

ARTICLE 19 RESEARCH AND INFORMATION CENTRE ON CENSORSHIP

**(Company limited by guarantee no. 2097222
registered charity no. 327421)**

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2005

ARTICLE 19 RESEARCH AND INFORMATION CENTRE ON CENSORSHIP
(Company limited by guarantee no. 2097222, registered charity no. 327421)

REPORT AND FINANCIAL STATEMENTS
For the year ended 31 December 2005

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ARTICLE 19 RESEARCH AND INFORMATION CENTRE ON CENSORSHIP

REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISERS For the year ended 31 December 2005

Trustees	George Alagiah Richard Ayre Louise Christian Mark Hengstler Anne Howarth (Treasurer) Peter Phillips Heather Rogers (Chair) Richard Sambrook Catherine Smadja Mary-Ann Stephenson	(resigned March 2005) (appointed 23/06/05) (appointed 23/06/05) (appointed September 2005) (resigned June 2005) (appointed 23/06/05) (appointed July 2005)
Company Secretary and Chief Executive	A Callamard	
Company reg. no.	2097222	
Charity reg. no.	327421	
Registered office	6-8 Amwell Street London EC1R 1UQ	
Auditors	Gotham Erskine Chartered Accountants and Registered Auditors Friendly House 52 - 58 Tabernacle Street London EC2A 4NJ	
Bankers	Barclays Bank PLC Hanover Square 8/9 Hanover Square London W1A 4ZW	

TRUSTEES' REPORT

For the year ended 31 December 2005

The Trustees, who are the Directors of the Company for the purposes of the Companies Act, and trustees for charity law purposes, submit their annual report and the financial statements of Article 19 Research and Information Centre on Censorship for the year. The Trustees confirm that the annual report and financial statements of the Charity comply with current statutory requirements, the requirements of the Charity's governing document and the provisions of the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities (revised 2005)'.

Structure, governance and management

Governing Document

Article 19 is a charitable company limited by guarantee and was set up by a Memorandum of Association on 5 February 1987 as amended by a special resolution on 19 July 2000. Article 19 was registered as a charity on 07 January 1987.

Recruitment and appointment of Trustees

The Trustees of Article 19, the Executive Committee, meet regularly and receive detailed reports to retain effective control over the organisation and to monitor the work of the Executive Director.

There are currently eight Trustees:

- * George Alagiah, BBC News presenter and journalist;
- * Louise Christian, human rights lawyer, Christian Khan law firm;
- * Mark Hengstler; formerly Director of fund-raising, Amnesty International.
- * Anne Howarth, Senior Vice President, Global Channels, BBC Worldwide, currently Treasurer of Article 19
- * Heather Rogers, barrister at Matrix Chambers, currently Chair of Article 19
- * Richard Sambrook, Director, Global News Division, BBC World Service;
- * Catherine Smadja, Head of digital and commercial broadcasting policy branch and Director of the Digital Switchover Programme;
- * Mary-Ann Stephenson, gender and democracy expert.

The Trustees appoint the Executive Director, responsible for the operational and strategic running of the organisation. The current executive director is Dr. Agnès Callamard, formerly executive director and founder of the Humanitarian Accountability Partnership (HAP), and chef de cabinet for the Secretary General of Amnesty International.

Induction and training of trustees: on appointment, Trustees meet with the Chair, the Executive Director and staff members as part of an induction programme; they receive key Article 19 organisational and programmatic documents; and, together with the Chair and Executive Director, develop and agree a plan of work and priorities for the individual trustee member. The work plans have shown to be very useful tool for Trustees individually, for the board as a whole and for the organisation.

TRUSTEES' REPORT

For the year ended 31 December 2005

Relationship with others: ARTICLE 19's reputation resides in its development of an extensive partnership network across the world. ARTICLE 19 believes that the most effective and principled way to promote and implement institutional, cultural and legal change is to work in partnership with domestic groups. This approach enables it to facilitate relationships amongst civil society actors on a national and international level and promote best-practice models from around the world. All its projects build the capacity of local organisations to ensure they are able to continue working in the future with decreasing international involvement and support. At present, there is work with 57 national partners, active in areas such as human rights, freedom of information, the media, women, health and the environment, 24 international non-governmental organisations, and 5 regional and international instruments. In addition, the implementation of projects involves around 100 grass-roots organisations who participate in training sessions, workshops, strategy meetings and evaluations.

ARTICLE 19 is also an active member of 12 coalitions or groups, in the UK and internationally.

Objectives and activities

Article 19's objects are to advance the education of the public by promoting and commissioning research into the maintenance and observance throughout the world of the right to freedom of opinion and expression within the meaning of Article 19 of the Universal Declaration of Human Rights.

