

# **PANOS LONDON**

**Trustees' Annual Report and Financial Statements  
For the year ended 31 December 2006**

**Registered company No: 1937340**

**Registered charity No: 297366**

## **Panos London**

### **Charity administrative details**

The charity registered name is Panos Limited. The charity trades under the name Panos London.

### **Registered Office**

Panos London  
9 White Lion Street  
London N1 9PD  
Tel: 020 7278 1111  
Fax: 020 7278 0345

### **Website address**

[www.panos.org.uk](http://www.panos.org.uk)

[www.panos.org](http://www.panos.org)

### **Registered company number**

1937340

### **Registered charity number**

297366

### **Auditors**

Kingston Smith LLP  
Devonshire House  
60 Goswell Road  
London EC1M 7AD

### **Bankers**

Lloyds TSB  
25 Gresham Street,  
London EC2V 7HN

## Panos London

<b>Contents</b>	<b>Page</b>
Charity administrative details	2
Trustees' report	4
Structure, Governance and Management	4
Company status	4
Structure of Panos international network	4
Structure of Panos London	4
Board of Trustees	5
Senior Management Team	5
Statement of Trustees' responsibilities	5
Internal Controls	6
Risk Management	6
Auditors	6
Objectives and Activities	6
Object	6
Our mission	6
Achievements and Performance	6
Financial Review	9
Reserves	9
Panos Eastern Africa	10
Plan for Future Periods	10
Independent Auditor's Report to the Members of Panos London	12
Statement of Financial Activities	13
Balance Sheet	14
Notes to the Financial Statements	15-20

## **Panos London**

### **Trustees' Report**

The members of the Board, who are directors of the charity for the purposes of company law and trustees for the purposes of charity law, submit to the members of Panos London their annual report together with the audited financial statements for the year ended 31 December 2006. The members of the Board who served during the year are listed on page 5. The information contained on page 2 forms part of this report.

The financial statements have been prepared in accordance with the accounting policies set out in Note 1 on pages 15 and 16 of the attached financial statements and comply with the charitable company's Memorandum and Articles of Association, the Company Act 1985 and the requirements of the Statement of Recommended Practice (SORP), issued by the Charity Commission on 4 March 2005.

### **Structure, Governance and Management**

#### **Company Status**

Panos London is a registered charity and is incorporated under the Companies Acts as a company limited by guarantee and not having a share capital. The company is governed by its Memorandum and Articles of Association.

#### **Structure of the Panos International Network**

Panos London is a member of the worldwide Panos Network, which is a dynamic global partnership of eight independent institutes with a common mission and set of values. It is legally registered as an international foundation in The Netherlands, the Panos Network Stichting. The Network is governed by the Panos Council, which is made up of one board member and the Executive Director from each institute, with a small secretariat based in New Delhi, India.

The eight independent institutes are Institut Panos Afrique de l'Ouest, Institut Panos Paris, Panos Canada, Panos Caribbean, Panos Eastern Africa, Panos London, Panos South Asia and Panos Southern Africa.

#### **Structure of Panos London**

The charity is UK based. Until June 2006 the charity had two overseas offices in Uganda and Ethiopia operating under the name of Panos Eastern Africa. On 30 June 2006 Panos Eastern Africa was formally granted autonomous status and is now registered as an independent organisation in Kampala, Uganda.

Directors are appointed in accordance with the company's Articles of Association. Members of the Board receive training in the form of a formal introduction to Panos London and a *Guide for the Board of Trustees of Panos London*. The Guide sets out the structure, governance and management of Panos London, including trustees' role and responsibilities. The Executive Committee of the Board of Directors is made up of directors and operates under specific terms of reference which delegate certain functions from the Board of Directors. Its decisions are ratified by the full board which meets once a year. The Executive Committee meets quarterly. Some of the trustees' responsibilities are delegated to the Executive Director as set out in the *Guide for the Board of Trustees of Panos London*.

## Panos London

### Board of Trustees

The members of the Board of Directors who served the company during the year were:

	Change during the year	Executive Committee
Alex Renton	Appointed 13 June 2006	
Amos Vilakazi		
Birgitte Jallof		
David Page		√
Gautam Dalal, Treasurer	Appointed 13 June 2006	√
Halle Jørn Hanssen	Retired 13 June 2006	
Jenny Richards		√
Lawrence Haddad	Appointed 27 July 2006	
Margaret Gallagher	Appointed 27 July 2006	
Paul Westlake, Chair of the Executive Committee		√
Tracey Cabache	Appointed 13 June 2006	√
Urvashi Butalia, Chair of the Board		
Vinya Ariyaratne		
Wafula Oguttu		

### Senior Management Team

The Board delegates responsibility of the day to day management to the Senior Management Team (SMT). The SMT consist of:

Mark Wilson	Executive Director
Wayne Myslik	Director of Programmes
Marie-Mathilde Saluveer	Director of Finance and Resources

### Statement of Trustees' Responsibilities

Panos London trustees are responsible for preparing the trustees' Annual Report and Financial Statements in accordance with applicable law and United Kingdom Accounting Standards.

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and the incoming resources and application of resources, including the net income and expenditure, of the charity for the year.

In preparing those financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards and statement of recommended practice have been followed, subject to any departures disclosed and explained in the financial statements;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity, and enable them to ensure that the financial statements comply with the Companies Act 1985. The trustees are also responsible for safeguarding the assets of the charity and therefore for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees confirm that, in so far as each of them is aware, there is no relevant audit information of which the charity's auditors are unaware; each trustee has taken all steps that he/she ought to have taken as a trustee in order to make himself/herself aware of any relevant audit information, and to establish that the charity's auditors are aware of this information.

