

INTERNATIONAL P.E.N.

(A COMPANY LIMITED BY GUARANTEE)

TRUSTEES' ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2015

PEN International continued its sustained focus on UKRAINE and the plight of Ukrainian, Russian and Tatar writers affected by the war. In collaboration with Flemish PEN we held an event at Passa Porta Festival, Brussels – the leading literary festival in the region. Andrei Kurkov, vice president of Ukrainian PEN, spoke about his book *Ukrainian Diaries* in conversation with Peter Vermeersch from the Flemish Centre. The event was sold-out, and was promoted nationally in *De Standaard* and *Le Soir*. Flemish PEN has a small membership base and would not have been able to host such an event without our support. As a follow on, PEN International felt it was crucially important that it show the solidarity of the international writing community through public statements and events from inside Ukraine itself. In October 2015, John Ralston Saul undertook the first visit to Ukraine by a PEN International President; the occasion was marked by a press conference on the importance of dialogue in times of war at the Ukraine Crisis Centre [Ukrainsky Dim], Kiev. The speakers included Mykola Riabchuk, president of Ukrainian PEN, Kurkov and Saul. The case of imprisoned filmmaker Oleg Sentsov was discussed at length, as was the destruction of Crimean Tatar language and culture. https://www.youtube.com/watch?v=xngGhv_jLxY

The following day Kurkov and Saul opened the first International Literature Festival, Odessa. This was the first truly international literary festival in the country, having been set up by International Literature Festival Berlin. The Ukrainian-language writer Yuri Andrukhovych told PEN: 'People need culture and a space for dialogue in moments of war, when political structures are so dysfunctional. When the shooting stops, culture remains.'

PEN International formed a new partnership with International Literature Festival Berlin for the occasion, providing Ukrainian PEN a platform (they later reported to us a wide interest in PEN from local writers they'd not encountered before) such as coverage on national news:

<https://www.youtube.com/watch?v=JhAk9jIRSKs&feature=youtu.be&t=7m45s>

In May 2015 we held a Free the Word! Event at the ITEF Tanpinar Literature Festival, Istanbul in collaboration with PEN Turkey. The event, entitled 'To be a woman, a writer, and a woman writer in Turkish media and literature' hosted women writers and journalists speaking about current challenges to freedom of expression. The event shone a spotlight on persecution and prejudice faced daily by women in Turkey, including the politicisation of translations in Turkey, the need for a stronger civil society regarding women's rights, and the closing down of media space for women's voices. A video is available in Turkish:

<https://www.youtube.com/watch?v=PDWSq6YXeFk>

New Voices Award

Some of the world's most prominent writers formed the international jury for PEN International's New Voices Award in 2015. Twenty-one PEN Centres, nominated two unpublished writers aged 18-30. The shortlisted works were all by young women writers - the first time we have had an all-female list. The stories were translated from six languages and received press coverage around the world, they included: *Likkewaan* by Carien Smith (PEN Afrikaans); *Under the Jacaranda Tree* by Nozizwe Dube (PEN Flanders); *Nichts kurz vor der Rue Saint-Blaise* by Lea Sauer (German PEN); *'Ailleurs'* by Sophie Prévost (PEN Québec); *Varshava* by Ana Dontsu (PEN Romania) and *Moon Dog* by Rebecca F John (Wales PEN Cymru).

Poland's most famous writer, Olga Tokarczuk, said, 'Each of these stories cleared for me that pane of fogged-up glass through which we all gaze out upon the world, and I was thus able to view them with incredible clarity, fully, and in all of their dimensions. Reading them reaffirmed my conviction that writing is a unique form of communication, simultaneously collective and infinitely intimate.'

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Yann Martel presented the award to winner Rebecca F John during the PEN Congress in Quebec City.. John's first book, a short story collection called *Clown's Shoes*, was published soon after. She was interviewed about her win and her new novel by BBC radio, available here: <http://www.bbc.co.uk/programmes/b06nzt0>

The Dissident Blog: The Dissident Blog on line magazine which provides a platform for publishing forbidden texts—the ones that can neither be written nor published in the writers' own countries. The Dissident Blog produced 4 issues which focused Eritrea and Ethiopia, Digital Freedoms, Europe and Bangladesh. Each issue includes articles, interviews and literary pieces which reflected on freedom expression and the impact they have on individuals and on society in general. The voice of women writers and the specific barriers they face both structural and societal are also explored. PEN International and the Dissident Blog worked closely together to identifying contributors and extending the reach of the Blog to new audiences.