In 2005, ARTICLE 19 sharpened its impact, and strengthened the multiplier effect of its work through an extension of its partnership, the implementation of its freedom of expression strategy, and a focus on communication and on its organisational infrastructure. Article 19's activities in 2005 included the following:

1. Article 19 developed new partnerships with grass root organisations in Kazakhstan, Nepal, Abkhazia, South Ossetia and Nagorny Karabakh, Brazil, Mexico, Sudan, and Iraq. Its outreach extended to women's health, youth, environment, and minority organisations (for example, in Mexico, Brazil, Ukraine, and Azerbaijan);

2. Article 19 implemented its 2005 freedom of expression strategy, which focused on the adoption and implementation of progressive access to information legislation; strengthening and protecting pluralism of views and media diversity, including in post-conflict situations; and defending the rights of vulnerable groups to access information. For example, Article 19's work in 2005 included:

(i) Provision of 46 legal analyses of Freedom of Information (FoI) and other media legislations to partners around the world; development of a Transparency Charter for International Financial Institutions; and publication of a Model Public Service Broadcasting law. It provided an amicus curiae brief before the Inter-American Commission, and lodged cases at the UN Human Rights Committee and the African Commission on Human and Peoples' Rights.

(ii) Around 40 policy and campaigning publications, on issues including: freedom of expression in conflict and post-conflict societies in South East Asia; baseline reports on freedom of expression in Asia; the impact of incitement to religious hatred legislation in Russia; Russian election law and media coverage; media self-regulation mechanisms in South-East Europe; reproductive and sexual health, and access to information in Peru; freedom of expression and disaster-response.

TRUSTEES' REPORT

For the year ended 31 December 2005

(iii) Production of resource materials including: guidelines for Iraqi journalists; a media policy for South Sudan; training materials on access to information; benchmarking indicators for 'African Freedom of Expression Principles', freedom of expression and the 'Millennium Development Goals'; user-friendly guide to access to information; and a model law on public service broadcasting.

(iv) Conducting a number of capacity-building activities, including: trainings on freedom of expression and information in West Africa, Transdnestria, South Caucasus, Russia; training and advice to a newly founded local press council in Voronezh oblast; two month long human rights and investigative journalism training and work placement for 8 Chinese financial journalists in London; several trainings for women's groups and health organisations in Peru; three round-tables in Sudan on post-conflict and broadcasting reform; an international conference on Public Service Broadcasting in London, and workshops in Southern, West/Central and East Africa/Horn; and a regional seminar on media self-regulation in South East Europe.

3. In 2005, Article 19 strengthened its communication and organisational infrastructure by various means, including: creating a new website; designing the Article 19 quarterly newsletter; creating and updating its contact database, developing a Strategic Plan for 2005-2010, establishing fund-raising guidelines and strategy; and introducing new financial software.

Achievements and performance

ARTICLE 19 Impact: In 2005, Article 19 recommendations on freedom of information legislations were adopted in Azerbaijan, Montenegro, and Macedonia. In Ukraine, the Parliament included many of its recommendations on a public service broadcasting bill. In Latvia, its analysis of a new broadcasting law is currently being considered in Parliament. In Kosovo, the Prime Minister's Office has developed a draft civil defamation law incorporating Article 19 standards, as a direct result of its visits, advocacy and campaigning efforts. The de-facto Parliament of Nagorny-Karabakh adopted an advanced FOI Law, following active advocacy work by Article 19 and its local partner organisation. Article 19 work led to the adoption in Somaliland of a Code of Conduct for Elections by Media outlets and political parties, and in the first media policy for South Sudan adopted by the Southern Sudanese National Assembly. In Iraq, many of Article 19 provisions on freedom of expression have been incorporated in the Iraqi Constitution adopted in October. In Cambodia, the government has asked the Cambodian FOI Coalition to submit the draft FOI law, as a direct result of Article 19 advocacy.

Article 19 has developed and set standards that are used all over the world by civil society, governments, courts and international bodies; it has contributed to the adoption of the Declaration on Principles of Freedom of Expression in Africa; and advocated greater transparency among international financial institutions (IFIs). In 2005, Article 19 launched a model law on Public Service Broadcasting at a high-level conference in London in June, which produced a number of excellent suggestions regarding the longer-term promotion of public broadcasting. The graduate media policy program of Wits University (South Africa) has adopted Article 19 "Broadcasting in Policy and Practice" as one of its core required readings. The World Bank has adopted a new transparency policy, while the European Investment Bank is considering moving to a real presumption of disclosure.

Article 19 has actively contributed to sharing and transfer of knowledge and learning through a very active capacity-building programme with its partners. For instance, in Russia, following Article 19's training of all judges of the Ryazan Oblast court (Rausing-funded project), the regional courts of Oryel Oblast, Kursk Oblast and Lipetsk Oblast have expressed their interest to host similar seminars for judges and journalists.

TRUSTEES' REPORT

For the year ended 31 December 2005

Article 19's partner organisations in Macedonia, Montenegro, Albania, and Ukraine have successfully used the Article 19 Freedom of Information Training Manual, including in direct cooperation with government institutions.

Article 19 was one of the first organisations to make a policy link between freedom of expression (which includes the right to receive information) and the right to reproductive and sexual health and to a sustainable environment, which it has since tested in practical contexts. In 2005, our successful programme on the impact of the new access to information law on sexual and reproductive health rights in Peru has been used to develop similar work in Mexico.

Article 19 also ran ground-breaking projects on the role of informal information networks within refugee camps in Tanzania and is currently involved in similar projects in the townships in Durban.

