the amount received and are not discounted.

l) Financial instruments

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

historical cost. All other assets and liabilities are recorded at cost which is their fair value and investments are recorded at the closing market value and details of unrealised gains and losses are included within note 14. m) Pensions Employees of the charity are entitled to join a defined contribution pension scheme. The charity contribution is restricted to the contributions disclosed in note 10.	n) Operating leases Operating leases are recognised over the period of which the lease falls due. o) Foreign Currencies Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.	p) Taxation The company is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the company is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.
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2. Donations	2024	2023
	£	£
Donations & gifts in kind	444,012	19,142
	<u>444,012</u>	<u>19,142</u>

All donations received in 2024 and 2023 relate to unrestricted funds.

Notes to the Financial Statements



Internet Watch Foundation | Registered Company Number: 03426366
Notes to the Financial Statements for the year ended 31 March 2024

3. Income from Charitable Activities	2024	2023
	£	£
Subscription fee income	4,447,620	4,001,524
EU grant income	-	29,470
Protech grant income	73,840	1,639
Nominet grant income	231,759	428,451
EVAC Chatbot grant income	138,851	210,379
Thorn grant income	-	214,073
Strategic partnerships	209,204	109,045
HO	370,000	384,116
Nominet UKSIC	551,852	519,241
Oak grant income	214,370	-
Childhood grant income	17,426	-
Miscellaneous income	19,223	11,000
Portals	-	15,264
	<u>6,274,145</u>	<u>5,924,202</u>

Income from charitable activities was £6,274,145 (2023 - £5,924,202) of which £1,598,098 (2023 - £1,835,307) was attributable to restricted and £4,676,047 (2023 - £4,088,896) was attributable to unrestricted funds.

4. Other trading activities	2024	2023
	£	£
Project contributions	34,233	11,990
	<u>34,233</u>	<u>11,990</u>

All trading income received in 2024 and 2023 relates to unrestricted funds.

5. Investment Income	2024	2023
	£	£
Bank interest	198,568	56,658
	<u>198,568</u>	<u>56,658</u>

All investment income received in 2024 and 2023 relates to unrestricted funds.

Notes to the Financial Statements



Internet Watch Foundation | Registered Company Number: 03426366
Notes to the Financial Statements for the year ended 31 March 2024

6a. Analysis of expenditure by activity	Direct Costs £	Support Costs £	2024 Costs £
Charitable activities:			
Minimise criminal internet content	3,878,614	2,267,031	6,145,645
	<u>3,878,614</u>	<u>2,267,031</u>	<u>6,145,645</u>

6b. Analysis of expenditure by activity	Direct Costs £	Support Costs £	2023 Costs £
Charitable activities:			
Minimise criminal internet content	3,199,046	1,714,353	4,913,399
	<u>3,199,046</u>	<u>1,714,353</u>	<u>4,913,399</u>

Included within expenditure above is £4,487,610 (2023: £2,503,694) in relation to unrestricted funds and £1,658,035 (2023: £2,409,705) in relation to restricted funds.

7. Analysis of support costs	2024 £	2023 £
Finance and legal	166,840	40,106
Human resources	1,280,279	1,171,402
IT	151,082	120,409
Premises	222,180	162,533
General office costs	317,582	160,654
Other	41,037	10,407
Governance (note 8)	88,031	48,842
	<u>2,267,031</u>	<u>1,714,353</u>

Support costs have been allocated to activities as a fixed percentage basis consistent with use of the resources and staff costs have been allocated based upon time spent on each activity.

8. Analysis of governance costs	2024 £	2023 £
Audit fees	9,650	8,800
Accountancy fees paid to auditor	3,580	2,475
Chair fees	34,125	32,025
Board expenses	4,947	966
Board strategy day	4,770	3,948
Trustee recruitment and training	30,959	628
	<u>88,031</u>	<u>48,842</u>

Notes to the Financial Statements



Internet Watch Foundation | Registered Company Number: 03426366
Notes to the Financial Statements for the year ended 31 March 2024

9. Analysis of staff costs and key management personnel	2024	2023
	£	£
Wages and salaries	2,896,828	2,569,181
Social security costs	313,615	287,660
Pension	425,149	345,127
	<u>3,635,592</u>	<u>3,201,968</u>

In accordance with Section 6 of the Memorandum of Association of Internet Watch Foundation, the Chair received £34,125 (2023: £32,025) during the year in respect of their duties in office. This sum is included within governance costs.

Section 6 of the Memorandum of Association of Internet Watch Foundation permits payments to a maximum of 3 Trustees attending each board meeting. During the year, other than the Chair, a total of £Nil (2023: Nil) Trustees were paid in respect of their duties and these amounted to a total of £Nil (2023: £Nil).

In 2024, 8 Trustees (2023 – 7) received reimbursements of expenses for travel and subsistence amounting to £4,947 (2023: £966).

The charity considers its key management personnel to comprise of 9 people. During the year, the total employment benefits of these 12 key management personnel, including social security and pension was £1,324,059 (2023: £928,179).

The average monthly head count was as follows:

	2024	2023
	Number	Number
Charitable activities	<u>70</u>	<u>67</u>

The number of employees whose total employee benefits excluding pension contributions earning over £60,000, classified within bands of £10,000 is as follows:

	2024	2023
	Number	Number
£60,000 - £70,000	2	3
£70,001 - £80,000	4	2
£80,001 - £90,000	-	1
£90,001 - £100,000	3	-
£100,001 - £110,000	-	2
£110,001 - £120,000	1	-
£120,000 - £130,000	-	1
£130,000 - £140,000	1	-
£140,000 - £150,000	<u>1</u>	<u>-</u>
	<u>12</u>	<u>9</u>

£14,773 (2023 - £14,510) was paid into a defined contribution pension scheme on behalf of the above highest paid employee.

10. Pension costs

The charity operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the charitable company in an independently administered fund. Contributions payable by Internet Watch Foundation amounted to £425,149 (2023: £345,127). There were Nil outstanding contributions payable to the pension fund at the balance sheet date (2023: £Nil).

Notes to the Financial Statements



Internet Watch Foundation | Registered Company Number: 03426366
Notes to the Financial Statements for the year ended 31 March 2024

11. Net income	2024	2023
	£	£
Net income is stated after charging:		
Depreciation of charitable assets owned by group	285,533	87,240
Loss on disposal of fixed assets	-	204
Auditors remuneration:		
- for audit services	9,650	8,800
- for non-audit services	3,580	2,475
Operating lease costs for land and buildings	279,831	251,988
Operating lease costs for equipment	<u>4,429</u>	<u>4,097</u>

12. Tangible fixed assets

	Leasehold Improvements	Office Equipment	Computer Equipment	Cycle Equipment	Total
	£	£	£	£	£
Cost:					
At 31 March 2023	338,761	113,917	655,283	-	1,107,961
Additions	324,438	1,375	74,458	1,444	401,715
Disposals	-	-	-	-	-
At 31 March 2024	<u>663,199</u>	<u>115,292</u>	<u>729,741</u>	<u>1,444</u>	<u>1,509,676</u>
Depreciation:					
At 31 March 2023	252,921	43,614	356,014	-	652,549
Charge for the year	118,282	30,132	136,316	803	285,533
Disposals	-	-	-	-	-
At 31 March 2024	<u>371,203</u>	<u>73,746</u>	<u>492,330</u>	<u>803</u>	<u>938,082</u>
Net book value:					
At 31 March 2023	85,840	70,303	299,269	-	455,412
At 31 March 2024	<u>291,996</u>	<u>41,546</u>	<u>237,411</u>	<u>641</u>	<u>571,594</u>

Notes to the Financial Statements



Internet Watch Foundation | Registered Company Number: 03426366
Notes to the Financial Statements for the year ended 31 March 2024

13. Investment in Trading Subsidiary

Internet Watch Limited is incorporated in England and Wales (company number 03257468) and is a wholly owned subsidiary of Internet Watch Foundation (company number 03426366). The company has been dormant since 2017 and has £nil net assets (2023: £nil).

Within the charitable company balance sheet, the investment in the subsidiary is held at a cost of £2 (2023: £2).

14. Investments

	2024	2023
Investment in dormant subsidiary company at cost	2	2
Investment portfolio	1,098,121	1,028,924
Net assets	1,098,123	1,028,926
	2024	2023
	Total	Total
	£	£
Investment portfolio		
Market value at 1 April	1,028,924	1,073,239
Additions	256,571	750,616
Disposal proceeds	(244,127)	(317,849)
Net investment (losses) / gains	55,771	(50,130)
Cash movement	984	(426,952)
Market value at 31 March	1,098,123	1,028,924
Historical cost	1,029,756	1,019,749
Analysed as follows:		
	2024	2023
	£	£
UK Fixed Interest Securities	375,674	313,412
Quoted UK Equities	270,437	234,100
Quoted Overseas Equities	289,338	241,118
Alternative markets	144,658	223,262
Cash	18,016	17,032
	1,098,123	1,028,924

Notes to the Financial Statements



Internet Watch Foundation | Registered Company Number: 03426366
Notes to the Financial Statements for the year ended 31 March 2024

15. Debtors	2024	2023
	£	£
Trade debtors	850,536	904,690
Prepayments and accrued income	719,826	494,250
	<u>1,570,362</u>	<u>1,398,940</u>

16. Creditors: amounts falling due within one year	2024	2023
	£	£
Trade creditors	209,714	147,248
Other tax and social security	115,014	104,119
Accruals and deferred income	3,094,954	3,223,430
	<u>3,419,682</u>	<u>3,474,797</u>

Deferred income	2024	2023
	£	£
Deferred income at 1 April	3,032,487	2,196,212
Income deferred during the year	2,899,038	3,032,487
Amounts released from previous years	(3,032,487)	(2,196,212)
Deferred income at 31 March	<u>2,899,038</u>	<u>3,032,487</u>

Deferred income relates to subscriptions and license fees.

Notes to the Financial Statements



Internet Watch Foundation | Registered Company Number: 03426366
Notes to the Financial Statements for the year ended 31 March 2024

17. Leases

Total future minimum lease payments under non-cancellable operating leases are as follows

	Land and buildings 2024 £	Land and buildings 2023 £	Equipment 2024 £	Equipment 2023 £
No later than one year	339,298	174,667	3,921	672
Later than one year and no later than five years	395,536	734,784	15,704	-
	<u>734,834</u>	<u>909,451</u>	<u>19,625</u>	<u>672</u>

18a. Funds analysis - current year

	Balance at 01/04/2023 £	Income £	Expenditure £	Transfers £	Gains / (Losses) £	Balance at 31/03/2024 £
Unrestricted funds						
General funds	4,805,413	5,352,860	(4,487,610)	(732,677)	55,771	4,993,757
Total general funds	<u>4,805,413</u>	<u>5,352,860</u>	<u>(4,487,610)</u>	<u>(732,677)</u>	<u>55,771</u>	<u>4,993,757</u>
Designated funds						
Technical fund	350,000	-	-	-	-	350,000
Premises fund	350,000	-	-	150,000	-	500,000
Project Change fund	-	-	-	500,000	-	500,000
Total designated funds	<u>700,000</u>	<u>-</u>	<u>-</u>	<u>650,000</u>	<u>-</u>	<u>1,350,000</u>
Total unrestricted funds	<u>5,505,413</u>	<u>5,352,860</u>	<u>(4,487,610)</u>	<u>(82,677)</u>	<u>55,771</u>	<u>6,343,757</u>
Restricted funds						
Nominet Technical Project	-	231,759	(231,759)	-	-	-
Nominet UKSIC	-	551,852	(563,906)	12,054	-	-
EVAC Chatbot	-	138,851	(163,686)	24,835	-	-
Home Office	-	370,000	(415,788)	45,788	-	-
Childhood	-	17,426	(17,426)	-	-	-
EU ProTech	(6,017)	73,839	(91,317)	-	-	(23,495)
Oak Foundation	(41,871)	214,371	(174,153)	-	-	(1,653)
Miscellaneous	-	-	-	-	-	-
Total restricted funds	<u>(47,888)</u>	<u>1,598,098</u>	<u>(1,658,035)</u>	<u>82,677</u>	<u>-</u>	<u>(25,148)</u>
Total funds	<u>5,457,525</u>	<u>6,950,958</u>	<u>(6,145,645)</u>	<u>-</u>	<u>55,771</u>	<u>6,318,609</u>

Notes to the Financial Statements



Internet Watch Foundation | Registered Company Number: 03426366
Notes to the Financial Statements for the year ended 31 March 2024

18b. Funds analysis - prior year

	Balance at 01/04/2022 £	Income £	Expenditure £	Transfers £	Gains / (Losses)	Balance at 31/03/2023 £
Unrestricted funds						
General funds	3,272,554	4,176,686	(2,503,694)	(90,003)	(50,130)	4,805,413
Total general funds	3,272,554	4,176,686	(2,503,694)	(90,003)	(50,130)	4,805,413
Designated funds						
Technical fund	500,000	-	-	(150,000)	-	350,000
Premises fund	500,000	-	-	(150,000)	-	350,000
Total designated funds	1,000,000	-	-	(300,000)	-	700,000
Total unrestricted funds	4,272,554	4,176,686	(2,503,694)	(390,003)	(50,130)	5,505,413
Restricted funds						
EU SIC UK VI	-	29,470	-	(29,470)	-	-
Nominet Technical Project 1	-	136,562	(139,579)	3,017	-	-
Nominet Technical Project 2	-	291,889	(291,889)	-	-	-
Thorn	136,508	214,073	(354,139)	3,558	-	-
EVAC Chatbot	-	210,379	(210,379)	-	-	-
Home Office	-	384,116	(398,213)	14,097	-	-
EU ProTech	-	1,639	(7,656)	-	-	(6,017)
UKSIC Nominet Core	-	519,241	(917,242)	398,001	-	-
UKSIC Nominet Enhancements	-	11,000	(11,800)	800	-	-
Oak Foundation	-	-	(41,871)	-	-	(41,871)
Miscellaneous	-	36,937	(36,937)	-	-	-
Total restricted funds	136,508	1,835,306	(2,409,705)	390,003	-	(47,888)
Total funds	4,409,062	6,011,992	(4,913,399)	-	(50,130)	5,457,525

18c. Funds analysis - description of funds

Restricted funds

EU SIC UK V1 – The funds represent a grant from the European Union in respect of assistance in meeting the costs of running the Hotline. There are no unfulfilled conditions relating to amounts recognized during the year.

Nominet Technical Projects 1 and 2 – These funds represent a grant from Nominet in respect of developing technologies to assist IWF in the detection and removal of child sexual abuse material. A transfer was made from unrestricted funds to ensure that the grant fund does not go into deficit.

Thorn – These funds represent a grant from Thorn to employ a dedicated taskforce to undertake the hashing of two million images in the UK Home Office owned Child Sexual Abuse Database (CAID). A transfer was made from unrestricted funds to ensure that the Thorn grant did not go into deficit. There are no unfulfilled conditions relating to amounts recognized in the year.

EVAC Chatbot – These funds represent a grant from the End Violence Against Children Fund to support the development of a chatbot aimed at internet users at risk of viewing CSAM. This project is a partnership between IWF and The Lucy Faithful Foundation. The chatbot will engage individuals searching for CSAM online and encourage them to seek help to change their behavior.

Home Office – These funds represent a grant from the Home Office to undertake the hashing of images in the UK Home Office

owned Child Sexual Abuse Database (CAID). A transfer was made from unrestricted funds to ensure the grant did not go into deficit.

EU Protech – These funds represent a grant from the European Union's Internal Security Fund (ISF), where IWF is working as part of a consortium to prevent and reduce child sexual abuse material use through on-device technology.

UKSIC Nominet – These funds represent a grant from Nominet in respect of assistance in meeting the costs of running the Hotline, as part of the UKSIC. A transfer was made from unrestricted funds to ensure that the Nominet UKSIC grant funds did not go into deficit. There are no unfulfilled conditions relating to amounts recognized in the year.

Oak Foundation – These funds represent a grant from the Oak Foundation in respect of developing an evidence base of new and existing research to reduce production and distribution of self-generated child sexual abuse material. This project is a partnership between IWF and the Policing Institute for the Eastern Region (PIER).

EU SIC UK VI Childnet – These funds represent a grant from the European Union in respect of assistance in meeting UK Safer Internet Day and supporting schools to ensure that all children are educated around online safety.

DCMS – The funds represent a grant from DCMS for child online safety work relating to the UKSIC, specifically to assist in the mission to promote the safe and responsible use of technology for young people.

UNICEF Grant – These funds represent a grant from United Nations International Children's Emergency Fund in respect of the End Violence Against Children grant.

Childhood – These funds represent a grant to be used on the Chatbot Evaluation project.

Designated funds

Technical Fund – These funds represent a designated fund generated to meet future technical IT developments and requirements.

Premises Fund – These funds represent a designated fund generated to meet future changing demands of business accommodation.

Project Change Fund – These funds represent a designated fund generated to meet future changing demands in IWF's expansion.

Notes to the Financial Statements



Internet Watch Foundation | Registered Company Number: 03426366
Notes to the Financial Statements for the year ended 31 March 2024

19. Related party transactions

Internet Watch Foundation works in partnership with the UK internet industry, police, government departments and Hotlines in other countries in order to minimise the availability of specific illegal content found online. Member companies subscribe to the Internet Watch Foundation with subscription levels ranging from £1,000 to in excess of £84,000. Some Trustees also work for Member companies but do not have any direct influence on transactions undertaken with Internet Watch Foundation.

The Chair received £34,125 (2023: £32,025) during the year in respect of their duties in office.

There were no other related party transactions in the year other than those described in note 9.

20. Reconciliation of net expenditure to net cash flows from operating activities

	2024 £	2023 £
Net income/ (expenditure) for the reporting period (as per the statement of financial activities)	861,084	1,048,463
Adjustments for:		
Depreciation charges	285,533	87,240
Loss on disposal of fixed assets	-	204
(Gains) / Losses on investments	(55,771)	50,130
(Increase) / Decrease in debtors	(171,420)	(169,450)
(Decrease) / Increase in creditors	(55,115)	1,043,138
Bank interest received	(177,178)	(43,188)
Dividends received from investments	(21,390)	(13,470)
Cash account movement	(984)	426,952
Net cash provided by operating activities	664,759	2,430,019

21. Net Debt Reconciliation

	Balance at 31/03/2023	Cash Movement	Balance at 31/03/2024
Cash in hand	6,049,044	449,168	6,498,212
Investments - short term deposits	-	-	-
Total cash and cash equivalents	6,049,044	449,168	6,498,212

22. Capital commitments

Total capital commitments are as follows:

2024 £	2023 £
-	240,706



Internet Watch Foundation

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Charity number: 01112398 - Company number: 03426366

    Search: Internet Watch Foundation

INTERNET WATCH FOUNDATION

England & Wales - Charity number 1112398

Accounts



Trustees' Report & Financial Statements

For the year ended 31 March 2023

26
Years

50
Countries

185
Members

70
Employees

1
Mission

Our Vision

We’re creating an internet free from child sexual abuse that is **a safe place** for children and adults to use around the world.

Our Mission

Child sexual abuse images and videos are just as much a weapon as a knife.

We actively search for this imagery and for the past 26 years, we’ve given people a safe place to report it to us, anonymously, now covering 50 countries.

We assess every report we receive. If it shows the sexual abuse of a child, we make sure the image or video is removed from the internet.

To do this effectively, we develop technology-for-good: We provide bespoke services, products and datasets to our industry Members to prevent the imagery

from re-appearing and make it harder for offenders to find and share.

We care. Our work relies on compassionate and resilient staff members, who are highly trained and carefully looked after.

We encourage others to play their part, whether it is reporting to us, funding us, or collaborating on the best technology and research.

The children in these pictures and videos are real. The suffering captured in this imagery and the knowledge that it could be shared can haunt a victim for life.

That’s why it’s **our mission** to remove this material for good. And to show **every child** there is someone out there who cares enough to help.



An incorporated charity,
limited by guarantee.
Registered in England.
Charity No. 1112398
Company Reg. 03426366
Registered office:
Discovery House, Chivers Way,
Vision Park, Histon, Cambridge
CB24 9ZR, United Kingdom

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Our Members

Members between 1 April 2022 to 31 March 2023

£80,000+		£25,000+		£10,000+			£5,000+		
							£2,500+		
		£20,000+							
£50,000+								£1,000+	
		£15,000+							



Welcome from our Chair

I have never been prouder to chair the Internet Watch Foundation. It is a unique organisation, full of the most determined and dogged, yet kind and caring people I have ever known.

It nurtures positive and productive relationships with global technology companies, as well as other types of companies whose core values of protecting children reflect our own.

Never has IWF's membership offering been so valued, and IWF's Members been so great in number.

We provide an unparalleled service to our Members, and our relationships with the UK Government, the incoming UK regulator, Ofcom, and law enforcement, are strong.

Our partners recognise the crucial contribution we make to tackling online child sexual abuse.

We are the only non-law enforcement organisation with access to the national Child Abuse Image Database (CAID) where we have assessed and quality assured over two million images. We share those back with law enforcement to aid their work and also with industry to ensure duplicate images of child sexual abuse are not distributed on their platforms.

As the largest hotline in Europe, contributing 63% of all illegal content items to the Inhope database, our participation and expertise has never been in such demand.

Our challenge, alongside companies providing online platforms and services, is to make the internet as safe and abuse-free as possible. This is no easy task, but one that the whole of the IWF team is up for.

That's why this past year we've embarked on our biggest recruitment drive to date. We've expanded our hotline analyst team, tech team and corporate functions to support those across the organisation. This area of work never stands still. We're creating new services for Members, new ways in which Members can receive our services and bespoke arrangements to support specific requests. It's testament to the quality and granularity of our datasets that they're in such demand.

With the imminent arrival of new legislation, we're proposing the IWF plays a central role, in partnership with Ofcom, to support the regulation of criminal child sexual abuse material online for the UK.

In the year ahead, we're ready to work with Ofcom to look at how best to scale up the deployment of our

services and activities within scope of the UK's Online Safety Bill.

In this, my final year as IWF Chair, I can say that it's been a privilege and I am really going to miss working with both the exemplary Board of Trustees and the IWF team. The executive and whole staff team consistently work hard to meet their enormous mission to eliminate online child sexual abuse.

My overall aim in my final year is to ensure that the Government and Ofcom do the right thing and protect the legacy and crucial work of the IWF in the Online Safety Bill regime.

Andrew Puddephatt OBE
IWF Chair

“With the imminent arrival of new legislation, we’re proposing the IWF plays a central role”



Welcome from our CEO

This has been a year of rapid change – with technology, legislation, and criminal tactics evolving at pace.

At the IWF, we have seen first-hand how there is now not only more child sexual abuse material being discovered online than ever before but that it is also becoming more extreme as criminal gangs seek to profit from the rape and sexual exploitation of children.

It's also heart-breaking to reveal, again, that in 2022 we've seen increases in the number of reports which include images and videos of the sexual abuse of children aged 7-10, many of whom have been coerced into sexually abusing themselves in the supposed 'safe spaces' of their bedrooms.

This is my 12th year leading the IWF and, while I am immensely proud of everything we have achieved, there's absolutely no satisfaction in knowing we are seeing more children being abused and that they are getting younger.

At the IWF we've always been careful not to describe in detail what we see as we don't want to upset people, but the public needs to realise we are talking about serious abuse being inflicted on very young children.

This is why we need to do everything we can as a society to work with partners across the world to stop the abuse happening in the first place.

We believe that this is possible and can be achieved by having three fundamental pillars in place: (i) proper legislation and well-resourced law enforcement, (ii) tech companies doing everything possible to prevent the upload and distribution of images, and (iii) a programme of education and awareness raising for both children and parents/carers.

But we won't get there if we don't work together and put the needs of children first. This is why we are standing in solidarity with our child protection partners to oppose the introduction of end-to-end encryption on platforms without there being the necessary technically-possible child safeguards in place.

Likewise, we have been working closely with colleagues across the UK Government to ensure that the Online Safety Bill does what it sets out to do and makes the UK a safer space to be online.

Empowering children, and those who care for them, is an absolute priority, and after the first full year of operating Report Remove with our NSPCC partners, we've seen

how boys, many aged 16-17, are most often reporting sexual images of themselves to us. Cases of sexually coerced extortion are rising among this group. Report Remove is clearly needed by young people and it has immense potential to be replicated in other countries.

Our staff always go the extra mile to do whatever they can to stop these images being circulated.

We won't stop until every single image has been removed from the internet because children need to know we are out there fighting their corner.

Susie Hargreaves OBE
IWF CEO

“Empowering children, and those who care for them, is an absolute priority.”



“

Welcome from our Funding Council Chair

As the IWF's data this year has shown, the scale of the threat posed by child sexual abuse imagery online poses an unprecedented challenge.

To all of us who want to see an internet safe for all, which offers opportunities and support to those who need it, the spread of this harmful imagery is something we must tackle together.

Never before has the need for collaboration, team-work, and solidarity been more apparent. The IWF and its allies are showing what can be done – with more criminal material being discovered, blocked, and removed than ever before.

As Chair of the IWF Funding Council, I bring the expertise of the tech industry and the IWF together.

The IWF's Funding Council is where Members can work together to make sure they agree on the rights and responsibilities they share in relation to IWF services. It helps us understand how we can help their charitable mission to make the internet a safer place.

When we look at the global spread of child sexual abuse material on the internet, we know the

problem is far too large, and far too complicated to defeat without key allies working together. And the IWF Funding Council is a mechanism to enable just that.

The criminals who would exploit children know no global boundaries, and our response needs to be joined up as well.

Now, with regulation under the UK's Online Safety Bill on the horizon, we will all be looking for ways to help make sure we are doing everything we can to make the internet a safer place.

Matthew Eltringham
*Funding Council Chair
& BBC Executive Editor*

“The IWF and its allies are showing what can be done – with **more criminal material being discovered, blocked, and removed than ever before.**”



“

Caring for our people

In 2022, the IWF grew more than at any other time in our 26-year history.

At the beginning of the year, we embarked on our biggest ever recruitment drive, with appointments to new roles across our organisation. We have grown from 50 staff on 1 January 2022, to 70 staff by 31 December 2022.

Given the sensitive nature of the work we do at IWF, we took our responsibilities to the IWF's mission, and the staff who help us achieve it, incredibly seriously.

New recruits must have the kind of steely resilience and determination necessary to accurately and efficiently process some of the most extreme and upsetting content on the internet. They must also be kind, compassionate, and have the drive to protect and help children as their core motivator.

This is something everyone at the IWF has in common. It's a rare set of qualities, and we know the importance of getting it right.

Looking after our staff once they are here is a full time responsibility. The welfare of the people doing this internationally important work is paramount, and we are always

looking at ways we can make our already exemplary support system even better.

Following our response to Covid, where we split our workforce between those who work in the office and those who can work remotely, we had additional challenges to maintain a sense of unity among our various teams. We've needed to re-think how we create that feeling and culture of one "IWF family". The opening of new office space and the availability of newly refurbished areas of the IWF means those who work from home can now explore new ways to divide their time and collaborate with colleagues.

When we speak publicly about our work, we often get asked about the welfare provisions for our staff, how we recruit the right people, and how we manage to maintain such high staff retention.

We work hard as a team to ensure that those who dedicate their working lives to our mission are, in turn, looked after. At the end of 2022 we welcomed four independent experts who carried out our Hotline Audit, which had been delayed by a year due to the Covid pandemic.

As part of this audit, Dr Georgina Clifford, Specialist Clinical and Research Psychologist and Director of London Trauma Specialists, inspected our welfare provision. The independent auditors found our Gold-standard welfare programme to be an: "excellent, carefully considered and ever-evolving welfare package...[with] a trauma-informed approach to assessing the suitability of new staff for the role, with a comprehensive and rigorous interview and induction process."

Heidi Kempster
IWF Deputy CEO & COO

“The welfare of the people doing this internationally important work **is paramount**”

Our Senior Leadership Team



Susie Hargreaves OBE

CEO

Susie joined the Internet Watch Foundation in September 2011 as Chief Executive. She has worked in the charity sector for more than 30 years in a range of senior positions. She is the lead spokesperson for the IWF, regularly appears in the national media, TV and an experienced presenter and conference chair at events around the globe.

Susie sits on a number of boards and groups such as the NCA CEOP Command Strategic Governance Group, the UK Council for Internet Safety (UKCIS), the Crown Prosecution Service Child Sexual Abuse Stakeholder Forum, the World Economic Forum, WePROTECT Global Threat Assessment as well as other groups.

Susie represented the IWF as a Core Participant on the internet part of the Independent Inquiry into Child Sexual Abuse (IICSA).

Susie was awarded an OBE in the Queen’s Birthday Honours in 2016 for ‘Services to Child Online Safety’.

Heidi Kempster

Deputy CEO & COO

Heidi directs IWF’s business activities. She is a detail-orientated, strategic thinker devoted to creating a caring and supportive environment for all. She is responsible for deputising for the CEO and she ensures the operations of IWF run smoothly and efficiently.

Heidi oversees all finance, HR, legal and statutory compliance, including managing performance and risk. She manages the IWF Development Team, and is also responsible for maintaining and developing the IWF’s gold-standard welfare programme for staff.

Heidi started her career in local government finance and has worked in a number of positions and departments in education, audit and property. Before joining IWF in June 2013 she was part of the Senior Management Team of one of the first large secondary Academy Trusts, overseeing operations for both children, adults and the wider community.

Emma Hardy

Communications Director

Emma directs all IWF’s communications functions with energy and enthusiasm, and ensures all communications are consistent, timely and in line with IWF’s values.

She oversees reputation management, awareness raising, campaigns, media relations and the public affairs functions.

Emma started her career as a journalist, writing for a newspaper and magazine before taking internal communications and press office roles at a police force and in local government.

Emma is a Chartered Member of the Chartered Institute of Public Relations (CIPR) where she holds a public relations diploma. She is a primary school governor, has a multi-media journalism degree and is a qualified senior reporter.

Emma is also a Co-Director of the UK Safer Internet Centre.

Chris Hughes

Hotline Director

Chris joined the IWF in February 2012 as Hotline Manager, running a team of five analysts. He has overseen the expansion of the hotline which now boasts 30 analysts – and growing – including a Hotline Manager, Deputy Hotline Manager and a team of Senior Analysts.

Chris is responsible for the running of the hotline, training of analysts, and the provision of datasets and services to IWF’s Members. He is the IWF’s key contact with Law Enforcement bodies around the world, and he sits on several advisory groups.

Chris started his career in Hospitality and Catering before moving into the IT Training Sector. He has previously had roles as a Training Director and Business Manager overseeing the delivery of the DWP Work Programme, across three sites in the East of England.

Dan Sexton

Chief Technology Officer

Dan joined IWF in February 2021. He is responsible for Information Technology, Cybersecurity and Software Development leading the in-house technical and compliance teams.

He leads our software engineering work which includes the creation of world-leading technologies, such as IntelliGrade and Report Remove, to support the hotline and our technology Members.