PEN/OutWrite: www.pen-outwrite.org/pen-outwrite is a platform where LGBTQI (Lesbian, Gay, Bisexual, Transgender, Queer & and Intersex) writers worldwide can raise their voices, inform public debate, create dialogue and highlight the challenges that they face.

PEN International maintains that sexual and gender minorities' right to freedom of expression should be universally respected and protected by governments as part of their international obligation under Article 19 of the International Covenant on Civil and Political Rights to protect free expression. However, every day LGBTQI writers and activists around the world who fight for their right to free expression, are intimidated, censored, attacked or even killed, solely for expressing their identities and views, for talking about sexual orientation or gender identity, or for defending their basic rights. In many countries there is repressive legislation that criminalises the open discussion of LGBTQI issues. In others, writers – whether they are journalists, novelists, poets, bloggers or screenwriters – are often forced to self-censor due to an environment of pervasive violence and intimidation, with little or no state protection.

Violence is all too often used to silence LGBTQI voices, sometimes resulting in loss of life: the ultimate form of censorship. Impunity for these crimes is widespread. In order to respond to these issues, we developed the multi-media and interactive platform to explore LGBTQI freedom of expression issues through varied art forms with a focus on the written word.

FINANCIAL REVIEW

The principal restricted funding sources for 2015 were Sida, the Norwegian Ministry of Foreign Affairs, the Ministry of Foreign Affairs of Finland, the UK Foreign and Commonwealth Office, the Clifford Chance Foundation, the Organisation Internationale de la Francophonie, the International Cities of Refuge Network, the Fritt Ord Foundation, the European Cultural Foundation and UNESCO amongst others.

Membership dues are paid by centres and individuals, the dues contribution of our centres to the work of PEN International is essential – it not only helps support PEN's work internationally but demonstrates the commitment of PEN members to support its important work world-wide. At present, the community of PEN, through the dues collected by centres and the publishers, writers and readers circle contributes one third of the budget of PEN International. Centres pay their membership dues on a yearly basis to PEN International according to the numbers within their own membership. Each individual member of PEN pays dues both the local centre and to PEN International. The contribution of Centre dues is made according to the GDP of the country, in according to four categories: \$19, \$14.5, \$8 and \$5 respectively per member per year. An overhaul of our membership dues collecting process over the course of this year means we hope to have an increase in membership dues for 2016.

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In line with PEN's donor plan developed in conjunction with our strategic plan 2015- 2018, PEN prioritised extending its unrestricted funding base through our Circles. The publishers Circle continued to grow with new members – Simon & Schuster, Yapı Kredi Culture Arts and Publishing, and Granta Publications. We hosted our first 'Publishers Circle Breakfast' at the London Book Fair to engage current members in our work and harness their support and perspective on new opportunities as well as on freedom of expression threats within publishing.

During PEN's International Congress in Québec City, Yann Martel, Margaret Atwood and John Ralston Saul (founding members) publically launched the Writers Circle, which generously supports PEN's work. The Circle continues to grow, and now has 22 members.

A fundraising subcommittee within the board of PEN International was created at the board meeting after the Quebec Congress. It started to work immediately, creating the structure and the campaigning program for a new Readers Circle. The preparations for PEN's Readers Circle were made for its launching in January 2016. Plans are underway for a Screen Circle to be launched later in the year.

The Heinrich Böll Foundation, the Konrad Adenauer Foundation, the Friedrich Ebert Foundation and the Prince Claus Fund were welcomed as new funders facilitating the participation of delegates to the Summit of the Americas in Mexico, the PEN WiPC/ICORN conference in Amsterdam and the 81st International Congress in Quebec.