Staff

Three new staff members joined ARTICLE 19 in 2005, for the implementation of specific projects in the Middle East and in Africa.

Fund-Raising

Maintaining and strengthening core support remains a fund-raising priority and challenge for Article 19. A number of successes were recorded in 2005, including core support almost doubling in 2005, thanks to the Rausing Trust and the OSI Media Network. Article 19 was one of 25 organisations short-listed by Dfid (out of 135 applicants) to apply for a Programme Partnership Agreement (PPA), although it unfortunately did not make the last 4 grantees. Most project-specific funding applications were successful.

An extensive projects development and fund-raising drive in April was very successful overall. Article 19 has succeeded in securing funding to open an office in Mexico City, working on freedom of information for two years, and to run a 5-year project on freedom of information and poverty in Brazil, which will also include the posting of Article 19 staff in the country. Local presence has been identified as key to Article 19's impact and success.

Risk Review

The principal risk for Article 19 lies in the fact that it is dependent upon project funding, which has to be sought constantly. Trustees carefully consider the professional judgement of staff when considering future financial plans in assessing the likelihood of funding being secured. Article 19 is very dependent upon its professional staff. All of Article 19's publications are read by our highly experienced law team to avoid any danger of defamation.

Article 19, on an ongoing and regular basis, conducts a wide ranging risk review process.

Financial review

Reserves

Trustees have the objective of building a reserve equivalent to six months' expenditure, with a target figure of £300,000. As at 31 December 2005, free reserves (net of amounts represented by fixed assets of £6,207) amounted to a surplus of £37,872.

Article 19's main donors include:- The Open Society Institute, The UK Foreign and Commonwealth Office, The Sigrid Rausing Trust, Swedish International Development Agency and The Ford Foundation.

TRUSTEES' REPORT

For the year ended 31 December 2005

Plans for future periods

Specific outcomes Article 19 will seek to achieve over the next few years include:

1. The creation of an enabling legal and policy environment for freedom of expression. Article 19 will build on its established legal campaigning record to:

(i) Advocate the adoption and successful implementation of access to information legislation providing national partners and coalitions with legal analysis, advice and campaigning tools for greater citizen participation in government decision-making.

(ii) Promote the adoption of media-friendly laws, in particular in the Middle East, Asia and Central Asia, pre-empt the introduction of restrictive media legislation and policies, and strengthen the role of FM and community radio as key tools for information, empowerment and news delivery, through standard and policy setting.

(iii) Fortify the role and impact of the four special mandates on freedom of expression at the UN, OAS, ACHPR and the OSCE through legal and advocacy support, and joint lobbying and public representation.

Article 19 will also promote the use of the Declaration on Principles of Freedom of Expression in Africa within the Peer review mechanism of the African Union/NEPAD.

2. The development of Article 19's work in the Middle East region. The regional context is ripe for positive change regarding freedom of expression that could influence ultimately other human rights developments in the region. Article 19 is proposing to seize this opportunity to advocate for the elimination of legal obstacles to freedom of expression and for the development of media, and freedom of information laws, policies and practices that abide by international standards. Our focus will be on Jordan, Lebanon, Iraq, Palestine, Syria, and Yemen.

3. The safeguarding of pluralism and diversity of views. Governments around the world maintain laws designed to silence critics and prevent scrutiny of governments' actions. Article 19 will monitor and campaign against the wide-spread use of defamation laws, including through strategic litigation, in particular in Asia, Russia, and the former CIS. It will examine the nature and impact of Internet regulations on freedom of expression, and advance appropriate policies. It will monitor and analyse counter-terrorism legislation to develop a comparative snapshot of their impact on freedom of expression and advocate against them where they are shown to erode freedom of expression.

4. The protection of the diversity and independence of the media. The continuing concentration of media ownership erodes media diversity and attacks the principle of public service broadcasting (PSB). In 2006, Article 19 will work on its Model PSB Law to promote the provision of public interest content in the media globally. It will strengthen media capacity to uphold FOE principles through a focus on self-regulation, the development and implementation of appropriate codes of conduct, and support to Press Councils, including in Southern Europe, Kosovo, East and Southern Africa.

5. The strengthening of the role of the media in post-conflict situations. Article 19 will develop models of media legislation and promote media practices supportive of peace and democratisation processes. It will develop civil society policy platforms on media development and small scale, strategic media development projects in Liberia, Sudan, and Iraq. It will seek to extend our approach to Kyrgyzstan (Fergana Valley), Sri Lanka, Georgia, Bosnia, and/or Moldova.

TRUSTEES' REPORT

For the year ended 31 December 2005

6. The strengthening of access to information for the poorest communities. Vulnerable groups and disadvantaged communities are too often excluded from information flows, whether as users or providers of information. Article 19 will apply its “empowerment through information” methodology to secure:

(i) Women’s access to reproductive health information in Mexico and Peru. Article 19 will empower women, including young women, to exercise their right to access information on reproductive and sexual health, so that they can make and implement meaningful choices about their health, and participate effectively in public debates.

(ii) Communities’ access to relevant environmental information in Malaysia and Ukraine. Article 19 will strengthen access to relevant information regarding the risks environmental issues may pose to security and health and the risks human activities may pose to the environment, and improve implementation of the 1998 Aarhus Convention.