Dan has over 20 years’ experience in IT, working across a range of environments including local government, the academic sector and in commercial software development.

Dan has a degree in Media, Culture and Society and a Master’s in Computer Science.

Charity Registration Number 1112398	Principal/ Registered Office Discovery House Chivers Way Histon Cambridge CB24 9ZR
Company Registration Number 03426366	
Chief Executive Officer Ms S E Hargreaves	
Senior Management Personnel • Ms S E Hargreaves • Ms H Kempster • Ms E Hardy • Mr C Hughes • Mr D Sexton	Independent Auditors Price Bailey LLP Chartered Accountants & Statutory Auditors Tennyson House Cambridge Business Park Cambridge CB4 0WZ
Board of Trustees • G S Balasubramanian Resigned 31 August 2022 • Claire Bassett • Laurelle Brown Resigned 13 February 2023 • Sinead Coogan Jobes Appointed 4 June 2022 • Giles Crown • Terry Downing • Elizabeth Kanter Resigned 1 May 2023 • C M Lilley Resigned 3 June 2022 • Sherry Malik • Bronagh McCloskey • John Parkinson • Andrew Puddephatt • Andrew Campling Appointed 6 December 2022	Investment Advisors Rathbones Brothers Plc 8 Finsbury Circus London EC2M 7AZ
	Investment Managers CCLA One Angel Lane London EC4R 3AB
	Bankers Barclays Bank UK PLC Abacus House Castle Park Castle Hill Cambridge CB3 0AX

The Trustees present their report and the audited financial statements of the charity for the year ended 31 March 2023. The Trustees have adopted the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" (FRS 102) in preparing the annual report and financial statements of the charity.

Public Benefit
We are confident that the IWF continues to meet the public benefit requirements and that we have paid due regard to the published guidance from the Charity Commission. Our specific objects as a company are set out in our Articles of Association. Our aims as a charity continue to be to promote the protection and welfare of the public, particularly children, by working to minimise the availability of illegal content on the internet.

Remit
To remove online child sexual abuse content hosted anywhere in the world and to remove non-photographic child sexual abuse content hosted in the UK.

2021-2025 Strategy
Online child sexual abuse imagery is a global problem, which demands a global solution. The internet does not respect geographical borders, so we work in close cooperation with partners worldwide. It is our continued aim to use the expertise of the IWF's team and work with partners to:

- Disrupt the availability of child sexual abuse content hosted anywhere in the world.
 - Protect children who are victims of sexual abuse from repeat victimisation and public identification.
 - Prevent internet users from accidentally stumbling across child sexual abuse content.
 - Remove any non-photographic child sexual abuse content that is found to be hosted in the UK.
 - Promote best-practice welfare for staff who are working to eliminate child sexual abuse imagery and provide a caring and safe environment for all of our staff.
- The main focus of our strategy has been to deliver excellence in our core operations, particularly the Hotline and in the technical services we deliver.
- We have also carried out a number of projects during this financial year and continue to develop our project work in line with our strategy. These projects and much more will contribute to our 2021-2025 Strategy.
- How we do this**
- Identify, assess, report and remove illegal child sexual abuse imagery.
 - Provide a world class Hotline for anyone to securely and anonymously report child sexual abuse imagery.
 - Use our intelligence to actively search for child sexual abuse images and videos on the public internet.
 - Work with industry partners worldwide to remove images of child sexual abuse as quickly as possible and prevent them from being spread further.
 - Develop technical solutions and services using innovative tactics to disrupt and remove illegal content.
 - Research, analyse and disseminate relevant trends data.
 - Share our expertise and play an active role in the UK Safer Internet Centre.

375,230

reports were assessed in 2022.

361,062 assessed in 2021

255,588

of these reports were confirmed to contain child sexual abuse imagery.

252,194 confirmed in 2021

As each report contains at least one, and sometimes thousands of images, **this equates to millions of criminal images** removed from the internet.

1








+

By the end of 2022, we had created **1,663,106 unique hashes** to share with technology companies.

four in five



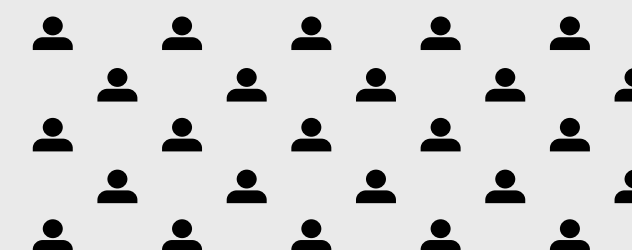
'self-generated'

We continue to see an exponential increase in what is termed **'self-generated'** child sexual abuse content, created using webcams or smartphones and then shared online via a growing number of platforms.

Of the 255,588 webpages actioned during 2022, four in five (**199,363 or 80%**) were assessed as containing 'self-generated' imagery.

We have seen a **1,058%** increase in the number of webpages showing images and videos of 7-10 year olds who have been groomed/coerced/exploited online.

1,058%



Since 2020, reports that include child sexual abuse imagery showing UK Category A content (rape, sexual torture and inclusion of sexual activities with animals) have increased **by 100%**.



Cat A

137%

rise in imagery featuring boys compared to 2021.



2.6bn

We've given 2.6bn people a safe place to report child sexual abuse material, anonymously.

On 31 December 2021 we had 50 staff and we recruited for **25 positions** from January - December 2022.

IWF's Impact: Our Theory of Change

Our Theory of Change and values guide our work.

The desired outcomes in our Theory of Change form the objectives of our business plan, which in turn translate into detailed activities to guide our work.

Everyone at IWF is set personal objectives which relate to those activities and objectives which helps us move as one force towards our vision of an internet free from child sexual abuse that is a safe place for children and adults to use around the world.

Problem

Child sexual abuse has a devastating impact on people's lives.

Online child sexual abuse is increasing globally with a significant increase in 'first-person produced imagery'.

Criminals use technology to evade detection and prey on children; re-victimisation occurs every time an image is viewed online and a generation could be growing up with the fear that an online sexual image of themselves as a child will follow them into adulthood.

The internet can be unsafe for children and adults who do not, or cannot fully appreciate the risks. Among some companies, groups or individuals who can help combat Child Sexual Abuse Material (CSAM), there is indifference, inconsistency, inaction or mis-representation of the issue which increases victim suffering and emboldens criminals.

Activities

We help to solve the problem by:

Activity 1.

Working to prevent, disrupt and remove child sexual abuse material from the internet.

Activity 2.

Carrying out and disseminating world leading information and trends analysis.

Activity 3.

Working collaboratively, transparently yet influentially, in the online safety space, always innovating, developing and evaluating impact.

Activity 4.

Generating income, delivering value for money services and activities which contribute to a robust and sustainable and accountable business model.

We have taken a deep dive into these activities and their impact. Please see page 16.

Outcomes

We know we are on course to reduce the demand for CSAM, and its availability is minimised when:

We run a world-class hotline, proactively identify CSAM and provide a safe place for anyone, globally, to report.

We use technology effectively to support the work of
i) our world-class hotline and;
ii) the wider organisation.

We develop and curate high quality datasets, services, and products to support our Members' and partners' work in achieving our mission.

We use our expertise, research and data to influence and inform the public, our stakeholders and public affairs activities in the UK, EU and 5-eyes partnership.

We are accountable and transparent, and we always put our mission and values first.

We have strong, effective and collaborative relationships with our stakeholders including technology companies, Members and funders, without compromising our independence.

The IWF is future proofed and we have a caring environment provided for all our staff.

Impacts

Globally, the internet has less child sexual abuse material.

The UK is the most hostile country in the world to host CSAM and is the safest place in the world to be online.

People know about CSAM, are better able to keep themselves and their loved ones safer online, and know the part they can play in its prevention and removal.

IWF is recognised as the model of best practice around the world.

Super Impacts

The internet is free from child sexual abuse and is a safer place for children and adults to use around the world.

IWF's Impact: Examples of Our Activities

Activity 1.

Working to prevent, disrupt and remove child sexual abuse material from the internet.

In 2022, we identified a new way in which child sexual abuse material is being distributed which increases the risk of internet users stumbling across this criminal material.

These “invite child abuse pyramid” sites, or ICAP sites for short, incentivise users to share links to child sexual abuse sites far and wide in a “scattergun” approach with spams links on a variety of platforms such as social media and chatrooms among others.

The criminals running the sites benefit from increased web traffic and additional income with offenders potentially buying further videos of child sexual abuse and creating their own links to spam to others.

We first identified these sites in July 2022. Thousands of reports have now been received by our hotline which are linked to this method of distribution.

What can we do about this?

We've been briefing law enforcement, our sister hotlines and technology companies to alert them to this new way of distributing child sexual abuse material which puts internet users at greater risk. We've

also been notifying hosting companies where their services are being abused as part of the distribution of this content, in order to get it removed from the internet. We will continue to monitor this closely through 2023/24.

Activity 2.

Carrying out and disseminating world leading information and trends analysis.

We publish snapshot studies and focused papers on nuanced areas of online child sexual abuse. In 2022, we took a deep dive to help us, and our stakeholders, understand more about child sexual abuse imagery distributed via forums, Operation Makedom and our role in disrupting the distribution of one offender's activities, and a paper on Category A child sexual abuse material of a 'self-generated' nature.

The impact

By sharing our knowledge, it supports the wider online safety ecosystem which supports our impacts: People know about CSAM and know the part they can play in its prevention and removal and we share knowledge around our model of best practice.

Activity 3.

Working collaboratively, transparently yet influentially, in the online safety space, always innovating, developing and evaluating impact.

To support young people to remove sexual images or videos of themselves online, the IWF and NSPCC developed the world-first **Report Remove** tool. The NSPCC's Childline service ensures that the young person is safeguarded and supported throughout the process and the IWF assesses the reported content and takes action if it meets the threshold of illegality. The content is given a unique digital fingerprint (**a hash**) which is then shared with internet companies to help prevent the imagery from being uploaded or redistributed online.

The impact

In 2022, we received 187 reports through the Report Remove tool.

We were able to take action on 101 reports. Children and young people now have a service in the UK to report sexual images and videos of themselves that they have in their possession or know have been uploaded online. This is a world-first and we are seeing increasing usage as more and more young people become aware that this exists.

Activity 4.

Generating income, delivering value for money services and activities which contribute to a robust and sustainable and accountable business model.

Underpinning our world-leading work finding and removing sexual imagery of children, and the datasets which are created for companies to do the same, is a sustainable business model. As a not-for-profit, we reinvest to meet our mission.

A record number of companies now support IWF, including those from outside the tech sector. In 2022, the global hotel chain, Marriott International became a Member in order to support their industry-leading work tackling human rights issues in the hotel industry.

IWF's Impact: Our Results

The IWF is recognised globally as one of the leading organisations tackling child sexual abuse online.

Our reports and data are trusted and utilised by law enforcement, government, NGOs and the tech/internet industry.

In 2022 alone, our team:

- Assessed 375,230 reports (4% increase from 2021):
- Secured the removal of child sexual abuse images from 255,588 webpages (1% increase from 2021). Each webpage could contain one, tens, hundreds or even thousands of individual child sexual abuse images or videos.
- Produced briefing papers offering a deeper dive into: The distribution of child sexual abuse on forums; our work on Operation Makedom, and Category A child sexual abuse material where the offender was remote from the child.

- Increased the analysis that we publish around domains, to include a geographical view of domain abuse.
- Worked in partnership with safety tech companies to develop new tools and software to help keep children safer online.
- Worked on some of the toughest technical challenges - and published our progress - to help us become more efficient at dealing with a particular form of child sexual abuse image we encounter online.

IWF's Impact: Our Evidence

As a data-driven organisation working on behalf of people who've been sexually abused as children, we understand that it's vitally important for us to perform our work in an impeccable, accurate and transparent manner.

As such, we ensure our workflows, procedures and working methods are independently scrutinised to guarantee we are working to the very highest standards and providing the most precise data.

All key data, trends and developments are published in our Annual Report which is publicly available on our website. We actively encourage third parties to scrutinise our work and use our statistics to inform their own work.

In order to ensure we are confident in the data we produce, we have developed a bespoke report management system which allows us to track every aspect of what we do.

Under continual development, the system is constantly improved by our in-house Tech Team ensuring the highest levels of accuracy and security.

We have a dedicated team of Quality Assurance Officers who act as 'critical friends' to our frontline Hotline analysts. They randomly sample the work and assessments of the team every day to ensure accuracy and aid development.

As a member of INHOPE we are also subject to their independent review. At their most recent audit by the INHOPE team they reported that the IWF "maintains exceptional standards in all areas and its practices can be recommended to new or existing hotlines wishing to develop or expand their services".

In 2022, we welcomed four independent inspectors into IWF at the request of our Board. Led by retired High Court Judge Sir Mark Hedley, they were asked to:

- Comment on whether the Hotline and Administrators' Manuals are fit for purpose and whether the procedures are complied with by staff.
- Quality check active child sexual abuse URLs and hash images for consistency of decision-making and managerial oversight.
- Sample previous child sexual abuse content screen captures for consistency of decision-making and managerial control mechanisms.
- Review and comment on administration in discharging content assessment complaints.
- Consider Internet Content Analysts' training requirements to enable them to undertake their roles confidently and accurately.
- Sample work of the Quality Assurance team to ensure adequate, objective and representative testing and reporting mechanisms.
- Review Hotline security arrangements and conformance with ISO/IEC 27001.
- Review and comment on Hotline welfare arrangements including recruitment processes,

counselling arrangements and general support mechanisms comparing with other models of good practice in law enforcement and other professions.

They concluded that:

“The IWF is an extremely professional and well-managed organisation led by a strong but caring and compassionate leadership team.

The mission is clearly understood by all staff members who are committed to protecting children from the serious harms that can be inflicted by the perpetrators of online child sexual abuse.”

Keith Niven QPM, National CAID IT Implementation Lead, Norfolk Constabulary

The full report is published on the [IWF website](#).

Notice and Takedown

The most effective way to eliminate online child sexual abuse content is to remove it at source. The UK hosts a small volume of online child sexual abuse content and remains an incredibly hostile territory in this respect. When we started in 1996, the UK hosted 18% of the global total – in 2022 this figure was just 0.25%.

We took action on 640 webpages hosting images and videos in the UK in 2022 (an increase of 68% from 2021). In 465 cases, the criminal content had already been removed by the time we received authorisation from the police to instigate its removal or it had moved hosting country already, leaving us with 175 URLs to take action on. We issued 32 takedown notices against these 175 URLs. We might send one notice for several webpages and content may have already been removed by the time we get authorisation from the police.

URL List

We provide a list of webpages (URLs) with child sexual abuse content hosted abroad to companies who want to block or filter them for their users' protection, and to prevent repeat victimisation. We update the list twice a day, removing and adding URLs. During 2022, the List was sent across all seven continents. There were 230,922 unique URLs included on the List in 20221, compared to 203,234 in 2021 (a 14% increase). On average, 1,029 new URLs were added each day (1,001 in 2021), the List averaged 11,488 URLs per day (a 108% increase from 5,526 in 2021).

Hash List

Each image can be given a unique code, known as a hash. A hash is like a digital fingerprint of an image. The

IWF list of hashes can be used to find duplicate images. At the end of 2022, the list contained hashes relating to 1,663,106 individual images since 2016 (at the end of 2021 we had created 1,004,611 unique hashes). Of these, 411,458 (24.7%) related to Category A images, the worst forms of abuse - images of rape or sexual torture of children. This is an increase from the end of 2021, where 316,269 hashes related to the worst forms of abuse.

Keywords List

Offenders often create their own language – codes – for finding and hiding child sexual abuse images online. To help counter this, each month we give our Members a list of keywords that are used by people looking for child sexual abuse images online. This is to improve the quality of search returns, reduce the abuse of their networks and provide a safer online experience for internet users. In December 2022, the Keywords List held 5,247 words associated with child sexual abuse images and videos.

Newsgroups

We are one of only a handful of hotlines in the world that processes reports on newsgroups. Our Hotline team monitors the content of newsgroups and issues takedown notices for individual postings of child sexual abuse imagery. We also provide a Newsgroup Alert to Members, which is a notification of child sexual abuse content hosted on newsgroup services so they can be removed. In 2022 we processed 77 reports alleging child sexual abuse images hosted within newsgroups. After monitoring newsgroups, we recommended our Members do not carry 219 newsgroups (as of 31 December) containing child

sexual abuse images and videos. This resulted in 176 postings being removed from public access.

Alerts

We also provide various alert services to Members, such as Domain Alerts. These are issued to companies in the domain registration sector when illegal content is found on domains registered through them. The other alert services are for payment brands, virtual currency use and 'Simultaneous' alerts for our US Members.

NPI List

The NPI List is comparable to our standard URL List but features URLs showing images and videos of non-photographic child sexual abuse.

These could include cartoons, drawings, computer-generated imagery (CGI) and other non-photographic representations of child sexual abuse. The URLs provided are those deemed at the time of assessment to potentially breach UK legislation, specifically Sections 62 to 69 of the Coroners and Justice Act 2009. IWF Members can request access to the list enabling them to block webpages featuring this type of content - further protecting their users and contributing to the overall fight against child sexual abuse online.

In 2022, we took action on 285 reports of non-photographic child sexual abuse imagery (a 22% increase from 2021). However, after our assessment, none of these were confirmed as UK-hosted content.

At the end of 2022, 324 unique URLs of non-photographic child sexual abuse imagery were included on the list.

Our Services

Review of Activities and Successes

The 2022/23 year has been one of strong growth and development as we conducted our biggest recruitment drive ever and broadened the expert services that we offer to partner organisations. These moves bolstered our business aims while helping us to maintain the exceptionally high standards and levels of engagement in our work.

We continue to make crucial contributions to tackling online child sexual abuse. Highlights from the past year include:

- Our Policy Team have engaged closely with colleagues across government as well as with the incoming UK regulator, Ofcom, to ensure that the soon-to-be-introduced Online Safety Bill does what it sets out to do and makes the UK a safer space to be online. Critical work is also ongoing to support similar proposed legislation in the EU to prevent and combat online child sexual abuse.



- We launched a campaign with Microsoft to help children with special educational needs or disabilities (SEND), and their parents and educators, to understand more about sexual abuse online and better protect themselves. SEND children are three times more likely to become victims of the crime.

- The IWF joined forces with MTN, Meta, ICMEC and Child Helpline International to increase public awareness of the impact of child sexual abuse material, help prevent its spread in Africa and set up a new Africa Portal for reporting instances of child sexual abuse online.
- We gained two significant plaudits last year, the IWF was awarded Not for Profit of the Year at the British Data Awards 2022, which celebrates the organisations and people that are deeply passionate about data, and our Chief Executive, Susie Hargreaves OBE, was announced as one of Computer Weekly's top 50 most influential women in UK technology in 2022.
- Alongside our partners at Stop it Now! the IWF unveiled a first-of-its-kind chatbot, launched on Pornhub UK, designed to stop potential offenders searching for pictures and videos of child sexual abuse online and encourage them to seek help for their behaviour.
- After the Hotline saw a significant leap in cryptocurrency payments for child sexual abuse material, we launched a new 'crypto-unit' to source vital intelligence on the criminal activity and support partner and law enforcement organisations in their investigations.

Membership Drive

Our Development Team worked hard to bring 23 new companies into membership with the IWF:

- Anti-Human Trafficking Intelligence Initiative (AHTII)
- Bumble Inc
- CleanDNS Inc
- Education Scotland (Glow Connect)
- Fastvue PTY LTD
- G.Network Communications
- Ineqe Safeguarding Group
- IQ Global AS
- Jamf Software, LLC
- KYC AVC UK Ltd (trading as VerifyMy)
- Marriott International Inc
- MediaLab AI Inc
- Niantic
- Qoria Limited (was Family Zone Cyber Safety Ltd)
- SafeToNet Limited
- Segregated Payments Ltd. (Segpay)
- StrawberrySocial Ltd
- Verafin Solutions ULC
- Vigil AI Ltd
- Visa Inc
- Webistics Holdings Ltd (DBA VPNWholesaler.com)
- WeChat International Pte. Ltd.
- Wildanet Limited

Income

Our principal funding is received via membership fees from industry.

Total income for the year at £6,011,992 (2021/22 £5,495,269) increased from the previous year, due to an increase in the value of memberships subscriptions as well as additional grant funding. At the end of 2022/23 the IWF had 184 Members (2021/22 175). Retaining and developing membership is critical to being able to fund our activities. We received grants from Nominet (£959k), Home Office (£384k), Thorn (£214k) The Global Fund to End Violence Against Children (£210k) and from the EU Commission (£31k). In 2021/22 we received grants from the EU Commission (£473k), Home Office (£350k), Thorn (£294k), Nominet (£274k), The Global Fund to End Violence Against Children (£172k) and Department for Culture Media and Sport (£105k).

Expenditure on charitable activities

Our key objective is running the Hotline in the most efficient and beneficial way so as to maximise our removal of illegal child sexual abuse content. We have also created a new team of Internet Content Assessors, whose job it is to assess, grade and hash content from the CAID Police database.

Our expanded Tech Team have continued to develop cutting edge technology to detect content more efficiently during this financial year. Total expenditure of charitable activities at £4,913,399 (2021/22 £4,074,548) represented an increase of 20% from the previous year.

Reserves

IWF ended the year with reserves of £5,457,525 in 2022/23 of which £4,805,413 are free reserves, (2021/22 total reserves £4,409,062). IWF target free reserves are £4,731,415. IWF's policy is to maintain a level of reserves which takes into account unexpected changes in

income or operations, fluctuations in cash flow and the timescales and commitments in the event of winding up our operations. The Trustees deem it appropriate to maintain unrestricted general funds which are at least equivalent to the minimum core costs of running the Hotline and support required for the next 12 months. This is the minimum service that the IWF would need to undertake to meet its charitable obligations.

The Trustees have designated £700,000 as designated funds split between a Technical Fund of £350,000 and a Premises Fund of £350,000. These two designated funds are for future investments as there is continued uncertainty around the impact on IWF of the "Online Harms Bill" which the Trustees wish to fully resolve before over committing on the spending of the reserves. Reserves are invested to maintain their value to IWF, minimising risk and not specifically to generate ongoing income. The £48k negative fund is the agreed costs for the 2 grants where the grant funds will be received next year.

Investments

IWF's objective is to maintain the value of its investments after inflation. Rathbones Investment Management Ltd continue to manage a portfolio containing £1,028,924 on our behalf (2021/22 £1,073,239). An assessment of attitude to risks has been undertaken and as a result the appropriate investment strategy has been determined as Cautious Growth (Rathbones SAAC3). Key parameters of the mandate are:

- A return reference of CPI+2%.
- An expected time horizon of 5+ years.
- An exposure of up to 65% in equity and equity-correlated risks with the balance in liquid and diversifying assets.

Financial Review

- Income will be reinvested in the portfolio.

The portfolio has almost performed in line with the targets set with the exception of this financial year which saw significant turmoil in the financial markets. The return on investment since inception, which is just less than the target 5 year time horizon, is showing a total average annual return of 2% against an average annual target of 6%.

Fundraising

The charitable company understands its duty to protect the public, including vulnerable people, from unreasonably intrusive or persistent fundraising approaches and undue pressure to donate. The IWF has not proactively fundraised from the public currently, nor does it use any internal fundraisers or external fundraising agencies for either telephone or face-to-face campaigns. No complaints regarding fundraising were received during the year.

The fundraising strategy for 2023/24 continues primarily to be on securing income from corporates through membership and strategic partnerships, and grants from trusts, foundations and the government. The improvements made to the online donation process have resulted in a greater number of donations from private households, however, no targeted approaches have been made, nor will be made directly to the public in the year ahead.

Going concern

After making appropriate enquiries, the Trustees have a reasonable expectation that the charitable company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Structure, Governance & Management

Constitution

The Internet Watch Foundation is an independent registered charity (number 1112398) and is also a company limited by guarantee (registered company number 03426366). The company was incorporated on 29 August 1997 and charitable status was gained on 16 December 2004. The IWF is governed by its Memorandum and Articles of Association as approved on 16 December 2004. These have been regularly reviewed, and an update of the Articles took place in 2020/21.

The Board

We are governed by a Board of 11 Trustees who are led by an Independent Chair. The rest of the Board comprises six independent Trustees, three industry Trustees and one co-opted Trustee. Changes to the Board membership during the year are documented at the beginning of the Report.

The Board elects two Vice-Chairs from within its membership – one from industry and one independent. The independent Trustee in this case also carries out the role of Senior Independent Director. The Board monitors, reviews and directs the IWF's remit, strategy, policy and budget to help us achieve our objectives and delegates operational management to the CEO.

The Board governs via a regular cycle of Board meetings, each documented with official minutes.

Our Independent Board members are chosen by an open selection procedure following national advertising. No Trustee may serve more than six years.

Funding Council

In addition, we operate a Funding Council who not only provide funding but also support the Board with expert advice from their respective industries. All of our Members have the opportunity to nominate representatives to the Funding Council.

The Funding Council elects three of its Members to represent industry views on the Board and the Council meets six times per year.

Its role is to:

- Consider relevant policy issues affecting the IWF in order to brief the Board representatives with Members' views.
- Contribute to funds and ensure renewal of funds for the continued operation of the IWF.
- Advise on and approve the Members' code of practice.
- Review and follow their Funding Council Constitution which describes how the Council conducts its business.

Vetting

All of our Trustees are subject to the IWF vetting policy procedure and their responsibilities are described in the Board Members' Handbook.

We continue to monitor our governance to ensure that we not only maintain relevant documentation and our independent status, but that we also remain up to date with current legislation.

Method of appointment or election of Trustees

Independent Board members are appointed by the Board through a fair and open selection procedure managed by the Board Executive Committee.

This Committee comprises the Chair, the two Vice-Chairs and an Independent person. In making a selection, the Committee will ensure that the Board has an appropriate balance of skills and experience. All recommendations of the Committee for Board appointments are subject to Board approval.

The Independent Chair is appointed by the Board through an open selection procedure managed by the Nominations Committee, comprising the two Vice-Chairs and an independent person.

Policies adopted for the induction and training of Trustees

All new Board members undergo an induction process and training to enable them to understand the role of the IWF and their role as Trustees.

Organisational structure and decision making

In order to facilitate a better understanding of issues and to enable more effective decision making, the Board operates a Finance Committee. The Finance Committee has no delegated power and all major decision are made by the Board of Trustees.

IWF's organisational structure can be found on our website [here](#).

Structure, Governance & Management

Remuneration of key management personnel

The key management personnel are the Trustees; the Chief Executive Officer, the Chief Operating Officer/ Deputy Chief Executive Officer, the Chief Technical Officer, the Hotline Director and the Communications Director. The Board undertakes regular reviews of salaries of key management personnel, drawing upon market data available for the charity sector and will continue to monitor and review salaries as necessary.

Section 6 of the Memorandum of Association of the IWF permits payments to a maximum of three Trustees attending each Board meeting. During the year, no Trustee was paid in respect of their duties. The Chair was however remunerated for his role and further details can be found in note 9 of these accounts.

Related party relationships

All major decisions are made by the Board of Trustees. The industry Members of the charity are members of the Funding Council as described previously. The IWF works in partnership with representatives from the UK internet industry, police, government departments and partner hotlines overseas in order to minimise the availability of child sexual abuse content found online.

Risk management

Risk management is an integral part of the planning, budget, forecasting and management cycle of the IWF and takes into account:

- Variations in income streams and expenditure, which is addressed through budgeting and expenditure controls.

- Potential liabilities that have been identified through appropriate insurances.
- Information security, hardware and operational risks to comply with relevant standards and best practice.
- Property and assets where IWF has audited procedures in place.

Relevant legislation changes

The systems of internal controls utilised to support our risk management are designed to provide reasonable, but not absolute, assurance against material misstatement or loss. They include a strategic business plan, an annual budget approved by the Trustees, regular consideration by the Trustees of financial results, variances from budgets, non-financial performance indicators and benchmarking reviews, delegation of authority and segregation of duties, and an audited Information Security Management System (ISMS).

The Finance Committee, comprising Board and SLT representatives, lead our risk management activities, regularly monitoring and reviewing risks via a dedicated Risk Register.

Principal risks and uncertainties include:

1. Funding sustainability
2. Cyber-attack or system failure
3. Positioning the IWF in a potentially changing regulatory landscape
4. Threat posed by DNS over HTTPS encryption

Mitigation:

5. Consideration of alternative and additional funding streams. Our dedicated Development Team are exploring the various avenues available to us.
6. Maintenance of our Information security resilience and to keep pace with change, and regular staff training.
7. Active engagement with government regarding the Online Safety Bill with a dedicated Head of Policy & Public Affairs Manager leading on this. Although published April 2019, this proposed change in legislation was known of, and being prepared for, during the financial year.
8. Engaging government with the support of a number of our parliamentary Champions to raise this issue given its potential to significantly undermine our work and be detrimental to the welfare of victims.

An Information Security Forum (ISF) meets regularly to maintain and continually improve the ISMS. The IWF also ensures all staff understand the principles of risk management and remain vigilant when it comes to the security of our information.

A Quality Assurance team works daily within the Hotline to independently review assessments. The Hotline is externally audited biennially by an independent team chaired by Independent Inspector Sir Mark Hedley, an esteemed High Court Judge.

Structure, Governance & Management

In the ever-changing technological environment in which the IWF operates, monitoring and managing risk and maintaining pace with change are recognised by the Board as critical to continued successful operation.

Statement of Trustees' Responsibility

The Trustees (who are also directors of Internet Watch Foundation for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

1. Select suitable accounting policies and then apply them consistently;

2. Observe the methods and principles in the Charities SORP 2019 FRS102;
3. Make judgments and accounting estimates that are reasonable and prudent;
4. State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
5. 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 adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Auditors

In so far as the Trustees are aware:

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

The Board recommends at the AGM that Price Bailey LLP should continue to be engaged as auditors for the forthcoming financial year.

This report, which has been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

This report was approved by the Board on 19th October 2023 and signed on its behalf by:



Andrew Puddephatt, OBE

Independent Chair

Our Board of Trustees



Andrew Puddephatt, OBE

Independent Chair

Andrew Puddephatt OBE is Chair of the Internet Watch Foundation. He has worked to promote human rights for 20 years with specific expertise in freedom of expression, transparency, and the role of media and digital communications in promoting human rights. Specific skills include:

- Policy analysis, evaluation and advice on projects concerned with communications, human rights and democracy internationally.
- Expert in international human rights, with a specific focus on freedom of expression and access to information.

Previous work includes strategic policy analysis, scoping exercises, evaluation of programmes, needs assessments, and the development and delivery of capacity-building programmes. He has worked with experts and governments in Europe, the United States, the Middle East, sub-Saharan Africa, and Latin America.

Our Board of Trustees



Claire Bassett

Independent Vice-Chair

Claire is a Non-Executive Director of the Serious Fraud Office, Solicitors Regulation Authority and Chartered Insurance Institute. Until May 2022 she was Deputy Director General of the Independent Office for Police Conduct.