Nonetheless, funding continued to pose an overarching challenge to the pursuit of our goals for 2015. The development and agreement of our new 2015 -2018 partnership with Sida took slightly longer than expected and right up to June 2015 we were unsure of the exact contribution. Concomitantly, PEN saw a significant increase in demand for assistance from persecuted writers. As a result we erred on the side of caution and paired back on some activities such as travel and participation at international meetings in order to meet the growing demands in our protection work. ICORN have agreed an increase in funding to support the role of an Arabic speaking Protection Officer which will significantly build our capacity to address this growing area of our work.

In late August 2015 PEN discovered that an unauthorised bank transfer was made in July 2015. This was immediately reported to the Metropolitan Police Fraud Squad who informed PEN that it was part of a wave of online scams affecting many British NGOs and charities, a significant increase in cyber crimes of this type were reported in UK in 2015. The Board was informed and created a Commission to undertake an internal investigation of financial procedures. A thorough investigation by the Commission with staff, the police, and our banks reported that PEN International has suffered a financial loss of £13,000 of unrestricted funds which was not covered by PEN's insurance policy.

The loss required an adjustment to our budget to be made. An overhaul of our financial systems was already under way to implement a range of recommendations as a result of the Internal Control Review – the fraud underscored the need for tighter internal controls – which have now been implemented. Improved procedures for processing payments include 2 senior manager signatures and full supporting documentation before payments are made. Email authorisation is no longer sufficient. The fraud was reported to the UK Charity Commission stressing that no restricted funding had been lost. The research and communication has continued with the police and financial institutions concerned. The police closed their investigations on 9 March 2016 as they were unable to identify the individual who may have carried out the banking transactions.

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The final deficit in the 2015 budget, which was mainly due to a reduction in expected income and the move to a new office, has meant a reduction in PEN International reserves. The Finance Subcommittee of the board has been following closely this evolution and, in order to ensure PEN International's financial stability and sustainability, a specific reserve fund was created in 2015. This reserve consists of funds ring fenced, not spendable for the year program of activities. The first two donations specific for this fund were received in late 2015 and a program to increase in 2016 was prepared.

Reserves policy

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

The policy aims to have sufficient free reserves to enable PEN International to cope with fluctuations and to hold at least the equivalent of three months' operating cost expenditure (£295,019).

Total reserves at 31 December 2015 were £284,405 (2014: £329,454). Restricted reserves held were £116,999 (2014: £162,524) and unrestricted reserves were £167,406, of this £20,175 were designated reserves while the free reserves were £147,231 (2014: £152,456).

Restricted reserves are those funds that have been received for particular purposes and projects, and are shown in detail in note 16. The free reserves were less than the target level implied by the current reserves policy, which seeks to build reserves up to three months' operating expenditure.

The reduction in reserves in 2015 was due to a reduction in expected income and the move to a new office. The Trustees have set in place a robust programme in 2016 to raise unrestricted funds to reach the target level through the launch of new circles. The Finance Subcommittee of the board will continue to monitor closely the reserves position with quarterly reviews during 2016.

Plans for the future

PEN's overarching goal is to promote and defend freedom of expression and to promote languages and literatures worldwide. In pursuing our strategic plan we hope to deliver a step change in which PEN has the capacity to coordinate and sustain effective civil society programmes throughout the PEN network and in a scale and with an impact that PEN's programmes attract on going, sustaining support from a variety of funding sources at both the local and international levels.

The forecast for PEN in 2016 is however more positive. New funding partnerships for 2016 and 2017 have been confirmed with UNDEF and Natur & Kultur. PEN is committed to pursuing its donor plan thereby increasing unrestricted funding through the promotion of the PEN Circles, the development of new partnerships with trusts, foundations and institution's such as the European Commission and in Germany, Franc, Nordic countries and North America.

Disclosure of information to auditors


Each of the Trustees has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditors are aware of such information.

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TRUSTEES' ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2015

Auditors

H W Fisher & Company were appointed auditors to the charity and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put to the Annual General Meeting in 2016.

On behalf of the Board of Trustees


Jarkko Tontti
Trustee

3rd June 2016

INTERNATIONAL P.E.N.

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STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Charity's trustees (who are also the directors of International PEN for the purposes of company law) are responsible for preparing a trustees' annual report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP (Statement of Recommended Practice);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charity will continue in business.