On poverty and access to information, Article 19 will seek to secure and implement an “access to information” law in Brazil, and train civil society groups working with poor communities on use of this legislation to enable them to operate more effectively in the public sphere.

7. The strengthening of Article 19’s communications for greater impact. Stronger communication and media coverage will enable Article 19 to enhance the effect of its work by ensuring that positive national experiences and developments are shared and built upon by an international constituency, and obstacles, delays, violations and setbacks to freedom of expression are better scrutinised. In 2006, Article 19 will build in-house media and communication expertise. Article 19 will strengthen the production of locally relevant communication messages and ensure their timeliness, accuracy and relevance. It will also take our messages to Western audiences and Western media, thus strengthening international attention and pressure.

Statement of Trustees’ responsibilities

Company and charity law applicable to charities in England/Wales 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 of the surplus or deficit of the Charity for that period and have been prepared in accordance with applicable law and Generally Accepted Accounting Practice. In preparing those financial statements the Trustees have:

- selected suitable accounting policies and applied them consistently,
- made judgements and estimates that are reasonable and prudent,
- stated whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepared the financial statements on a going concern basis (unless it is inappropriate to presume that the Charity will continue in operation).

The Trustees have overall responsibility for ensuring that the Charity has an appropriate system of controls, financial and otherwise. They are also responsible for keeping proper accounting records which 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. They are also responsible for safeguarding the assets of the Charity and hence for taking reasonable steps for the detection and prevention of fraud and other irregularities.

TRUSTEES' REPORT

For the year ended 31 December 2005

Statement of Disclosure of Information to Auditors

We, the Trustees of the company who held office at the date of approval of these Financial Statements as set out above each confirm, so far as we are aware, that:

- there is no relevant audit information of which the company's auditors are unaware; and
- we have taken all the steps that we ought to have taken as directors in order to make ourselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

The auditors, Gotham Erskine have indicated their willingness to accept re-appointment under Section 385(2) of the Companies Act 1985.

Small company special provisions

The report of the Trustees has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

This report was approved by the Trustees on 11 October 2006 and signed on its behalf by:

Heather Rogers (Chair)

Independent auditor's report to the Members of Article 19 Research and Information Centre on Censorship

We have audited the financial statements of Article 19 Research and Information Centre on Censorship for the year ended 31 December 2005 which comprise the Statement of Financial Activities, the Summary Income and Expenditure Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities (effective January 2005).

This report is made solely to the Company's Members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's Members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's Members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Trustees and auditors

As described in the Statement of Trustees' Responsibilities the trustees (who are also the directors of Article 19 Research and Information Centre on Censorship for the purposes of company law) are responsible for the preparation of the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 report to you whether in our opinion the information given in the Trustees' Annual Report is consistent with the financial statements. We also report to you if, in our opinion, the Company 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 is not disclosed.

We read the Trustees' Annual Report and consider the implications for our report if we become aware of any apparent misstatements within it.

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 Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all 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.

**Independent auditor's report to the Members of
Article 19 Research and Information Centre on Censorship**

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities of the state of the Company's affairs as at 31 December 2005, and of its incoming resources and application of resources, including its income and expenditure, in the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Trustees' Annual Report is consistent with the financial statements.

Gotham Erskine

Chartered Accountants and Registered Auditors

Friendly House

52 - 58 Tabernacle Street

London Date:

ARTICLE 19 RESEARCH AND INFORMATION CENTRE ON CENSORSHIP

STATEMENT OF FINANCIAL ACTIVITIES
(incorporating Income and Expenditure Account & Statement of Total Realised Gains and Losses)
For the year ended 31 December 2005

	Note	Unrestricted Funds 2005 £	Restricted Funds 2005 £	Total Funds 2005 £	Total Funds 2004 £
INCOMING RESOURCES					
Incoming resources from generated funds:					
Voluntary Income	2	300,930	15,701	316,631	238,463
Bank Interest Receivable		1,033		1,033	638
Incoming resources from charitable activities					
	3	110,881	1,287,138	1,398,019	1,368,887
TOTAL INCOMING RESOURCES		412,844	1,302,839	1,715,683	1,607,988
RESOURCES EXPENDED					
Costs of generating funds					
	6	6,204	19,549	25,753	21,368
Governance costs					
		24,705	7,365	32,070	21,739
Costs of charitable activities:					
Africa Programme		3,681	435,704	439,385	316,063
Asia Programme		15,411	108,902	124,313	100,327
Europe Programme		54,073	319,880	373,953	519,356
Latin America Programme		9,909	133,134	143,043	36,356
Middle East Programme		775	13,076	13,851	5,811
Law & Thematics Programme		129,322	198,949	328,271	131,988
Other Programmes		-	12,353	12,353	319,387
TOTAL RESOURCES EXPENDED		272,787	1,248,912	1,521,699	1,472,395
Net income/(expenditure) before transfer					
		140,057	53,927	193,984	135,593
Transfer between funds					
	16	38,557	(38,557)	-	-
Net incoming/(outgoing) resources after transfer					
		178,614	15,370	193,984	135,593
TOTAL FUNDS AT 1 JANUARY 2005					
		(136,884)	431,466	294,582	158,989
TOTAL FUNDS AT 31 DECEMBER 2005		£ 41,730	£ 446,836	£ 488,566	£ 294,582