## **Panos London**

### **Internal Controls**

The trustees have overall responsibility for ensuring that the charity has an appropriate system of control, financial and otherwise. Internal controls are designed to provide assurance against material mis-statement or loss. They include:

- a strategic, three-year plan and annual budget approved by the Board;
- quarterly review by the Board of financial results and variances from budget;
- segregation of duties; and
- identification and management of risk.

### **Risk Management**

Panos London has effective internal controls in place in order to mitigate risks. A risk management assessment which identified the major risks was made by the Executive Committee and submitted to the Panos London board in 2007. This included the planned tasks to mitigate those risks which have been identified.

### **Auditors**

Kingston Smith LLP has indicated its willingness to continue in office and in accordance with the provisions of the Companies Act. A resolution to re-appoint them as auditors for the ensuing year is proposed in accordance with section 385 of the Companies Act 1985.

### **Objectives and Activities**

#### **Object**

The object of the charity is to relieve poverty and sickness and advance the education of the public in communication and media development, environmental planning, public health, international trade, aid and debt, conflict, demography, natural resources, food stuffs and other necessities of life and the causes and consequences of environmental pollution in any part of the world but particularly in the Developing World.

#### **Our Mission**

Panos London's mission is to stimulate informed and inclusive public debate around key development issues in order to foster sustainable development.

Our aim is to ensure that the perspectives of the people whose lives are most affected by development (mainly the poor and marginalised) are included within decision-making and that decisions are subject to their scrutiny and debate. We are working to promote an enabling media and communications environment worldwide. Our priority issues are: media and communications, globalisation, HIV/AIDS, environment and conflict. Gender is integral to all these issues.

### **Achievements and Performance**

2006 marked Panos London's 20<sup>th</sup> anniversary and the year was a very successful one for the Institute. Panos London had set itself a series of 10 institutional objectives for the period 2006-08:

#### *Strategic and Programmatic*

1. To access and promote the voices of the poor, marginalised and excluded, enabling greater dialogue, debate and change.
2. To become a centre of expertise in media and communication for development issues (and their application in the areas of health, environment, globalisation and conflict).
3. To provide independent, impartial analysis and journalism on these development issues.
4. To develop new, innovative and expanded programming

## Panos London

### *General Management*

5. To consolidate the financial position of Panos London: ensuring that the Institute lives within its means and begins to rebuild reserves at the end of 2006.
6. To diversify and expand Panos London's funding base – of both 'core' and programme income.
7. To ensure that Panos London is a dynamic, interesting, supportive and enjoyable place to work for its staff.

### *External, Governance and the Panos Network*

8. To raise the profile of Panos London and establish greater and more influential engagement with external development agendas
9. To strengthen Panos London's governance to provide more dynamic, supportive leadership.
10. To help the network of Panos Institutes maximise its individual and collective strengths and resources to benefit poor and marginalised people around the world.

For each objective a set of specific and ambitious targets for 2006 and indicators to measure progress had been established. These targets were reached, with the overall level of performance better in 2006 than the year before. Of the 10 institutional objectives, targets in seven were achieved; two were partly achieved; and one was not achieved.

Panos London continued thinking and action around institutional and programmatic strategies and methodologies that its strategic review in 2005 identified. The conclusion is that Panos London uniquely spans the areas of voice, advocacy and policy; the media; and communications for development as no other organisation does. Our work in one area is informed and guided by our work in the others, and therefore to reduce our scope of programming would threaten or undermine our success. This challenges the Institute to ensure that it has a clear and coherent basis for the wide range of programme interventions; and work will continue in 2007 on improving programme theory, design and implementation systems and processes so that its work is increasingly effective, efficient and focused.

Panos London developed improved and more consistent methodologies to analyse which voices are missing in current debates at different levels (local, country, international) in designing and implementing programmes. It also developed more integrated approaches to including marginalised views in Panos London outputs and advocacy. For instance, the incorporation of oral testimonies as a key component in other programmes was introduced and initial indications are that this is proving to be an important and successful innovation. Oral testimonies were gathered, prepared and published in Panos and other organisations' publications on the Environment (Jamaica); on Social Movements (HIV/AIDS in South Africa); and PRSPs (in Pakistan). The first major activities were implemented of an integrated project being jointly implemented in Eastern Africa by Oral Testimony with the Media Development Programme (MDP) which seeks to learn more about the complementarity of employing print journalism, photo-journalism and oral testimony methodologies within an integrated project.

The new Communications for Development strategy was completed in 2006, establishing a framework and guidance for all programmes, though with some individual activities in research and advocacy included within it. Also included was a more systematic, robust and effective monitoring and evaluation system for Panos London. The UK's Department for International Development (DfID) specifically praised Panos London for the progress it had made in the M&E area but more remains to be done, and Panos London will be working with DfID to strengthen its M&E approach and tools in future.

2006 also saw the establishment of the Media Development Programme (MDP) and its integration within the Programmes department. The new MDP strategy was developed through 2006, identifying how best Panos London can contribute to media development and journalism around the world – with the outcomes of specific programmes and Panos London strategy away days feeding into the development of these plans and priorities.