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

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

INTERNATIONAL P.E.N.

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INTERNATIONAL P.E.N.

We have audited the accounts of International PEN for the year ended 31 December 2015 set out on pages 26 to 40. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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

Respective responsibilities of trustees and auditors

As explained more fully in the Trustees' Responsibilities Statement on page 23, the trustees, who are also the directors of the charitable company for the purposes of company law, are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the accounts in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the accounts

An audit involves obtaining evidence about the amounts and disclosures in the accounts sufficient to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the accounts. In addition, we read all the financial and non-financial information in the Trustees' Report to identify material inconsistencies with the audited accounts and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on accounts

In our opinion the accounts:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2015, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Companies Act 2006.

**INTERNATIONAL P.E.N.
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INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF INTERNATIONAL P.E.N.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Report for the financial year for which the accounts are prepared is consistent with the accounts.

Matters on which we are required to report by exception

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

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

Andrew Rich (Senior Statutory Auditor)

for and on behalf of H W Fisher & Company
Chartered Accountants
Statutory Auditor
Acre House
11-15 William Road
London
NW1 3ER

INTERNATIONAL P.E.N.

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STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	Unrestricted funds	Designated funds	Restricted funds	Total funds 2015	Total funds 2014
		£	£	£	£	£
Income						
Donations and legacies	3	312,899	-	10,974	323,873	218,876
Charitable activities	4	224,468	-	758,983	983,451	930,040
Total income		537,367	-	769,957	1,307,324	1,148,916
Expenditure on:						
<i>Cost of raising funds:</i>						
Fundraising and publicity		4,569	-	-	4,569	2,685
<i>Expenditure on charitable activities:</i>						
General advocacy and support	5	387,866	4,676	610,481	1,003,023	1,004,170
Writers in prison		195,781	3,339	145,661	344,781	302,128
Total expenditure		588,216	8,015	756,142	1,352,373	1,308,983
Net (outgoing)/incoming resources before transfers		(50,849)	(8,015)	13,815	(45,049)	(160,067)
Gross transfers between funds	16/17	45,624	13,716	(59,340)	-	-
Net (expenditure)/income for the year		(5,225)	5,701	(45,525)	(45,049)	(160,067)
Reconciliation of funds:						
Total funds brought forward		152,456	14,474	162,524	329,454	489,521
Total funds carried forward		147,231	20,175	116,999	284,405	329,454

The statement of financial activities includes all gains and losses recognised in the year. All income and expenditure derive from continuing activities.

INTERNATIONAL P.E.N.
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 BALANCE SHEET AS AT 31 DECEMBER 2015

Company registration number: 05683997

	Note	2015		2014	
		£	£	£	£
Fixed assets:					
Tangible assets	13		20,175		14,474
Current assets:					
Debtors	14	189,519		158,353	
Cash at bank and in hand		<u>375,804</u>		<u>245,499</u>	
Total Current assets		565,323		403,852	
Liabilities:					
Creditors: Amounts falling due within one year	15	<u>(301,093)</u>		<u>(88,872)</u>	
<i>Net current assets or liabilities</i>			264,230		314,980
<i>Total assets less current liabilities</i>			<u>284,405</u>		<u>329,454</u>
Total net assets or liabilities			<u>284,405</u>		<u>329,454</u>
The funds of the Charity:					
Restricted income funds	16		116,999		162,524
Designated funds	17		20,175		14,474
Other charitable funds			<u>147,231</u>		<u>152,456</u>
<i>Total unrestricted funds</i>			<u>167,406</u>		<u>166,930</u>
Total funds	18		<u>284,405</u>		<u>329,454</u>

The notes at pages 29 to 40 form part of these accounts.