The annexed notes form part of these financial statements

ARTICLE 19 RESEARCH AND INFORMATION CENTRE ON CENSORSHIP (company limited by guarantee)

BALANCE SHEET
As at 31 December 2005

	Notes	£	2005 £	£	2004 £
FIXED ASSETS					
Tangible assets	10		6,207		11,112
CURRENT ASSETS					
Debtors	11	256,624		194,157	
Cash at bank and in hand		633,672		216,189	
		890,296		410,346	
CREDITORS: amounts falling due within one year	12	(407,937)		(121,904)	
NET CURRENT ASSETS			482,359		288,442
TOTAL ASSETS LESS CURRENT LIABILITIES			488,566		299,554
CREDITORS: amounts falling due after one year	13		-		(4,972)
NET ASSETS			£ 488,566		£ 294,582
FUNDS					
Restricted funds	16		446,836		431,466
Unrestricted funds:					
Designated funds	16		3,858		11,112
General fund	16		37,872		(147,996)
			£ 488,566		£ 294,582

The financial statements have been prepared in accordance with the provisions of Part VII of the Companies Act 1985 relating to small companies and the Financial Reporting Standard for Smaller Entities (effective January 2005). They were approved and authorised for issue by the Trustees on 11 October 2006 and signed on their behalf by:-

HEATHER ROGERS (CHAIR),

ANNE HOWARTH (TREASURER),

The annexed notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2005

1. ACCOUNTING POLICIES

Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards, the Companies Act 1985, the Charities SORP (Statement of Recommended Practice: "Accounting and Reporting by Charities (revised February 2005)") and the Financial Reporting Standard for Smaller Entities (effective January 2005).

The effects of events relating to the year ended 31 December 2005 which occurred before the date of approval of the financial statements by the Trustees has been included in the financial statements to the extent required to show a true and fair view of the state of affairs at 31 December 2005 and the results for the year ended on that date.

Company Status

Article 19 Research and Information Centre on Censorship is a company limited by guarantee. 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.

Fund accounting

Unrestricted funds comprise accumulated surpluses and deficits on general funds. They are available for use at the discretion of the trustees in furtherance of the general charitable objectives.

Designated funds are amounts that have been set aside at the discretion of the trustees.

Restricted funds consist of amounts whose use is restricted as a condition of receipt.

Incoming resources

All incoming resources are included in the Statement of Financial Activities when the company is legally entitled to the income and the amount can be quantified with reasonable accuracy, except as follows;

-When donors specify that donations and grants given to the charity must be used in future accounting Period, the income is deferred until those periods.

-When donors impose conditions which have to be fulfilled before the charity becomes entitled to use such income, the income is deferred and not included in incoming resources until the pre-conditions for use have been met.

When donors specify that donations and grants are for particular restricted purposes the income is included in incoming resources of restricted funds when receivable.

Voluntary income comprises gifts and donations from individuals and companies as well as grants from government and charitable foundations which provide core funding. Where the gift or donation is in response to a specific appeal or the grant from governments and charitable foundations is for a specific purpose/appeal (no service requirements) but does not relate to a particular area of Article 19's work such as Law and Thematics, then this is treated as restricted income.

Incoming resources from charitable activities comprises grants receivable for specific areas of Article 19's work such as Law and Thematics or Global work. This is treated as restricted income. Where the income is in the nature of a contract, then incoming resources are classified to unrestricted funds.

Resources Expended

Expenditure is classified by category of expenditure rather than by type of expense. Allocation is on an actual basis or, where this is not possible, on an estimated usage basis.

Support costs of charitable activities comprise costs incurred directly in support of expenditure on the objects of the charity, including the costs of services incurred wholly or mainly in support of the direct work of the charity. These have been apportioned to the activities on the basis of programme staff time.

Cost of generating fund costs incorporate the costs incurred in publicising the work of the charity and in raising funds for the charity's use.

Governance costs include the costs of servicing Trustees' meetings, audit and strategic planning.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2005

Tangible fixed assets and depreciation

All assets costing more than £500 are capitalised. Tangible fixed assets are stated at cost less depreciation. Depreciation is calculated to write off the cost of fixed assets over their estimated useful lives using the following rates:

Fixtures and Fittings	15% straight line
Computer Equipment	33% straight line

Leasing

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the payments is charged to the SOFA so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Foreign currency translation

Transactions denominated in foreign currencies are recorded at the rate of exchange 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 taken to the consolidated financial statements.

Pensions

The Company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the Company to the fund in respect of the year.