Prior to this Claire was Chief Executive (Designate) of the Shadow Trade Remedies Authority, and Chief Executive of the Electoral Commission, the UK's independent elections watchdog and regulator of party and election finance during the EU Referendum.

Previously, Claire was Chief Executive of two other government arm's length bodies: the Parole Board and the Criminal Cases Review Commission.

Earlier in her career, Claire was a Director of Nacro - the crime reduction charity, Chief Executive of Connexions Milton Keynes, Oxfordshire and Buckinghamshire. She also held various roles at the Legal Services Commission. She began her career as a management trainee in the construction industry.



Bronagh McCloskey

Industry Vice-Chair

Bronagh McCloskey is Head of Public Affairs and Corporate Responsibility at TalkTalk, where she works with Government and industry stakeholders on public policy issues. Her experience includes working on telecommunications infrastructure projects and online safety initiatives.

Prior to joining TalkTalk, she worked in a consultancy providing communications and policy advice to businesses and charities, where she completed a number of secondments. She began her career working in Parliament.



Sinead Coogan Jobs

Industry Trustee

Sinead is Head of Policy at Sky where she leads on policy work relating to telecommunications and digital issues, including online safety initiatives.

Prior to joining Sky, she worked at Virgin Media O2 where she was similarly involved in the company's public affairs and policy work on online safety, and in public affairs consultancy advising a number of companies on technology, media and telecoms policy issues.



Giles Crown

Independent Trustee

Giles was appointed in September 2019.

Giles is a Partner at law firm Lewis Silkin. He specialises in intellectual property, media, data & privacy and regulatory work.

His clients include famous brands, major marketing communications agencies, tech & telecoms companies and media & entertainment organisations.

He was previously in-house counsel at an advertising agency and before that a media barrister. He has also held trustee and advisory positions in the charitable and tech sectors, including as Chair of Westminster Citizens Advice, and is an accredited mediator.

Our Board of Trustees

Our Board of Trustees



Terry Downing

Independent Trustee

Terry has over 30 years’ experience in the international media and technology sectors, holding C-suite level roles in both publicly and privately owned businesses.

Currently, Terry is the Group CFO for a fintech start-up, Centtrip Ltd, and a founding partner and investor in a sports and media focused investment fund. Prior to this, Terry held senior executive roles with FOX, Warner Bros and Chime Communications.

Terry has held a large number of Board roles including being the Audit Chair and NED for the Wandsworth NHS where he completed two terms.

Terry is a graduate of Massey University in New Zealand and qualified with Deloitte.



Sherry Malik

Co-opted Trustee

Sherry Malik is passionate about social care and social justice. Her signature strength is in enabling change & transformation, working with individuals, organisations, boards and partnerships. She has over 30 years of experience of leading & managing a diverse portfolio in large complex, political settings in public (Local & Central Govt. and the NHS), voluntary & commercial settings, both in executive and non-executive roles.

She was the former Director of children’s services at NSPCC, DCS and DASS at LB Hounslow and held exec roles at Cafcass and GSCC. She is currently the Chair of Nottingham CityCare Partnership, a non-executive Director at Dimensions UK, a Trustee at the Social Awards and a Staff College Associate.



John Parkinson OBE

Independent Trustee

John was appointed in January 2018.

He is a former UK Chief Constable with experience of leading investigations into major and serious crime and counter terrorism. He was the founding head of the NE Counter Terrorism Unit and as UK Senior National Coordinator Counter Terrorism oversaw many national and international counter terrorism operations.

He was awarded the OBE for his services to Policing and Counter Terrorism in 2011 and is a Visiting Scholar at Cambridge University.

John is the Chair of CENTRIC (Centre of Excellence for Research into Terrorism, Resilience, Intelligence & Organised Crime) and the former Chair of a Modern Slavery and Anti-Trafficking Network. He has wide international experience as a strategic policy advisor for security and terrorism issues.

Our Board of Trustees



Andrew Campling

Co-opted Trustee

Andrew Campling is passionate about social justice and lifelong learning. He has over thirty years of experience in a wide range of increasingly senior roles in technology, marketing, stakeholder management and public policy, coupled with significant leadership experience. He has managed large, distributed teams of professionals, bringing with him considerable experience in team creation, team down-sizing, coaching and culture change.

In addition to his work as an IWF Trustee, Andrew runs 419 Consulting Ltd, a public policy and public affairs consultancy focused on the tech and telecoms sectors and is the Chair of Governors at Ormiston Park Academy, a secondary school within the Ormiston Academy Trust. Andrew is involved in the development of Internet standards, with much of his current activity in this area captured in blogs and podcasts on his company website.

Auditors' Report

Independent Auditors' Report to the Members
of Internet Watch Foundation for the year ended 31 March 2023

Opinion

We have audited the financial statements of Internet Watch Foundation (the 'charitable company') for the year ended 31 March 2023 which comprise the Statement of Financial activities, the Balance Sheet, The Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2023, 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 charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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 charitable company'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 trustees 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 Trustees' report (incorporating the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of Trustees

As explained more fully in the trustees' responsibilities statement on page 24, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material

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

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:

We gained an understanding of the legal and regulatory framework applicable to the charitable company and how it operates and considered the risk of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations. This included those regulations directly related to the financial statements. In relation to the charity this included GDPR, health and safety, employment law and financial reporting.

Auditors' Report Continued

Independent Auditors' Report to the Members
of Internet Watch Foundation for the year ended 31 March 2023

Auditors' Report Continued



Independent Auditors' Report to the Members
of Internet Watch Foundation for the year ended 31 March 2023

Auditor's responsibilities for the audit of the financial statements (continued)

We communicated the identified laws and regulations with the audit team and remained alert to any indications of non-compliance throughout the audit. We carried out specific procedures to address the risks identified. These included the following:

- agreeing the financial statement disclosures to underlying supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiries of management including those responsible for key regulations;
- enquires of management about GDPR compliance and reviewing register of any GDPR breaches in the year;
- reviewing minutes of Trustee Board meetings, minutes of Audit Committee meetings and correspondence with the Charity Commission;
- in addressing the risk of management override of controls, we carried out testing of journal entries and other adjustments for appropriateness, and
- reviewing the risk management processes and mitigating actions in place.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial

statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance.

The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>. This description forms part of our auditor's report.

Use of this Report

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

Helena Wilkinson BSc FCA DChA
Senior Statutory Auditor

for and on behalf of
PRICE BAILEY LLP
Chartered Accountants
Statutory Auditors
Tennyson House
Cambridge Business Park
Cambridge
CB4 0WZ
Date: 15 November 2023

Statement of financial activities



Statement Of Financial Activities (Including Income and
Expenditure Account) For the year ended 31 March 2023

	Note	Unrestricted £	Restricted £	2023 Total £	2022 Total £
Income					
Donations	2	19,142	-	19,142	99,598
Charitable activities	3	4,088,896	1,835,306	5,924,202	5,303,984
Other trading activities	4	11,990	-	11,990	83,814
Investment income	5	56,658	-	56,658	7,873
Total income		4,176,686	1,835,306	6,011,992	5,495,269
Expenditure					
Charitable expenditure:	6	(2,503,694)	(2,409,705)	(4,913,399)	(4,074,548)
Total expenditure		(2,503,694)	(2,409,705)	(4,913,399)	(4,074,548)
Net Gain / (Loss) on investments		(50,130)	-	(50,130)	27,025
Net income/ (expenditure) in the year		1,622,862	(574,399)	1,048,463	1,447,746
Transfers between funds					
Transfers between unrestricted & restricted	18a	(90,003)	90,003	-	-
Transfers from designated to restricted	18b	(300,000)	300,000	-	-
Net movement in funds		1,232,859	(184,396)	1,048,463	1,447,746
Reconciliation of funds:					
Total funds brought forward		4,272,554	136,508	4,409,062	2,961,316
Total funds carried forward		5,505,413	(47,888)	5,457,525	4,409,062

All amounts relate to continuing activities of the company.

The Statement of Financial Activities includes all gains and losses recognised in the year.

The attached notes on pages **36 to 48** form part of these financial statements.

Company Balance Sheet



Internet Watch Foundation | Registered Company Number: 03426366
Company Balance Sheet for the year ended 31 March 2023

	Note	2023 £	2022 £
Fixed Assets			
Tangible assets	12	455,412	125,293
Investments	14	1,028,926	1,073,241
Total Fixed Assets		<u>1,484,338</u>	<u>1,198,534</u>
Current Assets			
Debtors	15	1,398,940	1,229,491
Cash at bank and in hand		6,049,044	4,412,696
Total Current Assets		<u>7,447,984</u>	<u>5,642,187</u>
Liabilities			
Creditors: amounts falling due within one year	16	(3,474,797)	(2,431,659)
Net Current Assets		<u>3,973,187</u>	<u>3,210,528</u>
Total Net Assets		<u><u>5,457,525</u></u>	<u><u>4,409,062</u></u>
Funds Of The Charity:			
Unrestricted funds:			
General funds	18	5,505,413	3,272,554
Restricted funds	18	(47,888)	1,136,508
		<u><u>5,457,525</u></u>	<u><u>4,409,062</u></u>

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

The attached notes on pages **36 to 48** form part of these financial statements.

The financial statements were approved by the Board of Trustees on 19th October 2023 and signed on their behalf by:

Andrew Puddephatt, OBE
Independent Chair

Statement of Cash Flows



Internet Watch Foundation | Registered Company Number: 03426366
Statements of Cash Flows for the year ended 31 March 2023

	Note	2023 £	2022 £
Cash Flows from Operating Activities			
Net cash used in operating activities	20	2,430,019	1,424,694
Cash Flows from Investing Activities			
Dividends and interest from investment		13,470	7,181
Purchase of investments		(750,616)	(306,342)
Investment disposal proceeds		317,849	230,949
Purchase of property, plant and equipment		(417,563)	(86,705)
Bank interest received		43,188	692
Change in cash and cash equivalents in the reporting period		<u>1,636,347</u>	<u>1,270,469</u>
Cash and cash equivalents at the beginning of the reporting period		<u>4,412,696</u>	<u>3,142,227</u>
Cash and cash equivalents at the end of the reporting period	21	<u><u>6,049,044</u></u>	<u><u>4,412,696</u></u>

The attached notes on pages **36 to 48** form part of these financial statements.

Notes to the Financial Statements

Internet Watch Foundation | Registered Company Number: 03426366
Notes to the Financial Statements for the year ended 31 March 2023

1. Accounting policies

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

a) Basis of preparation and consolidation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019) - (Charities SORP (FRS 102)) and the Companies Act 2006. The financial statements are prepared on a going concern basis and are presented in sterling, which is the functional currency of the charity.

These financial statements are rounded to the nearest £.

The charity meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes.

The financial statements were not consolidated with the charity's subsidiary, Internet Watch Limited on the basis of materiality and significance, further detailed in note 13.

b) Going Concern

After making appropriate enquiries, the Trustees have a reasonable expectation that

the charitable company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

c) Legal status of the Charity

The charitable company number and registered office address are included on the reference and administration page of these accounts. There is no share capital as the charity is limited by guarantee. Each member has guaranteed an amount, not exceeding £1, towards the charity's liabilities in the event of a winding up, provided that a member has not ceased to be a member one year prior to any winding up order. The charity is registered in the United Kingdom (England and Wales).

d) Fund accounting

Unrestricted funds are available for use at the discretion of the Trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes. Designated funds are unrestricted funds of the charity which the Trustees have decided at their discretion to set aside to use for a specific purpose. The aim and purpose of each designated fund is set out in the notes to the financial statements.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular

purposes. The cost of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

e) Income

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

Subscription fee income represents amounts receivable based upon the services provided. When their economic benefit is probable, it can be measured reliably and the charity has control over the item.

Voluntary income – donations are accounted for as received. Gifts in kind to the charity are included at the value specified by the donor or, if this is not available, at estimated cost to the charity. Donated facilities and donated professional services are recognised in income at their fair value.

Fair value is determined on the basis of the value of the gift to the charity. For example the amount the charity would be willing to pay in the open market for such facilities and services. A corresponding amount is recognised in expenditure.

Grants – Grants are included as income when they meet the SORP criteria for income recognition.

Income from trading activities includes income earned from

Notes to the Financial Statements

Internet Watch Foundation | Registered Company Number: 03426366
Notes to the Financial Statements for the year ended 31 March 2023

activities to raise funds for the charity. Income is received in exchange for supplying goods and services in order to raise funds and is recognised when entitlement has occurred.

The charity receives government grants in order to pursue its charitable objects and minimise criminal content on the internet. Income from government and other grants are recognised at fair value when the charity has entitlement after any performance conditions have been met, it is probable that the income will be received and the amount can be measured reliably. If entitlement is not met then these amounts are deferred.

f) Expenditure

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. All expenditure is accounted for on an accruals basis.

Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with use of the resources.

g) Tangible fixed assets and depreciation

All assets costing more than £1,000 are capitalised at their historical cost when purchased.

Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated off the cost

on a straight line basis over their expected useful economic lives as follows:

- Leasehold improvements
- over the life of the lease
- Office equipment
- 33.33% straight line
- Computer equipment
- 33.33%-40% straight line

Assets are reviewed for any indications of impairment at each balance sheet date.

h) Investments

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. The statement of financial activities includes the net gains and losses arising on revaluation and disposals throughout the year. The charity does not enter into put options, derivatives or other complex financial instruments. The main form of financial risk faced by the charity is that of volatility in equity markets and investment markets due to wider economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning equities and within particular sectors or sub sectors.

Investments in subsidiaries are measured at cost less provision for impairment.

i) Debtors

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

discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due. Accrued income and tax recoverable is included at the best estimate of the amounts receivable at the balance sheet date.

j) 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.

k) Creditors

Creditors 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 are normally recognised at their settlement amount after allowing for any trade discounts due. Concessionary loans received at below market rates are received in order to further the charitable objects of the organisation and are therefore included at the amount received and are not discounted.

l) Financial instruments

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

Notes to the Financial Statements



Internet Watch Foundation | Registered Company Number: 03426366
Notes to the Financial Statements for the year ended 31 March 2023

historical cost. All other assets and liabilities are recorded at cost which is their fair value and investments are recorded at the closing market value and details of unrealised gains and losses are included within note 14.

m) Pensions

Employees of the charity are entitled to join a defined contribution pension scheme. The charity contribution is restricted to the contributions disclosed in note 10.

n) Operating leases

Operating leases are recognised over the period of which the lease falls due.

o) Foreign Currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

p) Taxation

The company is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the company is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

2. Donations	2023	2022
	£	£
Donations	19,142	99,598
	<u>19,142</u>	<u>99,598</u>

All donations received in 2023 and 2022 relate to unrestricted funds.

Notes to the Financial Statements



Internet Watch Foundation | Registered Company Number: 03426366
Notes to the Financial Statements for the year ended 31 March 2023

3. Income from Charitable Activities	2023	2022
	£	£
Subscription fee income	4,001,524	3,597,869
EU grant income	29,470	472,726
Protech grant income	1,639	-
UNICEF grant income	-	7,576
Nominet grant income	428,451	143,660
EVAC Chatbot grant income	210,379	164,786
Thorn grant income	214,073	293,876
Strategic partnerships	109,045	30,733
DCMS	-	104,500
HO	384,116	350,000
Nominet UKSIC	519,241	130,758
Miscellaneous income	11,000	7,500
Portals	15,264	-
	<u>5,924,202</u>	<u>5,303,984</u>

Income from charitable activities was £5,924,203 (2022 - £5,303,984) of which £1,835,307 (2022 - £1,783,408) was attributable to restricted and £4,088,896 (2022 - £3,520,576) was attributable to unrestricted funds.

4. Other trading activities	2023	2022
	£	£
Project contributions	11,990	77,293
Other	-	6,521
	<u>11,990</u>	<u>83,814</u>

Included within trading income in 2023 is £Nil of restricted funds (2022: £77,293).

5. Investment Income	2023	2022
	£	£
Bank interest	56,658	7,873
	<u>56,658</u>	<u>7,873</u>

All investment income received in 2023 and 2022 relates to unrestricted funds.

Notes to the Financial Statements



Internet Watch Foundation | Registered Company Number: 03426366
Notes to the Financial Statements for the year ended 31 March 2023

6a. Analysis of expenditure by activity	Direct Costs £	Support Costs £	2023 Costs £
Charitable activities:			
Minimise criminal internet content	3,199,046	1,714,353	4,913,399
	<u>3,199,046</u>	<u>1,714,353</u>	<u>4,913,399</u>

6b. Analysis of expenditure by activity	Direct Costs £	Support Costs £	2022 Costs £
Charitable activities:			
Minimise criminal internet content	2,736,523	1,338,025	4,074,548
	<u>2,736,523</u>	<u>1,338,025</u>	<u>4,074,548</u>

Included within expenditure above is £2,503,694 (2022: £1,776,294) in relation to unrestricted funds and £2,409,705 (2022: £2,298,254) in relation to restricted funds.

7. Analysis of support costs	2023 £	2022 £
Finance and legal	40,106	86,420
Human resources	1,171,402	923,650
IT	120,409	25,602
Premises	162,533	141,383
General office costs	160,654	113,120
Other	10,407	496
Governance (note 8)	48,842	47,353
	<u>1,714,353</u>	<u>1,338,025</u>

Support costs have been allocated to activities as a fixed percentage basis consistent with use of the resources and staff costs have been allocated based upon time spent on each activity.

8. Analysis of governance costs	2023 £	2022 £
Audit fees	8,800	12,800
Accountancy fees paid to auditor	2,475	2,000
Chair fees	32,025	31,725
Board expenses	966	
Board strategy day	3,948	
Trustee recruitment and training	628	828
	<u>48,842</u>	<u>47,353</u>

Notes to the Financial Statements



Internet Watch Foundation | Registered Company Number: 03426366
Notes to the Financial Statements for the year ended 31 March 2023

9. Analysis of staff costs and key management personnel	2023 £	2022 £
Wages and salaries	2,569,181	1,906,611
Social security costs	287,660	204,799
Pension	345,127	270,202
	<u>3,201,968</u>	<u>2,381,612</u>

In accordance with Section 6 of the Memorandum of Association of Internet Watch Foundation, the Chair received £32,025 (2022: £31,725) during the year in respect of his duties in office. This sum is included within governance costs.

Section 6 of the Memorandum of Association of Internet Watch Foundation permits payments to a maximum of 3 Trustees attending each board meeting. During the year, other than the Chair, a total of £Nil (2022: Nil) Trustees were paid in respect of their duties and these amounted to a total of £Nil (2022: £Nil).

In 2023, 7 Trustees (2022 – Nil) received reimbursements of expenses for travel and subsistence amounting to £966 (2022: £Nil).

The charity considers its key management personnel to comprise of 9 people. During the year, the total employment benefits of these 9 key management personnel, including social security and pension was £928,179 (2022: £532,427).

The average monthly head count was as follows:

	2023 Number	2022 Number
Charitable activities	<u>67</u>	<u>51</u>

The number of employees whose total employee benefits excluding pension contributions earning over £60,000, classified within bands of £10,000 is as follows:

	2023 Number	2022 Number
£60,000 – £70,000	3	2
£70,001 – £80,000	2	1
£80,001 – £90,000	1	1
£90,001 – £100,000	-	1
£110,001 – £110,000	2	-
£120,000 – £130,000	<u>1</u>	<u>1</u>
	<u>9</u>	<u>6</u>

£14,510 (2022 – £13,792) was paid into a defined contribution pension scheme on behalf of the above higher paid employee.

10. Pension costs

The charity operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the charitable company in an independently administered fund. Contributions payable by Internet Watch Foundation amounted to £345,127 (2022: £270,202). There were Nil outstanding contributions payable to the pension fund at the balance sheet date (2022: £Nil).

Notes to the Financial Statements



Internet Watch Foundation | Registered Company Number: 03426366
Notes to the Financial Statements for the year ended 31 March 2023

11. Net income	2023	2022
	£	£
Net income is ated after charging:		
Depreciation of charitable assets owned by group	87,240	52,019
Loss on disposal of fixed assets	204	-
Auditors remuneration:		
- for audit services	8,800	12,800
- for non-audit services	2,475	2,000
Operating lease costs for land and buildings	251,988	245,538
Operating lease costs for equipment	4,097	3,798

12. Tangible fixed assets

	Leasehold Improvements	Office Equipment	Computer Equipment	Total
	£	£	£	£
Cost:				
At 31 March 2022	250,857	41,889	398,071	690,817
Additions	87,904	72,028	257,631	417,563
Disposals	-	-	(419)	(419)
At 31 March 2023	338,761	113,917	655,283	1,107,961
Depreciation:				
At 31 March 2022	250,857	26,959	287,708	565,524
Charge for the year	2,064	16,655	68,521	87,240
Disposals	-	-	(215)	(215)
At 31 March 2023	252,921	43,614	356,014	652,549
Net book value:				
At 31 March 2022	-	14,930	110,363	125,293
At 31 March 2023	85,840	70,303	299,269	455,412

Notes to the Financial Statements



Internet Watch Foundation | Registered Company Number: 03426366
Notes to the Financial Statements for the year ended 31 March 2023

13. Investment in Trading Subsidiary

Internet Watch Limited is incorporated in England and Wales (company number 03257468) and is a wholly owned subsidiary of Internet Watch Foundation (company number 03426366). The company has been dormant since 2017 and has £nil net assets (2022: £nil).

Within the charitable company balance sheet, the investment in the subsidiary is held at a cost of £2 (2022: £2).

14. Investments

	2023	2022
Investment in dormant subsidiary company at cost	2	2
Investment portfolio	1,028,924	1,073,239
Net assets	1,028,926	1,073,241

	2023 Total £	2022 Total £
Investment portfolio		
Market value at 1 April	1,073,239	544,093
Additions	750,616	306,342
Disposal proceeds	(317,849)	(230,949)
Net investment (losses) / gains	(50,130)	27,025
Cash movement	(426,952)	426,728
Market value at 31 March	1,028,924	1,073,239

Historical cost	1,019,749	1,009,833
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Analysed as follows:

	2023 £	2022 £
UK Fixed Interest Securities	313,412	85,686
Quoted UK Equities	234,100	153,763
Quoted Overseas Equities	241,118	220,032
Alternative markets	223,262	169,772
Cash	17,032	443,986
	1,028,924	1,073,239

Notes to the Financial Statements



Internet Watch Foundation | Registered Company Number: 03426366
Notes to the Financial Statements for the year ended 31 March 2023

15. Debtors	2023 £	2022 £
Trade debtors	904,690	496,118
Prepayments and accrued income	494,250	733,373
	<u>1,398,940</u>	<u>1,229,491</u>

16. Creditors: amounts falling due within one year	2023 £	2022 £
Trade creditors	147,248	43,592
Other tax and social security	104,119	69,940
Accruals and deferred income	3,223,430	2,318,127
	<u>3,474,797</u>	<u>2,431,659</u>

Deferred income	2023 £	2022 £
Deferred income at 1 April	2,196,212	2,249,957
Income deferred during the year	3,032,487	2,196,212
Amounts released from previous years	(2,196,212)	(2,249,957)
	<u>3,032,487</u>	<u>2,196,212</u>

Deferred income relates to subscriptions and license fees.

Notes to the Financial Statements



Internet Watch Foundation | Registered Company Number: 03426366
Notes to the Financial Statements for the year ended 31 March 2023

17. Leases

Total future minimum lease payments under non-cancellable operating leases are as follows

	Land and buildings 2023 £	2022 £	Equipment 2023 £	Equipment 2022 £
No later than one year	174,667	245,538	672	1,547
Later than one year and no later than five years	734,784	266,000	0	0
	<u>909,451</u>	<u>511,538</u>	<u>672</u>	<u>1,547</u>

18a. Funds analysis - current year

	Balance at 01/04/2022 £	Income £	Expenditure £	Transfers £	Gains / (Losses) £	Balance at 31/03/2023 £
Unrestricted funds						
General funds	3,272,554	4,176,686	(2,503,694)	(90,003)	(50,130)	4,805,413
Total general funds	<u>3,272,554</u>	<u>4,176,686</u>	<u>(2,503,694)</u>	<u>(90,003)</u>	<u>(50,130)</u>	<u>4,805,413</u>
Designated funds						
Technical fund	500,000	-	-	(150,000)	-	350,000
Premises fund	500,000	-	-	(150,000)	-	350,000
Total designated funds	<u>1,000,000</u>	<u>-</u>	<u>-</u>	<u>(300,000)</u>	<u>-</u>	<u>700,000</u>
Total unrestricted funds	<u>4,272,554</u>	<u>4,176,686</u>	<u>(2,503,694)</u>	<u>(390,003)</u>	<u>(50,130)</u>	<u>5,505,413</u>
Restricted funds						
EU SIC UK VI	-	29,470	-	(29,470)	-	-
Technical Project 1	-	136,562	(139,579)	3,017	-	-
Technical Project 2	-	291,889	(291,889)	-	-	-
Thorn	136,508	214,073	(354,139)	3,558	-	-
EVAC Chatbot	-	210,379	(210,379)	-	-	-
Home Office	-	384,116	(398,213)	14,097	-	-
EU ProTech	-	1,639	(7,656)	-	-	(6,017)
UKSIC Nominet Core	-	519,241	(917,242)	398,001	-	-
UKSIC Nominet Enhancements	-	11,000	(11,800)	800	-	-
Oak Foundation	-	-	(41,871)	-	-	(41,871)
Miscellaneous	-	36,937	(36,937)	-	-	-
Total restricted funds	<u>136,508</u>	<u>1,835,306</u>	<u>(2,409,705)</u>	<u>390,003</u>	<u>-</u>	<u>(47,888)</u>
Total funds	<u>4,409,062</u>	<u>6,011,992</u>	<u>(4,913,399)</u>	<u>0</u>	<u>(50,130)</u>	<u>5,457,525</u>

Notes to the Financial Statements



Internet Watch Foundation | Registered Company Number: 03426366
Notes to the Financial Statements for the year ended 31 March 2023

18b. Funds analysis - prior year

	Balance at 01/04/2021 £	Income £	Expenditure £	Transfers £	Gains / (Losses) £	Balance at 31/03/2022 £
Unrestricted funds						
General funds	2,894,686	3,711,861	(1,776,294)	(1,584,724)	27,025	3,272,554
Total general funds	2,894,686	3,711,861	(1,776,294)	(1,584,724)	27,025	3,272,554
Designated funds						
Technical fund	-	-	-	500,000	-	500,000
Premises fund	-	-	-	500,000	-	500,000
Total designated funds	-	-	-	1,000,000	-	1,000,000
Total unrestricted funds	2,894,686	3,711,861	(1,776,294)	(584,724)	27,025	4,272,554
Restricted funds						
EU SIC UK V	-	-	-	-	-	-
EU SIC UK VI	-	354,738	(784,488)	429,750	-	-
EU SIC UK Childnet	-	117,988	(117,988)	-	-	-
UNICEF	-	7,577	(33,932)	26,355	-	-
Technical Project	-	143,660	(143,660)	-	-	-
Nominet UKSIC	-	130,758	(261,515)	130,757	-	-
CSSF	-	-	-	-	-	-
Thorn	66,630	293,875	(221,859)	(2,138)	-	136,508
EVAC Chatbot	-	164,786	(164,786)	-	-	-
Special Project	-	108,026	(108,026)	-	-	-
DCMS	-	104,500	(104,500)	-	-	-
Home Office	-	350,000	(350,000)	-	-	-
Miscellaneous	-	7,500	(7,500)	-	-	-
Total restricted funds	66,630.00	1,783,408	(2,298,254)	584,724	-	136,508.33
Total funds	2,961,316	5,495,269	(4,074,548)	-	27,025	4,409,062

Notes to the Financial Statements



Internet Watch Foundation | Registered Company Number: 03426366
Notes to the Financial Statements for the year ended 31 March 2023

18c. Funds analysis - description of funds

Restricted funds

EU SIC UK V V1 – The funds represent a grant from the European Union in respect of assistance in meeting the costs of running the Hotline. There are no unfulfilled conditions relating to amounts recognized during the year.

EU SIC UK VI Childnet – These funds represent a grant from the European Union in respect of assistance in meeting UK Safer Internet Day and supporting schools to ensure that all children are educated around online safety.

Technical Projects 1 and 2 – These funds represent a grant from Nominet in respect of developing technologies to assist IWF in the detection and removal of child sexual abuse material. A transfer was made from unrestricted funds to ensure that the grant fund does not go into deficit.

Thorn – These funds represent a grant from Thorn to employ a dedicated taskforce to undertake the hashing of two million images in the UK Home Office owned Child Sexual Abuse Database (CAID). A transfer was made from unrestricted funds to ensure that the Thorn grant did not go into deficit. There are no unfulfilled conditions relating to amounts recognized in the year.

EVAC Chatbot – These funds represent a grant from the End Violence Against Children Fund to support the development of a chatbot aimed at internet users at risk of viewing CSAM. This project is a partnership between IWF and The Lucy Faithful Foundation. The chatbot will engage individuals

searching for CSAM online and encourage them to seek help to change their behavior.

DCMS – The funds represent a grant from DCMS for child online safety work relating to the UKSIC, specifically to assist in the mission to promote the safe and responsible use of technology for young people.

UNICEF Grant – These funds represent a grant from United Nations International Children's Emergency Fund in respect of the End Violence Against Children grant.

Home Office – These funds represent a grant from the Home Office to undertake the hashing of images in the UK Home Office owned Child Sexual Abuse Database (CAID). A transfer was made from unrestricted funds to ensure the grant did not go into deficit.

EU Protech – These funds represent a grant from the European Union's Internal Security Fund (ISF), where IWF is working as part of a consortium to prevent and reduce child sexual abuse material use through on-device technology.

UKSIC Nominet – These funds represent a grant from Nominet in respect of assistance in meeting the costs of running the Hotline, as part of the UKSIC. A transfer was made unrestricted funds to ensure that the Nominet UKSIC grant funds did not go into deficit. There are no unfulfilled conditions relating to amounts recognized in the year.

Oak Foundation – These funds represent a grant from the Oak Foundation in respect of developing an evidence base of new and existing research to reduce production and distribution

of self-generated child sexual abuse material. This project is a partnership between IWF and the Policing Institute for the Eastern Region (PIER).

Miscellaneous – These funds represent a grant from the Home Office to conduct research into online advertising supporting child sexual abuse material.

Designated funds

Technical Fund – These funds represent a designated fund generated to meet future technical IT developments and requirements.

Premises Fund – These funds represent a designated fund generated to meet future changing demands of business accommodation.

Notes to the Financial Statements



Internet Watch Foundation | Registered Company Number: 03426366
Notes to the Financial Statements for the year ended 31 March 2023

19. Related party transactions

Internet Watch Foundation works in partnership with the UK internet industry, police, government departments and Hotlines in other countries in order to minimise the availability of specific illegal content found online. Member companies subscribe to the Internet Watch Foundation with subscription levels ranging from £1,000 to in excess of £84,000. Some Trustees also work for Member companies but do not have any direct influence on transactions undertaken with Internet Watch Foundation.