There was a diverse and expanding range of outputs by Panos London in 2006. InterWorld Radio produced 32 new radio features and the MDP uploaded 19 print features which were disseminated internationally on the critical development issues and themes covered by Panos London programmes. A new Publications Manager was appointed and there was a record number of Panos London outputs, including reports, media briefs, toolkits and guides, with the quality of editing and improvements in systems and process taking place as a result. Panos London's own website continued to see steady and sustained growth in the number of visits, hits and downloads throughout the year. It will be completely overhauled in 2007 as it becomes increasingly important as the major external face of Panos London and its central dissemination platform. The new website will include key elements relating to 'new media' innovations.

There was an intensive level of programme delivery in 2006 in partnership with other Panos Institutes. However, new strategic programme and project development took place in the Globalisation, Environment, Information

## Panos London

Society, HIV/AIDS (for Panos London and as part of the new five-year strategy of the Panos Network's Global Aids Programme) and RELAY (communicating research) programmes. This involved extensive consultation with other Panos Institutes, but the results are a collection of programmes and a portfolio of projects which are fully supported by those Institutes, well engineered and wide ranging.

The Institute continued to make more consistent and imaginative use of its 'Northern' platform to meet programme goals: including much greater engagement with UK-based audiences and groups; and the planning and implementation of projects in new geographic areas such as Eastern Europe.

The Swedish development ministry SIDA conducted an evaluation of Panos London's gender mainstreaming work (as part of a general evaluation of all its partners) and the results were extremely positive. A Gender Mainstreaming Statement was drafted by Panos London's Gender Working Group, which will continue to lead the Institute's work in this area.

Despite overall income falling by 7% from 2005, Panos London was able to meet its main financial target for 2006 of improving its reserve position. Through extremely tight cost control on 'core' expenditures and the impact of Panos Eastern Africa becoming independent in July 2006, at year end Panos London's reserves had recovered to over £300,000, compared with a low of £164,000 at the end of 2005. For more details, see the Financial Review, below.

In 2006 Panos London set itself a new and important institutional objective of ensuring that it is 'a dynamic, interesting, supportive and enjoyable place to work for its staff'. A number of new initiatives were launched to support this; a detailed job evaluation process for all positions in the organisation was completed; followed by a salary review conducted by management (with interim salary levels agreed by Union representatives in 2007). Staff salaries were then re-adjusted accordingly. HR policies continued to be updated, following agreement with staff and Union representatives. A Panos London Away Day late in September showed morale to be good and staff enthusiastic to make suggestions on improving the work environment still further. Their suggestions have been analysed by senior management and many put into action in the last quarter of 2006 and early 2007.

The one objective that was not achieved in 2006 was to diversify and expand Panos London's funding base to the extent targeted. An increased number of programme and project proposals were sent to potential donors, and the completion of larger programme portfolios (see above) was expected to result in increased programme funding. Unfortunately this did not take place in the second half of the year, with unexpected funding setbacks on projects in the Information Society (telecentres, e-governance) HIV/AIDS (Social Movements) and Environment (climate change) programme areas. The result was that programme expenditure were greater than income received for the calendar year and a fall in the programme funding pipeline being reflected in reduced restricted fund balances. Diversifying and expanding Panos London's funding base is the central challenge for the Institute in the coming years. A plan for 2007-2009 has been approved by the Board involving greater investment in 2007 in fundraising resources and new fundraising initiatives. Panos London's new database, ThankQ, will greatly assist these initiatives and Panos London's Board members are also expected to play a bigger role in income generation.

There were successes in the fundraising area. At an highly successful Partnership Consultation meeting with Panos London's key donors in March, DfID and the equivalent ministries of Finland (DIDC), Norway (NORAD), and Sweden (SIDA) all expressed overwhelming support for the institutional and programmatic achievements of Panos London and the wider Panos Network, and later in the year SIDA agreed a 33% increase in funding for three years from 2006-08. A NORAD evaluation of the Panos Network, concentrated on the work of Panos London and Panos Southern Africa, was conducted in the fourth quarter and its conclusions were extremely supportive of the work of the network, the value of Panos London and the quality of its outputs.

This was consistent with the growing external profile Panos London enjoyed in 2006, including at the World Congress on Communication for Development in October in Rome, where the Institute acted as rapporteur and led or was involved in sessions on new information and communication technologies, and on trade issues. The profile of Panos London on trade increased dramatically through the year, resulting in it being invited by the World Trade Organization to host a session on media and trade in Geneva in September; and on environment, where it was involved in the climate change summit in Nairobi in November. Panos London also contributed substantially to a successful World AIDS Conference in Toronto for the Global Aids Programme, with the Panos London team editing, producing and disseminating a daily *Panoscope* newspaper which was widely read and well received. PL was also a founding member of the European arm of the 'Stop TB Partnership' as it was launched in Geneva in November, which aims to raise awareness and strengthen advocacy of TB throughout the continent.

## Panos London

Panos London engaged in intensive interaction throughout the year with DfID, meeting the Under Secretary of State, Gareth Thomas, in March with a small number of other organisations to lobby for greater concentration on media, information and communication in development; and as a result was commissioned later in the year by DfID to produce a 'case for communication' to help persuade policymakers worldwide. Panos London also hosted meetings for UK media and communication organisations in consultations around the new DfID White Paper, and the submissions were successful in helping to secure a high profile for issues of 'voice' and the media in the final paper, *Eliminating poverty: making governance work for the poor*, when it was published in July.

