

Amnesty International Limited

(a company limited by guarantee)

Report and financial statements for the year ended 31 December 2018

Company No: 1606776

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Legal and Administrative details

Directors:	Vincent Adzahlie-Mensah Rune Arctander Sarah Beamish Nicole Bieske Fabiola Gutierrez Arce Shahram Hashemi Greg Marsh Mwikali Nzioka Muthiani Jacobus Smit
Company Secretary:	Nick Williams
Secretary General:	Kumi Naidoo (appointed 15 th August 2018) Salil Shetty (resigned 9 th July 2018)
Address and Registered Office:	1 Easton Street London WC1X 0DW
Company Registration Number:	1606776
Date of incorporation:	6 January 1982
Constitution:	Company limited by guarantee, with memorandum and articles of association
Solicitors:	DLA Piper 3 Noble Street London EC2V 7EE
Bankers:	Lloyds Bank plc 344 Gray's Inn Road London WC1X 8BX
Auditor:	Crowe U.K. LLP St Bride's House 10 Salisbury Square London EC4Y 8EH

Directors' Report for the year ended 31 December 2018

The Directors present their report on the affairs of Amnesty International Limited ("AIL"), which includes the Strategic Report, together with the financial statements and auditor's report for the year ended 31 December 2018. The information required in a Directors' Report is included in the Strategic Report. The report covers the activities of AIL and its subsidiaries, details of which are provided in note 18 to the financial statements. Operationally, AIL is referred to as Amnesty International International Secretariat ("the IS").

Strategic Report

1. Structure, Governance and Management

1.1 Organisation Structure

Amnesty International ("Amnesty") is an unincorporated global movement which has as its objective "the enjoyment by everyone of all the human rights enshrined in the Universal Declaration of Human Rights and other human rights instruments throughout the world".

The Amnesty movement consists of 70 national entities (63 membership and 7 non-membership entities) and the IS. The work of the IS is undertaken by AIL and Amnesty International Charity Limited ("AICL"), both companies limited by guarantee registered in England and Wales. AICL provides grant funding to AIL for the purposes of its charitable activities, which are furthered, operationally, by the IS and Amnesty's membership entities. AICL is a wholly owned subsidiary of AIL and is a registered charity. Due to the legal restrictions associated with activities deemed political under the charity law of England and Wales, AIL is not registered as a charity. However, its Board of Directors took a decision in 2011 to operate as a charity in all applicable respects, including complying with the Charities Act 2011 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), in preparation of AIL's report and financial statements.

The IS supports, enables and implements the work and functioning of the Amnesty movement by:

- representing the movement externally through the Secretary General;
- co-ordinating and conducting the movement's global human rights work in research, campaigning, communications, advocacy, policy, legal, fundraising, education and other functions as necessary;
- developing global strategy, policies and standards and ensuring their co-ordination, implementation, monitoring, evaluation and reporting; and
- supporting movement governance, growth and development and its financial health.

The IS is accountable to the International Board of Amnesty International and the Amnesty movement through the Secretary General. The IS is funded principally by Amnesty's national membership organisations for the purpose of furthering the work of Amnesty on a worldwide basis.

1.2 Global Offices

AIL's operations are distributed across 21 offices globally with its largest office in London. Its other offices are structured as legal branches or subsidiaries. The branch offices are located in: Bangkok, Beirut, Dakar, East Jerusalem, Geneva, Johannesburg, Kiev, Moscow, Nairobi, New York, Paris and Washington DC.

Strategic Report (continued)

The subsidiary entities are located in Brussels (Amnesty International – European Association), Hong Kong (Amnesty International Asia-Pacific Regional Office Limited), Mexico City (Oficina Regional de Amnistía Internacional), Abuja (Centre for the Protection of Human Rights and Social Justice of Amnesty Intl Nigeria), Colombo (Amnesty International South Asia), Tunis (Amnesty International Afrique du Nord) and Lima (Amnesty International Limited Sucursal Peru).

AIL also operates two language resource entities which are subsidiaries, in Paris (Centre de Ressources Linguistiques d'Amnesty International – Unité Chargé de la Langue Française) and in Madrid (Centro de Lenguas de Amnistia Internacional).

1.3 Governance

AIL is limited by guarantee and does not have share capital. The governing documents of AIL are its Memorandum and Articles of Association, last updated in April 2018.

AIL's members (guarantors) and Directors are the elected members of the International Board of Amnesty International, nine individuals who are elected by representatives of the national membership entities of Amnesty International global movement at its annual Global Assembly. The members of the International Board are elected for a three year term, with a maximum of two terms. The global governance arrangements for the Amnesty movement are set out in the global Statute of Amnesty International and the global governance regulations.

The International Board in its capacity as the AIL Board of Directors ("the Board") is responsible for agreeing AIL policy and approving operational plans and budgets and ensuring these are implemented. New Board members receive an induction at the IS shortly after their appointment, covering a general overview of the organisation and administrative details, fiduciary responsibilities, and legal/statutory responsibilities. The Governance Programme at the IS is responsible for identifying the general training needs for the entire Board as well as actioning specific requests for training from individual Board members. AIL has maintained Directors' and Officers' liability insurance cover throughout the year.

Board members as at the date of this report are as disclosed on page 2. There were no changes in Board membership during the year.

AIL is both a private limited company and a not for profit organisation which aims to follow charity sector best practice. As a result, AIL voluntarily follows the Charity Governance Code ("the Code") as updated in July 2017 and considers that it is compliant with the Code in most respects. During 2018, AIL carried out an informal review of its governance and standards against the Code. The results of this review form the basis of a Board improvement and reform project to further enhance AIL's compliance with the Code, which will be developed in 2019.

The UK Government introduced the Wates Corporate Governance Principles as best practice for privately owned companies. As of January 2019, privately owned companies reaching a threshold of workforce size and turnover are required to report in their Directors' Report which corporate governance code they applied to their practices. AIL does not currently meet the thresholds for statutory reporting against the Wates Principles but has chosen to start voluntarily benchmarking practices against the Principles similarly to the Charity Governance Code.

1.4 Management

The Board appoints the Secretary General of Amnesty International who is responsible for the day to day operations of AIL.

Strategic Report (continued)

The activities of AIL are managed by the Secretary General, supported by a Senior Leadership Team. The strategic direction of AIL is decided through voting at the annual Global Assembly, a consultation of all Amnesty International sections. It agreed to disestablish Amnesty's International Council in 2017 and replace the biennial meetings with the annual Global Assembly, with the first meeting held in 2018.

The Board is responsible, through its Remuneration Committee, for ensuring an objective approach to the management of pay and benefits that is free from any bias or potential for actual or perceived conflict of interest. The Remuneration Committee decides upon the salaries of the Senior Leadership Team and makes recommendations to the International Board as to the Secretary General's salary. The Committee comprises the Board Chair, two Board members and one independent expert and works to ensure its approach to pay is in keeping with the 2014 report on executive pay by the National Council for Voluntary Organisations. This is detailed in full on our website at <https://www.amnesty.org/en/about-us/how-were-run/finances-and-pay/>.

2 Public Benefit

AIL is a not for profit organisation whose activities are intended to be for the public benefit.

Amnesty International campaigns to end grave abuses of human rights. Its vision broadly aligns with the following charitable purpose set out in the UK Charity Act 2011 (section 3(1) (h)), which gives a statutory basis under the law of England and Wales for treating the promotion of human rights as charitable:

- the advancement of human rights, conflict resolution or reconciliation or the promotion of religious or racial harmony or equality and diversity.

In addition, AIL's vision and activities are broadly aligned to the UK Charity Commission Guidance on the promotion of human rights (RR12). This Guidance specifically refers to the 'obvious public benefit' in promoting human rights, both from the point of view of an individual whose rights are secured, as well as the significant benefit to the wider community that arises from a perception that the fundamental rights of all members are being protected.

Amnesty International promotes the protection and advancement of human rights through a range of activities, including:

- undertaking, commissioning and publishing research on human rights issues around the world;
- awareness-raising of human rights issues through media, campaigns and membership communications;
- providing relief to victims of human rights abuses and violations; and
- supporting human rights education and human rights activism.

3 Aims

Amnesty International's mission is to undertake research and action, focused on preventing and ending grave abuses of political, civil, economic, social and cultural rights. Our core values are of an organisation that forms a global community of human rights defenders based on the principles of international solidarity, effective action for the individual victim, the universality and indivisibility of human rights, impartiality and independence, and mutual respect.

These are challenging times for justice and human rights. Inequality is rising. Armed conflicts, mass movements of people and competition for scarce resources are leaving people vulnerable. And while more people are striving to get their voices heard, states are responding by cracking down on human rights – often in the name of protecting public order or ending terrorism.

Strategic Report (continued)

In this context, Amnesty International's vision of a world in which every person enjoys all of their human rights¹, is more relevant than ever.

To realise our vision and mission, Amnesty International articulates its organisational aims in periodic strategic plans. In 2015, we adopted **Taking Injustice Personally: Strategic Goals 2016 - 2019** to focus our work and to help allocate our resources more strategically and effectively. In 2018 the strategy was extended to also cover 2020. The Goals focus around five key thematic areas:

- **GOAL 1 – Reclaiming freedoms:**
 - People defending human rights are safe and supported
 - People know their rights and are empowered to claim them
 - People can claim their rights to speak out, organise and challenge injustice
- **GOAL 2 – Securing equal rights for all:**
 - Discrimination, including violent discrimination is reduced
 - Progress is made towards equality based on gender, gender identity and sexuality
 - More people can enjoy their economic, social and cultural rights
- **GOAL 3 – Responding to crises:**
 - Civilians are better protected through effective action by national, regional and international institutions and mechanisms
 - People affected by conflict, crises, torture, have access to adequate protection and assistance
 - Those responsible for human rights abuses are held accountable and victims have access to justice, truth and reparation
- **GOAL 4 – Ensuring accountability:**
 - Regional and Global human rights mechanisms are reinforced where national rights protection is failing
 - Human rights governance and accountability are strengthened at national level
- **GOAL 5: Maximising our resources and engagement:**
 - Amnesty International is a larger, stronger and more diverse movement with a greater capacity to achieve human rights impact
 - Amnesty International is strengthened through active and diverse participation at all levels

Goal 5 includes targets of:

- Engaging 25 million people to take action for human rights each year with us by 2020
- Inspiring four million people to donate in support of human rights each year – raising €400m in combination with gifts from our biggest donors.

The Goals are delivered through an international projects portfolio as well as national operational plans of Amnesty International entities in over 70 countries.

In 2018, 58% of our research and campaigning resources was dedicated to the delivery of the five goals (excluding grant expenditure).

¹ As enshrined in the Universal Declaration of Human Rights and other international human rights standards

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Research & Campaigning Expenditure per Goal

Reactive/Work across all Goals	8,134,000
Ongoing	9,657,000
Goal 1	5,719,000
Goal 2	4,293,000
Goal 3	5,222,000
Goal 4	3,671,000
Goal 5	5,900,000
<hr/> Grand Total	<hr/> 42,596,000

The responsibility for achieving the Goals is shared by the entire Amnesty International movement.

4 Achievements and Performance

2018 has been another challenging year for human rights. The pressures on human rights are coming not only from the extent to which they are violated with impunity, but from legitimate questions about the usefulness of the human rights frame. The rise of China belies old ideas that economic growth necessarily yields greater political freedom or that human rights are necessary for a materially better life. Economic growth in many rising countries has not come to mean more political freedom or equality and human rights have not found the route to challenge these realities adequately. Technological advances pose fundamental questions about the nature of being human and may yet challenge the underlying idea of human equality. Our shifting ecological understanding raises questions about the significance of human rights. Overall, human rights have become rather peripheral in the view of many people to solving the biggest challenges of our time.

Despite these challenges, in 2018 Amnesty achieved some important wins by working within the human rights framework, its laws and institutions. Over the course of the year Amnesty continued to be an organisation that achieved human rights impact both by leading on cutting edge research and campaigning and by supporting grassroots organisations and partners. At the same time Amnesty has been learning from innovative approaches from across the movement, particularly from entities and teams that are testing new ways of facing the many challenges ahead, from the rise of China to learning how to beat the “demonizers”.

When analysing and assessing Amnesty’s achievements and performance, human rights impact and progress is tracked in the forms of outcomes. These are defined as an observable change in behaviour, attitude or belief of a specific actor as a result of an intervention by Amnesty. All Amnesty entities and teams report yearly on the outcomes that their projects have achieved in the previous year. This information is then categorised and analysed by a team of monitoring and evaluation experts who aggregate those outcomes to track progress against the global targets set in Amnesty’s Strategic Goals. As well as analysing the type of impact achieved, attention is paid to Amnesty’s contribution to human rights change and added value, providing useful insights for strategic planning, adaptation and innovation going forward.

Below are some examples of some important successes from the thematic portfolio across each Goal.