The Chair received £32,025 (2022: £31,725) during the year in respect of his duties in office.

There were no other related party transactions in the year other than those described in note 9.

20. Reconciliation of net expenditure to net cash flows from operating activities

	2023 £	2022 £
Net (expenditure) / income for the reporting period (as per the statement of financial activities)	1,048,463	1,447,746
Adjustments for:		
Depreciation charges	87,240	52,019
Loss on disposal of fixed assets	204	-
Losses / (Gains) on investments	50,130	(27,025)
Decrease / (Increase) in debtors	(169,450)	439,013
(Decrease) / Increase in creditors	1,043,138	(52,458)
Bank interest received	(43,188)	(692)
Dividends received from investments	(13,470)	(7,181)
Cash account movement	426,952	(426,728)
Net cash provided by operating activities	<u>2,430,019</u>	<u>1,424,694</u>

21. Net Debt Reconciliation

	Balance at 31/03/2022	Cash Movement	Balance at 31/03/2023
Cash in hand	4,412,696	1,636,348	6,049,044
Investments - short term deposits	-	-	-
Total cash and cash equivalents	<u>4,412,696</u>	<u>1,636,348</u>	<u>6,049,044</u>

22. Capital commitments

Total capital commitments are as follows:

	2023 £	2022 £
	<u>240,706</u>	<u>-</u>



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Charity number: 01112398 - Company number: 03426366

Search: Internet Watch Foundation

INTERNET WATCH FOUNDATION

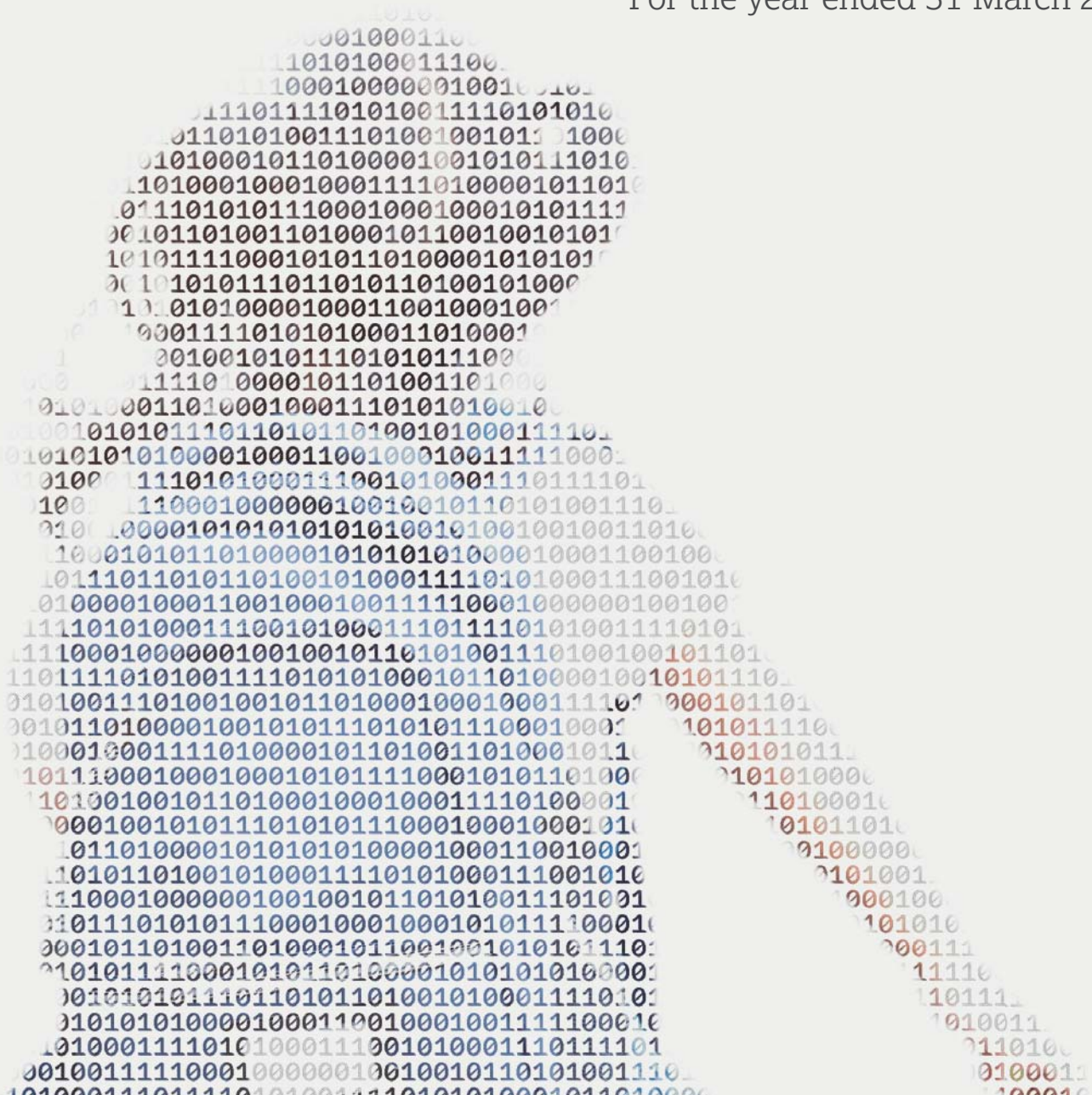
England & Wales - Charity number 1112398

Accounts



Trustees' Report & Financial Statements

For the year ended 31 March 2022



// Our Vision

We're creating an internet free from child sexual abuse that is a **safe place for children** and adults to use around the world.



// Our Mission

Child sexual abuse images and videos are just as much a weapon as a knife.

We actively search for this imagery and for the past 25 years, we've given people a safe place to report it to us, anonymously, now covering 50 countries.

We assess every report we receive. If it shows the sexual abuse of a child, we make sure the image or video is removed from the internet.

To do this effectively, we develop technology-for-good: We provide bespoke services, products and datasets to our industry Members to prevent the imagery from re-appearing and make it harder for offenders to find and share.

We care. Our work relies on compassionate and resilient staff members, who are highly trained and carefully looked after.

We encourage others to play their part, whether it is reporting to us, funding us, or collaborating on the best technology and research.

The children in these pictures and videos are real. The suffering captured in this imagery and the knowledge that it could be shared can haunt a victim for life.

That's why it's our mission to remove this material for good. And to show every child there is someone out there who cares enough to help.

IWF
@25

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IWF
Internet
Watch
Foundation

An incorporated charity,
limited by guarantee.
Registered in England.
Charity No. 1112398
Company Reg. 03426366
Registered office:
Discovery House, Chivers Way,
Vision Park, Histon, Cambridge
CB24 9ZR, United Kingdom

Our Members

as at 31 March 2022

£80,000+	£25,000+	£10,000+	£5,000+
£50,000+	£20,000+	£2,500+	£1,000+



Welcome from our Chair

To some, it may seem the problem is insurmountable. But far from showing there is no answer to online child sexual abuse, the IWF's latest record year shows its world-class analysts are now more effective than ever, pulling more and more of the worst abuse off the internet and protecting the victims whose suffering would otherwise increase unchecked.

I am constantly impressed that the team's energy and commitment to meet the scale of the challenge never seems to waver.

I know that this is an organisation, supported by an active and engaged Board, which will never stand still while there remains a single image or video on the internet of a child being sexually abused.

Over the past year, the IWF has contended with the ongoing effects of worldwide lockdowns, as well as the impending future regulation through the Online Safety Bill. This Bill will not only impact on the work of our Members but on the work of the IWF itself.

Working collaboratively has been our overriding approach to this to ensure that we get 'good' regulation which actively helps to fight online child sexual abuse. We must not undo any of the work and

relationships that the IWF has forged around the world over the past 25 years on behalf of all the children who have been sexually abused and had their images circulated.

This is why I have been working closely with the IWF team on a programme of engagement and consultation with the Government, Parliamentarians, Ofcom and of course our Members. Regulation can only be effective with the close involvement and cooperation of the internet industry. The IWF is a trusted broker between the regulator and the industry.

Any role that the IWF plays in the future will be with the support of its Members, which is why I have worked closely with the Chair of IWF's Funding Council and a working group of Members to review our governance arrangements. This has resulted in some changes being made which provide the IWF with the formal independence it needs from industry to undertake discussions about possible future functions in the regulatory regime. It also provides reassurances to the Members that we will not change our remit or fees without their agreement.

As Chair, I lead the Board of Trustees and I know I speak for them all when I say we have complete confidence in the team. The IWF is a

really well run organisation. Behind the big numbers produced by the Hotline, are excellent financial, HR, communications, membership and technical functions who all play their part. I know they will rise to meet any new challenge.

Andrew Puddephatt OBE
IWF Chair

“

...pulling more and more of the worst abuse off the internet and **protecting the victims** whose suffering would otherwise increase unchecked.”



Welcome from our CEO

For a quarter of a century now, the IWF has been a shining light for people in the depths of the darkest abuse.

The internet has changed almost beyond recognition in that time. The evolution of this tool, and the role it plays in our every day lives has helped children learn, people work, and families stay connected.

But it has also opened up new avenues for dangerous predators to target, groom, and abuse children. Abuse which can then be shared by criminals all around the world.

But the IWF is leading the fight back.

In 2021 the UK's National Crime Agency revised their estimate of the number of people who pose a sexual threat to children in the UK. They put it between 550,000 to 850,000. Whilst it's a great achievement that thanks to our work, and that of UK hosting companies, such little child sexual abuse material is hosted in the UK, it means very little when so many of its population want to view it, and when year-on-year our numbers only show that the situation is getting worse.

This year, we were able to find so much more of this material than ever before. We could do this thanks to huge strides within our Hotline to work more efficiently, using

technology better and being able to employ an additional two analysts.

Additionally, we've developed a way to reduce the number of off remit reports being presented to our analysts with an improved reporting process for the public. This has saved our analysts needing to assess nearly 10,000 off remit reports, allowing them instead to focus on their proactive searching for this material.

We launched IntelliGrade – a world first which allows our dedicated team of graders, funded by a Thorn grant, to quickly assess and 'hash' (create digital fingerprints) child sexual abuse images from the UK Government's Child Abuse Image Database (CAID). What's new, is that this grading process allows the hashes to be compatible with multiple legal jurisdictions around the world. And at the same time, we're adding large volumes of metadata which allows us to understand more about the sexual abuse happening to the children pictured, and provides a way for technology companies to build and train the tech of the future.

Tackling child sexual abuse material is ever challenging, but by working collaboratively and forging great partnerships with technology companies, governments globally,

law enforcement and the third sector makes it possible to do this effectively.

Finally, a word for our team of dedicated analysts: They spend each and every day assessing some of the most challenging content imaginable. They do this because they know that for every image or video they remove, it stops that child being revictimised and gives that child some hope.

Susie Hargreaves OBE
IWF CEO

“

...for every image or video they remove, it stops that child being revictimised and **gives that child some hope.”**



Welcome from our Funding Council Chair

“

When we look at the global spread of child sexual abuse material on the internet, we know the problem is far too large, and far too complicated to defeat without **key allies working together.**”

The IWF demonstrates the very best of humanity, and its human-led approach sees its dedicated analysts working with technology to fulfil their mission.

When we look at the global spread of child sexual abuse material on the internet, we know the problem is far too large, and far too complicated to defeat without key allies working together. And the IWF Funding Council is a mechanism to enable just that.

As Chair of the Funding Council, I play a pivotal role in ensuring the right issues are being discussed, and that communication lines between the Funding Council, the IWF Executive and IWF Board remain open and strong.

The Funding Council is where IWF Members have the opportunity to come together to provide advice on policy. The Funding Council also gives the IWF Board expert advice from the internet industry on any new developments through three Trustees. We aim to help IWF in its mission to make internet a safer place.

Working together, we know we can make a real difference. Just one example from this year was

when we came together to review the governance arrangements in readiness for, and in the context of, the Online Safety Bill. This resulted in an amendment to the Articles of Association to ensure that in operation and perception, the IWF Executive was properly independent of its funding Members.

Another element is making sure the tech industry assists the IWF in understanding and responding to proposed changes, and new and emerging technologies.

We also adhere to a “Notice and Takedown” procedure. Every relevant Member of the IWF agrees to remove, or disable access to, a criminal child sexual abuse image or video, if notified by the IWF.

Our role is a broad one and, while making sure good governance procedures are followed and that best practice is always adhered to, we are also very keen to help champion the IWF’s message.

Matthew Eltringham
*Funding Council Chair
& BBC Executive Editor*



Caring for our people

As the internet and our relationship with it evolves and changes, so does the way in which we must operate to make sure we stay one step ahead of the criminals and predators who would target and abuse children online.

This has been a period of expansion for the IWF, with specialised new teams of assessors bringing new skills and determination to our organisation.

So far, more than a million images from the Government’s Child Abuse Image Database (CAID) database have been assessed by our new taskforce.

Analysing these images and videos is not an easy task, and it is certainly not a job for everyone. Whether in our taskforce, or in our hotline, we know staff need the right support to make sure they can perform their vital roles while keeping safe, healthy and happy themselves.

Their welfare is important, and we will always keep our staff’s wellbeing at the core of what we do. The IWF could not operate without its staff and, without them, the internet would be a considerably less safe place for children.

We’ve remodelled and redesigned our Cambridge headquarters to make sure the new taskforce can work effectively alongside our Hotline analysts, and that expertise is shared across the many layers of our operation.

Many of our non-image viewing staff continue to work from home, and we continue to make sure they are looked after and supported. Making sure everyone is included and involved is a huge reason the IWF functions so well, and we all keep in touch with each other regularly.

The safety of our staff remains a top priority, and we keep strict control on who is coming in and out of our office, ensuring appropriate measures are in place to keep our staff safe from outbreaks of Covid, and to ensure our Hotline can continue to run effectively.

Children’s safety has to be protected, and we will always be there for them. I am proud of our team here at the IWF and, wherever they are working, I know we are working together as a strong, focused unit.

Heidi Kempster
IWF Deputy CEO & COO

“

Their welfare is important, and **we will always keep our staff’s wellbeing at the core** of what we do.”

// Our Senior Leadership Team



Susie Hargreaves OBE

CEO

Susie has led the IWF since 2011 and brings passion, energy and a strong vision to create an internet free from child sexual abuse imagery.

Susie has over 30 years' senior management experience in the not-for-profit sector.

Susie represents IWF on several boards and groups including the NCA CEOP Command Strategic Governance Group, the UK Council for Internet Safety (UKCIS) and the Crown Prosecution Service Child Sexual Abuse Stakeholder Forum.

Among her achievements, Susie was awarded an OBE in the Queen's Birthday Honours in 2016 for 'Services to Child Online Safety'. Susie was a finalist in the Executive of the Year 2017 category in the internet's most prestigious industry awards in the UK, the ISPA Awards; and was a finalist for a European Woman of Achievement Award in 2004 and is a Clore Leadership Fellow. Susie is Trustee of SOS Children's Villages.



Heidi Kempster

Deputy CEO & COO

Heidi directs IWF's business activities.

She is a detail-orientated, strategic thinker devoted to creating a caring and supportive environment for all. She is responsible for deputising for the CEO and she ensures the operations of IWF run smoothly and efficiently.

Heidi oversees all finance, HR, legal and statutory compliance, including managing performance and risk. She manages the IWF Development Team, and is also responsible for maintaining and developing the IWF's gold-standard welfare programme for staff.

Heidi started her career in local government finance and has worked in a number of positions and departments in education, audit and property. Before joining IWF in June 2013 she was part of the Senior Management Team of one of the first large secondary Academy Trusts, overseeing operations for both children, adults and the wider community.



Emma Hardy

Communications Director

Emma directs all IWF's communications functions with energy and enthusiasm, and ensures all communications are consistent, timely and in line with IWF's values.

She oversees reputation management, awareness raising, campaigns, media relations and the public affairs functions.

Emma started her career as a journalist, writing for a newspaper and magazine before taking internal communications and press office roles at a police force and in local government.

She has a Multi-Media Journalism degree, is a qualified senior reporter and holds a Public Relations Diploma from the Chartered Institute of Public Relations (CIPR), where she is a Chartered Member. Emma joined IWF in April 2011.



Chris Hughes

Hotline Director

Chris joined the IWF in February 2012 as Hotline Manager, running a team of five analysts. He has overseen the expansion of the hotline which now boasts 26 analysts – and growing – including a Hotline Manager, Deputy Hotline Manager and a team of Senior Analysts.

Chris is responsible for the running of the hotline, training of analysts, and the provision of datasets and services to IWF's Members. He is the IWF's key contact with Law Enforcement bodies around the world, and he sits on several advisory groups.

Chris started his career in Hospitality and Catering before moving into the IT Training Sector. He has previously had roles as a Training Director and Business Manager overseeing the delivery of the DWP Work Programme, across three sites in the East of England.



Dan Sexton

Chief Technology Officer

Dan joined IWF in February 2021. He is responsible for Information Technology, Cybersecurity and Software Development leading the in-house technical and compliance teams.

He leads our software engineering work which includes the creation of world-leading technologies, such as IntelliGrade and Report Remove, to support the hotline and our technology Members.

Dan has over 20 years' experience in IT, working across a range of environments including local government, the academic sector and in commercial software development.

Dan has a degree in Media, Culture and Society and a Master's in Computer Science.

Reference & Administrative Details

Charity Registration Number
1112398

Company Registration Number
03426366

Chief Executive Officer
Ms S E Hargreaves

Senior Management Personnel

- Ms S E Hargreaves
- Ms H Kempster
- Ms E Hardy
- Mr C Hughes
- Mr D Sexton

Board of Trustees

- Claire Bassett
- Laurelle Brown
- Sinead Coogan Jobs
Appointed on 04 June 2022
- Giles Crown
- Terry Downing
- Elizabeth Kanter
Appointed on 22 September 2021
- Claire Lilley
Term expired 03 June 2022
- Sherry Malik
- Bronagh McCloskey
- John Parkinson
- Andrew Puddephatt
- Ganapathi Subramaniam
Term expired on 31 August 2022
- Henry Turnbull
Resigned on 21 July 2021

**Principal/
Registered Office**
Discovery House
Chivers Way
Histon
Cambridge
CB24 9ZR

Independent Auditors
Price Bailey LLP
Chartered Accountants
& Statutory Auditors
Tennyson House
Cambridge
Business Park
Cambridge
CB4 0WZ

Investment Advisors
Rathbones Brothers Plc
8 Finsbury Circus
London
EC2M 7AZ

Bankers
Abacus House
Castle Park
Castle Hill
Cambridge
CB3 0AX

Objectives & Activities

The Trustees present their report and the audited financial statements of the charity for the year ended 31 March 2022. The Trustees have adopted the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" (FRS 102) in preparing the annual report and financial statements of the charity.

Public Benefit

We are confident that the IWF continues to meet the public benefit requirements and that we have paid due regard to the published guidance from the Charity Commission. Our specific objects as a company are set out in our Articles of Association. Our aims as a charity continue to be to promote the protection and welfare of the public, particularly children, by working to minimise the availability of illegal content on the internet.

Remit

To remove online child sexual abuse content hosted anywhere in the world and to remove non-photographic child sexual abuse content hosted in the UK.

2016-2021 Strategy

Online child sexual abuse imagery is a global problem, which demands a global solution. The internet does not respect geographical borders, so we work in close cooperation with partners worldwide.

It is our continued aim to use the expertise of the IWF's team and work with partners to:

- Disrupt the availability of child sexual abuse content hosted anywhere in the world.
- Protect children who are victims of sexual abuse from repeat victimisation and public identification.
- Prevent internet users from accidentally stumbling across child sexual abuse content.
- Remove any non-photographic child sexual abuse content that is found to be hosted in the UK.

How we do this

- Identify, assess, report and remove illegal child sexual abuse imagery.
- Provide a world class Hotline for anyone to securely and anonymously report child sexual abuse imagery.
- Use our intelligence to actively search for child sexual abuse images and videos on the public internet.
- Work with industry partners worldwide to remove images of child sexual abuse as quickly as possible and prevent them from being spread further.
- Develop technical solutions and services using innovative tactics to disrupt and remove illegal content.

- Research, analyse and disseminate relevant trends data.
- Share our expertise and play an active role in the UK Safer Internet Centre.
- Promote best-practice welfare for staff who are working to eliminate child sexual abuse imagery and provide a caring and safe environment for all of our staff.

The main focus of our strategy has been to deliver excellence in our core operations, particularly the Hotline and in the technical services we deliver.

We have also carried out a number of projects during this financial year and continue to develop our project work in line with our strategy. These projects and much more will contribute to our 2021-2025 Strategy.

361,062

reports were assessed in 2021.

7 in 10

(252,194) of those led us to find imagery online of children being sexually abused.

In 2021, we were able to find

64%

more of this criminal material, due to some significant improvements we made within our Hotline.

 **72%**

We continue to see an exponential increase in what is termed **'self-generated'** child sexual abuse content, created using webcams or smartphones and then shared online via a growing number of platforms.

Of the 252,194 webpages actioned during 2021, almost three quarters (**182,281 or 72%**) were assessed as containing 'self-generated' imagery.



In 2021, we saw a **three-fold increase** in 'self-generated' imagery showing **7-10-year-olds**.



97%

97% of the imagery we helped to remove in 2021, contained a female child.

When we see imagery of **babies, toddlers and young children aged 6 and under**, they are more likely to be **suffering Category A** child sexual abuse (the most severe) over Category B, or Category C.

0-6
year olds

1                  

// IWF's Impact: Our Theory of Change

Our Theory of Change and values guide our work.

The desired outcomes in our Theory of Change form the objectives of our business plan, which in turn translate into detailed activities to guide our work.

Everyone at IWF is set personal objectives which relate to those activities and objectives which helps us move as one force towards our vision of an internet free from child sexual abuse that is a safe place for children and adults to use around the world.

Problem

Child sexual abuse has a devastating impact on people's lives.

Online child sexual abuse is increasing globally with a significant increase in 'first-person produced imagery'.

Criminals use technology to evade detection and prey on children; re-victimisation occurs every time an image is viewed online and a generation could be growing up with the fear that an online sexual image of themselves as a child will follow them into adulthood.

The internet can be unsafe for children and adults who do not, or cannot fully appreciate the risks. Among some companies, groups or individuals who can help combat Child Sexual Abuse Material (CSAM), there is indifference, inconsistency, inaction or misrepresentation of the issue which increases victim suffering and emboldens criminals.

Activities

We help to solve the problem by:

Activity 1.

Working to prevent, disrupt and remove child sexual abuse material from the internet.

Activity 2.

Carrying out and disseminating world leading information and trends analysis.

Activity 3.

Working collaboratively, transparently yet influentially, in the online safety space, always innovating, developing and evaluating impact.

Activity 4.

Generating income, delivering value for money services and activities which contribute to a robust and sustainable and accountable business model.

We have taken a deep dive into these activities and their impact. Please see page 16.

Outcomes

We know we are on course to reduce the demand for CSAM, and its availability is minimised when:

We use technology effectively to support our world-class Hotline & we develop services, products and datasets to achieve our mission.

We work closely with technology companies and provide high quality services to our Members across the globe.

We maximise our global reach by providing somewhere to report CSAM, and we share & disseminate expertise, research and data.

We use our influence to inform 1. Public affairs activities in the UK, EU, the 5-eyes partnership, and; 2. Through the media.

We are accountable and transparent, and we always put our mission and values first.

We have strong, effective and collaborative relationships with all our stakeholders including members and funders without compromising our independence.

The IWF is future proofed and we have a caring environment provided for all our staff.

Impacts

Globally, the internet has less child sexual abuse material.

The UK is the most hostile country in the world to host CSAM and is the safest place in the world to be online.

People know about CSAM, are better able to keep themselves and their loved ones safer online, and know the part they can play in its prevention and removal.

IWF is recognised as the model of best practice around the world.

Super Impacts

The internet is free from child sexual abuse and is a safer place for children and adults to use around the world.

Activity 1.

Working to prevent, disrupt and remove child sexual abuse material from the internet.

In 2021/22 we recruited two more staff to help assess, grade and quality-assure child sexual abuse images and videos in our Hotline. We now operate a super Hotline offering 2.6 billion people around the world with somewhere to report this content. The IWF is the world's largest proactive online child sexual abuse assessment and grading centre.

The impact

Where the content breaks UK law, we work with a host of international partners to have it taken down, reducing the amount of child sexual abuse material available online.

The data which is captured from this work feeds into world-leading datasets, tools and services taken by the internet and tech industries to stop and disrupt this type of content on their networks and platforms. This reduces the amount of child sexual abuse material available online.

Activity 2.

Carrying out and disseminating world leading information and trends analysis.

As well as reporting on a growing list of nuanced areas involving child sexual abuse material online in our annual report, we carry out bespoke and snapshot studies.

In 2021/22 we published studies on:

- The sexual abuse of boys;
- The prevalence of female offenders;
- The sexual abuse of three to six year olds, as well as
- An enhanced analysis of domain abuse.

We frequently tell people about how we work including how we organise our analysts and graders, and what our welfare programme looks like. We do this through presentations, panel events, one to one, or one to few meetings, conferences and through inviting people into our Hotline to see for themselves (where they have sufficient clearance for viewing criminal content).

The impact

By sharing our knowledge, it supports the wider online safety ecosystem which supports our impacts: People know about CSAM and know the part they can play in its prevention and removal and we share knowledge around our model of best practice.

Activity 3.

Working collaboratively, transparently yet influentially, in the online safety space, always innovating, developing and evaluating impact.

In addition to our highly trained analysts, and to support their work, we innovate. We launched IntelliGrade; a powerful new tool that enables our analysts to accurately grade child sexual abuse images and videos, while automatically generating unique hashes (digital fingerprints) which are used to identify and eliminate these images wherever they appear.

In response to feedback, our Tech Team constantly refine and improve IntelliGrade to enable our graders to work more efficiently in producing hashes of child sexual abuse images.

The impact

IntelliGrade speeds up the creation of hashes which are used by technology companies to stop the upload, storage and distribution of online child sexual abuse material. Therefore, we are reducing the amount of this imagery available online.

Activity 4.

Generating income, delivering value for money services and activities which contribute to a robust and sustainable and accountable business model.

Underpinning our world-leading work finding and removing sexual imagery of children, and the datasets which are created for companies to do the same, is a sustainable business model. As a not-for-profit, we reinvest to meet our mission. As at 31 March 2022, we had 175 Members contributing funds to our work. In addition, we have successfully secured additional grant funding of £630,000.

The Impact

Having sustainable funding gives us confidence to grow in terms of staff numbers and in terms of resources.

In 2021-22 we employed 12 new staff members.

We have also been able to fund the development of both tried-and-tested and experimental new technologies to help combat child sexual abuse online, such as IntelliGrade.

The IWF is recognised globally as one of the leading organisations tackling child sexual abuse online.

Our reports and data are trusted and utilised by law enforcement, government, NGOs and the tech/internet industry.

In 2021 alone, our team:

- Assessed more than 360,000 reports of suspected child sexual abuse. 252,000 were confirmed as containing child sexual abuse imagery – a 64% increase from 2020.
- In 2020, we launched Reporting Portals in six countries, taking our total to 50 reporting portals including the UK.
- These portals allow 2.6bn citizens to anonymously report child sexual abuse images and videos they may have seen accidentally online. It's a simple and low-cost mechanism for those nations who may not have the infrastructure in place to launch such a facility alone.

- We continue to develop technical solutions to allow us to be more effective at achieving our mission. We were able to find and remove so much more content in 2021 due to significant improvements we made within our Hotline – to our working practices and procedures, the technology that we're using and not to mention making best use of our hugely skilled and experienced Analyst team we have.

- Services to our Member organisations continue to be improved and developed. On average, we grade 100,000 images of child sexual abuse per month using our bespoke technology, IntelliGrade.

Since IWF began in 1996, we have human-assessed more than 1.8 million webpages and removed child sexual abuse imagery from over 970,000 webpages globally. This equates to millions of images which is something we're very proud of. But we must never be complacent; we know there's a lot more to do and IWF's work will not stop until we've reached our mission of a safer internet for everyone, free from child sexual abuse imagery.

// IWF's Impact: Our Evidence

As a data-driven organisation working on behalf of people who've been sexually abused as children, we understand that it's vitally important for us to perform our work in an impeccable, accurate and transparent manner.

As such, we ensure our workflows, procedures and working methods are independently scrutinised to guarantee we are working to the very highest standards and providing the most precise data.

All key data, trends and developments are published in our Annual Report which is publicly available on our website.

We actively encourage third parties to scrutinise our work and use our statistics to inform their own work.

In order to ensure we are confident in the data we produce, we have developed a bespoke report management system which allows us to track every aspect of what we do.

Under continual development, the system is constantly improved by our in-house Tech Team ensuring the highest levels of accuracy and security.

This is independently verified through our annual ISO audit allowing us to retain our ISO 27001 accreditation in information security management.

We have a dedicated team of Quality Assurance Officers who act as 'critical friends' to our frontline Hotline analysts.

They randomly sample the work and assessments of the team every day to ensure accuracy and aid development. As a member of INHOPE we are also subject to their independent review.

At their most recent audit by the INHOPE team they reported that the IWF "maintains exceptional standards in all areas and its practices can be recommended to new or existing hotlines wishing to develop or expand their services".

The UK's Independent Inquiry into Child Sexual Abuse said "the IWF sits at the heart of the national response" and the latest DCMS safety tech report said "the IWF have helped to radically reduce the volume of child sexual abuse content hosted in the UK, and continue to lead the fight.

“

The IWF maintains exceptional standards in all areas and its practices can be recommended to new or existing hotlines wishing to develop or expand their services”

// Our Services

Notice and Takedown

The most effective way to eliminate online child sexual abuse content is to remove it at source. The UK hosts a small volume of online child sexual abuse content and remains an incredibly hostile territory in this respect. When we started in 1996, the UK hosted 18% of the global total – in 2020 this figure was just 0.1%.

We took action on 381 webpages hosting images and videos in the UK in 2021 (an increase of 112% from 2020 when we actioned 180 URLs). 31 of these webpages had been removed by the time we received authorisation from the police to instigate its removal or it had moved hosting country already, leaving us with 350 URLs to take action on. We issued 69 takedown notices against these 350 URLs. We might send one notice for several webpages and content may have already been removed by the time we get authorisation from the police.

URL List

We provide a list of webpages (URLs) with child sexual abuse content hosted abroad to companies who want to block or filter them for their users' protection, and to prevent repeat victimisation. We update the list twice a day, removing and adding URLs. During 2021, the list was sent across all seven continents. There were 203,234 unique URLs included on the List in 2021, compared to 147,232 in 2020. On average, 1,001 new URLs were added each day (591 in 2020), and averaged 5,526 URLs per day (5,747 in 2020).