Great strides were taken in improving Panos London's governance in 2006. Both the Governing Board and the Executive Committee were successfully expanded (see list above); a new Guide for the Board of Trustees was written (and published in January 2007); and the Board spent time at its annual meeting discussing its role and evaluating its performance.

The governance of the wider Panos Network also reached a milestone in 2006 when Panos London secured the formal registration of the Stichting (Foundation) Panos Network in the Netherlands on 7 April; giving the network of Institutes a formal and legal identity and legitimacy on which to build. Panos London contributed significantly in many other ways to greater network cooperation and cohesion: including support for the setting up of the Panos Network Secretariat in Delhi in December, chairing the process of allocating network grants, and preparing and handing over responsibility for donor relationships on behalf of the network with NORAD and DIDC to Panos Southern Africa and Panos Caribbean respectively. Programme collaboration with the rest of the Panos network was also deepened and extended, including April's hosting of a conference of the Panos Global Radio team, and later in the year by a similar gathering of programme staff from Panos Institutes to hold a mid-term review of the Poverty Reduction Strategy (PRSP) programme. Panos London designed, coordinated and edited a new website for the Panos network, which also carried information celebrating 20 years of Panos. The website was funded by Panos London and launched in September.

### Financial Review

#### Reserves

The charity carries out a variety of both long term and short term projects. The Executive Committee has examined the requirement for free reserves which are those unrestricted funds not invested in fixed assets, designated for specific purposes or otherwise committed. The Executive Committee consider that, given the nature of our work, the free reserves held by the charity should be equivalent to three months of the yearly ongoing overhead expenditure, which translates to about £400,000 in general funds, which would give the organisation flexibility to cover temporary timing differences for grant claims, adequate working capital for core costs, and would allow Panos London to respond quickly to emergencies where immediate relief is needed.

The net outgoing resources for the year 2006 of £234,665 is due to the level of restricted expenditure incurred by London programmes being higher than the level of incoming resources. However due to the level of restricted reserves carried forward at 1 January 2006, the net restricted fund balance stands at £365,083 at 31 December 2006. None of the restricted projects showed a deficit in 2006.

Unrestricted reserves increased by £142,000 to £306,148. This increase is due to a net surplus on London core activities of £50,008 and the transfer of £91,992 in respect of Panos Eastern Africa now that the entity has achieved its independence (see below).

As a result, as at 31 December 2006, unrestricted funds stood at £306,148, of which £55,647 is tied up in fixed assets leaving free reserves of £250,501. Although this is an improvement on the previous year, as in prior years, the following action plan continues to be vigorously pursued to achieve the target reserves of £400,000:

1. Continue building up reserves by means of annual operating surpluses.
2. Enter into discussions with our major funders and ask them to allocate a percentage of their annual grant specifically to general reserves.
3. Continue to improve systems and procedures for managing projects to avoid projects going into deficit.

Panos London cash flow position remained strong throughout 2006.

## Panos London

### **Incoming resources**

Overall incoming resources decreased by 7% in 2006 compared with a 24% rise in 2005. This decrease is due to the consolidation of only 6 months of Panos Eastern Africa (see below) incoming resources in 2006 while 2005 included 12 months of Panos Eastern Africa activities.

### **Resources expended**

Resources expended decreased slightly reflecting the sustained level of activities carried out by the various programmes within Panos London.

### **Panos Eastern Africa**

Panos Eastern Africa became independent on 1 July, following the Panos London's Governing Board discussion and resolution on 13 June. Extensive work was done by Panos London throughout the year on support to PEA, including on outstanding PEA reporting issues and finance support.

### **Plan for Future Periods**

The ten institutional objectives established in 2006 provided an excellent focus for Panos London's work. The revised objectives for 2007-09 have therefore remained virtually identical, the only changes being slight amendments in Objectives 2 & 3. The following set of institutional objectives and targets are fully in tune with Panos London's wider strategic framework, and specific and measurable in evaluating the Institute's performance in 2007 and beyond. The four strategic and programmatic objectives, targets and indicators are:

<b>Objective</b>	<b>Indicator(s)</b>	<b>2007 Targets</b>
<b>1. To access and promote the voices of the poor, marginalised and excluded, enabling greater dialogue, debate and change.</b>	<ul style="list-style-type: none"> <li>• Increased number and quality of journalism stories in which the views and perspectives of the poor and marginalised are intrinsic.</li> <li>• Panos London programme data.</li> <li>• Evaluation findings and baseline data.</li> </ul>	<ul style="list-style-type: none"> <li>• Panos London has a greater range of methodologies to draw on and clear rationale for their selection in developing programme approaches which promote inclusive debate and reach decision-makers.</li> <li>• Evaluations of Panos London programmes demonstrate poverty and development-related debates in focused countries are more inclusive than previously.</li> </ul>
<b>2. To become a centre of expertise in media development and communication for development issues (and their application in the areas of health, environment, globalisation and conflict).</b>	<ul style="list-style-type: none"> <li>• Panos London programme/financial data.</li> <li>• M&amp;E quantitative and qualitative data.</li> <li>• The development of a framework for media development, providing an overview of the range of media interventions.</li> <li>• Media landscape and qualitative audience research data.</li> <li>• ER data</li> </ul>	<ul style="list-style-type: none"> <li>• The demand for Panos London's expertise in communication and media development and the size of Panos London's consultancy services increase significantly in 2007.</li> <li>• Continue to develop a more systematic, robust and effective monitoring and evaluation system for Panos London.</li> <li>• Develop an evidence based understanding of media development interventions – and how they can be used and combined in different circumstances.</li> <li>• Build on and develop the 'Case for Communication' publications, setting out the best case for C4D from Panos' experience and learning, and - through an advocacy campaign - position Panos London as a leading and trusted organisation in the C4D field.</li> </ul>
<b>3. To provide independent, impartial analysis and support for journalism on</b>	<ul style="list-style-type: none"> <li>• Panos London data</li> <li>• Panos London media</li> </ul>	<ul style="list-style-type: none"> <li>• Build the capacity of journalists to access the stories and voices of the</li> </ul>