Human Rights Defenders (HRDs) (Goal 1)

Amnesty’s work on Goal 1 continues to be particularly successful when it comes to protecting HRDs (i.e., by improving their conditions of detention, or having them released). There have been some important wins to create laws and policies that support an enabling environment for activists and HRDs.

Strategic Report (continued)

By October 2018 16 countries in the Americas signed the Escazú Agreement. This is the first binding treaty in the region to protect the right of individuals and groups to access public information, participate as well as access justice in environmental matters. This was a priority for the Regional Office and entities in the Americas. With great coordination, advocacy and expertise Amnesty managed to influence national governments to commit to this landmark instrument.

In Asia, there are various examples of how AIL's capacity-building and human rights education work has strengthened national civil society organisations. Amnesty supported the North Korean Now Action and Unity for Human Rights organisations to gather information and input into a UN review of North Korea. In Nepal, Amnesty trained 64 activists to go to schools educating around 20,000 school children in basic human rights concepts. In Mongolia, Amnesty was able to equip journalists with knowledge on international mechanisms and how to defend themselves from human rights abuses.

Online freedoms (Goal 1)

AIL has exposed and disrupted online surveillance attacks against HRDs and civil society organisations (CSOs) (for example, in the Middle East and North Africa and Asia Pacific regions), as well as building HRDs' digital and security literacy skills. At the same time through partnership work and strategic litigation, AIL made concrete steps towards the fight against indiscriminate surveillance, most notably by achieving a significant win against the UK mass surveillance legal regime.

Economic, Social and Cultural Rights (ESCR) (Goal 2)

AIL's work on ESCR mostly reported impact on a large scale by achieving changes in laws and policies that have effects on wide sections of the population. This included, for example, the forced evictions halted by Amnesty International Ghana in Accra that would have rendered about 8,000 people homeless in the area and new Guidelines for a National Health Care Policy for People Affected by Toxic Metals in Peru. Impact has been reported around the work with partners and stakeholders. This has a strong overlap with Goal 1 work either by strengthening the capacity of partners or the nature of a coalition working on ESCR issues. For instance, in Nepal Amnesty has been able to bring together CSOs and partners working for right to food, right to housing and land. Finally, the third most reported outcome on ESCR in 2018 focuses on a public commitment by a power-holder to address a violation. Additionally, work on migrant workers in the Gulf saw significant progress around this in 2018 with commitments by both FIFA to improve their human rights policies and by the Qatar government to set up a workers' support and insurance fund, among other results.

Crisis, conflict, refugees and migrants (Goal 3)

Amnesty's work on crisis and conflict has been faced by several challenges particularly because of the number and complexity of humanitarian crises that are protracted today. Amnesty's impact has mostly focused on exposing human rights violations in times of conflict and humanitarian crises. Amnesty made some gains in holding governments to account with the work on the Rohingya in Myanmar continuing to be a positive example of this. Amnesty has been able to work effectively with partners to build their capacity to better monitor human rights violations during conflict and crisis. In Iraq, Amnesty worked to build the capacity in monitoring, documentation and reporting skills for more than 50 activists and other human rights workers. In comparison with previous years, AIL has achieved some very important and tangible results on the work on refugees, being able to influence transfer deals and the establishment of adequate admission pathways to protection. Sponsorship programs have started to appear in several countries now including the UK, Ireland and New Zealand. This is a result of Amnesty's involvement and global coordination.

Accountability, criminal justice and the death penalty (Goal 4)

In line with the trends seen in 2016 and 2017, Amnesty's impact on accountability is characterised by a greater concentration of outcomes on improving governance and accountability at the national level as opposed to the strengthening of human rights mechanisms at the regional and international level. AIL's impact that focuses on national accountability and criminal justice has been characterised by preventing

Strategic Report (continued)

setbacks through long-term monitoring of situations and cases at national level and intervening whenever necessary to hold governments to account. This has been seen globally through work on accountability for war crimes, counter-terrorism and restrictions to the rule of law. An example of this is the work in Moldova by the IS and the country section. AIL's response to the issue of renditions of Turkish nationals catapulted Amnesty International Moldova to the centre of the political agenda due to the ongoing monitoring of the issue and reactive capabilities. Another example of this is on the death penalty. AIL's ability to monitor executions and criminal code changes has allowed Amnesty to intervene effectively over the course of 2018 in countries like Benin and Malaysia where executions have been halted and there has been a move towards a moratorium on the death penalty in those countries respectively.

Movement growth (Goal 5)

Amnesty has grown by 2.3 million supporters and members over the past two years. The accelerator countries, which are those that receive the most hands-on support from the IS, continue to surpass other sections in their growth rates. For example, Brazil achieved a compound annual growth rate of 41%, Argentina 181%, Peru 52% and India 35%, well above Amnesty's global average of 13%. From an income growth perspective AIL's largest income stream, Regular Giving, is growing and delivering the greatest growth amount against prior years.

5. Fundraising

The majority of AIL's income is contributions ("assessment") from local entities of Amnesty International ("sections") across the globe. The Global Fundraising and Engagement Directorate at AIL supports sections worldwide to increase their own income through fundraising capacity building and the provision to some entities of grants for fundraising investment. Furthermore, it does some direct fundraising for the IS with individual major donors, trusts and foundations.

The contributions made by Amnesty International entities to AIL's budget are calculated based on the assessment framework for the movement. This assessment framework, the Distribution Model, was implemented from 2016 and continued to apply in 2018. As agreed with the sections there is a review of this model in 2019 to make sure that this system still supports the long-term growth of the organisation globally.

Proceeds from the sale of one of the IS's London office buildings in 2015 continue to be invested in certain Amnesty International entities' fundraising growth plans through our Fundraising Investment Fund ("FIF") grant mechanism. In 2018, FIF grants totalled £4.9m and were granted to 13 sections. These investments will support achievement of the organisation's goal to grow global movement income from around €275m in 2015 to €400m by 2020. Investments are being made in priority markets presenting large growth potential for the organisation in terms of human rights impact, activism and income. These investments are monitored using a range of tools and Key Performance Indicators, and AIL benefits from those investments through entities' reduced reliance on operational grants from AIL and potential increased assessment contributions in the future.

External fundraising activities for AIL are focussed on high value income streams by securing grants from trusts and foundations and major donations from high net worth individuals. All fundraising activities for AIL are undertaken by in-house fundraising employees in the Global Fundraising and Engagement Directorate. Therefore no commercial organisations fundraise on behalf of AIL. We receive some small ad hoc donations which are generally made as online donations (through the amnesty.org website) or sent to the AIL offices.

AIL does not undertake public fundraising and so has not subscribed to any UK fundraising standards or scheme for fundraising regulation. All of our fundraising activities are governed by Amnesty International's global Fundraising Policy, Guidelines and Donor Charter. We are also a founding member of Accountable Now (formerly the INGO Accountability Charter), a global platform that supports CSOs to

Strategic Report (continued)

be transparent, responsive to stakeholders and focused on delivering impact. A safeguarding of vulnerable adults and children policy is under review at the IS for implementation in 2019.

AIL received no complaints in 2018 about our fundraising activity.

6. Plans for Future Periods

In 2018, Amnesty's current global strategy was extended by the Global Assembly for one year – meaning that a new global strategy will be adopted in 2020 to cover the following year and beyond. This decision was made to allow the movement adequate time to prepare for the development of the new strategy and to also allow the new incoming Secretary General, Kumi Naidoo to help shape and develop the strategy development process.

In 2019, the IS will coordinate a process by which we will source input from a variety of external and internal stakeholders on the focus of Amnesty's future strategy. As a result of this consultation process a new strategy will be developed and shared through internal governance spaces to refine and agree it. New thematic priorities and targets for the organisation will start to emerge in October 2019 once the feedback from the movement and partners has been analysed. The new strategy is expected to cover the short and long-term ambition of Amnesty, both in terms of its thematic priorities and its ways of working and approaches used to achieve change.

Until a new strategy is adopted, the current framework will continue to apply and guide operational planning for 2019 and 2020, both at the IS and national entities.

7. Grant Making Policy

AIL provides support to other Amnesty International entities (primarily in the global South) through the provision of grants for research, publications, education, campaigning activities, operational costs and fundraising investments. Grants payable to other Amnesty International entities are made in line with AIL's strategic objectives. AIL monitors all grants in accordance with the relevant grant agreement.

8. Volunteers and Interns

AIL's volunteers have agreed to give their time and work unpaid for the main purpose of benefitting Amnesty International as a charitable organisation. This is an informal arrangement and no legal contract binds them to deliver or attend as an employee would. Volunteers typically commit to volunteer between two and three days a week for a maximum of six months. This means that volunteers, with ongoing supervision, support the work of the team by undertaking assigned and supported tasks or collaborate with team members on specific tasks. AIL's volunteers' backgrounds are varied and enable our staff to benefit from the skills of a diverse range of volunteers composed largely of under and post graduate students, as well as active and retired professionals.

Interns join the organisation as fixed term employees who are paid a salary. They undertake a programme of work and development that supports Amnesty International's objectives while we help the intern develop transferable skills and expertise. An internship is a structured one-off programme of work, training (formal and informal) and development over a 6, 9 or 12 month term and supported throughout. Interns are given accountability for delivering to a defined work-plan.

9. Equal Opportunities

In 2018, AIL made significant investment in carrying out a series of workshops, activity sessions and a senior leadership commitment to embracing diversity and difference under the broader #MeToo focus in society. Through these initiatives we have focused on raising staff awareness on the impact of sexism, power and all forms of harassment experienced by staff. At the same time we have clarified our expectations in terms of individual behaviours of managers and staff across the IS, supported by

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mandatory training in bullying and harassment and unconscious bias.

To improve our support to staff, we have invested in the development of peer to peer support mechanisms which provide support to staff who may have experienced individual trauma and/or difficult circumstances.

A review of the current bullying and harassment procedure began in late 2018 and further work in relation to developing a movement wide framework for handling any form of harassment has begun as part of the Employee Experience Plan which was launched following the external publication of the Konterra and Laddie reports.

The current Equal Opportunities policy covers the importance of recognising difference and diversity across people both internal and external. AIL makes every effort to continue to employ people if they become disabled during their employment by making reasonable adjustments which include providing appropriate additional facilities or by adapting the requirements of the work to the individual's changed abilities. Re-registration of the former National Equality Standard award did commence at the beginning of 2019, however a decision was taken not to renew this due to other priorities, with the intention to revisit this in 2020.

10. Employee Involvement

A comprehensive health and wellbeing strategy has been developed and continues to be rolled out across the IS following the tragic deaths of two colleagues in 2018 and responding to the subsequent external reports from Laddie and Konterra. The programme has included the engagement of psycho social specialists who have provided individual support to people across the IS and contributed to the development of wellbeing plans; revision of our occupational health provision to be increasingly representative of a global organisation; provision of mental health-related training for managers; and the running of a staff wellbeing week at the end of November 2018.

Employee engagement continued to be focused on the following four key priorities for 2018/19.

1. Our people feel connected to our leadership
2. Our people adopt Amnesty International's behaviours in practice
3. Our people make the most of their capabilities and skills and those of others
4. Our people feel supported and well-treated in the workplace

Underpinning this work is the principle of dignity, diversity and inclusion in the workplace (see section 9. Equal Opportunities above) and the Internal Communications team and the People & Organisational Development team work together to translate the rights we champion externally into internal best practice. The new Secretary General, Kumi Naidoo, delivered a visionary speech outlining how the engagement of staff is key to moving forward as a "One Amnesty" movement and this will form the basis of the Rising Up Together approach to be discussed further in 2019.

11. Financial Review

The results for AIL show net outgoing funds of £9,164,000 (2017: £2,437,000). A deficit had been planned in 2018 to reduce excess free reserves held at the start of the year. However, the actual deficit recorded in 2018 exceeds the budgeted deficit, primarily due to the pension expense, actuarial loss and the increase in the tax liability provision, charged to the Statement of Financial Activities.

AIL is principally funded by contributions from country sections as assessed by the Global Assembly, with smaller amounts received through grants from trusts and foundations and donations from the public. Incoming resources have increased to £74,538,000 (2017: £72,794,000) mainly due to an increase in grant income from trusts and foundations.

Strategic Report (continued)

Total resources expended were £81,330,000 (2017: £76,072,000) including restructuring costs incurred in the year of £375,000 (2017: £517,000) as part of the final stages of the change in organisational structure and development of regional offices under the Global Transition Programme. The restructure has been planned and undertaken in line with the budget for the year ended 31 December 2018, as approved by the Board.

AIL has net current assets of £11,817,000 as at 31 December 2018 (31 December 2017: £15,580,000). AIL has unrestricted funds totalling £16,511,000 at the balance sheet date (31 December 2017: £25,675,000). Net cash outflow from operating activities for the year was £6,702,000 (2017: £1,419,000). AIL has cash at bank and in hand and short term investments totalling £11,832,000 as at 31 December 2018 (31 December 2017: £19,906,000).