Hash List

Each image can be given a unique code, known as a hash. A hash is like a digital fingerprint of an image. The IWF list of hashes can be used to find duplicate images. At the end of 2021, the list contained hashes relating to 1,004,611 individual images, an increase from 567,167 hashes on the list at the end of 2020. Of these hashes, 316,269 (31.5%) related to Category A images, the worst forms of abuse – images of rape or sexual torture of children. This is an increase from the end of 2020, where 118,074 hashes related to the worst forms of abuse.

Keywords List

Offenders often create their own language – codes – for finding and hiding child sexual abuse images online. To help counter this, each month we give our Members a list of keywords that are used by people looking for child sexual abuse images online. This is to improve the quality of search returns, reduce the abuse of their networks and provide a safer online experience for internet users. In December 2021, the Keywords List held 5,247 words associated with child sexual abuse images and videos.

Newsgroups

We are one of only a handful of hotlines in the world that processes reports on newsgroups. Our Hotline team monitors the content of newsgroups and issues takedown notices for individual postings of child sexual abuse imagery. We also provide a Newsgroup Alert to Members, which is a notification of child sexual abuse content hosted on newsgroup services so they can be removed.

In 2021 we processed 10 reports alleging child sexual abuse images hosted within newsgroups. After monitoring newsgroups, we recommended our Members do not carry 178 newsgroups containing child sexual abuse images and videos. This resulted in 207 postings being removed from public access.

Alerts

We also provide various alert services to Members, such as Domain Alerts. These are issued to companies in the domain registration sector when illegal content is found on domains registered through them. The other alert services are for payment brands, virtual currency use and 'Simultaneous' alerts for our US Members.

NPI List

The NPI List is comparable to our standard URL List but features URLs showing images and videos of non-photographic child sexual abuse.

These could include cartoons, drawings, computer-generated imagery (CGI) and other non-photographic representations of child sexual abuse. The URLs provided are those deemed at the time of assessment to potentially breach UK legislation, specifically Sections 62 to 69 of the Coroners and Justice Act 2009. IWF Members can request access to the list enabling them to block webpages featuring this type of content – further protecting their users and contributing to the overall fight against child sexual abuse online. In 2021, 235 unique URLs of non-photographic child sexual abuse imagery were included on the list.

// Review of Activities and Successes

Throughout the 2021/22 year we have continued to work at full capacity while contending with the ever-changing challenges the pandemic has provided. We remain committed to our aims and dedicated to successfully delivering our business strategy.

Whilst our teams continue to work either in the office full time or in a hybrid manner, productivity has been exceptionally strong and, once again, it has been an extremely busy year. Some key highlights are:

- Our Policy Team have worked hard with relevant government departments including Home Office and DCMS, parliamentary champions and other child safety advocates to provide advice, support and guidance for the upcoming Online Safety Bill to ensure it is effective in better protecting children online and ensuring the Bill is workable and focussed on improving systems and processes to detect and report child sexual abuse.
- We launched a hard-hitting campaign (see image, right), backed by the UK Home Office and Microsoft, aiming to empower girls, and warn parents, about the serious risks posed by online predators targeting children – particularly 11-to-13-year-old girls.
- Thanks to a grant from US-based child protection organisation, Thorn, we set up a new IWF taskforce to hash (create digital fingerprints) two million criminal images showing the sexual abuse of children from the UK Government's Child Abuse Image Database (CAID).
- We teamed up with long-term partner NSPCC/Childline to launch a new online tool called Report Remove which helps young people get nude images or videos removed from the internet.
- The Welsh Government joined our ranks as a Member becoming the first Government body to do so.
- We partnered with the International Centre for Missing and Exploited Children (ICMEC) to launch a new online portal which allows internet users, who do not have access to their own national reporting mechanism, to easily and anonymously report child sexual abuse material on the internet.
- The IWF took the top prize at the Digital Communication Awards in the Purpose Driven Communications (Covid 19) category for our work campaigning to raise awareness of the rise of "self-generated" child sexual abuse material.
- .au Domain Administration Limited
- ActiveFence
- CDSM Interactive Ltd (d.b.a. Thinqi)
- Cloudflare Inc.

Membership Drive

Our Development Team worked hard to bring 29 new companies into membership with the IWF:

- Converge ICT Solutions
- Danske Bank
- Depop
- Eastern Telecommunications Philippines Inc
- EMET Technologies PTE LTD (trading as Breadcrumbs.app)
- Exoclick
- F-Secure Corporation
- Globe Telecom
- Grayshift
- Hyperslice Ltd
- Jurassic Fibre
- L M Ericsson Limited (Ireland)
- Last.FM
- Mojeek Ltd
- Netcraft Limited
- Open Text Corporation
- Performance Networks Limited
- Precedence Technologies Ltd
- Qintel
- Radius Telecoms Inc
- ReversingLabs, LLC
- Wandera Limited
- Welsh Government, Digital Learning Division (Hwb)
- Working Group Two
- XYZ Registry



// Financial Review

Income

Our principal funding is received via membership fees from industry.

Total income for the year at £5,495,269 (2020/21 £4,525,464) increased from the previous year, due to an increase in the value of memberships subscriptions as well as additional grant funding. At the end of 2021/22 the IWF had 175 Members (2020/21 161). Retaining and developing membership is critical to being able to fund our activities. We received grants from the EU Commission (£473k), Home Office (£350k), Thorn (£294k), Nominet (£274k), The Global Fund to End Violence Against Children (£172k) and Department for Culture Media and Sport (£105k).

Expenditure on charitable activities

Our key objective is running the Hotline in the most efficient and beneficial way so as to maximise our removal of illegal child sexual abuse content. We have also created a new team of Internet Content Assessors, whose job it is to assess, grade and hash content from the CAID Police database.

Our expanded Tech Team have continued to develop cutting edge technology to detect content more efficiently during this financial year. Total expenditure of charitable activities at £4,074,548 (2020/21 £3,693,153) represented an increase of 10% from the previous year.

Reserves

IWF ended the year with reserves of £4,409,062 in 2021/22 of which £3,272,554 are free reserves (2020/21 total reserves £2,961,316). IWF's policy is to maintain a level of reserves which takes into account unexpected changes in income or operations, fluctuations in cash flow and the timescales and commitments in the event of

winding up our operations. The Trustees deem it appropriate to maintain unrestricted general funds which are at least equivalent to 50% of the expected annual running costs of IWF. 50% expenditure for 2021/22 was £2,037,274. The Trustees are aware of the higher level of reserves, and the organisation is expanding and investing in people and technology to reduce the free reserves and continue to meet its charitable objectives. There is continued uncertainty around the impact on IWF of the "Online Harms Bill" which the Trustees wish to fully resolve before over committing on the spending of the reserves. The free reserves are higher as a result of higher than expected grant income levels, significant growth in membership and underspends caused by Covid restrictions. Reserves are invested to maintain their value to IWF, minimising risk and not specifically to generate ongoing income.

Investments

IWF's objective is to maintain the value of its investments after inflation. Rathbones Investment Management Ltd continue to manage a portfolio containing £1,073,241 on our behalf (2020/21 £544,095). An assessment of attitude to risks has been undertaken and as a result the appropriate investment strategy has been determined as Cautious Growth (Rathbones SAAC3). Key parameters of the mandate are:

- A return reference of CPI+2%.
- An expected time horizon of 5+ years.
- An exposure of up to 65% in equity and equity-correlated risks with the balance in liquid and diversifying assets.
- Income will be reinvested in the portfolio.

The portfolio has almost performed in line with the targets set. The return on investment since inception, which is less than the target 5 year time horizon, is showing a total average annual return of 4% against an average annual target of 5%.

Fundraising

The charitable company understands its duty to protect the public, including vulnerable people, from unreasonably intrusive or persistent fundraising approaches and undue pressure to donate. The IWF has not proactively fundraised from the public currently, nor does it use any internal fundraisers or external fundraising agencies for either telephone or face-to-face campaigns. No complaints regarding fundraising were received during the year.

The fundraising strategy for 2022/23 continues primarily to be on securing income from corporates through membership and strategic partnerships, and grants from trusts, foundations and the government. The improvements made to the online donation process have resulted in a greater number of donations from private households however no targeted approaches have been made, nor will be made directly to the public in the year ahead.

Going concern

After making appropriate enquiries, the Trustees have a reasonable expectation that the charitable company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Constitution

The Internet Watch Foundation is an independent registered charity (number 1112398) and is also a company limited by guarantee (registered company number 3426366). The company was incorporated on 29 August 1997 and charitable status was gained on 16 December 2004. The IWF is governed by its Memorandum and Articles of Association as approved on 16 December 2004. These have been regularly reviewed, and an update of the Articles has taken place in 2020/21.

The Board

We are governed by a Board of 11 Trustees who are led by an Independent Chair. The rest of the Board comprises six independent Trustees, three industry Trustees and one co-opted Trustee. Changes to the Board membership during the year are documented at the beginning of the Report.

The Board elects two Vice-Chairs from within its membership – one from industry and one independent. The independent Trustee in this case also carries out the role of Senior Independent Director. The Board monitors, reviews and directs the IWF's remit, strategy, policy and budget to help us achieve our objectives and delegates operational management to the CEO.

The Board governs via a regular cycle of Board meetings, each documented with official minutes.

Our Independent Board members are chosen by an open selection procedure following national advertising. No Trustee may serve more than six years.

Funding Council

In addition, we operate a Funding Council who not only provide funding but also support the Board with expert advice from their respective industries. All of our Members have the opportunity to nominate representatives to the Funding Council.

The Funding Council elects three of its Members to represent industry views on the Board and the Council meets six times per year.

Its role is to:

- Consider relevant policy issues affecting the IWF in order to brief the Board representatives with Members' views.
- Contribute to funds and ensure renewal of funds for the continued operation of the IWF.
- Advise on the annual IWF budget and setting of membership fees. Select three Members for the IWF Board.
- Advise on and approve the Members' code of practice.
- Review and follow their Funding Council Constitution which describes how the Council conducts its business.

Vetting

All of our Trustees are subject to the IWF vetting policy procedure and their responsibilities are described in the Board Members' Handbook.

We continue to monitor our governance to ensure that we not only maintain relevant documentation and our independent status, but that we also remain up to date with current legislation.

Method of appointment or election of Trustees

Independent Board members are appointed by the Board through a fair and open selection procedure managed by the Board Executive Committee.

This Committee comprises the Chair, the two Vice-Chairs and an Independent person. In making a selection, the Committee will ensure that the Board has an appropriate balance of skills and experience. All recommendations of the Committee for Board appointments are subject to Board approval.

The Independent Chair is appointed by the Board through an open selection procedure managed by the Nominations Committee, comprising the two Vice-Chairs and an independent person.

Policies adopted for the induction and training of Trustees

All new Board members undergo an induction process and training to enable them to understand the role of the IWF and their role as Trustees.

Organisational structure and decision making

In order to facilitate a better understanding of issues and to enable more effective decision making, the Board operates a Finance Committee. The Finance Committee has no delegated power and all major decision are made by the Board of Trustees.

IWF's organisational structure can be found on our website [here](#).

Remuneration of key management personnel

The key management personnel are the Trustees; the Chief Executive Officer, the Chief Operating Officer/ Deputy Chief Executive Officer, the Chief Technical Officer, the Hotline Director and the Communications Director. The Board undertakes regular reviews of salaries of key management personnel, drawing upon market data available for the charity sector and will continue to monitor and review salaries as necessary.

Section 6 of the Memorandum of Association of the IWF permits payments to a maximum of three Trustees attending each Board meeting. During the year, no Trustee was paid in respect of their duties. The Chair was however remunerated for his role and further details can be found in note 9 of these accounts.

Related party relationships

All major decisions are made by the Board of Trustees. The industry Members of the charity are members of the Funding Council as described previously. The IWF works in partnership with representatives from the UK internet industry, police, government departments and partner hotlines overseas in order to minimise the availability of child sexual abuse content found online.

Risk management

Risk management is an integral part of the planning, budget, forecasting and management cycle of the IWF and takes into account:

- Variations in income streams and expenditure, which is addressed through budgeting and expenditure controls.

- Potential liabilities that have been identified through appropriate insurances.
- Information security, hardware and operational risks to comply with relevant standards and best practice.
- Property and assets where IWF has audited procedures in place.

Relevant legislation changes

The systems of internal controls utilised to support our risk management are designed to provide reasonable, but not absolute, assurance against material misstatement or loss. They include a strategic business plan, an annual budget approved by the Trustees, regular consideration by the Trustees of financial results, variances from budgets, non-financial performance indicators and benchmarking reviews, delegation of authority and segregation of duties, and an audited Information Security Management System (ISMS).

The Finance Committee, comprising Board and SLT representatives, lead our risk management activities, regularly monitoring and reviewing risks via a dedicated Risk Register. Principal risks and uncertainties include:

1. Funding sustainability
2. Cyber-attack or system failure
3. Positioning the IWF in a potentially changing regulatory landscape
4. Threat posed by DNS over HTTPS encryption

Mitigation:

5. Consideration of alternative and additional funding streams. Our dedicated Development Team are exploring the various avenues available to us.
6. Maintenance of our Information security resilience and to keep pace with change, and regular staff training.
7. Active engagement with government regarding the Online Safety Bill with a dedicated Policy & Public Affairs Manager leading on this. Although published April 2019, this proposed change in legislation was known of, and being prepared for, during the financial year.
8. Engaging government with the support of a number of our parliamentary Champions to raise this issue given its potential to significantly undermine our work and be detrimental to the welfare of victims.

An Information Security Forum (ISF) meets regularly to maintain and continually improve the ISMS. The IWF also ensures all staff understand the principles of risk management and remain vigilant when it comes to the security of our information.

A Quality Assurance team works daily within the Hotline to independently review assessments. The Hotline is externally audited biennially by an independent team chaired by Independent Inspector Sir Mark Hedley, an esteemed High Court Judge.

// Structure, Governance & Management

In the ever-changing technological environment in which the IWF operates, monitoring and managing risk and maintaining pace with change are recognised by the Board as critical to continued successful operation.

Statement of Trustees' Responsibility

The Trustees (who are also directors of Internet Watch Foundation for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

1. Select suitable accounting policies and then apply them consistently;

2. Observe the methods and principles in the Charities SORP 2019 FRS102;
3. Make judgments and accounting estimates that are reasonable and prudent;
4. State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
5. 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 adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of

financial statements may differ from legislation in other jurisdictions.

Auditors

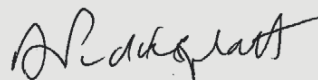
In so far as the Trustees are aware:

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

The Board recommends at the AGM that Price Bailey LLP should continue to be engaged as auditors for the forthcoming financial year.

This report, which has been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

This report was approved by the Board on 4 October 2022 and signed on its behalf by:



Andrew Puddephatt, OBE

Independent Chair

// Our Board of Trustees



Andrew Puddephatt, OBE

Independent Chair

Andrew Puddephatt OBE is Chair of the Internet Watch Foundation. He has worked to promote human rights for 20 years with specific expertise in freedom of expression, transparency, and the role of media and digital communications in promoting human rights. Specific skills include:

- Policy analysis, evaluation and advice on projects concerned with communications, human rights and democracy internationally.
- Expert in international human rights, with a specific focus on freedom of expression and access to information.

Previous work includes strategic policy analysis, scoping exercises, evaluation of programmes, needs assessments, and the development and delivery of capacity-building programmes. He has worked with experts and governments in Europe, the United States, the Middle East, sub-Saharan Africa, and Latin America.



Claire Bassett

Independent Vice-Chair

Claire is a Non-Executive Director of the Serious Fraud Office and until May 2022 was Deputy Director General of the Independent Office for Police Conduct.

Prior to this Claire was Chief Executive (Designate) of the Shadow Trade Remedies Authority, and Chief Executive of the Electoral Commission, the UK's independent elections watchdog and regulator of party and election finance during the EU Referendum.

Previously, Claire was Chief Executive of two other government arm's length bodies: the Parole Board and the Criminal Cases Review Commission.

Earlier in her career, Claire was a Director of Nacro - the crime reduction charity, Chief Executive of Connexions Milton Keynes, Oxfordshire and Buckinghamshire. She also held various roles at the Legal Services Commission. She began her career as a management trainee in the construction industry.

// Our Board of Trustees



Bronagh McCloskey

Industry Vice-Chair

Bronagh McCloskey is Public Affairs Manager at TalkTalk, where she works with Government and industry stakeholders on public policy issues. Her experience includes working on telecommunications infrastructure projects and online safety initiatives.

Prior to joining TalkTalk, she worked in a consultancy providing communications and policy advice to businesses and charities, where she completed a number of secondments. She began her career working in Parliament.



Laurelle Brown

Independent Trustee

Laurelle Brown (She/Her) is a Youth and Community Work and Equality, Diversity, and Inclusion (EDI) professional with over 20 years' experience across sectors, including at the Children's Society, London Violence Reduction Unit and Coram Voice.

Laurelle is Director at Laurelle Brown Training and Consultancy (LBTC), where she collaborates with clients to develop and embed inclusion across practice, leadership and systems in services that protect, safeguard and promote the welfare of children.

Laurelle is passionate about improving the lives of children; she is Co-Founder and Director at KIJJI, a membership organisation for Black safeguarding professionals, a school governor, an Independent Visitor to a child in care and a safeguarding children's partnerships member in a London borough.

// Our Board of Trustees



Sinead Coogan Jobs

Industry Trustee

Sinead is a Policy Manager at Sky where she leads on policy work relating to telecommunications and digital issues, including online safety initiatives.

Prior to joining Sky, she worked at Virgin Media O2 where she was similarly involved in the company's public affairs and policy work on online safety, and in public affairs consultancy advising a number of companies on technology, media and telecoms policy issues.



Giles Crown

Independent Trustee

Giles was appointed in September 2019.

Giles is Joint Managing Partner at law firm Lewis Silkin. He specialises in intellectual property, media, data & privacy and regulatory work.

His clients include famous brands, major marketing communications agencies, tech & telecoms companies and media & entertainment organisations.

He was previously in-house counsel at an advertising agency and before that a media barrister. He has also held trustee and advisory positions in the charitable and tech sectors, including as Chair of Westminster Citizens Advice, and is an accredited mediator.

// Our Board of Trustees



Terry Downing

Independent Trustee

Terry has over 30 years experience in the international media and telecoms sectors, holding C-suite roles in both public and privately owned businesses.

Currently, Terry is the interim CFO of the Global Sales Group of EndemolShine where he is helping them complete their merger with Banijay, the French media group. Prior to this Terry held senior roles with FOX, Warner Bros and Chime Communications Plc. Terry was also Audit Chair and NED for the Wandsworth NHS, completing two terms.

Terry is a graduate of Massey University in New Zealand and qualified with Deloitte.



Elizabeth Kanter

Industry Trustee

Liz was appointed Director of Policy and Government Relations at TikTok in May 2019. She is responsible for engaging with governments and delivering TikTok's public policy objectives in the UK, Ireland, Netherlands and Israel.

Prior to joining TikTok, Liz ran her own public affairs consultancy firm working for a range of organisations including StubHub, Forescout and the Cabinet Office. Liz has held senior Government Relations positions at a range of global brands including SAP, BlackBerry, and Yahoo.

Liz is a dual US-UK national. She keeps the US-UK connection alive through her fellowship with the British American Project, for which she sits on the UK Executive Board. She is from California, and moved to London in 2001. She lives in London with her husband and two daughters.

// Our Board of Trustees



Sherry Malik

Co-opted Trustee

Sherry Malik is passionate about social care and social justice. Her signature strength is in enabling change & transformation, working with individuals, organisations, boards and partnerships. She has over 30 years of experience of leading & managing a diverse portfolio in large complex, political settings in public (Local & Central Govt. and the NHS), voluntary & commercial settings, both in executive and non-executive roles.

She was the former Director of children's services at NSPCC, DCS and DASS at LB Hounslow and held exec roles at Cafcass and GSCC. She is currently a non-executive Director at Dimensions UK, a Trustee at the Social Awards and a Staff College Associate.



John Parkinson OBE

Independent Trustee

John was appointed in January 2018.

He is a former UK Chief Constable with experience of leading investigations into major and serious crime and counter terrorism. He was the founding head of the NE Counter Terrorism Unit and as UK Senior National Coordinator Counter Terrorism oversaw many national and international counter terrorism operations.

He was awarded the OBE for his services to Policing and Counter Terrorism in 2011 and is a Visiting Scholar at Cambridge University.

John is the Chair of CENTRIC (Centre of Excellence for Research into Terrorism, Resilience, Intelligence & Organised Crime) and the former Chair of a Modern Slavery and Anti-Trafficking Network. He has wide international experience as a strategic policy advisor for security and terrorism issues.

Opinion

We have audited the financial statements of Internet Watch Foundation (the 'charitable company') for the year ended 31 March 2022 which comprise the Statement of Financial activities, the Balance Sheet, The Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2022, 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 charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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 charitable company'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 trustees 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 Trustees' report (incorporating the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of Trustees

As explained more fully in the trustees' responsibilities statement on page 24, the trustees (who are also the directors of the charitable company for the purposes of

company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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:

We gained an understanding of the legal and regulatory framework applicable to the charitable company and how it operates and considered the risk of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations. This included those regulations directly related to the financial statements. In relation to the charity this included GDPR, health and safety, employment law and financial reporting.

We communicated the identified laws and regulations with the audit team and remained alert to any indications of non-compliance throughout the audit. We carried out specific procedures to address the risks identified. These included the following:

- agreeing the financial statement disclosures to underlying supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiries of management including those responsible for key regulations;
- enquires of management about GDPR compliance and reviewing register of any GDPR breaches in the year;

Auditors' Report Continued



Independent Auditors' Report to the Members & Trustees of
Internet Watch Foundation for the year ended at 31 March 2022

Auditor's responsibilities for the audit of the financial statements (continued)

- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reviewing minutes of Trustee Board meetings, minutes of Audit Committee meetings and correspondence with the Charity Commission;
- in addressing the risk of management override of controls, we carried out testing of journal entries and other adjustments for appropriateness, and
- reviewing the risk management processes and mitigating actions in place.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance.

The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's

website at: <https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>. This description forms part of our auditor's report.

Use of this Report

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

Helena Wilkinson BSc FCA DChA
Senior Statutory Auditor

for and on behalf of
PRICE BAILEY LLP
Chartered Accountants
Statutory Auditors
Tennyson House
Cambridge Business Park
Cambridge
CB4 0WZ

Date: 16 November 2022

Statement of Financial Activities



Internet Watch Foundation | Statements of Financial Activities
(Including Income and Expenditure Account) for the year ended at 31 March 2022

	Note	Unrestricted £	Restricted £	2022 Total £	2021 Total £
Income					
Donations	2	99,598	-	99,598	117,967
Charitable activities	3	3,520,576	1,783,408	5,303,984	4,283,205
Other trading activities	4	83,814	-	83,814	116,526
Investment income	5	7,873	-	7,873	7,766
Total income		3,711,861	1,783,408	5,495,269	4,525,464
Expenditure					
Charitable expenditure:	6	(1,776,294)	(2,298,254)	(4,074,548)	(3,693,153)
Total expenditure		(1,776,294)	(2,298,254)	(4,074,548)	(3,693,153)
Net Gain / (Loss) on investments		27,025		27,025	70,900
Net income/ (expenditure) in the year		1,962,592	(514,846)	1,447,746	903,211
Transfers between funds		-	-	-	-
	18a	(584,724)	584,724		
	18b	(1,000,000)	1,000,000		
Net movement in funds		377,868	1,069,878	1,447,746	903,211
Reconciliation of funds:					
Total funds brought forward		2,894,686	66,630	2,961,316	2,058,105
Total funds carried forward		3,272,554	1,136,508	4,409,062	2,961,316

All amounts relate to continuing activities of the company.

The Statement of Financial Activities includes all gains and losses recognised in the year.

The attached notes on pages 36 to 48 form part of these financial statements.

// Company Balance Sheet



Internet Watch Foundation | Registered Company Number: 03426366
Company Balance Sheet for the year ended at 31 March 2022

	Note	2022 £	2021 £
Fixed Assets			
Tangible assets	12	125,293	90,607
Investments	14	1,073,241	544,095
Total Fixed Assets		<u>1,198,534</u>	<u>634,702</u>
Current Assets			
Debtors	15	1,229,491	1,668,504
Cash at bank and in hand		4,412,696	3,142,227
Total Current Assets		<u>5,642,187</u>	<u>4,810,731</u>
Liabilities			
Creditors: amounts falling due within one year	16	(2,431,659)	(2,484,117)
Net Current Assets		<u>3,210,528</u>	<u>2,326,614</u>
Total Net Assets		<u>4,409,062</u>	<u>2,961,316</u>
Funds Of The Charity:			
Unrestricted funds:			
General funds	18	3,272,554	2,894,686
Restricted funds	18	1,136,508	66,630
		<u>4,409,062</u>	<u>2,961,316</u>

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

The attached notes on pages **36 to 48** form part of these financial statements.

The financial statements were approved by the Board of Trustees on 4 October 2022 and signed on their behalf by:

Andrew Puddephatt, OBE
Independent Chair

// Statement of Cash Flows



Internet Watch Foundation | Registered Company Number: 03426366
Statements of Cash Flows for the year ended at 31 March 2022

	Note	2022 £	2021 £
Cash Flows from Operating Activities			
Net cash used in operating activities	20	1,424,694	689,134
Cash Flows from Investing Activities			
Dividends and interest from investment		7,181	5,943
Purchase of investments		(306,342)	(319,135)
Investment disposal proceeds		230,949	236,505
Purchase of property, plant and equipment		(86,705)	(75,413)
Bank interest received		692	1,824
Change in cash and cash equivalents in the reporting period		<u>1,270,469</u>	<u>538,858</u>
Cash and cash equivalents at the beginning of the reporting period		3,142,227	2,603,369
Cash and cash equivalents at the end of the reporting period	21	<u>4,412,696</u>	<u>3,142,227</u>

The attached notes on pages **36 to 48** form part of these financial statements.

1. Accounting policies

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

a) Basis of preparation and consolidation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019) - (Charities SORP (FRS 102)) and the Companies Act 2006. The financial statements are prepared on a going concern basis and are presented in sterling, which is the functional currency of the charity.

These financial statements are rounded to the nearest £.

The charity meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes.

The financial statements were not consolidated with the charity's subsidiary, Internet Watch Limited on the basis of materiality and significance, further detailed in note 13.

b) Going Concern

After making appropriate enquiries, the Trustees have a reasonable expectation that the charitable company has adequate resources to continue in operational existence for the

foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

c) Legal status of the Charity

The charitable company number and registered office address are included on the reference and administration page of these accounts. There is no share capital as the charity is limited by guarantee. Each member has guaranteed an amount, not exceeding £1, towards the charity's liabilities in the event of a winding up, provided that a member has not ceased to be a member one year prior to any winding up order. The charity is registered in the United Kingdom (England and Wales).

d) Fund accounting

Unrestricted funds are available for use at the discretion of the Trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes. Designated funds are unrestricted funds of the charity which the Trustees have decided at their discretion to set aside to use for a specific purpose. The aim and purpose of each designated fund is set out in the notes to the financial statements.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. The cost of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

e) Income

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

Subscription fee income represents amounts receivable based upon the services provided. When their economic benefit is probable, it can be measured reliably and the charity has control over the item.

Voluntary income – donations are accounted for as received. Gifts in kind to the charity are included at the value specified by the donor or, if this is not available, at estimated cost to the charity. Donated facilities and donated professional services are recognised in income at their fair value.

Fair value is determined on the basis of the value of the gift to the charity. For example the amount the charity would be willing to pay in the open market for such facilities and services. A corresponding amount is recognised in expenditure.

Grants – Grants are included as income when these are receivable. Income from trading activities includes income earned from activities to raise funds for the charity. Income is received in exchange for supplying goods and services in order to raise funds and is recognised when entitlement has occurred.

The charity receives government grants in order to pursue its charitable objects and minimise criminal content on the internet.

Income from government and other grants are recognised at fair value when the charity has entitlement after any performance conditions have been met, it is probable that the income will be received and the amount can be measured reliably. If entitlement is not met then these amounts are deferred.

f) Expenditure

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. All expenditure is accounted for on an accruals basis.

Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with use of the resources.

g) Tangible fixed assets and depreciation

All assets costing more than £1,000 are capitalised at their historical cost when purchased.

Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated off the cost on a straight line basis over their expected useful economic lives as follows:

- Leasehold improvements
- over the life of the lease
- Office equipment
- 33.33% straight line
- Computer equipment
- 33.33%-40% straight line

Assets are reviewed for any indications of impairment at each balance sheet date.

h) Investments

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. The statement of financial activities includes the net gains and losses arising on revaluation and disposals throughout the year. The charity does not enter into put options, derivatives or other complex financial instruments. The main form of financial risk faced by the charity is that of volatility in equity markets and investment markets due to wider economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning equities and within particular sectors or sub sectors.

Investments in subsidiaries are measured at cost less provision for impairment.

i) Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due. Accrued income and tax recoverable is included at the best estimate of the amounts receivable at the balance sheet date.

j) 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.

k) Creditors

Creditors 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 are normally recognised at their settlement amount after allowing for any trade discounts due. Concessionary loans received at below market rates are received in order to further the charitable objects of the organisation and are therefore included at the amount received and are not discounted.

l) Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value. Fixed assets are recorded at depreciated historical cost. All other assets and liabilities are recorded at cost which is their fair value and investments are recorded at the closing market value and details of unrealised gains and losses are included within note 14.

m) Pensions

Employees of the charity are entitled to join a defined contribution pension scheme. The charity contribution is restricted to the contributions disclosed in note 10.

n) Operating leases

Operating leases are recognised over the period of which the lease falls due.

o) Foreign Currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

p) Taxation

The company is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the company is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to

the extent that such income or gains are applied exclusively to charitable purposes.

2. Donations	2022 £	2021 £
Donations	99,598	117,967
	<u>99,598</u>	<u>117,967</u>

All donations received in 2022 and 2021 relate to unrestricted funds.

3. Income from Charitable Activities	2022 £	2021 £
Subscription fee income	3,597,869	3,071,532
EU grant income	472,726	560,464
UNICEF grant income	7,576	40,188
Nominet grant income	143,660	150,412
CSSF grant income	-	229,900
EVAC Chatbot grant income	164,786	51,344
Thorn grant income	293,876	116,339
Strategic partnerships	30,733	63,025
DCMS	104,500	-
HO	350,000	-
Nominet UKSIC	130,758	-
Miscellaneous income	7,500	-
	<u>5,303,984</u>	<u>4,283,205</u>

Income from charitable activities was £5,303,984 (2021 - £4,283,205) of which £1,783,408 (2021 - £1,311,672) was attributable to restricted and £3,520,576 (2021 - £3,071,533) was attributable to unrestricted funds.

4. Other trading activities	2022 £	2021 £
Project contributions	77,293	107,763
Other	6,521	8,763
	<u>83,814</u>	<u>116,526</u>

Included within trading income in 2022 is £77,293 of restricted funds (2021: £100,000).