Panos London

<p>these development issues.</p>	<p>development strategy agreed and implementation reports.</p>	<p>poor, marginalised and excluded.</p> <ul style="list-style-type: none"> <li>• The quantity and quality of Panos London's publications and support for journalism increases.</li> <li>• Increased impartial information and analysis is available and accessible to key target audiences (including journalists, policy-makers and civil society organisations) on Panos London themes and in focus countries.</li> <li>• The Panos Network's strategy for radio and PL's strategy for IWR is agreed and implementation is well under way.</li> </ul>
<p>4. To develop new, innovative and expanded programming.</p>	<ul style="list-style-type: none"> <li>• Programmes are established as targeted.</li> <li>• Specific gender measures highlighted by the Panos London gender review and the SIDA gender evaluation are implemented.</li> </ul>	<ul style="list-style-type: none"> <li>• New programmes are established in at least three 'new' countries by the end of 2007.</li> <li>• A funded and part-implemented conflict programme is established.</li> <li>• At least one long-term cross-cutting programme is started by the end of 2007.</li> <li>• Gender issues are mainstreamed still further into Panos London programmes and general activities.</li> <li>• Standard methodologies and improved processes for programme design and implementation are in place.</li> <li>• Panos London is making much more consistent and imaginative use of its Northern platform to meet programme goals.</li> </ul>

Approved by the Board on 11 June 2007 and signed on its behalf:



Paul Westlake - Chair of the Executive Committee

## Panos London

### Independent Auditor's Report to the Members of Panos Limited

We have audited the financial statements of Panos Limited for the year ended 31 December 2006 which comprise the Statement of Financial Activities (incorporating an Income and Expenditure Account), the Balance Sheet, and the related notes. These financial statements have been prepared in accordance with the accounting policies set out therein.

This report is made solely to the charity's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken for no purpose other than to draw to the attention of the charity's members those matters which we are required to include in an auditor's report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the charity and charity's members as a body, for our audit work, for this report, or for the opinions we have formed.

### Respective Responsibilities of Trustees and Auditors

The trustees' (who are also the directors of Panos Ltd for the purposes of company law) responsibilities for preparing Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Trustees' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Trustees' Annual Report is not consistent with the financial statements, if the charity has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and transactions with the charity is not disclosed.

We read the Trustees' Annual Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

### Basis of Audit Opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charity's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with the United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the charity as at 31 December 2006 and of the incoming resources and application of resources, including the income and expenditure, of the Charity for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information provided in the Trustees' Annual Report is consistent with the financial statements.

*Kingston Smith LLP*

Kingston Smith LLP  
Chartered Accountants and Registered Auditors  
Devonshire House, 60 Goswell Road  
London EC1M 7AD

14/06/2007

Panos London

Statement of Financial Activities (incorporating an Income and Expenditure Account)  
for the year ended 31st December 2006

	Note	2006			2005
		Unrestricted Funds	Restricted Funds	Total Funds	Total Funds
		£	£	£	£
<b>Incoming resources</b>					
<b>Incoming resources from generated funds</b>					
Voluntary income					
Governments organisations grants	2	348,060	3,063,220	3,411,280	3,483,419
Other grants	3	-	426,127	426,127	609,176
Donations from individuals		968	-	968	1,362
Investment Income					
Interest		25,887		25,887	39,653
Dividends	7	4,900		4,900	-
<b>Other incoming resources</b>		1,078	729	1,807	13,377
<b>Total Incoming Resources</b>		<b>380,893</b>	<b>3,490,076</b>	<b>3,870,969</b>	<b>4,146,987</b>
<b>Resources Expended</b>					
<b>Cost of generating funds</b>					
Fundraising costs	4	106,253	41,726	147,979	110,707
<b>Charitable Activities</b>					
Media development	4	32,579	412,549	445,128	566,943
Communication for development		22,708	287,545	310,253	451,090
Environment		16,528	209,300	225,828	195,627
Globalisation		17,575	222,547	240,122	164,141
HIV/AIDS		73,110	925,789	998,899	704,478
Information Society		4,049	51,268	55,317	45,398
Oral Testimony		13,358	169,148	182,506	134,290
Communicating Research		19,037	241,068	260,105	128,594
Contributions to Panos Network partners	5		873,436	873,436	591,167
Eastern Africa Regional Programme	5	(91,992)	432,365	340,373	502,013
Southern Africa Regional Programme			-	-	103,619
Transfer of Panos Southern Africa reserves			-	-	298,333
Additional funding for Panos Eastern Africa			-	-	98,326
<b>Governance costs</b>	4	25,688		25,688	25,949
<b>Total Resources Expended</b>		<b>238,893</b>	<b>3,866,741</b>	<b>4,105,634</b>	<b>4,120,675</b>
<b>Net incoming/ (outgoing) resources for the year</b>		<b>142,000</b>	<b>(376,665)</b>	<b>(234,665)</b>	<b>26,312</b>
<b>Fund balances at 1 January 2006</b>		164,148	741,748	905,896	879,584
<b>Fund balances at 31 December 2006</b>	5	<b>306,148</b>	<b>365,083</b>	<b>671,231</b>	<b>905,896</b>

All of the above results are derived from continuing activities. All gains and losses recognised in the year are included above. The deficit for the year which for Companies Act purposes comprises the net outgoing resources was £234,665 (2005: surplus of £26,312). The Notes on pages 15 to 20 form part of these financial statements.