During the year AIL made a donation of £300,000 to AICL under the Gift Aid scheme (2017: no donation made).

Performance during the financial period, together with historical trend data is set out in the table below. 2014 figures have been restated to comply with FRS 102.

	Year ended 31 December 2018	Year ended 31 December 2017	Year ended 31 December 2016	Year ended 31 December 2015	Year ended 31 December 2014
Total incoming resources	£74,538,000	£72,794,000	£68,407,000	£69,921,000	£60,979,000
Net current assets	£11,817,000	£15,580,000	£19,434,000	£30,330,000	£16,809,000

12. Investment and Hedging Policy

The IS has developed a Treasury Management Policy which is intended to achieve the maximum possible return through fund management, whilst operating strictly within a minimum risk framework and in consideration of the ethical standings of banking institutions, with no use of speculative products. To maximise investment returns the IS uses 3, 6, 9, 12 and 18 month deposits.

The Treasury Management Policy also aims to minimise the risk arising from exposure to exchange rate fluctuations and the resultant impact on cash flows arising from assets and liabilities held in foreign currencies.

In 2018, the IS continued to refine its hedging strategy, in order to minimise risk of exchange rate movements adversely impacting on the value of foreign currency receipts and payments. See note 30 for a summary of hedging contracts at 31 December 2018.

13. Principal Risks and Uncertainties

The management of activities and the execution of AIL's strategy are subject to a number of risks.

AIL's risk register is reviewed and discussed by the Senior Leadership Team and the Finance and Audit Committee on a quarterly basis, and the most significant risks are discussed at each Board meeting. Risk management is embedded at all levels, and the risks facing the organisation are identified and

Strategic Report (continued)

documented in the AIL risk register through a quarterly internal process. The Directors ensure that for each risk:

- approach to manage that risk, with appropriate mitigation procedures, is developed
- responsibilities for implementation and review are assigned
- the status is monitored on a regular and timely basis

The top five risk areas in 2018 were assessed as the following:

Staff wellbeing

Organisational culture factors are at risk of exacerbating work-related pressure on staff, with the potential impact of reducing wellbeing and the ability to achieve our goals, and resulting in reputational issues. The Board has endorsed the Employee Experience Plan (see Section 9. above) that serves as a blueprint for action and the adoption of a new mind-set for a healthier and kinder future. This plan encompasses the implementation of the recommendations of the external reviews carried out in the past year related to wellbeing, including the surveys focused on #MeToo. This work, its prioritisation, and progress monitoring is being overseen by a Governance Group chaired by the Secretary General and including staff/union, Board and Amnesty section representation.

General Data Protection Regulation (GDPR)

New (European) legislation from May 2018 has impacted the ability to contact new and existing supporters and donors, which may reduce growth. It may also lead to fines of up to €20m or 4% of annual turnover for contraventions of the legislation. We have completed staff training and engagement programmes, will embed the data protection policy approved in July 2018 and seek to comply with applicable legislative requirements.

Performance on core human rights work

Inaccurate or untimely research outputs pose a significant risk to Amnesty's reputation, effectiveness and credibility. Amnesty will update the quality assurance framework, and review our research outputs to highlight best practice and identify issues to be addressed.

Financial risks

AIL runs a tight budget. It is dependent upon voluntary income from other Amnesty International member entities and from third party donors to fund core human rights work. It is exposed to risks around liquidity and failure to maintain financial viability. Mitigations include robust financial modelling, detailed cash management, reviewing our assessment mechanism to seek to mitigate the impacts of structural income uncertainty, creating additional contingency within our budget and considering cost reduction programmes. The long-term plan is to ensure a balanced budget and to increase reserves.

Security

Low preparedness and resilience to threats could lead to injury, death, reduced ability to operate and reputational damage. Mitigations include embedding the global security framework through training, communications and reinforcement of policy.

14. Pension Fund

The FRS 102 valuation of the AIL defined benefit pension scheme as at 31 December 2018 supplied by AIL's actuaries showed a deficit figure of £2,119,000 (31 December 2017: £563,000).

The FRS 102 results can change significantly from year to year depending on market conditions. The liabilities are linked to yields on AA-rated corporate bonds, whereas some of the assets of the Scheme are invested in growth assets, such as equities and property. Changing market values in conjunction with

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discount rate variability can lead to volatility in the funded status of the Scheme and thus to volatility in the net pension liability.

A full actuarial valuation is carried out approximately every three years. The most recent was carried out as at 30 September 2017 which revealed a funding shortfall of £3,958,000 (September 2014: £7,996,000). AIL is currently making annual contributions of £1,539,000, increasing by 5% per year, as agreed with the Trustees of the pension scheme, to eliminate this shortfall. The next full actuarial valuation will be carried out as at 30 September 2020 and be completed in 2021.

In April 2013 the scheme rules were amended and a stand-alone trust created to hold life insurance policies, removing these from the main scheme trust. This was to comply with pensions law requirements requiring pension schemes to be restricted to 'retirement benefit activities'.

15. Reserves

At 31 December 2018 AIL Group (which includes all Company branches and its subsidiaries) had free reserves of £4,693,000 (31 December 2017: £9,327,000) and the Company (which includes branches but not subsidiaries) had free reserves of £2,755,000 (31 December 2017: £7,361,000). In line with Charity Commission guidance, free reserves are calculated as the Company's unrestricted net assets that are freely available to spend, without negatively impacting the Company's operations. Excluded from the free reserves are funds relating to fixed assets of £14,714,000 (2017: £14,790,000) for AIL Group and £13,938,000 (2017: 14,211,000) for the Company.

At 31 December 2018 there were no designated funds in place. At 31 December 2017 there had been designated funds of £2,963,000. £1,050,000 had been designated to fund the final stages of the Global Transition Programme, of which £736,000 was spent during 2018 and the remaining £314,000 transferred to free reserves. £1,913,000 had been designated to fund FIF grants to sections, as part of Amnesty International's fundraising growth strategy to 2020, and was fully spent in 2018.

The Directors have set a target range of free reserves based upon an analysis of the potential financial impacts of significant risks identified through the Company's risk management framework, weighted for likelihood and impact.

The principal sources of information which were taken into account when setting the reserves target range included:

1. The Company's risk management framework;
2. Income budgets/forecasts and analyses of the stability of sources of income;
3. Expenditure budgets, forecasts, including staff costs, grants to sections/structures, and capital expenditure;
4. Cash flow forecasts including the required contributions in respect of the defined benefit pension scheme;
5. Levels of reserves held by IS branches and subsidiaries, including any practical restrictions on access to those reserves and the appropriate levels which are required for liquidity and the mitigation of financial risk at the level of the branch or subsidiary.

In consideration of these factors the target range for AIL has been set at between £7.6m and £12.3m. At 31 December 2018 AIL Group's free reserves were £2,907,000 below the lower end of the target range. During 2019 AIL has put in place a financial recovery plan which is forecast to increase free reserves to reach the target range in the medium term.

Strategic Report (continued)

16. Going Concern

AIL is dependent on income from the global Amnesty sections to fund its activities. The Directors receive forecasts and financial projections which detail variations in the level and timing of future income and funding. In the third quarter of 2018, management identified an expected budget shortfall for 2019, driven by a reduction in income forecast to be received from sections and forecast foreign exchange losses arising from the significant amount of income received in foreign currencies.

The Directors have considered both the short and longer term financial projections and other risks that may affect the Company. They have considered the key risks that could negatively impact the going concern of AIL and have considered the budget and forecast, cashflow projections and financial recovery plan over the period to 31 December 2020. In response to the identified budget shortfall, the Board agreed a financial recovery plan, including both targeted cost savings and securing additional financial support in the form of Additional Voluntary Contributions from Amnesty sections, as well as ensuring bank facilities are in place that are sufficient to meet projected funding requirements. This plan is set to return the organisation to a sustainable financial position by the end of 2020, building reserves to meet the minimum target level. The cost of restructuring is forecast to reduce free reserves in 2019.

The key areas of uncertainty are outlined below:

- Underachievement on assessment income from sections. The amount of assessment income received is based on the assessment model, known as the distribution model. The “real time” basis of this model means that changes in performance or strategy of sections can have immediate detrimental impacts to AIL’s assessment income. Any variation from the assessment income payment schedule would present additional risk.
- AIL runs a tight budget and has a large and inflexible cost base which cannot be easily reduced on a timely basis. The financial recovery plan sets out the timeline and identified areas of cost savings to secure the ongoing financial sustainability of AIL. The plan incorporates the target timeline for achieving cost savings as well as the value. However, there is a risk that savings may not be achieved to the level included in the recovery plan.
- AIL must manage considerable foreign currency exchange rate risk, with the majority of AIL’s income denominated in foreign currencies. This is exacerbated by the uncertainty of Brexit. A hedging policy is in place and the review of the distribution model, if approved, will increase the level of certainty around the timing of income to support in extending the hedging opportunities available. Additionally, a contingency is built into the revised income forecasts.

Recognising the lower free reserves levels being forecast, and the reduced headroom to absorb the impact of uncertainties, the Board have considered several factors when forming their conclusion as to whether the use of the going concern basis is appropriate when preparing these financial statements.

These include:

- The Amnesty Movement is reviewing the assessment model with a view to improving how this is operating for both AIL and Amnesty sections. Whilst this will continue to operate on a ‘real time’ basis, the proposals will provide AIL with greater time to respond to the impacts of any changes in section income and provide increased certainty on the timing of income, allowing for greater opportunity to hedge funds.
- Requests made to sections to donate their available reserves as voluntary financial contributions to AIL. The target level of additional contributions are on track for 2019 and 2020 and discussions are ongoing with the Amnesty sections.
- Establishment of targeted cost savings project, close monitoring of savings and regular reporting to management. The targeted cost savings are progressing in line with the financial recovery plan.

Strategic Report (continued)

- Cash management controls are in place to ensure sufficient working capital at all times. This includes the rescheduling of grant payments and income invoicing. Additionally AIL has an overdraft facility in place until 31 December 2019, and there is the option to extend to 31 December 2020 should this be required. Cash flow forecasting has been completed to the end of 2020.
- The hedging strategy has been enhanced in line with guidance from external foreign currency management consultancy.

After considering these factors, the directors have concluded that the company has a reasonable expectation that there are adequate resources to continue in operational existence for the foreseeable future and have continued to prepare the financial statements on the going concern basis.

17. Auditors

Insofar as each of the Directors of the Company at the date of approval of this report is aware, there is no relevant audit information (information needed by the Company's auditor in connection with preparing the audit report) of which the Company's auditor is unaware. Each director has taken all of the steps that they should have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information. Crowe U.K. LLP has indicated its willingness to be reappointed as statutory auditor for the next financial year.

Statement of Directors' Responsibilities

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

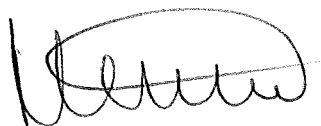
Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland, and applicable law.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and ALL and of the profit or loss of ALL for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102, effective 1 January 2015). They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors' Report was approved by the board of trustees including the strategic report contained therein, and is signed as authorised on its behalf:



BY ORDER OF THE BOARD

Mwikali Muthiani

Director

01 August 2019

Independent Auditor's Report to the Members of Amnesty International Limited

Opinion

We have audited the financial statements of Amnesty International Limited (the "parent company") and its subsidiaries (the "group") for the year ended 31 December 2018 which comprise the Consolidated Statement of Financial Activities (incorporating the Income and Expenditure Account) Consolidated and Company Balance Sheet, Consolidated Cash Flow Statement 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 group's and of the parent company's affairs as at 31 December 2018 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

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

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

Responsibilities of directors

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

Amnesty International Limited (a company limited by guarantee)

In preparing the financial statements, the directors are responsible for assessing the group's and the parent 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 directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

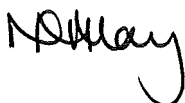
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Nicola May

Senior Statutory Auditor

For and on behalf of

Crowe U.K. LLP

Statutory Auditor

London

14th August 2019

**Consolidated Statement of Financial Activities
(Incorporating the Income and Expenditure Account)
For the year ended 31 December 2018**

		Unrestricted Funds	Restricted Funds	Total Funds	Total Funds
	Notes	2018 £'000	2018 £'000	2018 £'000	2017 £'000
Income					
Donations and legacies	5,6	67,216	-	67,216	68,357
Charitable activities	7	4,055	3,037	7,092	4,119
Other trading activities		98	-	98	130
Investment income	8	132	-	132	188
Total incoming resources		71,501	3,037	74,538	72,794
Expenditure					
Raising funds	10	4,674	-	4,674	3,741
Charitable activities	10	73,244	3,037	76,281	71,814
Restructuring costs	10	375	-	375	517
Total outgoing resources on operating activities		78,293	3,037	81,330	76,072
Net outgoing resources before other recognised gains and losses		(6,792)	-	(6,792)	(3,278)
Net losses on investment		(60)	-	(60)	(300)
Net expenditure		(6,852)	-	(6,852)	(3,578)
Other recognised gains and losses					
Actuarial (losses)/gains	14	(2,312)	-	(2,312)	1,141
Net movement in funds		(9,164)	-	(9,164)	(2,437)
Reconciliation of funds					
Total funds brought forward		25,675	-	25,675	28,112
Total funds carried forward		16,511	-	16,511	25,675

All activities are continuing.