Signed:



Jarkko Tontti
Trustee

Approved by the trustees on:

3rd June 2016

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STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	Total Funds 2015 £	Total Funds 2014 £
Cash flows from operating activities:			
Net cash provided by (used in) operating activities	19	148,574	(124,614)
Cash flows from investing activities:			
Purchase of tangible fixed assets		(18,269)	(2,244)
Net cash provided by (used in) investing activities		(18,269)	(2,244)
Change in cash and cash equivalents in the reporting period		130,305	(126,858)
Cash and cash equivalents at the beginning of the reporting period		245,499	372,357
Cash and cash equivalents at the end of the reporting period		375,804	245,499

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NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2015

I Accounting Policies

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

a) Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

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

b) Reconciliation with previous Generally Accepted Accounting Practice

In preparing the accounts, the trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102 the restatement of comparative items was required. No restatements were required.

c) Preparation of the accounts on a going concern basis

We have set out in the Trustee's report a review of financial performance and the charity's reserves position (pages 16-18) and we have a reasonable expectation that we have the resources to continue in operational existence for the foreseeable future. We believe there are no material uncertainties that call into doubt the charity's ability to continue as a going concern. The accounts have therefore been prepared on the basis that the charity is a going concern.

d) Income

All incoming resources are included in the statement of financial activities when the Charity is entitled to the income and the amount can be quantified with reasonable accuracy. The following specific policies are applied to particular categories of income:

Voluntary resources are included in the statement of financial activities when the Charity is entitled to the income and the amount can be quantified with reasonable accuracy.

The value of services provided by volunteers has not been included in these accounts.

Investment income is included when receivable.

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

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NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2015

I Accounting Policies (Continued)

e) Fund accounting

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

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

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

f) Expenditure and irrecoverable VAT

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

- Costs of raising funds comprise the costs of attracting voluntary income and the costs of fundraising.
- Expenditure on charitable activities includes the costs of the delivery of its activities and services for its beneficiaries.
- Other expenditure represents those items not falling into any other heading.

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

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

g) Allocation of support costs

All support costs are allocated activities based on the time spent on those by staff.

h) Tangible fixed assets

All assets costing more than £500 are capitalised.

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

Asset Category

Office equipment	25% reducing balance
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The policy with respect to impairment reviews of fixed assets is that these assets are inspected regularly for any impairment and any defect remedied so as to maintain the current value.

i) Pensions

The charity operates a defined contributions pension scheme. Contributions are charged in the accounts as they become payable in accordance with the rules of the scheme.

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NOTES TO THE ACCOUNTS
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I Accounting Policies (Continued)

j) Debtors

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

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

k) Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

l) Creditors and provisions

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

m) Financial instruments

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

n) Foreign exchange

Transactions denominated in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. All differences are included in net outgoing resources.

2 Legal status of the Charity

The Charity is constituted as a company limited by guarantee.

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NOTES TO THE ACCOUNTS (CONTINUED)
 FOR THE YEAR ENDED 31 DECEMBER 2015

3 Income from donations

	Unrestricted funds	Designated funds	Restricted funds	Total funds	Total funds
	2015	2015	2015	2015	2014
	£	£	£	£	£
Donations	312,899	-	10,974	323,873	218,876

Donations to unrestricted funds:

	2015 £	2014 £
Individual contributions	40,924	9,149
PEN centre contributions	1,015	8,418
Due payments receivable	119,733	110,303
Gifts in kind	100,000	55,224
Other income	51,227	10,500
	312,899	193,594

Donations to restricted funds:

	2015 £	2014 £
PEN centre contributions	-	1,305
Individual contributions	9,650	-
Writers in Prisons committee centre contributions	1,324	15,959
Gifts in kind	-	8,018
	10,974	25,282

Gifts in kind include £100,000 (2014: £47,206) for legal assistance and £nil (2014: £16,036) for general advocacy.

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NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2015

4 Income from charitable activities

	Unrestricted funds 2015 £	Restricted funds 2015 £	Total funds 2015 £	Total funds 2014 £
Grants receivable	17,866	742,542	760,408	767,891
Publishers Circle	145,492	-	145,492	136,177
Writers Circle	49,223	-	49,223	24,667
Other charitable activity income	11,887	16,441	28,328	1,305
	224,468	758,983	983,451	930,040

Included within grants receivable are the following:

	2015 £	2014 £
Unrestricted funds:		
Corporate donation	11,458	12,817
Freedom House	6,408	-
	17,866	12,817

Restricted funds:

Norwegian Ministry of Foreign Affairs	22,155	58,519
ICORN	66,000	77,820
SIDA	454,236	326,848
Commonwealth Foundation	30,000	30,000
OIF	7,031	35
Company Donations	50,000	50,000
Other Income	-	19,616
UNESCO	23,753	29,592
Fritt Ord Foundation	29,090	30,000
Prince Claus Foundation	3,150	-
Natur and Kultur	-	8,337
Other foundations	24,689	-
Evan Cornish Foundation	-	3,000
Foreign and Commonwealth Office	12,872	27,929
Ministry of Foreign Affairs Finland	-	78,801
Open Society Foundation	-	14,577
Solidarity Contributions	13,780	-
European Cultural Foundation	5,786	-
	742,542	755,074

INTERNATIONAL P.E.N.

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NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2015

5 Analysis of expenditure relating to general advocacy and support

	2015	2014
	£	£
Staff costs	400,020	358,621
Centre developments	195,975	78,158
Other costs	88,888	205,044
Support costs (note 6)	218,140	299,105
In kind services	100,000	63,242
	<hr/> 1,003,023	<hr/> 1,004,170

Analysis of expenditure relating to writers in prison

	2015	2014
	£	£
Staff costs	164,227	165,420
Other costs	44,318	21,280
Support costs (note 6)	136,236	115,428
	<hr/> 344,781	<hr/> 302,128

Expenditure was £1,352,373 (2014: £1,308,393) of which £588,216 was unrestricted (2014: £388,005), £756,142 was restricted (2014: £917,712) and £8,015 was designated (2014: £3,266).

Expenditure on raising funds includes staff costs of £2,798 (2014: £1,845) and other costs of £1,771 (2014: £840).

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NOTES TO THE ACCOUNTS (CONTINUED)
 FOR THE YEAR ENDED 31 DECEMBER 2015

6 Analysis of support costs and governance costs

The Charity initially identifies the costs of its support functions. It then identifies those costs which relate to the governance function. Having identified its governance costs, the remaining support costs together with the governance costs are all allocated against the charitable activities based on the time spent on those activities.

Support costs	General advocacy and support 2015 £	Writers in prison 2015 £	Total 2015 £	Total 2014 £
Staff costs	36,612	26,152	62,764	112,279
Depreciation	4,676	3,339	8,015	3,266
Rent and occupancy	73,860	46,129	119,989	69,431
Office supplies and equipment	9,711	6,065	15,776	17,784
Consultancy	7,619	4,759	12,378	13,089
Other Costs	27,295	27,680	54,975	158,964
Governance costs (see below)	58,367	22,112	80,479	39,720
	218,140	136,236	354,376	414,533

Governance costs	General advocacy and support 2015 £	Writers in prison 2015 £	Total 2015 £	Total 2014 £
Staff costs	14,010	5,349	19,359	11,198
Audit fees	5,428	2,072	7,500	8,000
Board meetings	20,431	7,800	28,231	-
Other costs	18,498	6,891	25,389	20,522
	58,367	22,112	80,479	39,720

7 Net (expenditure) for the year

This is stated after charging:

	2015 £	2014 £
Depreciation	8,015	3,266
Auditor's remuneration	8,000	8,000
Operating lease rentals	78,865	75,724
	94,880	86,990

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NOTES TO THE ACCOUNTS (CONTINUED)
 FOR THE YEAR ENDED 31 DECEMBER 2015

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

	2015	2014
	£	£
Wages and salaries	557,969	481,522
Social security costs	57,519	47,354
Pension	33,680	8,208
	649,168	537,084

The key management personnel of the Charity comprise the trustees and Executive Director. One employee earned between £70,000 and £80,000. Remuneration of key management personnel was £76,684 (2014: for part of the year there was an Executive Officer £29,112).

9 Staff Numbers

The average monthly head count was 13.5 staff (2014: 15.2) and the average monthly number of full time equivalent employees (including casual and part time staff) during the year were as follows:

	2015	2014
	Number	Number
Charitable activities	12	10.0
Fundraising	-	0.4
Governance	1.5	0.6
Support	-	4.2
Total	13.5	15.2

10 Pension and other post-retirement benefit commitments

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

	2015	2014
	£	£
Contributions payable by the company for the year	33,680	8,208

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

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NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2015

11 Related party transactions

None of the trustees (or any persons connected with them) received any remuneration during the year, but the Trustee Board (three members) was reimbursed a total of £2,352 (2014: £10,072) travel and subsistence expenses.