5. Investment Income	2022 £	2021 £
Bank interest	7,873	7,766
	<u>7,873</u>	<u>7,766</u>

All investment income received in 2022 and 2021 relates to unrestricted funds.

6a. Analysis of expenditure by activity

	Direct Costs £	Support Costs £	2022 Costs £
Charitable activities:			
Minimise criminal internet content	2,736,523	1,338,025	4,074,548
	<u>2,736,523</u>	<u>1,338,025</u>	<u>4,074,548</u>

6b. Analysis of expenditure by activity

	Direct Costs £	Support Costs £	2021 Costs £
Charitable activities:			
Minimise criminal internet content	2,383,824	1,309,329	3,693,153
	<u>2,383,824</u>	<u>1,309,329</u>	<u>3,693,153</u>

Included within expenditure above is £1,776,294 (2021: £1,982,847) in relation to unrestricted funds and £2,298,254 (2021: £1,710,306) in relation to restricted funds.

7. Analysis of support costs

	2022 £	2021 £
Finance and legal	86,420	209,569
Human resources	923,650	737,380
IT	25,602	36,161
Premises	141,383	140,996
General office costs	113,120	137,740
Other	496	1,386
Governance (note 8)	47,353	46,097
	<u>1,338,025</u>	<u>1,309,329</u>

Support costs have been allocated to activities as a fixed percentage basis consistent with use of the resources and staff costs have been allocated based upon time spent on each activity.

8. Analysis of governance costs

	2022 £	2021 £
Audit fees	12,800	9,450
Accountancy fees paid to auditor	2,000	1,900
Chair fees	31,725	28,625
Trustee recruitment and training	828	6,122
	<u>47,353</u>	<u>46,097</u>

9. Analysis of staff costs and key management personnel

	2022 £	2021 £
Wages and salaries	1,906,611	1,672,144
Social security costs	204,799	179,749
Pension	270,202	239,965
	<u>2,381,612</u>	<u>2,091,858</u>

In accordance with Section 6 of the Memorandum of Association of Internet Watch Foundation, the Chair received £31,725 (2021: £28,625) during the year in respect of his duties in office. This sum is included within governance costs.

Section 6 of the Memorandum of Association of Internet Watch Foundation permits payments to a maximum of 3 Trustees attending each board meeting. During the year, other than the Chair, a total of £Nil (2021: Nil) Trustees were paid in respect of their duties and these amounted to a total of £Nil (2021: £Nil).

In 2022, Nil Trustees (2021 – £Nil) received reimbursements of expenses for travel and subsistence amounting to £Nil (2021: £Nil).

The charity considers its key management personnel to comprise of 5 people. During the year, the total employment benefits of these 5 key management personnel, including social security and pension was £532,427 (2021: £487,688).

The average monthly head count was as follows:

	2022 Number	2021 Number
Charitable activities	<u>51</u>	<u>43</u>

The number of employees whose total employee benefits excluding pension contributions earning over £60,000, classified within bands of £10,000 is as follows:

	2022 Number	2022 Number
£60,000 - £70,000	2	-
£70,001 - £80,000	1	1
£80,001 - £90,000	1	-
£90,001 - £100,000	1	1
£110,000 - £120,000	-	1
£120,000 - £130,000	<u>1</u>	<u>-</u>
	<u>6</u>	<u>3</u>

£13,792 (2021 - £13,520) was paid into a defined contribution pension scheme on behalf of the above higher paid employee.

10. Pension costs

The charity operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the charitable company in an independently administered fund. Contributions payable by Internet Watch Foundation amounted to £270,202 (2021: £239,965). There were Nil outstanding contributions payable to the pension fund at the balance sheet date (2021: £Nil).

11. Net income	2022	2021
	£	£
Net income is stated after charging:		
Depreciation of charitable assets owned by group	52,019	29,463
Loss on disposal of fixed assets	-	144
Auditors remuneration:		
- for audit services	12,800	9,450
- for non-audit services	2,000	1,900
Operating lease costs for land and buildings	245,538	246,168
Operating lease costs for equipment	<u>3,798</u>	<u>2,841</u>

12. Tangible fixed assets

	Leasehold Improvements	Office Equipment	Computer Equipment	Total
	£	£	£	£
Cost:				
At 31 March 2021	250,857	24,323	328,932	604,112
Additions		17,566	69,139	86,705
Disposals	-	-	-	-
At 31 March 2022	<u>250,857</u>	<u>41,889</u>	<u>398,071</u>	<u>690,817</u>
Depreciation:				
At 31 March 2021	250,857	22,515	240,133	513,505
Charge for the year		4,444	47,575	52,019
Disposals	-	-	-	-
At 31 March 2022	<u>250,857</u>	<u>26,959</u>	<u>287,708</u>	<u>565,524</u>
Net book value:				
At 31 March 2021	-	1,808	88,799	90,607
At 31 March 2022	<u>-</u>	<u>14,930</u>	<u>110,363</u>	<u>125,293</u>

13. Investment in Trading Subsidiary

Internet Watch Limited is incorporated in England and Wales (company number 03257468) and is a wholly owned subsidiary of Internet Watch Foundation (company number 03426366). The company has been dormant since 2017 and has £nil net assets (2021: £nil).

Within the charitable company balance sheet, the investment in the subsidiary is held at a cost of £2 (2021: £2).

14. Investments

	2022	2021
Investment in dormant subsidiary company at cost	2	2
Investment portfolio	<u>1,073,239</u>	<u>544,093</u>
Net assets	<u>1,073,241</u>	<u>544,095</u>
	2022	2021
	Total	Total
	£	£
Investment portfolio		
Market value at 1 April	544,093	471,905
Additions	306,342	319,135
Disposal proceeds	(230,949)	(236,505)
Net investment (losses) / gains	27,025	70,900
Cash movement	<u>426,728</u>	<u>(81,342)</u>
Market value at 31 March	<u>1,073,239</u>	<u>544,093</u>
Historical cost	1,009,833	501,851
Analysed as follows:		
	2022	2021
	£	£
UK Fixed Interest Securities	85,686	75,503
Quoted UK Equities	153,763	175,194
Quoted Overseas Equities	220,032	171,297
Alternative markets	169,772	104,841
Cash	<u>443,986</u>	<u>17,258</u>
	<u>1,073,239</u>	<u>544,093</u>

15. Debtors	2022	2021
	£	£
Trade debtors	496,118	656,717
Prepayments and accrued income	733,373	1,011,787
	<u>1,229,491</u>	<u>1,668,504</u>

16. Creditors: amounts falling due within one year	2022	2021
	£	£
Trade creditors	43,592	50,175
Other tax and social security	69,940	87,450
Accruals and deferred income	2,318,127	2,346,492
	<u>2,431,659</u>	<u>2,484,117</u>

Deferred income	2022	2021
	£	£
Deferred income at 1 April	2,249,957	1,705,698
Income deferred during the year	2,196,212	2,249,957
Amounts released from previous years	(2,249,957)	(1,705,698)
	<u>2,196,212</u>	<u>2,249,957</u>

Deferred income relates to subscriptions, license fees and car park rentals.

17. Leases

Total future minimum lease payments under non-cancellable operating leases are as follows

	Land and buildings 2022	Equipment 2021	Equipment 2022	Equipment 2021
	£	£	£	£
No later than one year	245,538	245,538	1,547	2,652
Later than one year and no later than five years	266,000	511,538	0	1,547
	<u>511,538</u>	<u>757,076</u>	<u>1,547</u>	<u>4,199</u>

18a. Funds analysis - current year

	Balance at 01/04/2021	Income	Expenditure	Transfers	Gains / (Losses)	Balance at 31/03/2022
	£	£	£	£	£	£
Unrestricted funds						
General funds	2,894,686	3,711,861	(1,776,294)	(1,584,724)	27,025	3,272,554
Total general funds	<u>2,894,686</u>	<u>3,711,861</u>	<u>(1,776,294)</u>	<u>(1,584,724)</u>	<u>27,025</u>	<u>3,272,554</u>
Designated funds						
Technical fund	-	-	-	500,000	-	500,000
Premises fund	-	-	-	500,000	-	500,000
Total designated funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,000,000</u>	<u>-</u>	<u>1,000,000</u>
Total unrestricted funds	<u>2,894,686</u>	<u>3,711,861</u>	<u>(1,776,294)</u>	<u>(584,724)</u>	<u>27,025</u>	<u>4,272,554</u>
Restricted funds						
EU SIC UK V	-	-	-	-	-	-
EU SIC UK VI	-	354,738	(784,488)	429,750	-	-
EU SIC UK Childnet	-	117,988	(117,988)	-	-	-
UNICEF	-	7,577	(33,932)	26,355	-	-
Technical Project	-	143,660	(143,660)	-	-	-
Nominet UKSIC	-	130,758	(261,515)	130,757	-	-
CSSF	-	-	-	-	-	-
Thorn	66,630	293,875	(221,859)	(2,138)	-	136,508
EVAC Chatbot	-	164,786	(164,786)	-	-	-
Special Project	-	108,026	(108,026)	-	-	-
DCMS	-	104,500	(104,500)	-	-	-
Home Office	-	350,000	(350,000)	-	-	-
Miscellaneous	-	7,500	(7,500)	-	-	-
Total restricted funds	<u>66,630</u>	<u>1,783,408</u>	<u>(2,298,254)</u>	<u>584,724</u>	<u>-</u>	<u>136,508</u>
Total funds	<u>2,961,316</u>	<u>5,495,269</u>	<u>(4,074,548)</u>	<u>-</u>	<u>27,025</u>	<u>4,409,062</u>

18b. Funds analysis - prior year

	Balance at 01/04/2020 £	Income £	Expenditure £	Transfers £	Gains / (Losses)	Balance at 31/03/2021 £
Unrestricted funds						
General funds	2,058,105	3,213,792	(1,982,847)	(465,264)	70,900	2,894,686
Total general funds	2,058,105	3,213,792	(1,982,847)	(465,264)	70,900	2,894,686
Restricted funds						
EU SIC UK V	-	384,498	(701,099)	316,601	-	-
EU SIC UK VI	-	127,393	(242,242)	114,849	-	-
EU SIC UK Childnet	-	48,573	(48,573)	-	-	-
UNICEF	-	40,188	(133,692)	93,504	-	-
Special Project	-	150,412	(98,707)	(51,705)	-	-
CSSF	-	229,900	(228,313)	(1,587)	-	-
Thorn	-	116,339	(43,311)	(6,398)	-	66,630.00
EVAC Chatbot	-	51,344	(51,344)	-	-	-
Self Gen Campaign	-	63,025	(63,025)	-	-	-
Facebook Report Remove	-	100,000	(100,000)	-	-	-
Total restricted funds	-	1,311,672	(1,710,306)	465,264 -	-	66,630
Total funds	2,058,105	4,525,464	(3,693,153)	-	70,900	2,961,316

18c. Funds analysis - description of funds

Restricted funds

EU SIC UK V & VI Grant – These funds represent a grant from the European Union in respect of assistance in meeting the costs of running the Hotline. A transfer was made from unrestricted funds to ensure that the EU SIC UK V grant fund does not go into deficit. There are no unfulfilled conditions relating to amounts recognised during the year.

EU SIC UK VI Childnet – These funds represent a grant from the European Union in respect of assistance in meeting the costs of running UK Safer Internet Day and supporting schools to ensure that all children are educated around online safety.

UNICEF Grant – These funds represent a grant from United Nations International Children's Emergency Fund in respect of the End Violence Against Children grant. A transfer was made from unrestricted funds to ensure that UNICEF grant does not go into deficit. There are no unfulfilled conditions or contingencies relating to amounts recognised during the year.

Technical Project – These funds represent a grant from Nominet in respect of developing technologies to assist IWF in the detection and removal of child sexual abuse material.

Nominet UKSIC – These funds represent a grant from Nominet in respect of assistance in meeting the costs of running the Hotline, as part of UKSIC. A transfer was made from unrestricted funds to ensure that the Nominet UKSIC grant fund does not go into deficit. There are no unfulfilled conditions relating to amounts recognised during the year.

CSSF – These funds represent a grant from the Conflict, Stability and Security Fund in respect of raising awareness in Uganda and Zambia of reporting CSAM and capacity building for law enforcement and Child Helplines.

Thorn – These funds represent a grant from Thorn to employ a dedicated taskforce to undertake the hashing of two million images in the UK Home Office owned Child Abuse Image Database (CAID).

EVAC Chatbot – These funds represent a grant from the End Violence Against Children Fund to support the development of a chatbot aimed at internet users at risk of viewing CSAM. This project is a partnership between IWF and The Lucy Faithful Foundation. The chatbot will engage individuals searching for CSAM online and encourage them to seek help to change their behaviour.

Special Project – These funds represent various grants and contracts, such as contributions to the Neural Hashing database and developing our international portals; contributions from TikTok and the UK Home Office to enhance the Self Gen Campaign which aims to prevent the development and circulation of youth-produced sexual imagery; funds received from MTN towards a CSAM awareness campaign, and a contribution from BT towards our Annual Report launch.

DCMS – The funds represent a grant from DCMS for child online safety work relating to the UKSIC, specifically to assist in the mission to promote the safe and responsible use of technology for young people.

Home Office – These funds represent a grant from the Home Office to allow expansion of the Hotline, and the dedicated taskforce hashing two million images in the UK Home Office owned Child Abuse Image Database (CAID).

Miscellaneous – These funds are from Cyacomb for the development of a CSAM contraband filter.

Designated funds

Technical Fund – These funds represent a designated fund generated to meet future technical IT developments and requirements.

Premises Fund – These funds represent a designated fund generated to meet future changing demands of business accommodation.

19. Related party transactions

Internet Watch Foundation works in partnership with the UK internet industry, police, government departments and Hotlines in other countries in order to minimise the availability of specific illegal content found online. Member companies subscribe to the Internet Watch Foundation with subscription levels ranging from £1,000 to in excess of £84,000. Some Trustees also work for Member companies but do not have any direct influence on transactions undertaken with Internet Watch Foundation.

The Chair received £31,725 (2021: £28,625) during the year in respect of his duties in office.

There were no other related party transactions in the year other than those described in note 9.

20. Reconciliation of net expenditure to net cash flows from operating activities

	2022 £	2021 £
Net (expenditure) / income for the reporting period (as per the statement of financial activities)	1,447,746	903,211
Adjustments for:		
Depreciation charges	52,019	29,900
Loss on disposal of fixed assets	0	144
Losses / (Gains) on investments	(27,025)	(70,900)
Decrease / (Increase) in debtors	439,013	(804,694)
(Decrease) / Increase in creditors	(52,458)	557,898
Bank interest received	(692)	(1,824)
Dividends received from investments	(7,181)	(5,943)
Cash account movement	(426,728)	81,342
Net cash provided by operating activities	1,424,694	689,134

21. Net Debt Reconciliation

	Balance at 31/03/2021	Cash Movement	Balance at 31/03/2022
Cash in hand	2,927,752	1,484,944	4,412,696
Investments - short term deposits	214,475	(214,475)	0
Total cash and cash equivalents	3,142,227	1,270,469	4,412,696



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Charity number: 01112398 - Company number: 03426366

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INTERNET WATCH FOUNDATION

England & Wales - Charity number 1112398

Accounts



// Trustees' Report & Financial Statements

For the year ended 31 March 2021



Find out more in
'Our Year at a Glance'
on page 12



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An incorporated charity, limited by guarantee.
Registered in England.
Charity No. 1112398
Company Reg. 03426366
Registered office: Discovery House
Chivers Way
Vision Park
Histon
Cambridge
CB24 9ZR
United Kingdom

→ Our Members

£80,000+



£25,000+



£15,000+



£5,000+



£2,500+



Members who provide in kind support

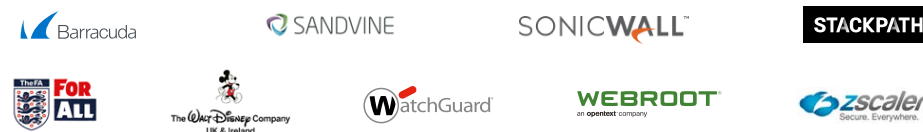


IWF Members at 31 March 2021

£50,000+



£20,000+



£10,000+



£1,000+



→ Welcome from our Chair

Change and reflection best describe this past year with tentative progress made towards the regulation of online harms.

This same year, our attitudes towards the internet and its uses have changed, becoming a lifeline for so many of us during the coronavirus pandemic.

Unfortunately at IWF, we've witnessed first-hand how internet sexual predators have also adapted. No longer does it take weeks, months or even years to groom a child. We've seen how, in just 30 minutes, a conversation can start, which leads to sexual abuse of a child in their bedroom.

That abuse is recorded via a webcam by a predator who is not physically present, and some time later – days, weeks or months – our analysts find it, and work to remove it.

In the meantime it's likely to have been viewed and shared countless times. This causes untold damage to the victim and creates multiple new chances for offenders or curious individuals to become complicit in viewing the sexual abuse of a child.

In response to the evolving threat, we are innovating and improving all the time.

Our technology has continued to lead the way and blaze trails for others in the global fight to keep the internet safe. I'm immensely proud of the IWF team for building technology which allows us to hash (create digital fingerprints) images of child sexual abuse at speed. We then share those hashes with technology company Members to prevent the upload, storage and sharing of those images.

The internet has no international barriers, and the fight against online sexual predators has to be fought all around the world.

We continue our campaign to open new portals all over the world, giving people, wherever they are, a safe and anonymous place they can report child sexual abuse material if they find it online.

On top of this, we are always broadening the range of companies we work with and who take our services. Companies in Africa, India, and the Philippines are joining us in an international effort to make the internet safer for all.

As we go forward, we need to make sure we stay one step ahead, and that there is nowhere safe for criminals to share content that harms children.

The new Online Safety Bill's progress through Parliament has the potential for a seismic shift in the way we approach child sexual abuse material in the UK.

It is a real opportunity to get a handle on a whole raft of issues, and I hope we will see legislation coming together which sets the foundation for a safer and more welcoming internet.

One thing that will never change is our immense dedication to making this a safer place to be online, and our commitment to keeping children safe.

Andrew Puddephatt OBE
IWF Chair



“The internet has no international barriers, and the fight against online sexual predators has to be fought all around the world.”

→ Welcome from our CEO

It's coming up to ten years since I took over at the IWF, a milestone we are marking with our busiest year ever.

Last year, our analysts removed a record-breaking amount of child sexual abuse material from the internet. In 2020, we processed 299,600 reports. Of these reports, 153,350 were confirmed as containing images or videos of children being sexually abused.

We know behind these numbers, children are suffering. Real children. This is why I am so proud of our work, and of our analysts. Without them the internet would be a darker, more dangerous place for children.

This year, as well as removing the images and videos of heart-breaking abuse, we have stepped up our campaign to help children and young people call out predatory adults themselves.

In particular, the Gurls Out Loud campaign, which educates and empowers teenage girls to identify and “Block, Report, and Tell someone you trust”, is a very important step.

If we can warn children and their parents about the dangers posed by predatory adults who lure, groom, and bully children into producing sexual material, we change the game.

More and more, we are seeing the results of this grooming and, in 2020, 68,000 of the reports we dealt with included “self-generated” child sexual abuse content. This trend is getting worse and predators are now deliberately seeking out children to target with the aim of having them abuse themselves on camera. We must not allow this to happen.

Hand in hand with this campaign was our Home Truths campaign, aimed at warning parents about how internet predators are actively targeting children and extorting new abuse material out of them.

This threat is growing year on year – and the more parents know about it, the better prepared they can be to broach the topic.

We know just one good quality conversation between a child and their parent or guardian about online abuse can be what makes the difference. Just being open and honest can give children the confidence to open up if they do experience unacceptable behaviour online.

Our hotline continues to be at the front line of this battle. We are seeing more and more companies reassessing their role in the digital world, and working out how best they can protect their users, particularly children, while respecting privacy.

We have always been clear; the safety and protection of children must always come first. There must always be equivalency with new technologies, and any new developments must not be at the expense of keeping children safe.

The IWF is committed to continuing our work, side by side with leading industry partners and governments across the world, to make sure children can have the most positive experiences online, and that criminals who would abuse them have nowhere safe to hide.

Susie Hargreaves OBE
IWF CEO



“We know behind these numbers, children are suffering. Real children. This is why I am so proud of our work, and of our analysts. Without them the internet would be a darker, more dangerous place for children.”

→ Welcome from our Funding Council Chair

Alone, very little can be achieved. But, by all working together, we can really make a difference. Collaboration is absolutely key and, as Chair of the IWF Funding Council, I bring the expertise of the tech industry and the IWF together.

The Funding Council is a space where Members can come together to agree the rights and responsibilities we share, in relation to the services we take from the IWF and contribute to their charitable mission to make the internet a safer place.

A huge part of our role is to bring industry together to consider the challenges around the elimination of online images of child sexual abuse.

The knowledge from across the industry is absolutely essential in drawing together strong policy and in forming a coherent response to the global threat. The criminals who would exploit children know no global boundaries, and our response needs to be joined up as well.

Across the industry, we are seeing a shift in the way online harms and the response to them should be handled.

Protecting children is the priority for all of us. We can bring the best knowledge from the tech world and use it to make sure any new laws are the best they can be.

Part of our role is to make sure the tech industry assists the IWF in responding to proposed changes. As MPs debate the new Online Safety Bill in Parliament, there will be a unique opportunity to make the internet a safer and more welcoming place.

We also regulate ourselves using a "Notice and Takedown" procedure.

Every relevant Member of the IWF agrees to take down a criminal image or video, if notified by the IWF.

Our role is a broad one and, while making sure good governance procedures are followed, and that best practice is always adhered to, we are also very keen to help champion the IWF's message.

Matthew Eltringham
Funding Council Chair & BBC
Executive Editor



“
A huge part of our role is to bring industry together to consider the challenges around the elimination of online images of child sexual abuse.”

→ Caring for our people

This has been the year we have all had to get used to a new normal, in our professional, as well as our personal lives.

After the coronavirus pandemic threw everything up in the air last year, we have found ourselves having to adapt and keep adapting to a new way of life.

For us, the priority has been on keeping our staff safe and making sure their family needs are met.

Many of our staff have had to work from home, and we've made sure they are looked after and supported, and that we can all keep in touch with each other regularly.

For our hotline teams, office working has remained an essential part of their job throughout the worst months of the pandemic. We have taken their safety extremely seriously through this time, and have stopped at nothing to make sure the work environment is as safe as it possibly can be.

We took the decision early in the pandemic that we must stay open and keep running to give people a safe and anonymous place to report child sexual abuse material. Children's safety had to continue to be protected, and we decided we would always be there for them.

Since then I have been nothing but proud of our team here at the IWF. While we are gradually getting back to a new normal, we are taking each step one at a time.

At every point, we are consulting our staff and making sure what we do as an organisation works for them too. No one should feel unsafe when they come to work.

We have been busy recruiting new Members to our team this year, and have built a whole new task force to help us grade millions of images from the Government's CAID database.

As always – the focus was on making sure the right people were recruited to the roles. Analysing these images and videos is not an easy task, and it is certainly not a job for everyone.

In strengthening our ability to keep children safe on the internet, we are always careful to take care of our own. It is important that our staff are well looked after and are given the right support to make sure they can perform this vital role while keeping safe, healthy and happy themselves.

Their welfare is important, and we will always keep our staff's wellbeing at the core of what we do. The IWF could not operate without its staff and, without them, the internet would be a considerably less safe place for children.

Heidi Kempster
IWF Deputy CEO & COO



“
It is important that our staff are well looked after and are given the right support to make sure they can perform this vital role while keeping safe, healthy and happy themselves.”

→ Our Senior Leadership Team

Susie Hargreaves OBE

CEO



Susie has led the IWF since 2011 and brings passion, energy and a strong vision to create an internet free from child sexual abuse imagery.

Susie brings over 20 years' senior management experience in the not-for-profit sector.

Susie is a Director of the UK Safer Internet Centre and represents IWF on several boards and groups including the NCA CEOP Command Strategic Governance Group and the UK Council for Internet Safety (UKCIS).

Among her achievements, Susie was awarded an OBE in the Queen's Birthday Honours in 2016 for 'Services to Child Online Safety'. Susie was a finalist in the Executive of the Year 2017 category in the internet's most prestigious industry awards in the UK, the ISPA Awards; and was a finalist for a European Woman of Achievement Award in 2004 and is a Clore Leadership Fellow. Susie is Trustee of SOS Children's Villages.

Heidi Kempster

Deputy CEO & COO



Heidi directs IWF's business activities and along with the CTO, Heidi deputises for the CEO.

She is a detail-orientated, strategic thinker devoted to creating a caring and supportive environment for all. She is responsible for ensuring the IWF is run efficiently, with the right resources and facilities to meet the challenges.

Heidi oversees all finance, HR, legal and statutory compliance, including managing performance and risk. She also manages and develops the IWF's gold-standard welfare programme for staff.

Heidi started her career in local government finance and has worked in a number of positions and departments in education, audit and property organisations. Heidi joined IWF in June 2013.

Emma Hardy

Communications Director



Emma directs all IWF's communications functions with energy and enthusiasm, and ensures all communications are consistent, timely and in line with IWF's values.

She oversees reputation management, awareness raising, campaigns, media relations and the public affairs functions.

Emma started her career as a journalist, writing for a newspaper and magazine before taking internal communications and press office roles at a police force and in local government.

She has a Multi-Media Journalism degree, is a qualified senior reporter and holds a Public Relations Diploma from the Chartered Institute of Public Relations (CIPR), where she is an Accredited Member. Emma joined IWF in April 2011.

Chris Hughes

Hotline Director



Chris joined the IWF in February 2012 as Hotline Manager, running a team of five analysts. He has overseen the expansion of the hotline which now boasts 13 analysts – and growing – including a Deputy Hotline Manager and a team of senior analysts.

Chris is responsible for the running of the hotline, training of analysts, and the provision of datasets and services to IWF's Members. He is the IWF's key contact with Law Enforcement bodies around the world, and he sits on several advisory groups.

Chris started his career in Hospitality and Catering before moving into the IT Training Sector. He has previously had roles as a Training Director and Business Manager overseeing the delivery of the DWP Work Programme, across three sites in the East of England.

Dan Sexton

Chief Technology Officer



Dan joined IWF in February 2021. He is responsible for Information Technology, leading the in-house technical and compliance teams.

Dan has over 20 years' experience in Information Technology, working across a range of environments including local government, the academic sector and in commercial software development. Before joining IWF he was the Head of Information and Computing Services at the Department of Engineering, University of Cambridge.

Dan has a degree in Media, Culture and Society and a Master's in Computer Science.

→ Trustees' Report

Reference & Administrative Details

Charity Registration Number
1112398

Company Registration Number
03426366

Chief Executive Officer
Ms S E Hargreaves

Senior Management Personnel

- Ms S E Hargreaves
- Ms H Kempster
- Ms E Hardy
- Mr C Hughes
- Mr D Sexton

Board of Trustees

- Claire Bassett
- Laurelle Brown

Joined 2 December 2020

- Giles Crown
- Terry Downing
- Uta Kohl

Term expired 1 December 2020

- Claire Lilley
 - Jonathan Lea
- Resigned 2 December 2020*

- Sherry Malik
- Joined 1 December 2020*

- Bronagh McCloskey
- John Parkinson
- Andrew Puddephatt
- Ganapathi Subramaniam
- Henry Turnbull

Principal/Registered Office

Discovery House
Chivers Way
Histon
Cambridge
CB24 9ZR

Independent Auditors

Price Bailey LLP
Chartered Accountants & Statutory
Auditors
Tennyson House
Cambridge Business Park
Cambridge
CB4 0WZ

Investment Advisors

Rathbones Brothers Plc
8 Finsbury Circus
London
EC2M 7AZ

Bankers

Barclays Bank Plc
Mortlock House
Vision Park
Cambridge
CB24 9DE

Objectives & Activities

The Trustees present their report and the audited financial statements of the charity for the year ended 31 March 2021. The Trustees have adopted the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" (FRS 102) in preparing the annual report and financial statements of the charity.

Public Benefit

We are confident that the IWF continues to meet the public benefit requirements and that we have paid due regard to the published guidance from the Charity Commission. Our specific objects as a company are set out in our Articles of Association. Our aims as a charity continue to be to promote the protection and welfare of the public, particularly children, by working to minimise the availability of illegal content on the internet.

Remit

To remove online child sexual abuse content hosted anywhere in the world and to remove non-photographic child sexual abuse content hosted in the UK.

2016-2021 Strategy

Online child sexual abuse imagery is a global problem, which demands a global solution. The internet does not respect geographical borders, so we work in close cooperation with partners worldwide.

It is our continued aim to use the expertise of the IWF's team and work with partners to:

- Disrupt the availability of child sexual abuse content hosted anywhere in the world.
 - Protect children who are victims of sexual abuse from repeat victimisation and public identification.
 - Prevent internet users from accidentally stumbling across child sexual abuse content.
 - Remove any non-photographic child sexual abuse content that is found to be hosted in the UK.
 - Promote best-practice welfare for staff who are working to eliminate child sexual abuse imagery and provide a caring and safe environment for all of our staff.
- The main focus of our strategy has been to deliver excellence in our core operations, particularly the Hotline and in the technical services we deliver.
- We have also carried out a number of projects during this financial year and continue to develop our project work in line with our strategy. These projects and much more will contribute to our 2021-2025 Strategy.
- How we do this
- Identify, assess, report and remove illegal child sexual abuse imagery.
 - Provide a world class Hotline for anyone to securely and anonymously report child sexual abuse imagery.
 - Use our intelligence to actively search for child sexual abuse images and videos on the public internet.
 - Work with industry partners worldwide to remove images of child sexual abuse as quickly as possible and prevent them from being spread further.
 - Develop technical solutions and services using innovative tactics to disrupt and remove illegal content.
 - Research, analyse and disseminate relevant trends data.
 - Share our expertise and play an active role in the UK Safer Internet Centre.

→ Our year at a glance

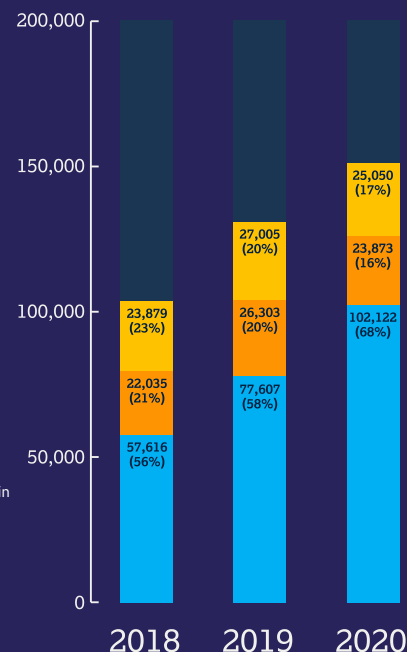
// In 2020, we assessed a webpage every two minutes. Every three minutes, that webpage showed a child being sexually abused.

299,619 reports were assessed by IWF in 2020: 299,531 were reports of webpages and 88 were reports of newsgroups.