There is no difference between the results for the period stated above and their historical cost equivalents.

The notes on pages 24 to 53 form part of these financial statements.

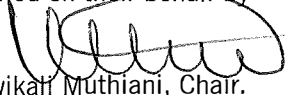
Consolidated Balance Sheet as at 31 December 2018

Company no: 1606776

	Notes	Group		Company	
		2018 £'000	2017 £'000	2018 £'000	2017 £'000
Fixed assets					
Tangible assets	17	14,714	14,790	13,938	14,211
Intangible assets		33	37	-	-
Investments	17,18,19	1,477	1,399	508	508
Total fixed assets		16,224	16,226	14,446	14,719
Current assets					
Debtors: amounts falling due within one year	20	12,140	9,211	11,299	8,873
Debtors: amounts falling due after one year	20	20	134	-	115
Short term investments	21	91	3,466	-	3,176
Cash at bank and in hand	22	11,741	16,440	9,496	14,201
Total current assets		23,992	29,251	20,795	26,365
Creditors: amounts falling due within one year	23	(12,175)	(13,671)	(9,921)	(11,790)
Net current assets		11,817	15,580	10,874	14,575
Total assets less current liabilities		28,041	31,806	25,320	29,294
Creditors: amounts falling due after more than one year	24	(5,810)	(3,483)	(5,803)	(3,475)
Provisions for liabilities and charges					
Provisions	26	(3,601)	(2,085)	(3,389)	(1,875)
Defined benefit pension scheme liability	14	(2,119)	(563)	(2,119)	(563)
Net assets		16,511	25,675	14,009	23,381
Funds	27				
Unrestricted funds excluding pension reserve		3,916	8,485	2,190	6,770
Designated funds - fixed assets		14,714	14,790	13,938	14,211
Designated funds - London Office and Fundraising		-	1,913	-	1,913
Designated funds - Global Transition Project		-	1,050	-	1,050
Pension reserve	14	(2,119)	(563)	(2,119)	(563)
Total unrestricted funds		16,511	25,675	14,009	23,381
Restricted funds		-	-	-	-
Total funds		16,511	25,675	14,009	23,381

The parent Company's net outgoing resources for the year ended 31 December 2018 totalled £9,372,000 (2017: £1,356,000).

The financial statements were approved and authorised by the Board of Directors on 01 August 2019 and signed on their behalf by



Mwikali Muthiani, Chair.

The notes on pages 24 to 53 form part of these financial statements.

Consolidated Cash Flow Statement For the year ended 31 December 2018

	Note	2018 £'000	2017 £'000
Cash used in operating activities	33	<u>(6,702)</u>	<u>(1,419)</u>
Cash outflows from investing activities			
Purchase of tangible fixed assets		(1,320)	(1,194)
Proceeds on disposal of fixed assets		-	13
Interest received		<u>(132)</u>	<u>(188)</u>
		<u>(1,452)</u>	<u>(1,369)</u>
Cash inflow/outflows from financing activities			
Interest paid		<u>85</u>	<u>138</u>
		<u>85</u>	<u>138</u>
Decrease in cash & cash equivalents		<u>(8,069)</u>	<u>(2,650)</u>
<i>Change in cash & cash equivalents due to exchange rate movements</i>			
Currency translation difference in fixed assets		(5)	21
Cash & cash equivalents as at 31 December 2017		19,906	22,535
Decrease in cash & cash equivalents		<u>(8,069)</u>	<u>(2,650)</u>
Total cash & cash equivalents as at 31 December 2018		<u>11,832</u>	<u>19,906</u>

Notes to the Financial Statements

For the year ended 31 December 2018

1 Company information

Amnesty International Limited ("AIL") is a limited liability company in England and Wales under number 1606776 and its registered office is 1 Easton Street, London, WC1X 0DW. AIL is a not for profit organisation whose activities are intended to be for the public benefit.

2 Basis of accounting

Basis of preparation

The financial statements have been prepared under the historical cost convention in accordance with the Financial Reporting Standards, applicable in the United Kingdom and Republic of Ireland (FRS 102), the Companies Act 2006 and, voluntarily, the Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard in the UK and Republic of Ireland (FRS 102) effective 1 January 2015. The Directors have voluntarily adopted the substantive requirements of this SORP as if the Company were a charity as they consider that this is the most appropriate format to give a true and fair view of the Company's and Group's activities. The IS has taken advantage of the exemptions in FRS 102 from the requirements to present a charity only Cash Flow Statement and certain disclosures about the IS's financial instruments. In accordance with the provisions of s408 of the Companies Act 2006, AIL is exempt from the requirement to present its own income and expenditure account and statement of financial activities.

Going concern

AIL is dependent on income from the global Amnesty sections to fund its activities. The Directors receive forecasts and financial projections which detail variations in the level and timing of future income and funding. In the third quarter of 2018, management identified an expected budget shortfall for 2019, driven by a reduction in income forecast to be received from sections and forecast foreign exchange losses arising from the significant amount of income received in foreign currencies.

The Directors have considered both the short and longer term financial projections and other risks that may affect the company. They have considered the key risks that could negatively impact the going concern of AIL and have considered the budget and forecast, cashflow projections and financial recovery plan over the period to 31 December 2020. In response to the identified budget shortfall, the Board agreed a financial recovery plan, including both targeted cost savings and securing additional financial support in the form of Additional Voluntary Contributions from Amnesty Sections as well as ensuring bank facilities are in place that are sufficient to meet projected funding requirements.

After considering the projections and forecasts, the financial recovery plan and the bank facilities available, the Directors have concluded that the company has a reasonable expectation that there are adequate resources to continue in operational existence for the foreseeable future and have continued to prepare the financial statements on the going concern basis.

2 Basis of accounting (continued)

Basis of consolidation

All companies over which AIL is able to exercise control are consolidated as subsidiary undertakings. Control is defined as the right to give directions as to operational and financial policies. Therefore Centro de Lenguas de Amnistia Internacional (CLAI), Centre de Ressources Linguistiques d'Amnesty International – Unité Chargé de la Langue Française (AILRC-Fr), Amnesty International Asia-Pacific Regional Office Limited (AIAPROL), Oficina Regional de Amnistía Internacional (Mexico), Amnesty International - European Association, a Belgian international not for profit association (EIO), Centre for the Protection of Human Rights and Social Justice of Amnesty Intl Nigeria (AI Nigeria), Amnesty International Afrique du Nord (Tunisia), Amnesty International South Asia (Colombo) and Amnesty International Limited Sucursal Peru (Lima) have been consolidated into these group financial statements. It is considered that AIL exercises control over Amnesty International Charity Limited (a registered charity) as AIL is the sole member of Amnesty International Charity Limited ("AICL") and AIL as the Sole Member has the final decision and complete discretion in respect of the appointment of new Trustees of AICL. The accounting reference date of the Company and its subsidiaries is 31 December.

The Company carries out some operations overseas through a number of overseas offices that it controls as branches. These are located in New York, Geneva, Paris, Dakar, East Jerusalem, Kiev, Johannesburg, Nairobi, Beirut, Washington, Bangkok and Moscow. The financial statements include the results, assets and liabilities of these offices.

The financial statements do not include the activities of the sections of the Amnesty International movement, as these are separate legal entities that are neither owned nor controlled by the Company.

3 Accounting policies

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

Presentation currency

The functional currency of the Group is considered to be pounds sterling because that is the currency of the primary economic environment in which the group operates. The consolidated financial statements are also presented in pounds sterling.

Foreign exchange risk

Amnesty International enters into forward rate currency contracts to manage its exposure to fluctuations in exchange rates throughout the year. These contracts are recognised at fair value with gains or losses recognised in the Statement of Financial Activities.

Significant sources of estimation

In the application of the Company's accounting policies, Directors are required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects the current and future periods.

In the view of the Directors, no assumptions concerning the future or estimation uncertainty affecting assets and liabilities at the balance sheet date are likely to result in a material adjustment to their carrying amounts in the next financial year.

3 Accounting policies (continued)

Key sources of estimation uncertainty that have a significant effect on the accounts are:

- Defined benefit pension scheme actuarial assumptions
- Provisions
- Depreciation

Please refer to the relevant accounting policy notes below for more information.

Fund accounting

The Group maintains two types of fund:

Restricted:	Where income is received from donors for use on specific projects, including relief.
Unrestricted:	For use by the Directors to further the general objects of the Group. The Directors, at their discretion, may set aside funds to cover specific future costs. Such funds are shown as designated funds within unrestricted funds. Where the Directors decide such funds are no longer required for the purposes intended, they may be released by transfer to general unrestricted funds.

Incoming resources

Assessment income

The assessment contributions are calculated based on a section's results for the current year and applying a scale of contribution rates.

Assessment contributions are invoiced throughout the year, on a quarterly or monthly basis in the financial year to which they relate. Payment plans are agreed on a section-by-section basis, with the majority of payments being made quarterly in arrears.

Any differences in the pound sterling value of income recognised and the pound sterling value at receipt date is recognised as assessment income as opposed to foreign exchange gains and losses.

Contributions are treated as deferred income and recorded on the balance sheet, until released to income over the period to which they relate.

Provisions are made against assessment contributions that are deemed unlikely to be met, either due to agreed assessment relief arrangements or by the opinion of the IS. The movement in provision during the period is offset against the assessment income. Contributions from sections are payable quarterly or monthly.

Additional voluntary contributions

Where there are no section imposed conditions relating to the time period in which Additional Voluntary Contributions ("AVCs") may be spent, AVCs will be recognised as income on receipt.

Where sections impose conditions relating to the time period(s) in which the expenditure of AVCs can take place, incoming resources are matched with expenditure such that AVCs relating to expenditure in future periods will be recorded as deferred revenue on receipt.

Donation income

Donations are recognised when legal entitlement to them first arises and when the amount can be quantified with reasonable clarity. Where there is no notification from the donor prior to cash being received, income is recognised on a cash receipt basis.

External grants

Where no performance conditions relating to the receipt of incoming resources are set then restricted grant revenue is recognised when receivable (when the conditions of entitlement, probable and measurement have been met).

3 Accounting policies (continued)

Where the receipt of incoming resources relating to a restricted grant is dependent on certain contractual performance conditions, revenue is only recognised when these conditions have been met. Where grants are subject to donor imposed conditions which specify the time period in which expenditure can take place and there exist detailed expenditure budgets with explicit timescales (that have been agreed by the grantor and grantee), then incoming resources are matched with expenditure such that revenue relating to expenditure in future periods is recorded as deferred revenue when received.

Where there is uncertainty over the period to which the revenue grant relates or where the period is not yet known, revenue grants are recognised when received.

External grants are classified as income from charitable activities. In the prior year they were classified as income from donations and legacies but this is no longer considered to be the most appropriate classification. As such, prior year comparatives have been restated.

Sales income

Sales income is derived from the sale of broadcast and video rights, publications and audio visual products, net of applicable VAT, to various organisations through the world and is accounted for on an accruals basis.

Donated goods, facilities and services

Donated goods, facilities and services are included as income (with an equivalent amount in expenditure) at the estimated value to the Group where this is reasonably quantifiable, measurable and material. Donated goods, facilities and services relate predominantly to the considerable support received from legal firms on a pro bono basis. The Group has also benefitted from the contribution of unpaid volunteers. These contributions are not recognised in the accounts because of the absence of a reliable measurement basis.

Resources expended

Resources expended are accounted for on an accruals basis and are recognised in the period in which they relate, and include attributable VAT which cannot be recovered. Liabilities are recognised as resources expended as soon as there is a legal or constructive obligation committing the Company to the expenditure.

Resources expended are classified into raising funds, campaigning, research and publication activities, and movement support and growth. Where expenditure cannot be directly attributed to particular headings (such as support costs) it is allocated based upon the proportion of direct costs incurred in each area.

Raising funds

Cost of raising funds comprises costs incurred by the Group relating to the submission of funding proposals (including letters of interest, concept notes and full proposals) to grant giving bodies and support provided to sections for their own fundraising applications.