Panos London

Balance Sheet - as at 31 December 2006

	Note	2006		2005	
		£	£	£	£
<b>Fixed Assets</b>					
Tangible Fixed Assets	6	55,647		66,331	
Investments	7	<u>49</u>	55,696	<u>49</u>	66,380
<b>Current Assets</b>					
Debtors	8	486,213		573,320	
Bank and cash balances		<u>893,366</u>		<u>1,002,125</u>	
		<u>1,379,579</u>		<u>1,575,445</u>	
<b>Creditors</b>					
Amounts falling due within one year	9	564,418		640,919	
Deferred Income	10	<u>199,626</u>		<u>95,010</u>	
		<u>764,044</u>		<u>735,929</u>	
Net current assets			<u>615,535</u>		<u>839,516</u>
<b>Net assets</b>			<u><u>671,231</u></u>		<u><u>905,896</u></u>

*Represented by:*

**FUNDS**

Unrestricted funds	5 & 11	306,148	164,148
Restricted funds	5 & 11	<u>365,083</u>	<u>741,748</u>
		<u><u>671,231</u></u>	<u><u>905,896</u></u>

Approved by the Board on 11 June 2007 and signed on its behalf:



**Paul Westlake**  
Chairperson of the Executive Committee

The Notes on pages 15 to 20 form part of these financial statements.

Notes to the financial statements - year ended 31 December 2006

**1 Accounting Policies**

**a Basis of Accounting**

These financial statements have been prepared under the historical cost convention and in accordance with the provision of the Companies Act 1985, the revised Statement of Recommended Practice (SORP 2005) "Accounting and Reporting by Charities" and applicable accounting standards. The classification of certain categories of income and expenditure has been amended to comply with SORP 2005 and the comparative figures have been restated accordingly. The charity has taken advantage of the provision of Schedule 4 of the Companies Act and adapted the Companies Act formats to reflect the special nature of the charity's activities. The following principal accounting policies, which are unchanged from the previous year, have been consistently applied in preparing the financial statements.

**b Company Status**

The charity is a company limited by guarantee. The members of the company are the trustees named on page 2. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity.

**c Fund Accounting**

Unrestricted funds are available for use at the discretion of the trustees in furtherance of the general objectives of the charity. Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or funds raised for particular restricted purposes. The aim and use of each restricted fund is set out in Note 5 of the financial statements.

**d Incoming Resources**

Incoming resources given for a specific purpose are credited to a restricted fund, against which direct expenditure for that purpose is charged. Project grants, subscription and sponsorship income are recognised on an accruals basis. In cases where the entitlement to the incoming resources only arises with the performance of a specific output or activity which formed the basis of the grant award, income is recognised as the performance conditions are met or the activity performed. Donations income is recognised when received.

**e Resources Expended**

All expenditure has been classified under headings that aggregate all costs related to the category. Wherever possible costs are directly attributed to these headings. Costs common to more than one area are apportioned on the basis of usage. The costs of generating funds are those costs of seeking potential funders and applying for funding. Overhead costs are those costs incurred in support of the charitable objectives. These have been allocated to the charitable activities on a basis that fairly reflects the true use of those resources within the organisation. Governance costs are those incurred in the governance of the charity and are primarily associated with the constitutional and statutory requirements.

**f Foreign Currencies**

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the Statement of Financial Activities.

**g Tangible Fixed Assets and Depreciation**

Depreciation is provided on the fixed assets at rate calculated to write off the assets over their remaining useful lives as follows:

Computer hardware	25 % per annum straight line
Computer software	25 % per annum straight line
Office equipment	25 % per annum straight line
Office renovation	Straight line over remaining period of the lease expiring in June 2010

Tangible fixed assets costing more than £250 are capitalised and included at cost. Assets purchased for projects are not capitalised, but are fully written off in the year of acquisition.

## Panos London

### Notes to the financial statements - year ended 31 December 2006

#### 1 Accounting Policies (continued)

##### h Pension Costs

The company makes agreed contributions to individual "defined contribution" pension schemes for certain employees. The cost represents amounts payable in the year.

##### i Fixed Assets Investments

The investment in Panos Publications Limited is stated at cost.