2. VOLUNTARY INCOME

	Unrestricted Funds 2005 £	Restricted Funds 2005 £	Total Funds 2005 £	<i>Total Funds 2004 £</i>
Arts Council	-	15,701	15,701	-
Dutch Ministry of Foreign Affairs	85,000	-	85,000	85,000
Fritt Ord	-	-	-	80,000
Open Society	19,054	-	19,054	72,833
The Sigrid Rausing Trust	190,000	-	190,000	
Others	6,876	-	6,876	630
	£ 300,930	£ 15,701	£ 316,631	£ 238,463

ARTICLE 19 RESEARCH AND INFORMATION CENTRE ON CENSORSHIP

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2005

3. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	Unrestricted	Restricted	Total	Total
	Funds	Funds	Funds	Funds
	2005	2005	2005	2004
	£	£	£	£
Africa Programme	-	466,879	466,879	332,770
Asia Programme	-	44,945	44,945	116,201
Europe Programme	1,233	253,302	254,535	587,497
Latin America Programme	-	211,847	211,847	37,537
Middle East Programme	-	13,253	13,253	-
Law & Thematics Programme	13,839	296,912	310,751	198,317
Consultancy services	44,353	-	44,353	78,790
Recharges, Rental and Other Income	51,456	-	51,456	17,775
	<u>£ 110,881</u>	<u>£ 1,287,138</u>	<u>£ 1,398,019</u>	<u>£ 1,368,887</u>

4. RESOURCES EXPENDED

	Program	Project	Support	Total 2005	Total 2004
	staff costs	costs	costs		
	£	allocated to	£	£	£
		activities			
		£			
Africa Programme	120,629	294,572	24,184	439,385	316,063
Asia Programme	41,193	75,037	8,083	124,313	100,327
Europe Programme	103,461	249,397	21,095	373,953	519,356
Latin America Programme	56,286	75,486	11,271	143,043	36,356
Middle East Programme	4,505	8,465	881	13,851	5,811
Law & Thematics Programme	127,261	175,820	25,190	328,271	131,988
Other Programmes	12,353	-	-	12,353	319,387
Total charitable expenditure	<u>465,688</u>	<u>907,484</u>	<u>90,704</u>	<u>1,463,876</u>	<u>1,429,288</u>
Costs of generating funds	22,096	3,232	425	25,753	21,368
Governance costs	9,085	22,810	175	32,070	21,739
	<u>£ 496,869</u>	<u>£ 933,526</u>	<u>£ 91,304</u>	<u>£ 1,521,699</u>	<u>£ 1,472,395</u>

5. SUPPORT COSTS

	Staff Costs	Premises, Office	Professional	Depreciation	Total 2005
	£	and Other	Costs	£	£
		Costs	£		
		£			
Africa Programme	12,503	5,901	3,139	2,641	24,184
Asia Programme	4,179	1,972	1,049	883	8,083
Latin America Programme	5,827	2,750	1,463	1,231	11,271
Law & Thematics Programme	13,022	6,146	3,270	2,752	25,190
Europe Programme	10,906	5,147	2,738	2,304	21,095
Middle East Programme	456	215	114	96	881
Costs of generating funds				425	425
Governance Costs				175	175
	<u>£ 46,893</u>	<u>£ 22,131</u>	<u>£ 11,773</u>	<u>£ 10,507</u>	<u>£ 91,304</u>

Support costs have been allocated to the programmes on the basis of staff time spent on the respective programme.

ARTICLE 19 RESEARCH AND INFORMATION CENTRE ON CENSORSHIP

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2005

6. COSTS OF GENERATING FUNDS	Unrestricted Funds 2005 £	Restricted Funds 2005 £	Total Funds 2005 £	<i>Total Funds 2004 £</i>
Staff costs	1,169	20,927	22,096	15,921
Depreciation	425	-	425	809
Direct Fundraising costs	3,232	-	3,232	-
Other Costs	-	-	-	4,638
	<u>£ 4,826</u>	<u>£ 20,927</u>	<u>£ 25,753</u>	<u>£ 21,368</u>

7. NET MOVEMENT IN FUNDS

	2005 £	2004 £
The net movement in funds is stated after charging:		
Depreciation	11,681	11,312
Loan interest	629	629
Auditors remuneration - Statutory audit	14,805	10,575
Auditors remuneration - Grant audits	4,032	-
Auditors remuneration - Other	7,685	5,023
	<u>£ 39,637</u>	<u>£ 33,539</u>

8. STAFF NUMBERS AND COSTS

	2005 £	2004 £
Staff costs were as follows:		
Salaries and wages	530,555	543,317
Employer's NI	52,513	43,430
Employer Pension Contribution	23,632	20,547
Training and Recruitment	5,620	6,597
Relocation	2,071	-
Payroll Bureau	957	819
Travel Insurance	1,701	2,494
Life insurance	2,504	2,420
Redundancy	-	18,110
Temporary staff	3,945	-
	<u>£ 623,498</u>	<u>£ 637,734</u>

	Number	Number
The average number of employees, calculated as full time equivalents, during the period was:		
Administration	4	4
Project work	18	15
	<u>22</u>	<u>19</u>

No employee received remuneration amounting to more than £60,000 in either year.

NOTES TO THE FINANCIAL STATEMENTS
 For the year ended 31 December 2005
9. TRUSTEES' REMUNERATION AND REIMBURSED EXPENSES

None of the trustees received remuneration for their services during the year.

Expenses relating to travel and subsistence totalling £210 (2004: £90) were reimbursed to 1 trustee (2004: 1).