3 Accounting policies (continued)

Activities in pursuance of the Group's objectives comprise:

1. Charitable activities, including those undertaken on behalf of AICL which include:

- Monitoring abuses of human rights
- Obtaining redress for the victims of human rights abuse
- Relieving need among the victims of human rights abuse
- Research into human rights issues
- Providing technical advice to government and others on human rights matters
- Contributing to the sound administration of human rights law
- Commenting on proposed human rights legislation
- Raising awareness of human rights issues
- Promoting public support for human rights
- Promoting respect for human rights among individuals and corporations
- International advocacy of human rights
- Eliminating infringements of human rights

2. Activities in pursuance of securing the observance of the Universal Declaration of Human Rights throughout the world which would not be considered to be charitable under United Kingdom law. Such activities principally comprise campaigns undertaken with a view to influencing actions taken by sovereign governments.

Governance costs

Governance costs represent costs that relate to the general running of the Group as opposed to the direct management functions inherent in the activities of the Group.

Restructuring costs

Restructuring costs are included in the Consolidated Statement of Financial Activities with the item to which they relate, except where they relate to a fundamental restructuring, in which case they are identified separately from net incoming/outgoing resources before other gains and losses. From 2012 to 2018 redundancy costs are associated with the reorganisation of the departments relating to the Global Transition Programme. These costs were considered to represent a fundamental restructure, along with subsequent costs of relocation to new Regional Offices and the related project management costs.

Grants

Amounts payable to sections and partners to support fundraising, research, publications and campaigning activities are charged to the Statement of Financial Activities when an obligation exists.

Grants to sections made to support sections' operations are considered to be part of the costs of activities in furtherance of the Group's objectives as grants are used by recipients to undertake campaigning, research and publication activities. They are classified as campaigning or research and publication activity costs. Grants to sections made to support sections' fundraising activities are considered to be part of the costs of activities in the furtherance of the Group's objectives as they support the growth of the Amnesty movement. These grants are classified as movement support and growth costs. In the prior year, such grants were classified as expenditure on raising funds but this is no longer considered to be the most appropriate classification. As such, prior year comparatives have been restated to reflect the change in classification.

3 Accounting policies (continued)

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation. Assets costing less than £1,000 are written off in the period of acquisition.

Depreciation is provided so as to write off the cost of fixed assets less their estimated residual value on a straight line basis over the expected useful lives of the assets concerned. Freehold land is not depreciated.

The estimated useful lives used for this purpose, which are consistent with those of the prior year, are:

Freehold buildings	- 50 years	Computer equipment	- 3 years
Leasehold land and buildings	- Over length of lease	Leasehold improvements	- Over length of lease
Office furniture and equipment	- 10 years		

Leased assets

Operating lease rentals are charged to expense on a straight line basis over the term of the lease.

Investments in subsidiaries and other companies

Investments in subsidiaries and other companies are shown in the Company balance sheet at historical cost.

Investment properties

Investments in properties are shown in the Company balance sheet at the agreed sale price. Sale price is deemed to be the fair value.

Cash and cash equivalents

Cash and cash equivalents include deposits repayable on demand without penalty. Short term money market deposits, and fixed term cash deposits which do not meet this criterion are held under current assets as short term investments. During the year some cash balances were reclassified from cash at bank and in hand to short term investments. Prior year comparatives have been restated to reflect this.

Provisions

A provision is recognised in the balance sheet when there is a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the balance sheet date. With the exception of the defined benefit pension scheme deficit, provisions are not discounted to the present value as they are expected to be settled within 12 months of the balance sheet date.

Foreign currency

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated at the rate of exchange ruling at the date of the transaction.

Foreign exchange gains and losses arise mainly on the conversion and translation of income. As such the net gain or loss is included within incoming resources in the Statement of Financial Activities.

The results of overseas subsidiaries are translated at the average rates of exchange during the period and their balance sheets at the rates ruling at the balance sheet date. Exchange differences arising on translation of the opening net assets and results of overseas subsidiaries are reported in the Statement of Financial Activities as gains/losses on investment.

3 Accounting policies (continued)

Pension costs

The Group operates defined benefit and defined contribution pension schemes.

Under the defined benefit scheme, the pension liabilities and assets are recorded in line with FRS 102, with a valuation undertaken by an independent actuary. FRS 102 measures the value of pension assets and liabilities at the balance sheet date, determines the benefits accrued in the period and the interest on assets and liabilities. The expected return on scheme assets and interest cost on scheme liabilities are allocated across the appropriate incoming/outgoing resource categories in the Statement of Financial Activities. The change in value of assets and liabilities arising from asset valuation, changes in benefits, actuarial assumptions, or change in the level of deficit attributable to members is recognised within actuarial gains/losses in the Statement of Financial Activities. The resulting pension liability is shown on the Balance Sheet.

Under the defined contribution scheme, pension contributions are charged to the Statement of Financial Activities as incurred.

Debtors

Prepayments and other debtors are recognised at the settlement amount due to the Group at the end of the period less provision for any doubtful debts. Most debtor balances are amounts due from sections, arising from loans to sections or assessment income due but unpaid at the end of the period.

Creditors

Creditors are recognised when the Group has a present obligation arising from a past event that will result in the transfer of funds to a third party and the amount due can be estimated reliably.

The loans from sections are unsecured and interest bearing – see note 25 for further information.

Financial instruments

The Group 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 the present value of future cash flows (amortised cost). Financial assets held at amortised cost comprise cash at bank and in hand, short term cash deposits and the Group's debtors excluding prepayments. Financial liabilities held at amortised cost comprise the Group's short and long term creditors excluding deferred income and taxation payable. No discounting has been applied to these financial instruments on the basis that the periods over which amounts will be settled are such that any discounting would be immaterial.

Investments, including bonds and cash held as part of the investment portfolio, are held at fair value at the balance sheet date, with gains and losses being recognised within income and expenditure. Investments in subsidiary undertakings are held at cost less impairment.

4 Comparative Consolidated Statement of Financial Activities (Incorporating the Income and Expenditure Account) For the year ended 31 December 2017

	Unrestricted Funds	Restricted Funds	Total Funds
	2017	2017	2017
	£'000	£'000	£'000
Income			
Donations and legacies	68,225	132	68,357
Charitable activities	1,919	2,200	4,119
Other trading activities	130	-	130
Investment income	188	-	188
Total income resources	70,462	2,332	72,794
Expenditure			
Raising funds	3,741	-	3,741
Charitable activities	69,482	2,332	71,814
Restructuring costs	517	-	517
Total resources on operating activities	73,740	2,332	76,072
Net outgoing resources before other recognised gains and losses	(3,278)	-	(3,278)
Net losses on investment	(300)	-	(300)
Net expenditure	(3,578)	-	(3,578)
Other recognised gains and losses			
Actuarial gains	1,141	-	1,141
Net movement in funds	(2,437)	-	(2,437)
Reconciliation of funds			
Total funds brought forward	28,112	-	28,112
Total funds carried forward	25,675	-	25,675

5 Segmental analysis

The Directors are of the opinion that the Group has only one class of business namely securing throughout the world the observance of the provisions of the Universal Declaration of Human Rights by undertaking research and action focused on preventing and ending grave abuses of these rights.

Geographical segments	2018				2017			
	Europe £'000	Americas £'000	Rest of world £'000	Total £'000	Europe £'000	Americas £'000	Rest of world £'000	Total £'000
Donations and legacies	52,854	12,109	2,253	67,216	54,875	9,994	3,488	68,357

6 Donations and legacies

	Unrestricted Funds 2018 £'000	Restricted Funds 2018 £'000	Total Funds 2018 £'000	Total Funds 2017 £'000
Contributions from sections	65,801	-	65,801	65,880
Additional voluntary contributions from sections	916	-	916	1,922
Donations	499	-	499	555
Total donations and legacies	67,216	-	67,216	68,357

Contributions from sections are stated net of amounts written off or provided against during the year. In 2018 no provisions were made against income and £58,000 of provisions from prior periods were released. In 2017 provisions totalling £1,826,000 were charged to the Statement of Financial Activities.

7 Charitable activities

	Unrestricted Funds 2018 £'000	Restricted Funds 2018 £'000	Total Funds 2018 £'000	Total Funds 2017 £'000
Grants	4,043	3,037	7,080	4,083
Other income	12	-	12	36
Total charitable activities	4,055	3,037	7,092	4,119

8 Investment income

	Unrestricted Funds 2018 £'000	Restricted Funds 2018 £'000	Total Funds 2018 £'000	Total Funds 2017 £'000
Interest income	132	-	132	188
Total investment income	132	-	132	188

9 Donated services

Donated services are included as income (with an equivalent amount in expenditure) at the estimated value to the Group where this is reasonably quantifiable, measurable and material. In 2018 this totalled £109,000 (2017: £158,000) and related to pro bono services provided by legal firms.

10 Resources expended

	Grants payable <i>Note 11</i>	Direct costs	Support costs <i>Note 12</i>	Total Funds	Total Funds
	2018	2018	2018	2018	2017
	£'000	£'000	£'000	£'000	£'000
Expenditure on raising funds					
Grant fundraising	-	3,365	1,309	4,674	3,741
Total expenditure on raising funds	-	3,365	1,309	4,674	3,741
Expenditure on charitable activities					
Research and publications	249	29,910	11,635	41,794	38,446
Campaigning	8,676	14,033	5,459	28,168	27,368
Movement support and growth	4,922	1,006	391	6,319	6,000
Total expenditure on charitable activities	13,847	44,949	17,485	76,281	71,814
Restructuring costs	-	375	-	375	517
Total expenditure	13,847	48,689	18,794	81,330	76,072

AIL is liable for corporation tax on investment income received during the year. The Group pays all of this income to AICL, the charitable subsidiary of the Company, in the form of a donation under Gift Aid.

Restructuring costs were incurred in the year of £375,000 in relation to the reorganisation of the South East Asia, South Asia, Americas and Middle East and North Africa programmes of work as part of the Global Transition Programme.

Most of these reorganisation plans form part of the Global Transition Programme described in the Strategic Report. Costs relate to redundancy, relocation, project management and one off costs associated with the set-up of the new regional offices. The restructure has been planned and undertaken in line with the operational plan for the two years ended 31 December 2018, as approved by the Board.

11 Grants

The Group makes grants to certain Amnesty International sections (primarily in the global South) to support the sections' operations. These grants are considered to be part of the costs of activities in furtherance of the Group's objectives as such grants are used by recipients to undertake campaigning, research and publication activities. During the year the Group made grants to support section's operations totalling £8,925,000 (2017: £8,754,000).

The Group also makes grants to certain sections to support the sections' fundraising activities. These grants are considered to be part of the costs of activities in the furtherance of the Group's objectives as they support the growth of the Amnesty movement. During the year the Group made grants to support sections' fundraising activities totalling £4,922,000 (2017: £4,398,000).

The values of grants made to each section are individually immaterial in the context of the Group's total charitable expenditure. Details of individual grants are available from the Group's registered office.

11 Grants (continued)

The value of support costs allocated to grant making activities is £606,000.

At the balance sheet date, the Group had awarded and communicated but not yet fully paid grants to the value of £210,000 (2017: £1,163,000). The conditional grant commitments at the year end are detailed in note 29.

12 Support costs

	Grant fundraising	Research and publications	Campaigning	Movement support and growth	Total 2018	Total 2017
	2018	2018	2018	2018	2018	2017
	£'000	£'000	£'000	£'000	£'000	£'000
Salaries and employment benefits	434	3,856	1,809	130	6,229	6,096
Professional fees	136	1,207	566	40	1,949	1,743
Tax costs	127	1,133	532	38	1,830	936
Information technology costs	118	1,048	492	36	1,694	1,354
Occupancy costs	107	952	447	32	1,538	1,488
Insurance	99	882	414	30	1,425	936
Depreciation	88	782	367	26	1,263	1,237
Defined benefit pension scheme	55	485	227	16	783	67
Foreign exchange (gains)/losses	29	259	122	9	419	2,194
Governance costs	47	415	195	14	671	762
Administration costs	17	153	71	5	246	392
Publication costs	1	12	5	-	18	10
Other costs	51	451	212	15	729	659
	1,309	11,635	5,459	391	18,794	17,874

Support costs include premises, communication, information technology and other general running and management costs of the Group. The support costs are spread over the other categories in proportion to the direct costs incurred by each area. Governance costs consist of the costs of the operation of the Board along with its support staff and international committees, the Finance and Audit Committee and the Global Assembly.

13 Employees and Directors

Group employee costs (including Directors' emoluments) accounted for during the year amounted to:

	2018	2017
	£'000	£'000
Salaries	33,776	32,546
Redundancy costs	276	221
Social security costs	3,735	3,668
Employer pension contributions	3,240	2,848
Pension scheme interest (income)/cost	(2)	67
Guaranteed minimum pensions equalisation adjustment	785	-
Staff health, training and recruitment	2,223	1,779
	44,033	41,129

13 Employees and Directors (continued)

The average number of persons employed by the Group during the year was 628 (2017: 601).