#### 2 Governments Organisations Grants

	<b>2006</b>	<b>2005</b>
	£	£
Danish Agency for International Development Assistance	230,336	226,971
Danish Agency for International Development Assistance, Uganda	-	76,929
Danish Embassy, Zambia	-	2,356
Department for International Development, UK PPA/BCO grants	1,795,000	1,715,000
Department for International Development, UK Catia 1d grant	89,290	319,338
Department for International Development, UK Catia 2b grant	-	100,949
Department for International Development, UK Relay grant	276,675	151,411
Department for International Development, UK ICT publication contract	-	9,609
Department for International Development, UK ICD	60,806	
Department for International Development, UK Consultancies	30,658	
Department for International Development Cooperation, Finland	32,946	68,698
Food and Agriculture Organization	-	3,972
Netherlands Embassy, Ethiopia	19,509	10,074
Netherlands Embassy, Uganda	-	-
Norwegian Agency for Development Cooperation	167,776	251,738
Swedish International Development Cooperation Agency	593,274	424,344
Swiss Agency for Development and Cooperation	115,010	110,000
Swiss Agency for Development and Cooperation, WSIS	-	12,030
	<u>3,411,280</u>	<u>3,483,419</u>

#### 3 Other grants

	<b>2006</b>	<b>2005</b>
	£	£
ActionAid, Ethiopia	-	5,977
Atos	5,125	-
Bernard van Leer Foundation	8,225	-
Big Lottery Fund	-	8,101
Cordaid	162,633	190,309
Chronic Poverty Research Centre	-	7,350
Comic Relief	-	20,000
Commonwealth Telecommunications Organisation	-	8,850
Global Knowledge Partnership	-	4,976
Heinrich-Böll-Stiftung	-	19,794
HJP	71,188	4,919
IDMC	10,721	-
IFAD	63,251	-
Interact	-	35,915
International Development Research Centre	-	46,080
NOVIB - Oxfam Netherlands	56,013	157,770
NR International	6,227	13,521
Open Society Institute	-	2,678
Power	7,911	-
RH Southern Charitable Trust	-	5,000
Rockefeller Foundation	-	57,275
Trocaire	-	8,023
World Bank Institute	22,758	-
Other grants (6) of less than £5,000 each (2005:4)	12,075	12,638
	<u>426,127</u>	<u>609,176</u>

## Panos London

### Notes to the financial statements - year ended 31 December 2006

#### 4 Resources Expended

	Staff costs £	Indirect Costs £	Total 2006 £	Total 2005 £
Cost of generating funds	144,272	3,707	147,979	110,707
Charitable activities				
Media development	224,645	220,483	445,128	566,943
Communication for development	139,132	171,121	310,253	451,090
Environment	83,532	142,296	225,828	195,627
Globalisation	85,327	154,795	240,122	164,141
HIV/AIDS	283,888	715,011	998,899	704,478
Information Society	31,786	23,531	55,317	45,398
Oral Testimony	95,594	86,912	182,506	134,290
Communicating Research	80,795	179,310	260,105	128,594
	1,024,699	1,693,459	2,718,158	2,390,561
Other resources expended	86,635	1,127,174	1,213,809	1,593,458
Governance costs	5,894	19,794	25,688	25,949
Total	1,261,500	2,844,134	4,105,634	4,120,675

**(Note 4b)**

By agreement with donors, restricted project funds make a contribution to the project support, fundraising and publicity and governance of the organisation.

Resources expended include:	2006 £	2005 £
Operating lease rental	70,000	70,000
Depreciation	26,855	30,594

#### 4a Governance costs

Auditor's remuneration		
Audit fee	6,686	6,800
Non audit services	1,543	1,543
Cost of trustee meetings	11,566	12,105
Staff support costs	5,893	5,501
	25,688	25,949

#### 4b Personnel & staff costs

	2006	2005
<i>Average number</i>		
Project staff	28	42
Management, administration and fundraising staff	20	23
	48	65
<i>Aggregate costs</i>	£	£
Fees & salaries	1,036,026	1,030,634
Social security costs	102,202	88,247
Pension contributions	27,548	29,652
	1,165,776	1,148,533
Non-staff fees	95,724	82,510
	1,261,500	1,231,043

One employee received remuneration amounting to more than £50,000 in 2006 and 2005.

Trustees are not remunerated. £1,336 was reimbursed for directly incurred travel and accommodation expenses to 4 trustees (2005 - £3,531 to 4 trustees).

## Panos London

### Notes to the financial statements - year ended 31 December 2006

#### 5 Statement of Funds

	as at 1 Jan 2006	Incoming resources	Resources expended	Inter-fund Transfers	Transfer to Panos Eastern Africa	as at 31 Dec 2006
	£	£	£	£	£	£
<b>Restricted Funds</b>						
Media development	53,731	300,016	(403,799)	95,716		45,664
Communication for development	40,265	278,146	(279,981)	(2,690)		35,740
Environment	43,967	170,000	(204,235)	(2,681)		7,051
Globalisation	139,320	299,795	(217,086)	(88,999)		133,030
HIV/AIDS	191,581	797,749	(897,441)	(51,933)		39,956
Information Society	16,364	83,085	(52,358)	0		47,091
Oral Testimony	40,362	126,504	(165,045)	15,931		17,752
Communicating Research	(306)	279,075	(234,287)	(44,482)		0
Coordination and Development	1,766	155,042	(106,709)	(11,300)		38,799
Contributions to Panos, Carribean	-	133,546	(133,546)	-		-
Contributions to Panos South Asia	-	140,858	(140,858)	-		-
Contributions to Panos, West Africa	-	168,196	(168,196)	-		-
Contributions to Panos, Paris	-	121,075	(121,075)	-		-
Contributions to Panos, Southern Africa	-	145,967	(145,967)	-		-
Contributions to Panos, Eastern Africa	-	88,919	(88,919)	-		-
Contributions to Panos, Canada	-	24,410	(24,410)	-		-
Contributions to Panos Council	-	50,465	(50,465)	-		-
Eastern Africa Regional Programme	214,698	127,228	(217,249)	90,438	(215,115)	0
	<u>741,748</u>	<u>3,490,076</u>	<u>(3,651,626)</u>	<u>0</u>	<u>(215,115)</u>	<u>365,083</u>
<b>Unrestricted funds</b>						
General Reserve	164,148	380,893	(330,885)	-	91,992	306,148
<b>Total funds</b>	<u>905,896</u>	<u>3,870,969</u>	<u>(3,982,511)</u>	<u>-</u>	<u>(123,123)</u>	<u>671,231</u>

Inter-fund transfers within restricted funds represents reallocation of framework grants within parameters agreed with the funders.