153,383 reports were confirmed as containing child sexual abuse imagery or UK-hosted non-photographic child sexual abuse imagery. This is a 16% increase from 2019.

Severity of child sexual abuse according to UK categories A, B & C

- **Category A:** number of images showing sexual activity between adults and children including rape or sexual torture including self-penetration
- **Category B:** number of images involving non-penetrative sexual activity
- **Category C:** number of indecent images of children not falling within category A or B



Child sexual abuse imagery reports 2020

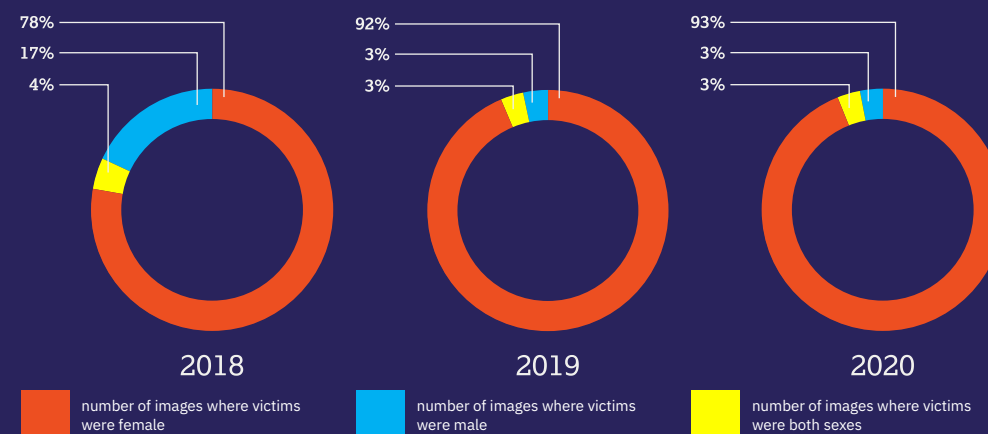
	No of reports assessed*	% of total	No of reports "actioned" **	% of total	Total Actioned **	% Actioned **
IWF Proactive Searching	154,311	52%	133,396	87%	133,396	87%
Public	144,070	48%	19,258	13%	19,987	13%
Police	296	< 1%	127	< 1%		
IWF Members	737	< 1%	530	< 1%		
INHOPE Hotlines	158	< 1%	68	< 1%		
Other agencies	47	< 1%	4	< 1%		
TOTAL	299,619		153,383***		153,383	

*These figures include reports of non-photographic child sexual abuse imagery.

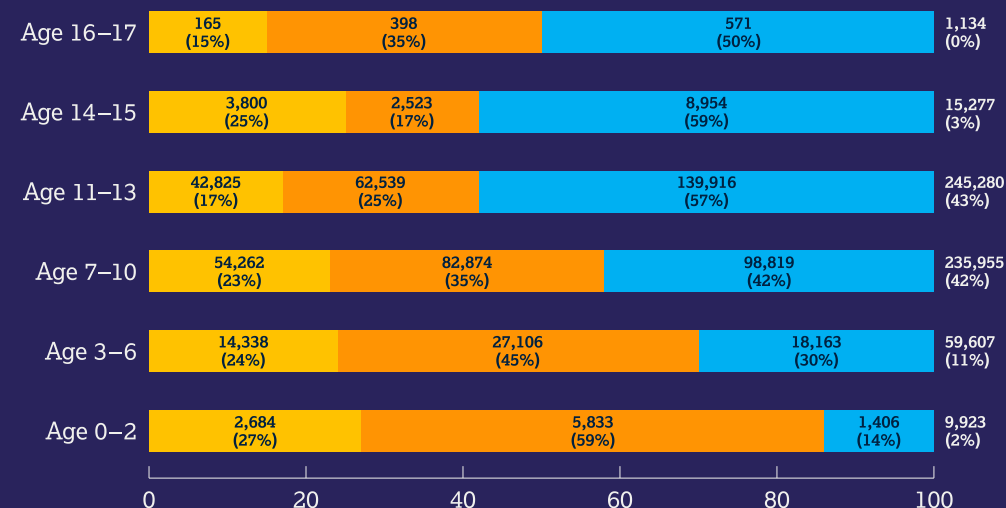
**These figures include reports "actioned" for containing child sexual abuse imagery – found on URLs and newsgroups.

***This figure is 153,369 URLs of child sexual abuse material plus 14 newsgroups showing child sexual abuse material. No UK-hosted non-photographic child sexual abuse material was found.

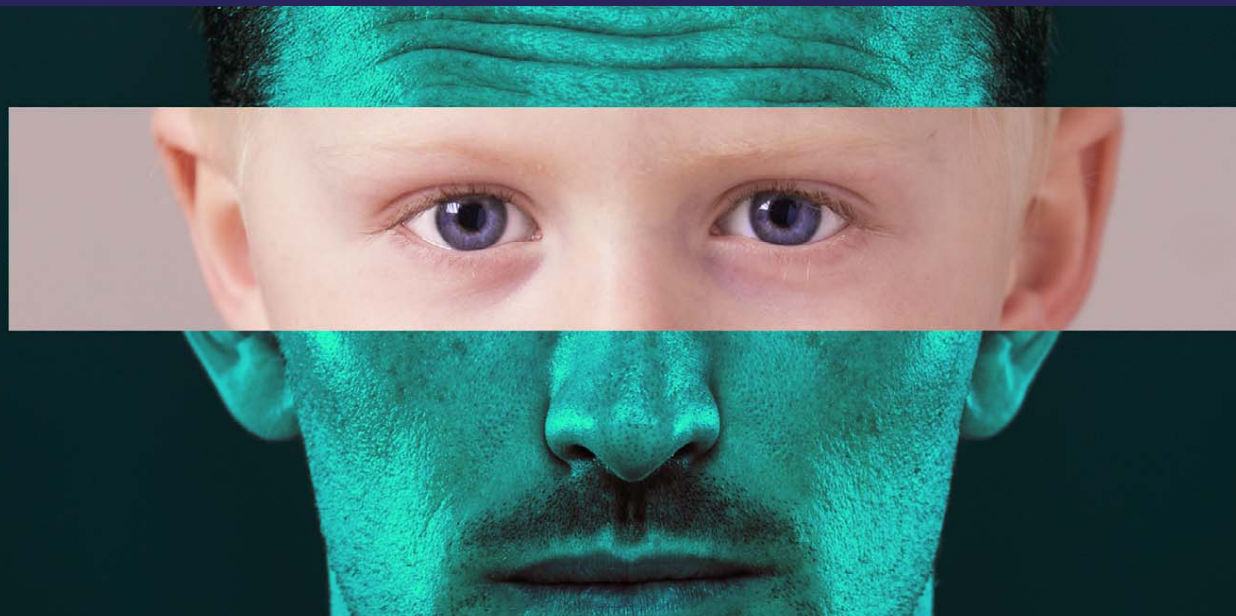
Breakdown by Sex



Analysis of individual image hashes by age of the child and severity of the abuse



→ View more 2020 stats at annualreport2020.iwf.org.uk



→ IWF's Impact

1. Our Purpose

Child sexual abuse has a devastating impact on people's lives. Online child sexual abuse is increasing globally as more people gain access to super-fast broadband. Criminals use technology to evade detection by law enforcement. Survivors suffer repeated exploitation every time an image or video of their abuse is viewed, shared or sold online. The internet can be unsafe for children and adults who may accidentally see this criminal content – unintentionally breaking the law and leading to mental health problems.

The IWF exists to facilitate a global internet free from imagery of child sexual abuse. We work in partnership with government, law enforcement, the technology industry and other non-profit organisations to disrupt and ultimately stop the victimisation and exploitation of those who have been sexually abused in childhood

through the online distribution of images and videos of their abuse.

We provide valuable tools to the internet and tech sector allowing them to keep their networks and platforms clear of criminal imagery and stop people uploading known child sexual abuse imagery in the first instance. We work unrelentingly to keep these tools on the cutting-edge of technology and relevant for our member organisations.

What impact do we want to have?

- **Globally, less child sexual abuse imagery on the internet.**
- **A safer internet for children and adults.**
- **To retain the UK's position as the most hostile country in the world to host child sexual abuse imagery.**
- **Increased impact and global reach through innovative and bold ways of working.**

- **To retain our position as the recognised model of best practice around the world.**

2. Our Aims

1. To reduce demand for, and availability of, child sexual abuse through use of innovative technology.
2. To ensure the public are aware of, and informed about, child sexual abuse online and the role they can play in combatting it. Specifically, reporting suspected online child sexual abuse to the IWF.
3. To communicate the reality of online child sexual abuse to the public, government, law enforcement, the tech industry and other key stakeholders.
4. To proactively share the highest quality information, advice and resources with our partners and the public.

5. To provide evidence that the IWF approach works and to share this widely.
6. To have strong, effective and collaborative relationships with all our stakeholders including member organisations and funders, without compromising our independence.
7. To ensure a safe and caring environment for the IWF team.

3. Our Activities

IWF activities are guided by our annual business plan which is guided by our Theory of Change. The Theory of Change helps ensure everything we do works towards an internet free of child sexual abuse imagery.

Our key activities are:

Work to prevent, disrupt and remove child sexual abuse material from the internet.

For example: Our team of front-line Internet Content Analysts spends each and every day assessing public reports and proactively searching for images and videos of child sexual abuse online. Where the content breaks UK law, we work with a host of international partners to have it taken down. The data taken from these reports feeds into world-leading tools and services taken by the internet and tech industries to stop this type of content on their networks and platforms.

Carry out and disseminate world leading trends analysis.

For example: In 2020, and like the year before as well, our team saw a disturbing trend in the increase of 'self-generated' child sexual abuse content. This is imagery that has been generated by a child using a computer or connected device after being coerced or groomed into sexual

acts over webcam. Of the 153,383 reports our team actioned in 2020, 44% was assessed as containing self-generated imagery. We share information on trends like these and others with key partners to understand how we can reduce and prevent an increase in this type of imagery.

Work effectively, transparently and supportively in cooperation with leading partners.

For example: Thanks to a grant by Thorn, we recruited a team of analysts to view, classify and hash two million category A and B images from the UK Government's Child Abuse Image Database (CAID). The resulting hashes from these images are being made available to tech companies to keep their platforms and services safer.

→ IWF's Impact

4. Our results

The IWF is recognised globally as one of the leading organisations tackling child sexual abuse online. Our reports and data are trusted and utilised by law enforcement, government, NGOs and the tech/internet industry.

In 2020 alone, our team:

- Assessed almost 300,000 reports of suspected child sexual abuse. 153,000 were confirmed as containing child sexual abuse imagery – a 16% increase from 2019.
- In 2020, we launched Reporting Portals in 14 countries, despite the pandemic: Sierra Leone, Ukraine, Zimbabwe, Pakistan, Haiti, Mali, Mongolia, Indonesia, Senegal, Malaysia, El Salvador, Madagascar, Cote d'Ivoire and Ghana, taking our portal programme to a total of 43 nations worldwide. These portals allow citizens to anonymously report child sexual abuse images and videos they may have seen accidentally online. It's a simple and low-cost mechanism for those nations who may not have the infrastructure in place to launch such a facility alone.
- We continue to develop technical solutions to allow us to be more effective at achieving our mission. We're building an interactive chatbot which aims to curb the demand for online child sexual abuse material. It will interrupt people trying to access this imagery and prevent them from committing a criminal offence.

- Services to our Member organisations continue to be improved and developed. Our new taskforce, funded by Thorn, will be assessing and hashing two million child sexual abuse images, and making those hashes available to industry.

Since IWF began in 1996, we have human-assessed more than 1.5 million webpages and removed child sexual abuse imagery from over 710,000 webpages globally. This equates to millions of images which is something we're very proud of. But we must never be complacent; we know there's a lot more to do and IWF's work will not stop until we've reached our mission of a safer internet for everyone, free from child sexual abuse imagery.

5. Our Evidence

As a data-driven organisation working on behalf of people who've been sexually abused as children, we understand that it's vitally important for us to perform our work in an impeccable, accurate and transparent manner.

As such, we ensure our workflows, procedures and working methods are independently scrutinised to guarantee we are working to the very highest standards and providing the most precise data.

All key data, trends and developments are published in our Annual Report which is publicly available on our website.

We actively encourage third parties to scrutinise our work and use our statistics to inform their work.

In order to ensure we are confident in the data we produce, we have developed a bespoke report management system which allows us to track every aspect of what we do. Under continual development, the system is constantly improved by our in-house Tech Team ensuring the highest levels of accuracy and security.

This is independently verified through our annual ISO audit allowing us to retain our ISO 27001 accreditation in information security management.

We have a dedicated team of Quality Assurance Officers who act as 'critical friends' to our frontline Hotline analysts. They randomly sample the work and assessments of the team every day to ensure accuracy and aid development.

As a member of INHOPE we are also subject to their independent review. At their most recent audit by the INHOPE team they reported that the IWF "maintains exceptional standards in all areas and its practices can be recommended to new or existing hotlines wishing to develop or expand their services".

The UK's Independent Inquiry into Child Sexual Abuse said "the IWF sits at the heart of the national response" and the latest DCMS safety tech report said "the IWF have helped to radically reduce the volume of child sexual abuse content hosted in the UK, and continue to lead the fight."

Our Lessons Learned

We work iteratively. That means that we observe, we uncover trends in data and challenges to achieving our mission; we understand the context of our work in the wider world – not just the technical but the political and policy environment – and learn in order to make our work better.

Five things we have learned this year:

1. The wellbeing of our staff is everything

Human expertise sits at the heart of IWF. When the pandemic hit, we chose to take a 'family comes first' approach. We stayed open throughout the lockdowns, we supported staff when they needed time to look after dependents and we managed challenges in partnership with our staff. And despite everything, everyone worked harder than ever – as can be seen in our report numbers – which ultimately benefited our mission.

2. To think creatively about how our charitable status can unite others

As a technology-led child protection charity/NGO, the IWF occupies a unique position in the child protection landscape. We therefore must think creatively about how best to unite other sectors – through us – to help achieve our charitable mission. For example, we're able to link into the UK Government's Child Abuse Image Database to assess and hash (create a digital fingerprint) two million child sexual abuse images.

By doing that, we can then ensure that the hashes are available to technology companies. This offers millions of opportunities to stop the upload, storage and circulation of known child sexual abuse images.

3. The importance of consulting key groups, early on

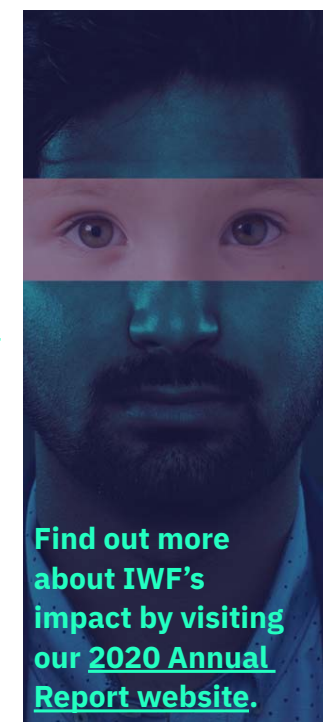
As part of our work looking at the forthcoming Online Harms legislation and the role that IWF would play in a new regulatory framework, we developed and proposed a new governance model. This model would enable us to operate both as an independent charity working with the internet industry across the world and provide a new regulatory arm which would assist the regulator. We consulted early on with government, law enforcement, NGOs, international partners, and our Members to discuss and finesse the model.

4. When global hotlines and abuse teams shut down, child sexual abuse material increases

One of the saddest learnings from the year was to see how child sexual abuse material increases around the world when the courageous staff within both our sister hotlines, and technology companies' abuse teams cannot work. We saw how the number of URLs on our URL list increased dramatically for a period of time as the world went into lockdown, and the criminal URLs were not being removed.

5. The tech sector moves fast - and we must keep up

We're fortunate to count some of the world's biggest and smallest-up-and-coming tech companies as Members of IWF. This can afford us a unique insight into the work they're doing, and their priorities. It also enables us to predict how our datasets and services can be used to help combat child sexual abuse material and foresee gaps and emerging trends.



Find out more about IWF's impact by visiting our [2020 Annual Report website](#).

→ Services & Successes

Services

Notice and Takedown

The most effective way to eliminate online child sexual abuse content is to remove it at source. The UK hosts a small volume of online child sexual abuse content and remains an incredibly hostile territory in this respect. When we started in 1996, the UK hosted 18% of the global total – in 2020 this figure was just 0.1%.

We took action on 180 webpages hosting images and videos in the UK in 2020 (an increase of 13.9% from 2019). 35 of these webpages had been removed by the time we received authorisation from the police to instigate its removal or it had moved hosting country already, leaving us with 145 URLs to take action on. We issued 39 takedown notices against these 145 URLs. We might send one notice for several webpages.

URL List

We provide a list of webpages (URLs) with child sexual abuse content hosted outside the UK to companies who want to block or filter them for their users' protection, and to prevent repeat victimisation. We update the list twice a day, removing and adding URLs. During 2020, the list was sent across all seven continents. There were 147,232 unique URLs included on the List in 2020, compared to 129,111 in 2019. On average, 591 new URLs were added each day (522 in 2019), and averaged 5,747 URLs per day (5,565 in 2019).

Hash List

Each image can be given a unique code, known as a hash. A hash is like a digital fingerprint of an image. The IWF list of hashes can be used to find duplicate images. At the end of 2020, the list contained hashes relating to 567,176 individual images, an increase of 95,937 hashes over the course of the year. Of these, 118,074 (21%) related to the worst forms of abuse. This means that in 2020, our analysts reviewed 8,722 images each, alongside reviewing public reports and actively searching for child sexual abuse images and videos.

Keywords List

Offenders often create their own language – codes – for finding and hiding child sexual abuse images online. To help counter this, each month we give our Members a list of keywords that are used by people looking for child sexual abuse images online. This is to improve the quality of search returns, reduce the abuse of their networks and provide a safer online experience for internet users. In December 2020, the Keywords List held 5,247 words associated with child sexual abuse images and videos. This is a significant increase on 2019, when we had 453 unique words and phrases on this list.

Newsgroups

We are one of only a handful of hotlines in the world that processes reports on newsgroups. Our Hotline team monitors the content of newsgroups and issues takedown notices for individual postings of child sexual abuse imagery. We also provide a Newsgroup Alert to Members, which is a notification of

child sexual abuse content hosted on newsgroup services so they can be removed. In 2020 we processed 88 reports alleging child sexual abuse images hosted within newsgroups. After monitoring newsgroups, we recommended our Members do not carry 178 newsgroups containing child sexual abuse images and videos. This resulted in 136 postings being removed from public access.

Alerts

We also provide various alert services to Members, such as Domain Alerts. These are issued to companies in the domain registration sector when illegal content is found on domains registered through them. The other alert services are for payment brands, virtual currency use and 'Simultaneous' alerts for our US Members.

NPI List

The NPI List is comparable to our standard URL List but features URLs showing images and videos of non-photographic child sexual abuse.

These could include cartoons, drawings, computer-generated imagery (CGI) and other non-photographic representations of child sexual abuse. The URLs provided are those deemed at the time of assessment to potentially breach UK legislation, specifically Sections 62 to 69 of the Coroners and Justice Act 2009. IWF Members can request access to the list enabling them to block webpages featuring this type of content - further protecting their users and contributing to the overall fight against child sexual abuse online. In 2020, 289 unique URLs of non-photographic child sexual abuse imagery were included on the list.

Review of activities and successes

As we prepare our report, we continue to operate in exceptional times, due to the Coronavirus pandemic, but we remain committed to our aims and dedicated to successfully delivering our strategy.

Despite our staff contending with home-working and government restrictions, it's been an especially busy year across the IWF:

- Our tech team continue to develop pioneering tools including our intelligent web crawler, a chatbot which aims to curb the demand for child sexual abuse and refining technical solutions for our Hotline team as well as working collaboratively with strategic, international partners.
- The policy team have continued to engage and further develop relationships with political stakeholders and government departments to maintain our position as an expert independent authority in the field of online child protection.
- Our international work progresses with new portals opened and the roll out of a successful UK Government-funded campaign in Uganda and Zambia.
- Our communications team have overseen numerous highly successful campaigns and continue to collaborate with various partners to raise awareness of the issues around CSAM.

The IWF has had considerable success in 2020-21 including the following:

International Reporting Portal Development

In partnership with the Global Fund to End Violence Against Children we launched 13 new International Reporting Portals in:

- Haiti
- Mali
- Mongolia
- Indonesia
- Senegal
- Malaysia
- El Salvador
- Madagascar
- Côte d'Ivoire
- Ghana
- Kenya
- Morocco
- Guatemala

Read more about our portals programme [here](#).

The UK Safer Internet Centre becomes Secretariat for APPG on Social Media

IWF along with our UKSIC partners, Childnet International and SWGfL, took over as the new Secretariat to the All-Party Parliamentary Group on Social Media. Chaired by Labour MP Chris Elmore, the APPG on Social Media is the cross-party group dedicated to bringing about policy changes to tackle potentially harmful aspects of social media. Read [more](#).

IWF Hotline Manager wins Unsung Hero Award

The IWF's Hotline Manager was recognised as an "unsung hero" of the voluntary sector for his "profound personal and professional contribution" to making the internet a safer place. Chris Hughes was awarded the accolade at the Third Sector Awards, which recognise the achievements of charities, voluntary organisations and social enterprises. Read [more](#).

Membership Drive

Our Development Team worked hard to bring 20 new companies into membership with the IWF:

- 3sides
- Alps System Integration
- Aspiegel Limited
- Avast PLC
- Cyan Forensics
- Cyprus Telecommunications Authority (Cyta)
- Gamma Telecom Ltd
- Magnum Photos
- Mastercard
- Merkle Science
- Natterhub
- New Vector Ltd
- Passus S.A.
- PLDT Inc
- SafeToNet Foundation
- Switchshop Limited
- TRM Labs
- University of Sussex
- Wightfibre Ltd
- Yandex LLC

Read more about our successes in 2020 -21 [here](#).

→ Financial Review

Income

Our principal funding is received via subscriptions from industry Members and the European Union via their Safer Internet Programme. We also received a grant from The Global Funds to End Violence Against Children for our International Portals, Thorn, as well as a grant for Technical developments from Nominet.

Total income for year at £4,525,464 (2019/20 £3,362,133) was increased from the previous year, due to an increase in the value of memberships subscriptions as well as additional grant funding. At the end of 2020/21 the IWF had 161 Members (2019/20 152). Retaining and developing membership is critical to being able to fund our activities. We currently receive grants from the EU Commission (£560k) and The Global Fund to End Violence Against Children (£91k), Nominet Grant (£150k), Self-Gen income (£63k), CSSF grant (230k), and a Thorn grant (£116k).

Expenditure on charitable activities

Our key objective is running the Hotline in the most efficient and beneficial way so as to maximise our removal of illegal child sexual abuse content. We have also created a new team of Internet Content Assessors, whose job it is to assess, grade and hash content from the CAID Police database

Our expanded technical team have continued to develop cutting edge technology to detect content more efficiently during this financial year. Total expenditure of charitable activities at £3,693,153 (2019/20 £3,699,037) represented a decrease of less than 1% from the previous year.

Reserves

IWF ended the year with reserves of £2,961,316 in 2020/21 (2019/20 £2,058,105). IWF's policy is to maintain a level of reserves which takes into account unexpected changes in income or operations, fluctuations in cash flow and the timescales and commitments in the event of winding up our operations. The Trustees deem it appropriate to maintain unrestricted general funds which are at least equivalent to 50% of the expected annual running costs of IWF. 50% expenditure for 2020/21 was £1,846,577. The Trustees are aware of the higher level of reserves, which is as a result of higher than expected grant income levels, and underspends caused by Covid restrictions. Reserves are invested to maintain their value to IWF, minimising risk and not specifically to generate ongoing income.

Investments

IWF's objective is to maintain the value of its investments after inflation. Rathbones Investment Management Ltd continue to manage a portfolio containing £544,093 on our behalf (2019/20 £471,905). An assessment of attitude to risks has been undertaken and as a result the appropriate investment strategy has been determined as Cautious Growth (Rathbones SAAC3). Key parameters of the mandate are:

- A return reference of CPI+2%.
- An expected time horizon of 5+ years.
- An exposure of up to 65% in equity and equity-correlated risks with the balance in liquid and diversifying assets.
- Income will be reinvested in the portfolio.

Fundraising

The charitable company understands its duty to protect the public, including vulnerable people, from unreasonably intrusive or persistent fundraising approaches and undue pressure to donate. The IWF has not proactively fundraised from the public currently, nor does it use any internal fundraisers or external fundraising agencies for either telephone or face-to-face campaigns. No complaints regarding fundraising were received during the year.

The fundraising strategy for 2021/22 continues to be on securing income from corporates through membership and strategic partnerships, and grants from trusts, foundations and the government. The improvements made to the online donation process have resulted in a greater number of donations from private households however no targeted approaches have been made, nor will be made directly to the public in the year ahead.

Going concern

After making appropriate enquiries, the Trustees have a reasonable expectation that the charitable company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

→ Structure, Governance & Management

Constitution

The Internet Watch Foundation is an independent registered charity (number 1112398) and is also a company limited by guarantee (registered company number 3426366). The company was incorporated on 29 August 1997 and charitable status was gained on 16 December 2004. The IWF is governed by its Memorandum and Articles of Association as approved on 16 December 2004. These have been regularly reviewed, and an update of the Articles has taken place in 2020/21.

The Board

We are governed by a Board of 11 Trustees who are led by an Independent Chair. The rest of the Board comprises six independent Trustees, three industry Trustees and one co-opted Trustee. Changes to the Board membership during the year are documented at the beginning of the Report .

The Board elects two Vice-Chairs from within its membership – one from industry and one independent. The independent Trustee in this case also carries out the role of Senior Independent Director. The Board monitors, reviews and directs the IWF's remit, strategy, policy and budget to help us achieve our objectives and delegates operational management to the CEO.

The Board governs via a regular cycle of Board meetings, the minutes of which are published on our website.

Our Independent Board members are chosen by an open selection procedure following national advertising. No Trustee may serve more than six years.

Funding Council

In addition, we operate a Funding Council who not only provide funding but also support the Board with expert advice from their respective industries. All of our Members have the opportunity to nominate representatives to the Funding Council.

The Funding Council elects three of its Members to represent industry views on the Board and the Council meets six times per year.

Its role is to:

Consider policy issues affecting the IWF in order to brief the Board representatives with Members' views.

Contribute to funds and ensure renewal of funds for the operation of the IWF.

Advise on the annual IWF budget, significant changes and the use of material unbudgeted surpluses.

Select three Members for the IWF Board.

Advise on and approve the Members' code of practice.

Review and follow their Funding Council Constitution which describes how the Council conducts its business.

Vetting

All of our Trustees are subject to the IWF vetting policy procedure and their responsibilities are described in the Board Members' Handbook.

We continue to monitor our governance to ensure that we not only maintain relevant documentation and our independent status, but that we also remain up to date with current legislation.

Method of appointment or election of Trustees

Independent Board members are appointed by the Board through a fair and open selection procedure managed by the Board Executive Committee.

This Committee comprises the Chair, the two Vice-Chairs and an Independent person. In making a selection, the Committee will ensure that the Board has an appropriate balance of skills and experience. All recommendations of the Committee for Board appointments are subject to Board approval.

The Independent Chair is appointed by the Board through an open selection procedure managed by the Nominations Committee, comprising the two Vice-Chairs and an independent person.

Policies adopted for the induction and training of Trustees

All new Board members undergo an induction process and training to enable them to understand the role of the IWF and their role as Trustees.

Organisational structure and decision making

In order to facilitate a better understanding of issues and to enable more effective decision making, the Board operates a Finance Committee. The Finance Committee has no delegated power and all major decision are made by the Board of Trustees.

IWF's organisational structure can be found on our website [here](#).

→ Structure, Governance & Management Cont.

Remuneration of key management personnel

The key management personnel are the Trustees; the Chief Executive Officer, the Chief Technical Officer/Deputy Chief Executive Officer, the Chief Operating Officer/Deputy Chief Executive and the Communications Director. The Board undertakes regular reviews of salaries of key management personnel, drawing upon market data available for the charity sector and will continue to monitor and review salaries as necessary.

Section 6 of the Memorandum of Association of the IWF permits payments to a maximum of three Trustees attending each Board meeting. During the year, no Trustee was paid in respect of their duties. The Chair was however remunerated for his role and further details can be found in note 9 of these accounts.

Related party relationships

All major decisions are made by the Board of Trustees. The industry Members of the charity are members of the Funding Council as described previously. The IWF works in partnership with representatives from the UK internet industry, police, government departments and partner hotlines overseas in order to minimise the availability of child sexual abuse content found online.

Risk management

Risk management is an integral part of the planning, budget, forecasting and management cycle of the IWF and takes into account:

- Variations in income streams and expenditure, which is addressed through budgeting and expenditure controls.

- Potential liabilities that have been identified through appropriate insurances.
- Information security, hardware and operational risks to comply with the ISO27001 Standard.
- Property and assets where IWF has audited procedures in place.

Relevant legislation changes

The systems of internal controls utilised to support our risk management are designed to provide reasonable, but not absolute, assurance against material misstatement or loss. They include a strategic plan, an annual plan, an annual budget approved by the Trustees, regular consideration by the Trustees of financial results, variances from budgets, non-financial performance indicators and benchmarking reviews, delegation of authority and segregation of duties, and an audited Information Security Management System (ISMS).

The Finance Committee, comprising Board and SLT representatives, lead our risk management activities, regularly monitoring and reviewing risks via a dedicated Risk Register.

Principal risks and uncertainties include:

1. Funding sustainability
2. Cyber-attack or system failure
3. Positioning the IWF in a potentially changing regulatory landscape
4. Threat posed by DNS over HTTPS encryption
5. Consideration of alternative and additional funding streams. Our dedicated Development team are

Mitigation:

exploring the various avenues available to us.

6. Maintenance of our ISO27001 resilience and to keep pace with change, and regular staff training.
7. Active engagement with government regarding the Online Harms White Paper with a dedicated Policy & Public Affairs Manager leading on this. Although published April 2019, this proposed change in legislation was known of, and being prepared for, during the financial year.
8. Engaging government with the support of a number of our parliamentary Champions to raise this issue given its potential to significantly undermine our work and be detrimental to the welfare of victims.

An Information Security Forum (ISF) meets regularly to maintain and continually improve the ISMS which underpins our compliance to ISO27001. Accreditation to this recognised quality Standard remains a top priority and in February 2020 we successfully passed our re-certification external audit. The IWF also ensures all staff understand the principles of risk management and remain vigilant when it comes to the security of our information.

A Quality Assurance team works daily within the Hotline to independently review assessments. The Hotline is externally audited biennially by an independent team chaired by Independent Inspector Sir Mark Hedley, an esteemed High Court Judge.

In the ever-changing technological environment in which the IWF operates, monitoring and managing

risk and maintaining pace with change are recognised by the Board as critical to continued successful operation.