12 Corporation tax

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

13 Tangible fixed assets

	Office Equipment £
Cost:	
As at 1 January 2015	43,357
Additions	18,269
Disposals	(26,471)
As at 31 December 2015	35,155
Depreciation:	
As at 1 January 2015	28,883
On disposals	(21,918)
Charge for year	8,015
As at 31 December 2015	14,980
Net book value	
As 31 December 2015	20,175
As at 31 December 2014	14,474

All assets are used for charitable purposes.

INTERNATIONAL P.E.N.
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NOTES TO THE ACCOUNTS (CONTINUED)
 FOR THE YEAR ENDED 31 DECEMBER 2015

14 Debtors

	2015 £	2014 £
Trade debtors	2,148	37,748
Other debtors	170,688	71,417
Prepayments and accrued income	16,683	49,134
	189,519	158,353

15 Creditors: amounts falling due within one year

	2015 £	2014 £
Trade creditors	21,917	44,788
Taxation and social security costs	14,383	12,761
Other creditors	35,696	15,354
Accruals and deferred income	229,097	15,969
	301,093	88,872

There was no deferred income brought forward. Deferred income at the balance sheet date was £91,748.

16 Analysis of charitable funds

Analysis of movements in restricted funds

	Balance as at 1 January 2015 £	Incoming resources £	Resources expended £	Transfers £	Funds as at 31 December 2015 £
Writers in Prison Committee (WIPC)	40,630	154,171	(140,378)	-	54,423
Swedish International Development Cooperation Agency (SIDA)	(1,622)	454,236	(431,238)	-	21,376
Festivals		-	(715)	-	(715)
Schools & Creativity	2,620	-	-	-	2,620
Centre Development	103,617	139,394	(144,410)	(59,340)	39,261
Norwegian Ministry of Foreign Affairs (NMFA)	17,279	22,156	(39,401)	-	34
	162,524	769,957	(756,142)	(59,340)	116,999

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

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

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NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2015

16 Analysis of charitable funds - Analysis of movements in restricted funds (continued)

Schools & Creativity- Support for regional programmes for PEN centres in Africa.

Centre Development- Supporting exchanges mainly between the African centres. The transfer represents expenditure allocated to unrestricted funds in 2014 rather than restricted funds.

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

17 Analysis of movements in designated funds

	Balance as at 1 January 2015 £	Incoming resources £	Resources expended £	Transfers £	Funds as at 31 December 2015 £
Fixed Assets Fund	14,474	-	(8,015)	13,716	20,175
	14,474	-	(8,015)	13,716	20,175

The fixed assets fund represents the net book value of fixed assets in the balance sheet. Transfers between funds represent the adjustment of the fixed asset fund to match the net book value.

18 Analysis of net assets between funds

	Unrestricted funds £	Designated funds £	Restricted funds £	Total £
Tangible fixed assets	-	20,175	-	20,175
Current assets	356,576	-	208,747	565,323
Creditors of less than one year	(209,345)	-	(91,748)	(301,093)
	147,231	20,175	116,999	284,405

INTERNATIONAL P.E.N.
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NOTES TO THE ACCOUNTS (CONTINUED)
 FOR THE YEAR ENDED 31 DECEMBER 2015

19 Reconciliation of net movement in funds to net cash flow from operating activities

	2015	2014
	£	£
Net movement in funds	(45,049)	(160,067)
Add back depreciation charge	8,015	3,266
Loss/(profit) on disposals	4,553	-
Decrease (increase) in debtors	(31,166)	(307)
(Decrease) increase in creditors	212,221	32,494
	<hr/>	<hr/>
Net cash used in operating activities	148,574	(124,614)
	<hr/> <hr/>	<hr/> <hr/>

20 Commitments under operating leases

	2015	2014
	£	£
Within one year - property	-	38,065
Between two and five years - property	420,000	-
Between two and five years - other	13,657	-
	<hr/>	<hr/>
	433,657	38,065
	<hr/> <hr/>	<hr/> <hr/>