Sufficient resources are held in an appropriate form to allow the Restricted Funds to be applied to their intended purpose. The General reserve represents the free funds of the charity which are not designated for particular purposes.

The Trustees report on page 6 and 7 covers the activities carried out through the various programmes noted above.

Panos Eastern Africa was formally granted an autonomous status on 30 June 2006. The company is registered in Kampala, Uganda and its first Board of Directors include the existing members of the regional advisory committee. The fund transfer of £132,280 represents both core and restricted reserves of Panos Eastern Africa as at 30 June 2006.

Panos partners, all non profit making organisations, share similar aims to Panos London as explained in Note 12 to these financial statements. Contributions to Panos partners totalled £873,436 in the year to 31 December 2006 and represented partners' allocation of framework grants received from various government agencies.

## Panos London

### Notes to the financial statements - year ended 31 December 2006

#### 6 Tangible Fixed Assets

	Computer hardware £	Computer software £	Office Equipment £	Office Renovation £	Total £
<b>Cost</b>					
At 1st January 2006	76,598	62,021	43,755	63,647	246,021
Deletions during the year	(29,563)	(16,401)	(8,515)	-	(54,479)
Additions during year	12,524	1,762	1,885	-	16,171
<b>At 31st December 2006</b>	<u>59,559</u>	<u>47,382</u>	<u>37,125</u>	<u>63,647</u>	<u>207,713</u>
<b>Depreciation</b>					
At 1st January 2006	54,459	37,670	40,281	47,280	179,690
Depreciation on deleted assets	(29,563)	(16,401)	(8,515)	-	(54,479)
Charged during the year	12,788	7,539	2,891	3,637	26,855
<b>At 31st December 2006</b>	<u>37,684</u>	<u>28,808</u>	<u>34,657</u>	<u>50,917</u>	<u>152,066</u>
<b>Net book value</b>					
<b>At 31st December 2006</b>	<u>21,875</u>	<u>18,574</u>	<u>2,468</u>	<u>12,730</u>	<u>55,647</u>
<b>At 31st December 2005</b>	<u>22,139</u>	<u>24,351</u>	<u>3,474</u>	<u>16,367</u>	<u>66,331</u>

#### 7 Fixed Asset Investment

	2006 £	2005 £
<b>Panos Publications Ltd ( 49 ordinary shares of £1 each )</b>	<u>49</u>	<u>49</u>

Panos London owns 49% of Panos Publications ordinary shares.

Panos Publications Limited, whose accounts are not consolidated, is registered in Great Britain (Registration number: 02030623) and trades under the name of "Panos Pictures", whose principal activity is the publication and distribution of photographs.

The Panos Publications 2006 audited accounts show a profit of £39,798.

On 20 March 2007 Panos London received a dividend of £4,900, being its share of the dividend declared by Panos Publications.

In the opinion of the Directors, the market value of the shareholding is no more than the nominal value of the shares.

During the year the company entered into transactions with Panos Publications Limited and the total purchases from Panos Publications Limited amounted to £11,539 (2005: £12,163).

#### 8 Debtors

	2006 £	2005 £
Project debtors	446,620	448,293
Other debtors	10,301	98,280
Prepayments	29,292	26,747
	<u>486,213</u>	<u>573,320</u>

#### 9 Creditors and Financial Commitments

	2006 £	2005 £
<b>9a Creditors: amounts falling due within one year</b>		
Trade creditors	31,489	69,690
Other creditors and Accruals	532,929	571,229
	<u>564,418</u>	<u>640,919</u>
<b>9b Financial Commitments</b>		
Annual commitments under operating lease: which expire 1-3 years	<u>70,000</u>	<u>70,000</u>

## Panos London

### Notes to the financial statements - year ended 31 December 2006

<b>10 Deferred Income</b>	<b>2006</b>	<b>2005</b>
Swiss Agency for Development and Cooperation	199,626	95,010
	199,626	95,010

### **11 Analysis of net assets between funds**

	Unrestricted funds	Restricted funds	Total funds <b>2006</b>	Total funds <b>2005</b>
	£	£	£	£
Fixed Assets	55,696	-	55,696	66,380
Cash at bank and in hand	658,115	235,251	893,366	1,002,125
Other net assets / (liabilities)	(407,663)	129,832	(277,831)	(162,609)
	306,148	365,083	671,231	905,896

### **12 Related Party Transactions and Connected Charities**

Panos London has close working relations with sister institutes in a number of other countries, all of which are locally registered as non-profit making organisations with similar aims to Panos London. These include Panos South Asia, Panos Institute of Canada, Panos Institute Southern Africa, Panos Eastern Africa, Institut Panos Afrique de l'Ouest in West Africa, Panos Institute of the Caribbean and Institut Panos Paris. Panos London subcontracts work on specific projects to a number of these organisations, and is itself commissioned to carry out certain work on their behalf.

Transactions with related parties and connected charities are disclosed in Note 5 of these financial statements.