Statement of Trustees' Responsibility

The Trustees (who are also directors of Internet Watch Foundation for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

1. Select suitable accounting policies and then apply them consistently;
2. Observe the methods and principles in the Charities SORP 2019 FRS102;
3. Make judgments and accounting

estimates that are reasonable and prudent;

4. State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
5. 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 adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Auditors

In so far as the Trustees are aware:

- There is no relevant audit information of which the charitable company's auditor is unaware; and
- The Trustees have taken all steps

that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The Board recommends at the AGM that Price Bailey LLP should continue to be engaged as auditors for the forthcoming financial year.

This report, which has been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

This report was approved by the Board on 05.10.2021 and signed on its behalf by:



Andrew Puddephatt, OBE
Independent Chair

→ Our Board of Trustees

Andrew Puddephatt, OBE

Independent Chair



Andrew Puddephatt OBE is Chair of the Internet Watch Foundation. He has worked to promote human rights for 20 years with specific expertise in freedom of expression, transparency, and the role of media and digital communications in promoting human rights. Specific skills include:

- Policy analysis, evaluation and advice on projects concerned with communications, human rights and democracy internationally.
- Expert in international human rights, with a specific focus on freedom of expression and access to information.

Previous work includes strategic policy analysis, scoping exercises, evaluation of programmes, needs assessments, and the development and delivery of capacity-building programmes. He has worked with experts and governments in Europe, the United States, the Middle East, sub-Saharan Africa, and Latin America.

Claire Bassett

Independent Vice-Chair



Claire is Deputy Director General of the Independent Office for Police Conduct.

Prior to her current role Claire was Chief Executive (Designate) of the Shadow Trade Remedies Authority, the body which is a key part of safeguarding British industry after Brexit. Before that, she was Chief Executive of the Electoral Commission, the UK's independent elections watchdog and regulator of party and election finance.

Previously, Claire was Chief Executive of two other government arm's length bodies: the Parole Board and the Criminal Cases Review Commission which investigates potential miscarriages of justice.

Earlier in her career, Claire was a Director of Nacro - the crime reduction charity, Chief Executive of Connexions Milton Keynes, Oxfordshire and Buckinghamshire. She also held various roles at the Legal Services Commission.

Henry Turnbull

Industry Vice-Chair



Henry was appointed in March 2020 as Industry Trustee.

Henry is Head of Public Policy for the UK & Nordics at Snap Inc., leading Snap's public policy and government relations work in those countries.

Prior to joining Snap, Henry worked as a civil servant in the UK Home Office, where he held a number of roles covering counter-terrorism, borders and international policy.

Laurelle Brown

Independent Trustee



Laurelle Brown is an Equality, Diversity, and Inclusion (EDI) and Youth and Community Work Professional with over 18 years' experience in the third, private and public sector. Laurelle's previous roles include The Children's Society, London Violence Reduction Unit and several local authority children's services.

Laurelle is Director at Laurelle Brown Training and Consultancy (LBTC), where she collaborates with cross sector clients to cultivate diverse and inclusive organisations and services for staff and stakeholders. She supports leaders to make good of commitments and intentions through action and impact. Laurelle is also Co-Founder and Director at KIJJI, a membership organisation for Black safeguarding professionals.

Giles Crown

Independent Trustee



Giles was appointed in September 2019.

Giles is Joint Managing Partner at law firm Lewis Silkin. He specialises in intellectual property, media, data & privacy and regulatory work. His clients include famous brands, major marketing communications agencies, tech & telecoms companies and media & entertainment organisations.

He was previously in-house counsel at an advertising agency and before that a media barrister. He has also held trustee and advisory positions in the charitable and tech sectors, including as Chair of Westminster Citizens Advice, and is an accredited mediator.

Terry Downing

Independent Trustee



Terry has over 30 years experience in the international media and telecoms sectors, holding C-suite roles in both public and privately owned businesses.

Currently, Terry is the interim CFO of the Global Sales Group of EndemolShine where he is helping them complete their merger with Banijay, the French media group. Prior to this Terry held senior roles with FOX, Warner Bros and Chime Communications Plc. Terry was also Audit Chair and NED for the Wandsworth NHS, completing two terms.

Terry is a graduate of Massey University in New Zealand and qualified with Deloitte.

→ Our Board of Trustees

Dr Claire Lilley

Industry Trustee



Claire was appointed industry trustee in June 2019.

Claire works in the Trust and Safety team at Google, where she has responsibility for the enforcement of policies to combat child sexual abuse across Google's products.

She had previously been the global lead for children and families in Google's Government Affairs and Public Policy team.

Prior to working at Google, Claire was Head of Child Safety Online at the NSPCC. She started her working life as a secondary school teacher. Claire's doctoral research was about the use of technology by police to manage those who have been convicted of looking at child abuse images online.

Sherry Malik

Co-opted Trustee



Sherry Malik is passionate about social care and social justice. Her signature strength is in enabling change & transformation, working with individuals, organisations, boards and partnerships. She has over 30 years of experience of leading & managing a diverse portfolio in large complex, political settings in public (Local & Central Govt. and the NHS), voluntary & commercial settings, both in executive and non-executive roles.

She was the former Director of children's services at NSPCC, DCS and DASS at LB Hounslow and held exec roles at Cafcass and GSCC. She is currently a non-executive Director at Dimensions UK, a Trustee at the Social Awards and a Staff College Associate.

Bronagh McCloskey

Industry Trustee



Bronagh was appointed as Industry Trustee in June 2019.

Bronagh McCloskey is Head of Public Affairs and Corporate Responsibility at TalkTalk, where she is responsible for building constructive relationships with Government and industry stakeholders on public policy issues. She focuses on telecommunications infrastructure projects and online safety policy, as well as TalkTalk's wider corporate responsibility programmes.

She is a member of the Board of Directors of Internet Matters, the internet safety charity, and is also a school governor. Prior to joining TalkTalk, she worked in a consultancy providing communications and policy advice to businesses and charities. She began her career working in Parliament.

John Parkinson OBE

Independent Trustee



John was appointed in January 2018.

He is a former UK Chief Constable with experience of leading investigations into major and serious crime and counter terrorism. He was the founding head of the NE Counter Terrorism Unit and as UK Senior National Coordinator Counter Terrorism oversaw many national and international counter terrorism operations.

He was awarded the OBE for his services to Policing and Counter Terrorism in 2011 and is a Visiting Scholar at Cambridge University.

John is the Chair of CENTRIC (Centre of Excellence for Research into Terrorism, Resilience, Intelligence & Organised Crime) and the former Chair of a Modern Slavery and Anti-Trafficking Network. He has wide international experience as a strategic policy advisor for security and terrorism issues.

Ganapathi Subramaniam

Independent Trustee



As the Director – Information Security, Gan Subramaniam leads the Information Security function for Europe and ISMEA at UPS. Cyber Security and Privacy are some of his core competence domains.

With more than three decades of industry experience, Gan has held leadership roles in various companies both in India and the UK managing global teams. His previous employers include Microsoft India (as its Chief Security Officer), Accenture, PricewaterhouseCoopers, Ernst & Young and Flipkart, where he was hired to run its Information Security function.

He has delivered and overseen the implementation of a number of security technology and transformation initiatives.

→ Auditors' Report

Independent Auditors' Report to the Members & Trustees of Internet Watch Foundation

For the year ended 31 March 2021

Opinion

We have audited the financial statements of Internet Watch Foundation (the 'charitable company') for the year ended 31 March 2021 which comprise the Statement of Financial activities, the Balance Sheet, The Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 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 charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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 charitable company'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 Trustees 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 Trustees' report (incorporating the directors' report) for the financial year for which the financial statements are

prepared is consistent with the financial statements; and

- the directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities statement on page 23, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

to influence the economic decisions of users taken on the basis of these financial statements.

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:

We gained an understanding of the legal and regulatory framework applicable to the charitable company and how it operates and considered the risk of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations. This included those regulations directly related to the financial statements. In relation to the charity this included GDPR, health and safety, employment law and financial reporting.

We communicated the identified laws and regulations with the audit team and remained alert to any indications of non-compliance throughout the audit. We carried out specific procedures to address the risks identified. These included the following:

- agreeing the financial statement disclosures to underlying supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;

→ Auditors' Report Continued

Auditor's responsibilities for the audit of the financial statements (continued)

- enquiries of management including those responsible for key regulations;
- enquires of management about GDPR compliance and reviewing register of any GDPR breaches in the year;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reviewing minutes of Trustee Board meetings, minutes of Finance Committee meetings and correspondence with the Charity Commission;
- in addressing the risk of management override of controls, we carried out testing of journal entries and other adjustments for appropriateness, assessing whether the judgements made in making accounting estimates are indicative of a potential bias and evaluating the business rationale of significant transactions outside the normal course of business; and;
- reviewing the risk management processes and mitigating actions in place.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the

events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance.

The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>. This description forms part of our auditor's report.

Use of this Report

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



Helena Wilkinson BSc FCA DChA
Senior Statutory Auditor

for and on behalf of
PRICE BAILEY LLP
Chartered Accountants
Statutory Auditors
Tennyson House
Cambridge Business Park
Cambridge
CB4 0WZ
Date: **7 December 2021**

→ Statement of financial activities

Statement Of Financial Activities
(Including Income and Expenditure Account)
For the year ended 31 March 2021

	Note	Unrestricted £	Restricted £	2021 Total £	2020 Total £
Income					
Donations	2	117,967	-	117,967	4,996
Charitable activities	3	3,071,533	1,211,672	4,283,205	3,242,600
Other trading activities	4	16,526	100,000	116,526	103,041
Investment income	5	7,766	-	7,766	11,496
Total income		3,213,792	1,311,672	4,525,464	3,362,133
Expenditure					
Charitable expenditure:	6	(1,982,847)	(1,710,306)	(3,693,153)	(3,669,037)
Total expenditure		(1,982,847)	(1,710,306)	(3,693,153)	(3,669,037)
Net Gain / (Loss) on investments		70,900	-	70,900	(38,015)
Net income/ (expenditure) in the year		1,301,845	(398,634)	903,211	(344,919)
Transfers between funds	18a	(465,264)	465,264	-	-
Net movement in funds		836,581	66,630	903,211	344,919
Reconciliation of funds:					
Total funds brought forward		2,058,105	-	2,058,105	2,403,024
Total funds carried forward		2,894,686	66,630	2,961,316	2,058,105

All amounts relate to continuing activities of the company.

The Statement of Financial Activities includes all gains and losses recognised in the year.

The notes to the accounts are shown on pages 34 to 45.

→ Company balance sheet

Internet Watch Foundation

Registered Company Number: 03426366

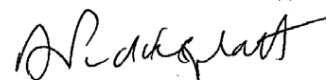
Company Balance Sheet as at 31 March 2021

	Note	2021 £	2020 £
FIXED ASSETS			
Tangible assets	12	90,607	45,239
Investments	14	544,095	471,907
TOTAL FIXED ASSETS		<u>634,702</u>	<u>517,146</u>
CURRENT ASSETS			
Debtors	15	1,668,504	863,810
Cash at bank and in hand		3,142,227	2,603,368
TOTAL CURRENT ASSETS		<u>4,810,731</u>	<u>3,467,178</u>
LIABILITIES			
Creditors: amounts falling due within one year	16	(2,484,117)	(1,926,219)
NET CURRENT ASSETS		<u>2,326,614</u>	<u>1,540,959</u>
TOTAL NET ASSETS		<u>2,961,316</u>	<u>2,058,105</u>
FUNDS OF THE CHARITY:			
Unrestricted funds:			
General funds	18	2,894,686	2,058,105
Restricted funds	18	66,630	-
		<u>2,961,316</u>	<u>2,058,105</u>

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

The attached notes on pages 34 to 45 form part of these financial statements.

The financial statements were approved by the Board of Trustees on 05.10.2021 and signed on their behalf by:



Andrew Puddephatt, OBE
Independent Chair

→ Statement of cash flows

Internet Watch Foundation

Registered Company Number: 03426366

Statement of cash flows for the year ended at 31 March 2021

	Note	2021 £	2020 £
Cash Flows from Operating Activities			
Net cash used in operating activities	20	689,134	57,844
Cash Flows from Investing Activities			
Dividends and interest from investment		5,943	7,814
Purchase of investments		(319,135)	(266,407)
Investment disposal proceeds		236,505	202,461
Purchase of property, plant and equipment		(75,413)	(42,985)
Bank interest received		1,824	3,692
Change in cash and cash equivalents in the reporting period		<u>538,858</u>	<u>(37,581)</u>
Cash and cash equivalents at the beginning of the reporting period		2,603,369	2,640,950
Cash and cash equivalents at the end of the reporting period	21	<u>3,142,227</u>	<u>2,603,369</u>

The attached notes on pages 34 to 45 form part of these financial statements.

→ Notes to the Financial Statements

Notes to the Financial Statements

For the year ended 31 March 2021

1. Accounting policies

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

a) Basis of preparation and consolidation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006. The financial statements are prepared on a going concern basis and are presented in sterling, which is the functional currency of the charity.

These financial statements are rounded to the nearest £.

The charity meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes.

The financial statements were not consolidated with the charity's subsidiary, Internet Watch Limited

on the basis of materiality and significance, further detailed in note 13.

b) Going Concern

The Trustees have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company has had to adapt working practices and routines due to the Covid 19 pandemic, but has managed to maintain the Hotline operation throughout, with employees in the office. There has also been some impact on income through membership and donations due to Covid 19, but this has been limited and future grant funding has been secured. For this reason they continue to adopt the going concern basis in preparing the financial statements.

c) Legal status of the Charity

The charitable company number and registered office address are included on the reference and administration page of these accounts. There is no share capital as the charity is limited by guarantee. Each member has guaranteed an amount, not exceeding £1, towards the charity's liabilities in the event of a winding up, provided that a member has not ceased to be a member one year prior to any winding up order. The charity is registered in the United Kingdom (England and Wales).

d) Fund accounting

Unrestricted funds are available for use at the discretion of the Trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Designated funds are unrestricted funds of the charity which the Trustees have decided at their discretion to set aside to use for a specific purpose. The aim and purpose of each designated fund is set out in the notes to the financial statements.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. The cost of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

e) Income

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

Subscription fee income represents amounts receivable based upon the services provided. When their economic benefit is probable, it can be measured reliably and the charity has control over the item.

Voluntary income – donations are accounted for as received. Gifts in kind to the charity are included at the value specified by the donor or, if this is not available, at estimated cost to the charity. Donated facilities and donated professional services are recognised in income at their fair value.

Fair value is determined on the basis of the value of the gift to the charity. For example the

amount the charity would be willing to pay in the open market for such facilities and services. A corresponding amount is recognised in expenditure.

Grants – Grants are included as income when these are receivable.

Income from trading activities includes income earned from activities to raise funds for the charity. Income is received in exchange for supplying goods and services in order to raise funds and is recognised when entitlement has occurred.

The charity receives government grants in order to pursue its charitable objects and minimise criminal content on the internet. Income from government and other grants are recognised at fair value when the charity has entitlement after any performance conditions have been met, it is probable that the income will be received and the amount can be measured reliably. If entitlement is not met then these amounts are deferred.

f) Expenditure

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. All expenditure is accounted for on an accruals basis.

Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with use of the resources.

g) Tangible fixed assets and depreciation

All assets costing more than £1,000 are capitalised at their historical cost when purchased.

Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated off the cost on a straight line basis over their expected useful economic lives as follows:

- Leasehold improvements - over the life of the lease
- Office equipment - 33.33% straight line
- Computer equipment - 33.33%-40% straight line

Assets are reviewed for any indications of impairment at each balance sheet date.

h) Investments

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. The statement of financial activities includes the net gains and losses arising on revaluation and disposals throughout the year. The charity does not enter into put options, derivatives or other complex financial instruments. The main form of financial risk faced by the charity is that of volatility in equity markets and investment markets due to wider economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning equities and within particular sectors or sub sectors.

Investments in subsidiaries are measured at cost less provision for impairment.

i) Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due. Accrued income and tax recoverable is included at the best estimate of the amounts receivable at the balance sheet date.

j) 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.

k) Creditors

Creditors 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 are normally recognised at their settlement amount after allowing for any trade discounts due. Concessionary loans received at below market rates are received in order to further the charitable objects of the organisation and are therefore included at the amount received and are not discounted.

l) Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic

→ Notes to the Financial Statements

financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value. Fixed assets are recorded at depreciated historical cost. All other assets and liabilities are recorded at cost which is their fair value and investments are recorded at the closing market value and details of unrealised gains and losses are included within note 14.

m) Pensions

Employees of the charity are entitled to join a defined contribution pension scheme. The charity contribution is restricted to the contributions disclosed in note 10.

n) Operating leases

Operating leases are recognised over the period of which the lease falls due.

o) Foreign Currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

p) Taxation

The company is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act

2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the company is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

2. Donations	2021 £	2020 £
Donations	117,967	4,996
	<u>117,967</u>	<u>4,996</u>

All donations received in 2021 and 2020 relate to unrestricted funds.

3. Income from Charitable Activities	2021 £	2020 £
Subscription fee income	3,071,532	2,630,927
EU grant income	560,464	466,017
UNICEF grant income	40,188	100,484
Nominet grant income	150,412	-
CSSF grant income	229,900	-
EVAC Chatbot grant income	51,344	-
Thorn Grant income	116,339	-
HO Grant income	63,025	-
Business Energy Efficiency	-	4,006
Miscellaneous income	-	41,166
	<u>4,283,205</u>	<u>3,242,600</u>

Income from charitable activities was £4,283,205 (2020 - £3,242,600) of which £1,211,672 (2020 - £611,673) was attributable to restricted and £3,071,533 (2020 - £2,630,927) was attributable to unrestricted funds.

4. Other trading activities	2021 £	2020 £
Rent	-	3,542
Project contributions	107,763	82,500
Other	8,763	16,999
	<u>116,526</u>	<u>103,041</u>

Included within trading income in 2021 is £100,000 of restricted funds (2020: £82,500).

5. Investment Income	2021 £	2020 £
Bank interest	7,766	11,496
	<u>7,766</u>	<u>11,496</u>

All investment income received in 2021 and 2020 relates to unrestricted funds.

→ Notes to the Financial Statements

6a. Analysis of expenditure by activity	Direct Costs £	Support Costs £	2021 Costs £
Charitable activities:			
Minimise criminal internet content	2,383,824	1,309,329	3,693,153
	<u>2,383,824</u>	<u>1,309,329</u>	<u>3,693,153</u>

6b. Analysis of expenditure by activity	Direct Costs £	Support Costs £	2020 Costs £
Charitable activities:			
Minimise criminal internet content	2,352,051	1,316,986	3,669,037
	<u>2,352,051</u>	<u>1,316,986</u>	<u>3,669,037</u>

Included within expenditure above is £1,982,847 (2020: £2,352,051) in relation to unrestricted funds and £1,710,306 (2020: £1,316,986) in relation to restricted funds.

7. Analysis of support costs	2021 £	2020 £
Finance and legal	209,569	214,952
Human resources	737,380	640,115
IT	36,161	79,904
Premises	140,996	144,801
General office costs	137,740	161,626
Other	1,386	8,830
Governance (note 8)	46,097	66,758
	<u>1,309,329</u>	<u>1,316,986</u>

Support costs have been allocated to activities as a fixed percentage basis consistent with use of the resources and staff costs have been allocated based upon time spent on each activity.

8. Analysis of governance costs	2021 £	2020 £
Audit fees	9,450	6,350
Accountancy fees paid to auditor	1,900	2,084
Cost of Trustees' meetings	-	13,536
Chair fees	28,625	27,500
Trustee recruitment and training	6,122	17,288
	<u>46,097</u>	<u>66,758</u>

9. Analysis of staff costs and key management personnel	2021 £	2020 £
Wages and salaries	1,672,144	1,619,701
Social security costs	179,749	173,725
Pension	239,965	236,306
	<u>2,091,858</u>	<u>2,029,732</u>

In accordance with Section 6 of the Memorandum of Association of Internet Watch Foundation, the Chair received £28,625 (2020: £27,500) during the year in respect of his duties in office. This sum is included within governance costs.

Section 6 of the Memorandum of Association of Internet Watch Foundation permits payments to a maximum of 3 Trustees attending each board meeting. During the year, a total of £Nil (2020: Nil) Trustees were paid in respect of their duties and these amounted to a total of £Nil (2020: £Nil).

In 2021, no Trustees (2020 – 7) received reimbursements of expenses for travel and subsistence amounting to £Nil (2020: £7,745).

The charity considers its key management personnel to comprise of 6 people. During the year, the total employment benefits of these 6 key management personnel, including social security and pension was £487,688 (2020: £460,792).

The average monthly head count was as follows:

	2021 Number	2020 Number
Charitable activities	<u>43</u>	<u>42</u>

The number of employees whose total employee benefits excluding pension contributions earning over £60,000, classified within bands of £10,000 is as follows:

	2021 Number	2020 Number
£60,000 - £70,000	-	1
£70,001 - £80,000	1	-
£80,001 - £90,000	-	1
£90,001 - £100,000	1	1
£110,001 - £120,000	<u>1</u>	<u>1</u>
	<u>3</u>	<u>4</u>

£13,520 (2020 - £9,330) was paid into a defined contribution pension scheme on behalf of the above higher paid employee.

10. Pension costs

The charity operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the charitable company in an independently administered fund. Contributions payable by Internet Watch Foundation amounted to £239,965 (2020: £236,306). There were no outstanding contributions payable to the pension fund at the balance sheet date (2020: £Nil).

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11. Net income	2021	2020
	£	£
Net income is stated after charging:		
Depreciation of charitable assets owned by group	29,463	22,807
Loss on disposal of fixed assets	144	
Auditors remuneration:		
- for audit services	9,450	6,350
- for non-audit services	1,900	2,084
Operating lease costs for land and buildings	246,168	242,045
Operating lease costs for equipment	<u>2,841</u>	<u>2,841</u>

12. Tangible fixed assets

	Leasehold Improvements	Office Equipment	Computer Equipment	Total
	£	£	£	£
Cost:				
At 31 March 2020	250,857	24,323	254,101	529,281
Additions	-	-	75,413	75,413
Disposals	-	-	(582)	(582)
At 31 March 2021	<u>250,857</u>	<u>24,323</u>	<u>328,932</u>	<u>604,112</u>
Depreciation:				
At 31 March 2020	250,857	19,770	213,415	484,042
Charge for the year	-	2,745	27,155	29,900
Disposals	-	-	(437)	(437)
At 31 March 2021	<u>250,857</u>	<u>22,515</u>	<u>240,133</u>	<u>513,505</u>
Net book value:				
At 31 March 2020	-	4,553	40,686	45,239
At 31 March 2021	<u>-</u>	<u>1,808</u>	<u>88,799</u>	<u>90,607</u>

13. Investment in Trading Subsidiary

Internet Watch Limited is incorporated in England and Wales (company number 03257468) and is a wholly owned subsidiary of Internet Watch Foundation (company number 03426366). The company has been dormant since 2017 and has Enil net assets (2020: Enil).

Within the charitable company balance sheet, the investment in the subsidiary is held at a cost of £2 (2020: £2).

14. Investments

	2021	2020
Investment in dormant subsidiary company at cost	2	2
Investment portfolio	<u>544,093</u>	<u>471,905</u>
Net assets	<u>544,095</u>	<u>471,907</u>
	2021	2020
	Total	Total
	£	£
Investment portfolio		
Market value at 1 April	471,905	506,830
Additions	319,135	266,407
Disposal proceeds	(236,505)	(202,461)
Net investment (losses) / gains	70,900	(38,063)
Cash movement	<u>(81,342)</u>	<u>(60,808)</u>
Market value at 31 March	<u>544,093</u>	<u>471,905</u>
Historical cost	544,093	471,905
Analysed as follows:		
	2021	2020
	£	£
UK Fixed Interest Securities	75,503	36,451
Quoted UK Equities	175,194	133,286
Quoted Overseas Equities	171,297	116,281
Alternative markets	104,841	87,287
Cash	17,258	98,600
	<u>544,093</u>	<u>471,905</u>

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15. Debtors	2021 £	2020 £
Trade debtors	656,717	670,747
Other debtors	-	3,247
Prepayments and accrued income	1,011,787	189,816
	<u>1,668,504</u>	<u>863,810</u>

16. Creditors: amounts falling due within one year	2021 £	2020 £
Trade creditors	50,175	88,921
Other tax and social security	87,450	74,313
Accruals and deferred income	2,346,492	1,762,985
	<u>2,484,117</u>	<u>1,926,219</u>

Deferred income	2021 £	2020 £
Deferred income at 1 April	1,705,698	1,345,458
Income deferred during the year	2,249,957	1,705,698
Amounts released from previous years	(1,705,698)	(1,345,458)
	<u>2,249,957</u>	<u>1,705,698</u>

Deferred income relates to subscriptions, license fees and car park rentals.

17. Leases

Total future minimum lease payments under non-cancellable operating leases are as follows

	Land and buildings 2021 £	2020 £	Equipment 2021 £	Equipment 2020 £
No later than one year	245,538	242,045	2,652	2,841
Later than one year and no later than five years	511,538	757,076	1,547	5,304
	<u>757,076</u>	<u>999,121</u>	<u>4,199</u>	<u>8,145</u>

18a. Funds analysis - current year

	Balance at 01/04/2020 £	Income £	Expenditure £	Transfers £	Gains / (Losses) £	Balance at 31/03/2021 £
Unrestricted funds						
General funds	2,058,105	3,213,792	(1,982,847)	(465,264)	70,900	2,894,686
Total general funds	<u>2,058,105</u>	<u>3,213,792</u>	<u>(1,982,847)</u>	<u>(465,264)</u>	<u>70,900</u>	<u>2,894,686</u>
Restricted funds						
EU SIC UK V	-	384,498	(701,099)	316,601	-	-
EU SIC UK VI	-	127,393	(242,242)	114,849	-	-
EU SIC UK Childnet	-	48,573	(48,573)	-	-	-
UNICEF	-	40,188	(133,692)	93,504	-	-
Special Project	-	150,412	(98,707)	(51,705)	-	-
CSSF	-	229,900	(228,313)	(1,587)	-	-
Thorn	-	116,339	(43,311)	(6,398)	-	66,630
EVAC Chatbot	-	51,344	(51,344)	-	-	-
Self Gen Campaign	-	63,025	(63,025)	-	-	-
Facebook Report Remove	-	100,000	(100,000)	-	-	-
Total restricted funds	<u>-</u>	<u>1,311,672</u>	<u>(1,710,306)</u>	<u>465,264</u>	<u>-</u>	<u>66,630</u>
Total funds	<u>2,058,105</u>	<u>4,525,464</u>	<u>(3,963,153)</u>	<u>-</u>	<u>70,900</u>	<u>2,961,316</u>

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18b. Funds analysis - prior year

	Balance at 01/04/2019 £	Income £	Expenditure £	Transfers £	Gains / (Losses)	Balance at 31/03/2020 £
Unrestricted funds						
General funds	2,403,024	2,667,960	(2,377,518)	(597,346)	(38,015)	2,058,105
Total general funds	2,403,024	2,667,960	(2,377,518)	(597,346)	(38,015)	2,058,105
Restricted funds						
EU SIC UK IV	-	16,199	-	(16,199)	-	-
EU SIC UK V	-	449,818	(899,636)	449,818	-	-
UNICEF	-	100,484	(148,969)	48,485	-	-
Special Project	-	41,166	(41,166)	-	-	-
Business Energy Efficiency	-	4,006	(16,023)	12,017	-	-
Self Gen Campaign	-	82,500	(185,725)	103,225	-	-
Total restricted funds	-	694,173	(1,291,519)	597,346	-	-
Total funds	2,403,024	3,362,133	(3,669,037)	-	(38,015)	2,058,105

18c. Funds analysis - description of funds

EU SIC UK V & VI Grant – These funds represent a grant from the European Union in respect of assistance in meeting the costs of running the Hotline. A transfer was made from unrestricted funds to ensure that the EU SIC UK V grant fund does not go into deficit. There are no unfulfilled conditions relating to amounts recognised during the year.

EU SIC UK VI Childnet – These funds represent a grant from the European Union in respect of assistance in meeting the costs of running UK Safer Internet Day and supporting schools to ensure that all children are educated around online safety.

UNICEF Grant – These funds represent a grant from United Nations International Children's Emergency Fund in respect of the End Violence Against Children grant. A transfer was made from unrestricted funds to ensure that UNICEF grant does not go into deficit. There are no unfulfilled conditions or contingencies relating to amounts recognised during the year.

Special Project – These funds represent a grant from Nominet in respect of developing technologies to assist IWF in the detection and removal of child sexual abuse material.

CSSF – These funds represent a grant from the Conflict, Stability and Security Fund in respect of raising awareness in Uganda and Zambia of reporting CSAM and capacity building for law enforcement and Child Helplines.

Thorn – These funds represent a grant from Thorn to employ a dedicated taskforce to undertake the hashing of two million images in the UK Home Office owned Child Abuse Image Database (CAID).

EVAC Chatbot – These funds represent a grant from the End Violence Against Children Fund to support the development of a chatbot aimed at internet users at risk of viewing CSAM. This project is a partnership between IWF and The Lucy Faithful Foundation. The chatbot will engage individuals searching for CSAM online and encourage them to seek help to change their behaviour.

Self Gen Campaign – These funds represent a grant from the Home Office to develop a campaign to prevent the development and circulation of youth-produced sexual imagery, by reducing the instances of children being groomed or coerced by adults to record and share with them images or videos of their own abuse.

19. Related party transactions

Internet Watch Foundation works in partnership with the UK internet industry, police, government departments and Hotlines in other countries in order to minimise the availability of specific illegal content found online. Member companies subscribe to the Internet Watch Foundation with subscription levels ranging from £1,000 to in excess of £81,000. Some Trustees also work for Member companies but do not have any direct influence on transactions undertaken with Internet Watch Foundation.

The Chair received £28,625 (2020: £27,500) during the year in respect of his duties in office.

There were no other related party transactions in the year other than those described in note 9.

20. Reconciliation of net expenditure to net cash flows from operating activities

	2021 £	2020 £
Net (expenditure) / income for the reporting period (as per the statement of financial activities)	903,211	(344,919)
Adjustments for:		
Depreciation charges	29,900	22,807
Loss on disposal of fixed assets	144	-
Losses / (Gains) on investments	(70,900)	38,063
Decrease / (Increase) in debtors	(804,694)	430,256
(Decrease) / Increase in creditors	557,898	(137,665)
Bank interest received	(1,824)	(3,692)
Dividends received from investments	(5,943)	(7,814)
Cash account movement	81,342	60,808
Net cash provided by operating activities	689,134	57,844

21. Net Debt Reconciliation

	Balance at 31/03/2020	Cash Movement	Balance at 31/03/2021
Cash in hand	2,389,805	537,947	2,927,752
Investments - short term deposits	213,564	911	214,475
Total cash and cash equivalents	2,603,369	538,858	3,142,227

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