	2018	2017
Fundraising	37	32
Research and regions	186	171
Campaigning and communications	251	247
Movement support and growth	28	27
Support	126	124
	628	601

The split of staff based in the UK and overseas is as follows:

	2018	2017
UK	353	356
Overseas	275	245
	628	601

The number of employees whose emoluments paid during the year, including taxable benefits in kind and redundancy payments but not employer pension contributions, were over £60,000 is shown below. Numbers in brackets indicate how many of those employees received a redundancy payment. The cost of non-UK salaries when converted to pound sterling is affected by foreign currency exchange movements.

	UK 2018	Non UK 2018	Total 2018	UK 2017	Non UK 2017	Total 2017
60,000 – 69,999	36 (2)	36	72 (2)	35 (2)	39 (1)	74 (3)
70,000 – 79,999	12	33	45	12 (1)	20	32 (1)
80,000 – 89,999	8	9	17	2	10	12
90,000 – 99,999	-	5	5	1	5	6
100,000 – 109,999	2 (1)	5	7 (1)	4	5	9
110,000 – 119,999	3	1	4	2 (1)	4	6 (1)
120,000 – 129,999	1	2	3	-	-	-
130,000 – 139,999	1	1	2	-	1	1
140,000 – 149,999	-	-	-	-	1	1
210,000 – 219,999	-	-	-	1	-	1

The above numbers include a number of long-serving staff who received redundancy payments in 2018 and 2017, as a result of the Global Transition Programme. Total redundancy payments across all employees were £379,812 in 2018 (2017: £549,917). The amount paid is greater than the amount recognised in the Statement of Financial Activities (page 34) because some payments had been provided for in prior periods. There were no severance payments over £100k incurred during 2018 (2017: nil). Provisions for redundancy payments are recognised when the reorganisation of certain departments of AIL are formally announced by the Group. At 31 December 2018 the value of redundancy payments outstanding was £144,813 (31 December 2017: £62,128).

The disclosures above include the total of the annual salaries of the eight IS key management personnel (consisting of the seven member Senior Leadership team in addition to the Secretary General). Their total remuneration at 31 December 2018 was £1,261,450 (2017: £1,261,797) when including employer pension contributions and social security. The outgoing Secretary General received an annual salary of £210,000 and when including employer pension contributions and social security this amounted to £166,491 before leaving on 9 July 2018. The incoming Secretary General receives an annual salary of £145,000 and when including employer pension contributions and social security this amounted to £68,606 from their start date of 15 August 2018 to the end of the year. The accrued pension cost as at 31 December 2018 for the Secretary General was £nil. The pension contribution is calculated at a standard 10.5% of annual salary. During the year no non-executive Director of the Company received compensation.

13 Employees and Directors (continued)

The total of the five highest salaries in 2018 was £631,531 (2017: 721,272). The total amounts include employees paid outside of the UK and not part of the Senior Leadership team. The ratio of the highest salary to the lowest is 4.4 (2017: 7.0). The lowest salary figure used for this calculation is the lowest full time employee paid in the UK. Using the salary of a paid intern position as the lowest salary increases the ratio to 7.0 (2017: 11.2). The ratio of the highest salary to the midpoint salary of the grade structure is 2.6 (2017: 4.1). The midpoint salary figure used for this calculation is the midpoint full time grade paid in the UK. All ratios are lower than in the prior period because of the change of Secretary General midway through 2018, and the associated reduction in salary, meaning the highest salary was lower than in previous years.

Volunteers typically commit to volunteer between two and three days a week for a minimum of three months. They help our members of staff with a variety of aspects of their work and are involved in activities across the IS. These tasks include monitoring the international press, translating, undertaking research, designing web pages, raising funds and supporting legal, human resources and accounting activities. During 2018 we also had volunteer interns undertaking specific projects, generally volunteering their time for three to five days per week for a number of months.

Transactions with Directors

Expenses for travel-related expenditure of £51,937 were incurred in relation to nine Directors (2017: £51,616 in relation to ten Directors). Other than the above expenditure, there were no transactions with Directors in the year and no Director has any loan amounts outstanding to the Group.

Board member	2018
	£
Vincent Adzahlie-Mensah	10,542
Rune Arctander	3,571
Sarah Beamish	5,805
Nicole Bieske	6,064
Fabiola Gutierrez Arce	6,885
Shahram Hashemi	7,340
Greg Marsh	1,114
Mwikali Nzioka Muthiani	6,644
Jacco Smit	3,972

14 Pension arrangements

The Group operates a pension scheme, the Amnesty International Superannuation Scheme (AISS, the Scheme). The Scheme comprises a defined contribution section and a defined benefit section. The Group also operates an International Savings Plan (ISP). This is a defined contribution saving scheme available for employees based in some overseas offices.

Defined contribution - AISS and ISP

The Company contributes to the AISS and ISP defined contribution schemes at the standard rate of 7.5% of pensionable salaries. For the AISS, an additional 0.8% for death in service premiums and 0.8% for scheme expenses is contributed.

Employees may make contributions up to a maximum of 15% of their pensionable earnings at their own discretion, these additional contributions being matched by the Company to a maximum of an additional 3%.

The assets of the schemes are held separately from those of the Group. The Group's contributions in the year to the AISS scheme were £1,776,000 (2017: £1,542,000). The Group's contributions in the year to the ISP scheme were £841,000 (2017: £493,000).

14 Pension arrangements (continued)

Defined benefit - AISS

Description of the plan, valuation and funding arrangements

AIL (the "Employer") sponsors the funded AISS Scheme. The disclosures below are in respect of the Defined Benefit Section of the Scheme. The pension provided under this section of the Scheme are in respect of benefits earned before 6 April 1997.

The last funding valuation of the Scheme was carried out by a qualified actuary as at 30 September 2017 and contributions of £1,616,000 are expected to be paid by the Employer to the Scheme during the year ending on 31 December 2019.

The results of the latest funding valuation at 30 September 2017 have been adjusted to the balance sheet date taking account of experience over the period since 30 September 2017, changes in market conditions and differences in the financial and demographic assumptions. The present value of the defined benefit obligation was measured using the Projected Unit Credit Method.

The major assumptions used by the actuary for the purposes of the valuation were:

	2018	2017
Pensions increasing in payment at CPI (max 3.0% pa)	2.0%	1.9%
Discount rate	2.75%	2.45%
Life expectancy	S2 tables projected by year of birth using CMI 2017 improvements and a 1% long term improvement rate	S2 tables projected by year of birth using CMI 2016 improvements and a 1% long term improvement rate

Scheme asset allocation

For each major class of plan assets, the amount and percentage that each major class constitutes of the fair value of the total plan assets is presented below:

	2018		2017	
	£'000	%	£'000	%
Equities	8,937	30	10,386	32
Property	4,284	14	4,152	13
Bonds	7,110	24	6,747	21
Cash	1,894	6	2,763	9
Diversified Growth Fund	7,949	26	8,013	25
Total	30,174	100	32,061	100

None of the scheme assets are invested in financial instruments or in property related to the Employer.

Reconciliation of funded status to balance sheet

The difference between the market (fair) value of the assets of the Scheme and the present value of accrued pension liabilities is shown as an asset or liability on the balance sheet.

	2018	2017
	£'000	£'000
Fair value of assets	30,174	32,061
Present value of funded defined benefit obligations	(32,293)	(32,624)
Funded status	(2,119)	(563)
Present value of unfunded defined benefit obligations	(2,119)	(563)

14 Pension arrangements (continued)

Amounts recognised in the SOFA

The following elements are charged to the SOFA:

- the service cost of pension provision relating to the year, together with the cost of any benefits relating to past service (allocated to staff costs);
- the financing cost which is a gain/(charge) equal to the interest income on scheme assets less the interest payable on scheme liabilities;
- the actuarial gain or loss on the scheme's assets and liabilities (allocated to other recognised gains and losses).

The effect on the Consolidated Statement of Financial Activities for the year to 31 December 2018 was as follows:

	2018	2017
	£'000	£'000
Financing cost: interest income/(cost) on net defined benefit liability	2	(67)
Losses due to benefit changes	(785)	-
Pension expense recognised in the income statement	(783)	(67)
Asset (losses)/gains arising during the year	(3,329)	1,838
Liability gains/(losses) arising during the year	1,017	(697)
Total amount recognised in other gains and losses	(2,312)	1,141
Total amount charged to the Statement of Financial Activities	(3,095)	1,074

	2018	2017
	£'000	£'000
Changes to the present value of the defined benefit obligation during the year		
Opening defined benefit obligation	(32,624)	(31,827)
Interest expense on defined benefit pension scheme	(788)	(849)
Actuarial gains/(losses)	1,017	(697)
Net benefits paid out	887	749
Losses due to benefit changes	(785)	-
Closing defined benefit obligation	(32,293)	(32,624)

	2018	2017
	£'000	£'000
Changes in the fair value of the scheme assets during the year		
Opening fair value of scheme assets	32,061	28,724
Interest income	790	782
(Losses)/gains on scheme assets	(3,329)	1838
Contributions by the employer	1,539	1,466
Net benefits paid out	(887)	(749)
Fair value of scheme assets at the year end	30,174	32,061

	2018	2017
	£'000	£'000
Actual return on the scheme assets during the year		
Interest income on scheme assets	790	782
Gain on scheme assets	(3,329)	1838
Actual return on scheme assets	(2,539)	2,620

Amnesty International Limited *(a company limited by guarantee)*

15 Interest payable and similar charges

Group interest payable and similar charges:

	2018	2017
	£'000	£'000
On loans from sections	87	71
On pension finance costs	(2)	67
	<u>85</u>	<u>138</u>

16 Net outgoing resources

The Group's net outgoing resources are arrived at after charging:

	2018	2017
	£'000	£'000
Depreciation of tangible fixed assets	1,398	1,353
Net gains/(losses) on investment	60	300

Auditor's remuneration

	2018	2017
	£'000	£'000
Fees payable to the Group's auditors for the audit of the Group's statutory accounts for the period	51	50
Fees payable to the Group's auditors for the audit of AICL for the period	3	3
Total audit fees payable to the Group's auditor	<u>54</u>	<u>53</u>
Tax related services from the Group's auditor	<u>9</u>	<u>4</u>
Other non-audit services from the Group's auditor	<u>-</u>	<u>10</u>

17 Tangible fixed assets

Movements on the fixed assets during the year were:

Group	Freehold and leasehold land and buildings £'000	Office furniture and equipment £'000	Computer equipment £'000	Total £'000
Cost				
At beginning of year	13,369	10,441	5,778	29,588
Currency revaluation	-	11	-	11
Additions	-	629	691	1,320
Disposals	-	-	(11)	(11)
At 31 December 2018	13,369	11,081	6,458	30,908
Depreciation				
At beginning of year	(4,475)	(5,455)	(4,868)	(14,798)
Currency revaluation	-	(4)	-	(4)
Charge for the year	(235)	(653)	(510)	(1,398)
Disposals	-	-	6	6
At 31 December 2018	(4,710)	(6,112)	(5,372)	(16,194)
Net book value				
At beginning of year	8,894	4,986	910	14,790
At 31 December 2018	8,659	4,969	1,086	14,714

Company	Freehold and leasehold land and buildings £'000	Office furniture and equipment £'000	Computer equipment £'000	Total £'000
Cost				
At beginning of year	13,001	10,249	5,550	28,800
Additions	-	475	574	1,049
Disposals	-	-	(5)	(5)
Transfers to subsidiaries	-	(47)	(42)	(89)
At 31 December 2018	13,001	10,677	6,077	29,755
Depreciation				
At beginning of year	(4,339)	(5,465)	(4,785)	(14,589)
Charge for the year	(235)	(590)	(433)	(1,258)
Disposals	-	-	1	1
Transfers to subsidiaries	-	7	22	29
At 31 December 2018	(4,574)	(6,048)	(5,195)	(15,817)
Net book value				
At beginning of year	8,662	4,784	765	14,211
At 31 December 2018	8,427	4,629	882	13,938

Fixed asset investments

Group	Freehold land and buildings £'000	Other investments £'000	Total £'000
Cost			
At beginning of year	1,385	14	1,399
Gain on foreign exchange	78	-	78
At 31 December 2018	1,463	14	1,477
Net book value			
At beginning of year	1,385	14	1,399
At 31 December 2018	1,463	14	1,477

Amnesty International Limited *(a company limited by guarantee)*

17 Tangible fixed assets (continued)

Fixed asset investments (continued)

In 2015 the Group transferred a building owned by the Hong Kong subsidiary to investments. The building is currently owned by the Hong Kong subsidiary and will be sold to AI Hong Kong in 2019. The buildings were sold on a sale and leaseback basis.

18 Investments in subsidiaries

Investments include:

		Percentage ownership	2018 £'000	2017 £'000
Centro de Lenguas de Amnistia Internacional (CLAI)	(CLAI)	100%	19	19
Amnesty International Asia-Pacific Regional Office Limited	(AIAPROL)	100%	1	1
Amnesty International – European Association	(EIO)	100%	386	386
Centre for the Protection of Human Rights and Social Justice of Amnesty Intl Nigeria	(AI Nigeria)	100%	102	102
			508	508

Investments comprise the purchase cost (less any impairment in value) of the share capital of each subsidiary company.