10. TANGIBLE FIXED ASSETS

	Fixtures and Fittings £	Computer Equipment £	Total £
Cost			
At 1 January 2005	22,953	59,582	82,535
Additions	1,303	5,473	6,776
Disposals	(22,953)	-	(22,953)
At 31 December 2005	<u>£ 1,303</u>	<u>£ 65,055</u>	<u>£ 66,358</u>
Depreciation			
At 1 January 2005	22,953	48,470	71,423
Charge for the year	423	11,258	11,681
On disposals	(22,953)	-	(22,953)
At 31 December 2005	<u>£ 423</u>	<u>£ 59,728</u>	<u>£ 60,151</u>
Net book value			
At 31 December 2005	<u>£ 880</u>	<u>£ 5,327</u>	<u>£ 6,207</u>
At 31 December 2004	<u>£ Nil</u>	<u>£ 11,112</u>	<u>£ 11,112</u>
		2005	2004
		£	£
Net book value of computer equipment included above held under finance leases and hire purchase contracts		<u>£ Nil</u>	<u>£ 5,099</u>

11. DEBTORS**Due within one year**

	2005	2004
	£	£
Prepayments and accrued income	23,260	4,616
Grants receivable	156,370	158,500
Other debtors	76,994	31,041
	<u>£ 256,624</u>	<u>£ 194,157</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2005

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2005	2004
	£	£
Net obligations under finance lease and hire purchase contracts	4,582	4,608
Trade creditors	15,103	25,709
Social security and other taxes	15,382	13,059
Pensions due	15,128	9,752
Other creditors	67,340	45,000
Accruals	108,861	11,500
Deferred grant income	181,541	12,276
	<u>£ 407,937</u>	<u>£ 121,904</u>
<u>Deferred income</u>		
Balance at 1 January 2005	12,276	33,812
Amount released to incoming resources	(12,276)	(33,812)
Amount deferred in the year	181,541	12,276
Balance at 31 December 2005	<u>£ 181,541</u>	<u>£ 12,276</u>

13. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR	2005	2004
	£	£
Obligations under Finance Leases	-	4,972
	<u>-</u>	<u>4,972</u>

14. PENSION COMMITMENTS

The Company has a defined contribution pension scheme for some of its employees. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £23,632 (2004 - £20,547). Contributions totalling £15,128 (2004 - £9,752) were payable to the fund at the balance sheet date and are included in creditors.

15. OTHER FINANCIAL COMMITMENTS

At the year end the company had annual commitments under non-cancellable operating leases as set out below:

	2005		2004	
	£	£	£	£
	Land	Equipment	Land	Equipment
Operating leases which expire:				
within one year	-	846	-	293
within two to five years	-	2,872	-	3,384
in over five years	85,500	-	68,400	-
	<u>£ 85,500</u>	<u>£ 3,718</u>	<u>£ 68,400</u>	<u>£ 3,677</u>

ARTICLE 19 RESEARCH AND INFORMATION CENTRE ON CENSORSHIP

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2005

16. STATEMENT OF FUNDS

	Brought Forward £	Incoming Resources £	Resources Expended £	Transfers £	Carried Forward £
DESIGNATED FUNDS					
Fixed Asset Fund	<u>£ 11,112</u>	<u>£ 3,253</u>	<u>£ (10,507)</u>	<u>£ Nil</u>	<u>£ 3,858</u>

The fixed asset fund represents the net book value of unrestricted tangible fixed assets. Each year an amount will be transferred to or from the fund representing the movement in the net book value of unrestricted tangible fixed assets in the year.

	Brought Forward £	Incoming Resources £	Resources Expended £	Transfers £	Carried Forward £
RESTRICTED FUNDS					
Africa programme	81,997	466,879	(442,498)	680	107,058
Asia programme	75,173	44,945	(110,530)	1,682	11,270
Middle East programme		13,253	(13,253)		-
Latin America programme	1,181	211,847	(136,723)		76,305
Law & Thematics programme	117,892	296,912	(205,396)	(40,919)	168,489
Central & Eastern Europe programme	155,223	253,302	(328,159)		80,366
Other projects-Arts Council		15,701	(12,353)		3,348
	<u>£ 431,466</u>	<u>£ 1,302,839</u>	<u>£ (1,248,912)</u>	<u>£ (38,557)</u>	<u>£ 446,836</u>

The restricted funds are for various programmes that Article 19 is commissioned to perform throughout the world.

The Law and Thematics program is specifically for dealing with any areas of law in regard to human rights such as analysing and drafting laws around the world and not in a specific region.

The funds, and related activities, are described more fully in the Trustees' Report.