Centro de Lenguas de Amnistia Internacional (CLAI), a company incorporated in Spain (Company number B-78346178), was formed in 1986 for the purpose of translating Amnesty International publications into Spanish and printing, publishing and distributing translated works and other publications within Spanish speaking countries. (Registered office: Editorial Amnistía Internacional, S. L. EDAI Valderribas, 13. 28007 Madrid. España.) Previously called Editorial Amnistía Internacional, S.L. sociedad unipersonal (EDAI).

Amnesty International Charity Limited (AICL) is a registered charity. It was incorporated in 1986 (Company number 2007475, Charity number 294230) to undertake certain of those aspects of the work of AIL which are charitable under the law of England and Wales. While there is no investment in the Charity, the Charity is a wholly owned subsidiary and consolidated in these statements. (Registered office: 1 Easton Street, London WC1X 0DW.)

Amnesty International Asia-Pacific Regional Office Limited (AIAPROL), a company incorporated in Hong Kong (Company number 269160), was formed in 1990 for the purpose of organising the local copying and distribution of Amnesty International publications. It also serves as a base for research and development activities. (Registered office: 16th Floor, Siu On Centre, 188 Lockhart Road, Wanchai, Hong Kong.)

Oficina Regional de Amnistía Internacional, (Mexico) was registered in May 2014 as a Mexican association (Company number 122949) for the purpose of co-ordinating AIL's operations in Latin America. Its members and board are controlled by AIL and hence whilst there is no investment it is treated as a subsidiary. (Registered office: Calle Luz Savifion 519 Colonia del Valle, Benito Juarez 03100 Ciudad de Mexico.)

Amnesty International Limited (a company limited by guarantee)

18 Investments in subsidiaries (continued)

Centre de Ressources Linguistiques d'Amnesty International – Unité Chargé de la Langue Française (AILRC-FR) or EFAI, an association registered in France, was formed for the purpose of translating Amnesty International publications into French and printing, publishing and distributing translated works and other publications within French speaking countries. While there is no investment in AILRC-FR, the association is effectively controlled by AIL and is treated as a subsidiary (Company number 379617020. Registered office: 47 Rue de Paradis, 75010 Paris, France.)

Amnesty International – European Association (EIO), a Belgian international not for profit association coordinates and promotes lobbying, advocacy and campaigning directed at decision-makers in the European Union (EU) and Council of Europe (CoE). In September 2015, the IS assumed legal control by virtue of both AIL and one of AIL's key management personnel becoming the sole two members. Whilst there is no investment in the European Association, the association is effectively controlled by AIL and is treated as a subsidiary (Company number 1447121696. Registered office: Avenue de Cortenberg/ Kortenberglaan 71 1000 Brussels, Belgium.)

Centre for the Protection of Human Rights and Social Justice of Amnesty Intl Nigeria – (AI Nigeria), an 'incorporated trustees' entity based in Nigeria has been consolidated since 2016 using the acquisition method of accounting due to the IS having management control (initial trustees include two senior IS staff members and one local trustee). (Company number CAC/IT/No 73222. Registered office: 10A Usuma Street, Maitama District, Abuja.)

Amnesty International South Asia (Colombo) was registered in May 2017 with the Sri Lankan Companies Registrar as a Sri Lankan company (Company number 3333) for the purpose of co-ordinating AIL's operations in South Asia. Its members and board are controlled by AIL and hence whilst there is no investment it is treated as a subsidiary. (Registered office: De Saram (law firm), No.47, C.W. Kannangara Mawatha, Colombo 7, Sri Lanka.)

Amnesty International Afrique du Nord (Tunis) was registered in February 2016 as a Tunisian association (Company number 2016401419APSF1) for the purpose of co-ordinating AIL's operations in North Africa. Its members and board are controlled by AIL and hence whilst there is no investment it is treated as a subsidiary. (Registered office: Epi Center, Tour C, 1st floor, Rue de Syrie 1000 Tunis.)

Amnesty International Limited Sucursal Peru (Lima) was registered in November 2015 as a Social Corporation (RUC number 20600776917) for the purpose of co-ordinating AIL's operations in South Americas. Its members and board are controlled by AIL and hence whilst there is no investment it is treated as a subsidiary. (Registered office: Calle Manuel A Fuentes 894 San Isidro, Lima – Perú)

A summary of each subsidiary's incoming and outgoing resources and assets and liabilities is presented below:

	Incoming resources	Resources expended	Other recognised gains / (losses)	Net incoming / (outgoing) resources
	2018	2018	2018	2018
	£'000	£'000	£'000	£'000
CLAI	859	(858)	1	2
AIAPROL	2,915	(2,870)	36	81
EFAI	1,300	(1,333)	(1)	(34)
Mexico	2,866	(3,020)	(1)	(155)
EIO	2,038	(1,964)	35	109
AICL	771	(981)	-	(210)
AI Nigeria	657	(533)	46	170
Colombo	948	(686)	(18)	244
Tunis	997	(1,065)	(20)	(88)
Lima	-	(825)	19	(806)

18 Investments in subsidiaries (continued)

	Total assets	Total liabilities	Total Funds
	2018	2018	2018
	£'000	£'000	£'000
CLAI	532	(75)	457
AIAPROL	1,903	(1,224)	679
EFAI	266	(244)	22
Mexico	358	(492)	(134)
EIO	1,154	(276)	878
AICL	183	(3)	180
AI Nigeria	437	-	437
Colombo	299	(46)	253
Tunis	195	(66)	129
Lima	135	(47)	88

Each subsidiary's intercompany income and expenditure is presented below. Intercompany assets and liabilities were £nil as at 31 December 2018 for all subsidiaries:

	Income	Expenditure	Net intercompany
	2018	2018	2018
	£'000	£'000	£'000
CLAI	844	-	844
AIAPROL	2,915	-	2,915
EFAI	1,298	-	1,298
Mexico	2,866	-	2,866
EIO	108	-	108
AICL	394	(852)	(458)
AI Nigeria	629	-	629
Colombo	948	-	948
Tunis	997	-	997
Lima	-	-	-

19 Other investments

A participating interest of £1,000 is held in the International Civil Society Centre (previously the Berlin Civil Society Centre), an organisation set up to provide advisory and support services from Germany for International Civil Society Organisations. It is not an associate of AIL, the Company having no involvement in the strategic operating and financial policies of the organisation with all transactions being on a commercial basis.

20 Debtors

Amounts shown as debtors falling due after one year comprise:

	Group		Company	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Amounts due from sections	20	134	-	115
	20	134	-	115

20 Debtors (continued)

Amounts shown as debtors falling due within one year comprise:

	Group		Company	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Amounts due from sections	7,279	7,281	7,034	7,351
Other debtors	1,781	1,167	1,292	836
Prepayments and accrued income	3,080	763	2,973	686
	12,140	9,211	11,299	8,873

The amounts due from sections include loans to sections, mainly for investment in fundraising, and the loans are considered concessionary loans. Some loans are interest bearing, with rates either being fixed or based on UK LIBOR, and all have individual repayment schedules starting from within the next financial year to 2022.

There is an agreement in place with AI New Zealand to write off their loan in 2020 if certain performance criteria are met. This loan has been fully provided for and no longer bears interest.

The table below has further details of the interest bearing loans:

Counterparty	2018 Rate £'000	Repayment year
AI Brazil	766 LIBOR 12m + 1% or 2.5% (whichever is higher)	2020
AI Canada (French Speaking)	116 LIBOR 12m + 1% or 2.5% (whichever is higher)	2019
AI Greece	357 0%	2019
AI Ireland	1,542 EURIBOR + 1.25%	2020
AI Israel	233 LIBOR 12m +1.25%	2019
AI Mexico	207 LIBOR 12m + 1% or 2.5% (whichever is higher)	2019
AI New Zealand	522 0%	2020
AI Poland	480 LIBOR 12m + 1.25%	2019
AI Taiwan	380 LIBOR 12m + 1% or 2.5% (whichever is higher)	2019
AI Turkey	64 2%	2019

21 Short term investments

The Group held short term investments, which relate to short term money market deposits, of £91,000 at 31 December 2018 (31 December 2017: £3,466,000). The decrease in value is due to the withdrawal of most deposits during the year to fund working capital.

22 Cash at bank and in hand

The Group's cash at bank and in hand was £11,741,000 (31 December 2017: £16,440,000). The decrease in cash is predominantly attributable to the net movement in funds presented in the Consolidated Statement of Financial Activities.

23 Creditors: amounts falling due within one year

Amounts shown as creditors falling due within one year comprise:

	Group		Company	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Bank loans	58	57	-	-
Loans from sections	713	262	713	262
Amounts due to sections	2,991	4,118	2,991	4,118
Trade creditors	1,528	933	1,366	875
Deferred income	1,672	1,878	1,404	1,789
Taxation and social security	418	365	136	108
Other creditors	2,413	1,888	1,041	662
Accruals	1,750	2,820	1,638	2,626
Grant accruals	210	1,163	210	1,163
Forward contract liability	422	187	422	187
	12,175	13,671	9,921	11,790

Loans from sections and amounts due to sections are classed as concessionary loans. Other than those stated as falling due in more than one year, no interest is due on concessionary loans. See note 25 for further information.

Movement in deferred income

	Opening balance	Added in year	Released to income	Closing balance
Deferred income	1,878	2,831	(3,037)	1,672

Deferred income comprises £1,627,000 in grants from external donors where conditions for recognition have not yet been met and £45,000 in contributions received from sections carrying a requirement that related expenditure takes place in future years.

Grant accruals comprise grants in respect of 2018 planned activity, which were communicated to recipients in 2018 but paid in 2019.

24 Creditors: amounts falling due after more than one year

Amounts shown as creditors falling due after more than one year comprise:

	Group		Company	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Loans from sections	5,803	3,475	5,803	3,475
Other creditors	7	8	-	-
	5,810	3,483	5,803	3,475

25 Creditors: amounts falling due after more than one year

The loans from sections are unsecured and interest bearing. Loans from Sections comprise:

Counterparty	2018 £'000	Rate	Repayment year
AI Austria	90	EURIBOR + 1.25%	2019
AI Belgium (French Speaking)	899	EURIBOR + 1.25%	2020
AI Denmark	241	0%	2022
AI Finland	135	Higher of LIBOR + 1% and 2.5%	2019
AI Netherlands	2,427	0%	2022
AI Norway	453	Higher of LIBOR + 1% and 2.5%	2020
AI Portugal	135	EURIBOR + 1.25%	2019
AI Sweden	194	0%	2019
AI Switzerland	1,596	2%	2020
AI Switzerland	160	0%	2019
AI Switzerland	160	0%	2022

26 Provisions

	At 1 January 2018	Arising in the financial year	Utilised in the financial year	At 31 December 2018
Group				
Tax liability	673	962	(242)	1,393
Legal claims	-	797	-	797
Holiday pay	972	216	(110)	1,078
Restructuring	440	125	(232)	333
	2,085	2,100	(584)	3,601
	At 1 January 2018	Arising in the financial year	Utilised in the financial year	At 31 December 2018
Company				
Tax liability	673	962	(242)	1,393
Legal claims	-	797	-	797
Holiday pay	762	214	(110)	866
Restructuring	440	125	(232)	333
	1,875	2,098	(584)	3,389

The tax liability provision relates to underpaid tax from prior periods, expected to be paid in full in the next twelve months. The provision for legal claims relates to ongoing litigation cases. The holiday pay provision relates to employees' untaken annual leave that is payable when employees end their employment with AIL. The restructuring provision relates to employee severance costs, which are recognised when the reorganisation of certain departments of AIL are formally announced by the Group. It is expected that the majority of this expenditure will be paid in the next twelve months.

27 Share capital and funds

Group	Unrestricted funds £'000	Restricted funds £'000	Total £'000
Fund balances at 31 December 2018 are represented by:			
Fixed assets	16,224	-	16,224
Current assets	22,320	1,672	23,992
Current and long term liabilities and provisions	(19,914)	(1,672)	(21,586)
Pension liability	(2,119)	-	(2,119)
Total net assets at 31 December 2018	16,511	-	16,511

Group	Unrestricted funds £'000	Restricted funds £'000	Total £'000
Fund balances at 31 December 2017 are represented by:			
Fixed assets	16,226	-	16,226
Current assets	27,373	1,878	29,251
Current and long term liabilities and provisions	(17,361)	(1,878)	(19,239)
Pension liability	(563)	-	(563)
Total net assets at 31 December 2017	25,675	-	25,675

Group restricted funds

The restricted funds are funds given for specific purposes. The movements on the restricted funds during the year were as follows:

	1 January 2018 £'000	Income £'000	Expenditure £'000	31 December 2018 £'000
American Academy of Forensic Science	-	(5)	5	-
DFID	-	(48)	48	-
Dutch Postcode Lottery	-	(353)	353	-
Ford Foundation - Tech Empowerment	-	(36)	36	-
Norwegian Postcode Lottery	-	(35)	35	-
Swedish Postcode Lottery	-	(275)	275	-
Swiss Donors	-	(1,785)	1,785	-
Anonymous	-	(282)	282	-
Anonymous	-	(218)	218	-
Total	-	(3,037)	3,037	-

American Academy of Forensic Science

This funding was provided for the Amnesty crisis response team to conduct a number of forensic training sessions.

DFID

The DFID grant is restricted to human rights education work coordinated by Amnesty International's West and Central Africa regional office on ending female genital mutilation and early and forced marriage.

27 Share capital and funds (continued)

Dutch Postcode Lottery

The Dutch Postcode Lottery funding is restricted to crisis response activities and to work to prevent and expose cyber-attacks against human rights defenders.

Ford Foundation - Tech Empowerment

The Ford Foundation grant related to a project on tech empowerment.

Norwegian Postcode Lottery

This grant is restricted to funding human rights education in the Beirut regional office.

Swedish Postcode Lottery

There are three Swedish Postcode Lottery grants: one restricted to Amnesty International's 'Alt Click: a New Generation of Human Rights Activists' project (which ended in 2017); one restricted to a project on people at risk of torture in Nigeria; and one grant restricted to defending human rights defenders in Latin America.

Swiss Donors

These donations were restricted to Amnesty International's crisis response work.

Anonymous

These donations are from donors who wished to remain anonymous. The donations were restricted to work on a number of human rights issues: ending impunity for human rights violations in Africa, on the criminalisation of sexuality and reproduction, investigating corporate crimes, the use of drones in military warfare, and the rights of refugees and migrant workers.

The movements on restricted funds during the prior year were as follows:

	1 January 2017 £'000	Income £'000	Expenditure £'000	31 December 2017 £'000
AI Netherlands	-	(132)	132	-
American Academy of Forensic Science	-	(6)	6	-
DFID	-	(44)	44	-
Dutch Postcode Lottery	-	(520)	520	-
EEJ 2015	-	(122)	122	-
Ford Foundation - South Africa	-	(15)	15	-
Norwegian Telethon	-	(289)	289	-
Swedish Postcode Lottery (Better Life call)	-	(242)	242	-
Swedish Postcode Lottery (Defending the Defenders)	-	(18)	18	-
Swedish Postcode Lottery (Innovation call)	-	(302)	302	-
Swiss Donors	-	(245)	245	-
Anonymous	-	(125)	125	-
Anonymous	-	(146)	146	-
Anonymous	-	(104)	104	-
Anonymous	-	(22)	22	-
Total	-	(2,332)	2,332	-

AI Netherlands

This funding was an additional voluntary contribution towards work in Africa.

American Academy of Forensic Science

This funding was provided for the Amnesty Crisis Response team to conduct a number of forensic training sessions.

27 Share capital and funds (continued)

DFID

The DFID grant is restricted to human rights education work coordinated by Amnesty International's West and Central Africa regional office on ending female genital mutilation and early and forced marriage.

Dutch Postcode Lottery

The Dutch Postcode Lottery funding is restricted to crisis response work.

Education, Empowerment and Justice (EEJ)

The EEJ grant is restricted to the human rights education programme of Amnesty International's Middle East and North Africa regional office. This grant ended in 2017.

Ford Foundation - South Africa

The Ford Foundation grant related to a project on policing in South Africa. This grant ended in March 2017.

Norwegian Telethon

The Norwegian Telethon is a multi-year grant relating to freedom of expression, discrimination against women and minorities, corporate Human Rights infringements, victims of armed conflicts and fair legal systems in the Middle East and North Africa, as well as evaluation & impact and learning work.

Swedish Postcode Lottery

There are three Swedish Postcode Lottery grants – one restricted to Amnesty International's 'Alt Click: a New Generation of Human Rights Activists' project (which ended in 2017), one restricted to a project on people at risk of torture in Nigeria and a new grant in 2017 restricted to defending human rights defenders in Latin America.

Swiss Donors

These donations were restricted to Amnesty International's crisis response work.

Anonymous

These donations are from donors who wished to remain anonymous. The donations were restricted to work ending impunity for human rights violations in Africa, on the criminalisation of sexuality and reproduction, the rights of migrant workers and advocacy on drone strikes.

Unrestricted funds

The movements on unrestricted funds during the year were as follows:

Unrestricted funds	1 January 2018 £'000	Income £'000	Expenditure £'000	Other gains and losses £'000	Transfers £'000	31 December 2018 £'000
Designated Fund - fixed assets	14,790	1,320	(1,396)	-	-	14,714
Designated Fund - London Office and Fundraising	1,913	-	(1,913)	-	-	-
Designated Fund - Global Transition Project	1,050	-	(736)	-	(314)	-
Pension fund	(563)	1,442	(686)	(2,312)	-	(2,119)
Unrestricted fund	8,485	68,739	(73,562)	(60)	314	3,916
	25,675	71,501	(78,293)	(2,372)	-	16,511

27 Share capital and funds (continued)

The movements on unrestricted funds during the prior year were as follows:

Unrestricted funds	1 January 2017 £'000	Income £'000	Expenditure £'000	Other gains and losses £'000	31 December 2017 £'000
Designated Funds - fixed assets	14,998	1,194	(1,402)	-	14,790
Designated Fund - London Office and Fundraising	6,168	-	(4,255)	-	1,913
Designated Funds - Global Transition Project	1,635	-	(585)	-	1,050
Pension fund	(3,103)	1,499	(100)	1,141	(563)
Unrestricted fund	8,414	67,769	(67,398)	(300)	8,485
	28,112	70,462	(73,740)	841	25,675

London Office and Fundraising

The profit on disposal from the sale of ALL's properties at 25 and 28 Easton Street in 2015 were ring-fenced as a designated fund. This was used for the refurbishment of the remaining London property at a cost of £4.3m, and to provide grants to Amnesty sections aimed at increased fundraising income. The fund was fully spent by the end of 2018.

Global Transition Project

These funds were earmarked to cover the Moving Closer to the Ground strategy involving a fundamental restructure, along with subsequent costs of relocation to new regional offices and the related project management costs. This project completed in 2018 and remaining funds of £314,000 were transferred to unrestricted funds.

Fixed assets

The value of the fixed assets includes the value of the offices and equipment and as such have been designated as the sale of these would negatively impact the Group's operations.

28 Operating leases

At 31 December 2018 the Group's future minimum lease payments under non-cancellable operating leases were as follows:

Group	2018 £'000	2017 £'000
Less than one year	577	693
Within one to five years	398	557
	975	1,250

Total payments on rental leases recognised as expenditure in the year were £1,126,000 (2017: £1,134,000). Total payments on plant and machinery leases recognised as expenditure were £46,000 (2017: £10,000).

29 Operational and other commitments

At 31 December 2018 a portion of the Group's 2019 income has been earmarked to fund £11,700,000 of 2019 operational costs for sections, of which £1,600,000 has already been paid as at 31 December 2018. The remaining funds will be dispersed to sections in instalments during 2019. There are no performance related conditions on these grants.

The Group has also made a total commitment of £2,500,000 to invest in fundraising activities for sections during 2019. As at February 2019 a total of £1,300,000 was paid, with the remaining £1,200,000 to be paid to sections in instalments during the remainder of 2019. Future instalments are conditional on the fundraising performance of sections.

At 31 December 2018 the Group and Company had no capital commitments (31 December 2017: £nil for Group and Company).

30 Financial instruments

ALL 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 the present value of future cash flows (amortised cost). Financial assets held at amortised cost comprise cash at bank and in hand, short term cash deposits and the Group's debtors excluding prepayments. Financial liabilities held at amortised cost comprise the Group's short and long term creditors excluding deferred income and taxation payable. No discounting has been applied to these financial instruments on the basis that the periods over which amounts will be settled are such that any discounting would be immaterial.

Investments, including bonds and cash held as part of the investment portfolio, are held at fair value at the balance sheet date, with gains and losses being recognised within income and expenditure. Investments in subsidiary undertakings are held at cost less impairment.

Below is a table summarising the carrying amount of all financial assets and liabilities at the year end.

Financial assets and liabilities

	2018	2017
	£'000	£'000
Financial assets measured at amortised cost	22,759	28,488
Financial liabilities measured at amortised cost	(15,473)	(14,724)
Financial assets measured at fair value through the Statement of Financial Activities	1,477	1,399
Financial liabilities measured at fair value through the Statement of Financial Activities	(422)	(187)
Carrying amount of financial assets/liabilities	8,341	14,976

Income, expense, net gains and losses for financial assets/liabilities measured at fair value

	2018	2017
	£'000	£'000
Net losses on forward contracts financial assets/liabilities	157	225
	157	225

Interest income and expense for financial assets/liabilities measured at amortised cost

	2018	2017
	£'000	£'000
Interest income for financial assets	68	110
Interest (expense)/income for financial liabilities	(24)	6
	44	116

30 Financial instruments (continued)

Forward contracts

Included within creditors in the current year, these contracts have a net liability value of £422,000 (2017: liability value of £187,000) as spot rates are expected to be lower than the contracted forward rate when the contracts mature in 2019.

The fair value of the net liability is reached by applying quoted forward contract rates at the relevant balance sheet dates resulting in a recognised loss of £157,000 in the Statement of Financial Activities (2017: recognised loss £225,000).

At 31 December 2018, Amnesty International is committed to selling the following currencies under forward rate contracts held with bankers and other financial institutions:

2018 Contracts (GBP)

Currency	Contract value	Contract type	Maturity
EUR	1,450,000	Open Forward	28-Feb-19
EUR	2,000,000	Open Forward	28-Feb-19
EUR	2,000,000	Open Forward	31-May-19
EUR	2,600,000	Open Forward	28-Jun-19
EUR	1,800,000	Open Forward	30-Sep-19
EUR	3,500,000	Open Forward	31-Dec-19
EUR	2,800,000	Open Forward	31-Mar-20
SEK	5,300,000	Open Forward	28-Jun-19
SEK	4,800,000	Open Forward	30-Sep-19
SEK	2,900,000	Open Forward	31-Dec-19
SEK	1,300,000	Open Forward	31-Mar-20
DKK	2,600,000	Open Forward	28-Jun-19
DKK	1,600,000	Open Forward	30-Sep-19
DKK	1,000,000	Open Forward	31-Dec-19
DKK	700,000	Open Forward	31-Mar-20

2017 Contracts (GBP)

Currency	Contract value	Contract type	Maturity
EUR	2,400,000	Fixed Forward	28-Feb-18
EUR	1,700,000	Fixed Forward	30-May-18
AUD	4,350,000	Open Forward	31-Aug-18
DKK	9,500,000	Open Forward	28-Dec-18
SEK	20,500,000	Open Forward	28-Dec-18
CAD	2,050,000	Open Forward	31-Dec-18
CHF	2,000,000	Open Forward	31-Dec-18
NOK	10,000,000	Open Forward	31-Dec-18
EUR	6,200,000	Open Forward	31-Dec-18

2017 Contracts (USD)

Currency	Contract value	Contract type	Maturity
EUR	3,000,000	Open Forward	31-Dec-18

31 Related party transactions

Other than transactions with subsidiaries that are detailed in note 18, there have been no other related party transactions during the year.

32 Events after the balance sheet date

There are no material post balance sheet events to report.

33 Cash flow information

Reconciliation of net expenditure to net cash flow from operating activities

	2018 £'000	2017 £'000
Net expenditure for the reporting period	(9,164)	(2,437)
Adjustments for:		
Depreciation of fixed assets	1,398	1,353
Loss on disposal of fixed assets	5	15
Interest received	132	188
Interest paid	(85)	(138)
Decrease/(increase) in intangible assets	4	(19)
(Increase)/decrease in investments	(78)	142
Decrease in stock	-	18
(Increase)/decrease in trade receivables	(2,816)	47
Increase in trade payables	830	1,493
Defined benefit pension contributions	(1,539)	(1,466)
Amounts related to the defined benefit pension scheme included within the Statement of Financial Activities	3,095	(1,074)
Increase in provisions	1,516	459
Net cash used in operating activities	(6,702)	(1,419)

Reconciliation of net cash flow to movement in net funds

	2018 £'000	2017 £'000
(Decrease)/increase in cash and cash equivalents in the year	(4,699)	7,591
Decrease in liquid resources	(3,375)	(10,219)
Movement in net funds	(8,074)	(2,628)
Net funds at start of period	19,906	22,535
Net funds at period end	11,832	19,906

Analysis of net funds

	2017 £'000	Cash flow £'000	2018 £'000
Cash at bank and in hand	16,440	(4,699)	11,741
Short term deposits	3,466	(3,375)	91
Net funds	19,906	(8,074)	11,832