	Brought Forward £	Incoming Resources £	Resources Expended £	Transfers £	Carried Forward £
SUMMARY OF FUNDS					
Designated Funds	11,112	3,253	(10,507)	-	3,858
General Funds	(147,996)	409,591	(262,280)	38,557	37,872
	(136,884)	412,844	(272,787)	38,557	41,730
Restricted Funds	431,466	1,302,839	(1,248,912)	(38,557)	446,836
	<u>£ 294,582</u>	<u>£ 1,715,683</u>	<u>£ (1,521,699)</u>	<u>£ Nil</u>	<u>£ 488,566</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2005

17. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted Funds		Restricted Funds	Total Funds	Total Funds
	Designated Funds	General Funds			
	2005	2005	2005	2005	2004
	£	£	£	£	£
Tangible fixed assets	3,858	-	2,349	6,207	11,112
Net current assets	-	37,872	444,487	482,359	288,442
Creditors due in more than one year		-		-	(4,972)
	£ 3,858	£ 37,872	£ 446,836	£ 488,566	£ 294,582

18. CONTINGENT LIABILITIES

There is currently a dispute with the landlords of premises now vacated, in respect of dilapidations. The landlords are claiming approximately £150,000. The trustees consider the liability to be approximately £30,000.

19. GOING CONCERN

As the Charity has no endowed funds, the level of activities in the financial year starting 1 January 2006 will depend almost entirely on its ability to secure continuing grant income.

Article 19 Research and Information Centre on Censorship
Income and Expenditure Analysis
For the year ended 31 December 2005

	£	2005 £	£	2004 £
Income				
Voluntary Income				
Arts Council	15,701			-
Dutch Ministry of Foreign Affairs	85,000		85,000	
Fritt Ord	-		80,000	
NGO Forum - Sri Lanka	2,320			-
Open Society	19,054		72,833	
The Sigrid Rausing Trust	190,000			-
Others	6,876		630	
		318,951		238,463
Investment income				
Bank Interest receivable	1,033		638	
		1,033		638
Incoming resources from charitable activities				
BBC WS Trust	2,530			-
British Council	15,268		18,350	
British High Commission	19,910			-
Council of Europe	5,594		11,644	
Danmarks Journalist Hojskole	6,551			-
DFID	89,795		32,164	
European Commission	22,652		262,347	
FCO British Embassy Moscow	25,055			-
Institute for Foreign Culture Relations	-		66,811	
Institute Fueraus Funding	50,379			-
International Media Studies	154			-
International Media Support	4,699		21,577	
MacArthur Foundation	17,224			-
Norwegian Peoples' Aid	81,235			-
Open Society	259,751		231,288	
Organisation for security and co-operation	32,286		8,399	
SIDA	130,256		131,192	
Stichting Novib	20,284			-
The Ford Foundation	124,482		81,733	
The Iraqi Nation	3,704			-
The Panos Institute	-		33,201	
The Sigrid Rausing Trust	-		150,132	
The William and Flora Hewlett Foundation	28,750			-
Transparency TECHN	3,380			-
UK Foreign and Commonwealth Office	285,597		196,903	
UNESCO	98,842		3,522	
Westminster Foundation for Democracy	12,672		15,431	
South Africa income	-		4,901	
Sales, membership	171		827	
Rental income	9,089			-
Reimbursed expenses	5,516			-
Others	1,390		2,727	
Consultancy services	-		78,790	
Other Income	38,483		16,948	
		1,395,699		1,368,887
		£ 1,715,683		£ 1,607,988

Article 19 Research and Information Centre on Censorship
Income and Expenditure Analysis
For the year ended 31 December 2005

	£	2005 £	£	2004 £
Expenditure				
Employee costs:				
Salaries and wages	530,555		543,317	
Employer's NI	52,513		43,430	
Employer Pension Contribution	23,632		20,547	
Training and Recruitment	5,620		6,597	
Relocation	2,071		-	
Redundancy	-		18,110	
Payroll Bureau	957		819	
Travel Insurance	1,701		2,494	
Life insurance	2,504		2,420	
Temporary staff	3,945		-	
		623,498		637,734
Direct Costs				
Project Cost(excluding salaries)	785,846		469,013	
		785,846		469,013
Direct Costs(South Africa)				
South Africa office costs	-		121,799	
		-		121,799
Administration Costs				
Rent and Rates	104,702		104,129	
Insurance	5,541		3,899	
Cleaning	2,756		5,359	
Repairs and Maintenance	3,557		5,985	
Light, Heat and Water	2,694		3,459	
Travel, Accommodation and Subsistence	13,483		28,628	
Printing, Postage and Stationery	14,511		17,891	
Telephone and Fax	9,437		15,863	
Minor Equipment	14,196		14,703	
Website Costs	8,612		-	
Bad Debt Provisions and Writeoffs	37,244		2,139	
(Gain)/Loss on exchange rate	(21,321)		(7,759)	
Bank and Credit Card Charges	2,254		2,483	
Volunteer expenses	2,738		1,216	
Library & information	1,454		798	
Other Office Expenses	2,341		16,132	
Barclays lease interest	629		629	
Depreciation	11,681		11,312	
Disposal	-		1,385	
Consultancy	3,500		-	
Legal and Professional Fees	588		-	
Fundraising and Media Work	3,277		-	
Newsletter and Subscriptions	165		-	
Auditors remuneration - Other	7,685		5,023	
Overheads reallocated to project costs	(134,174)		-	
		97,550		233,274
Governance Costs				
Audit fees payable to auditors	14,805		10,575	
		14,805		10,575
		£ 1,521,699		£ 1,472,395