



International Rescue Committee, UK

Annual Report and Financial Statements

30 September 2016

Company Limited by Guarantee
Registration Number
3458056 (England and Wales)

Charity Registration Number
1065972

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Reference and administrative details of the charity, its trustees and advisers

Trustees	Sir John Holmes GCVO, KBE, CMG (Chair) George Biddle Susan Gibson Dylan Pereira Iliane Ogilvie Thompson Jake Ulrich Ian Barry Sir Hugh Bayley Christina Ceelen Ciaran Donnelly Lynette Lowndes William Winters Francesco Garzarelli Sir Michael Lockett
SVP Europe & Executive Director IRC-UK	Jane Waterman
Registered office and principal operating address	3 Bloomsbury Place London WC1A 2QL
Company registration number	3458056 (England and Wales)
Charity registration number	1065972
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Bankers	National Westminster Bank plc Cavell House 2a Charing Cross Road London WC2H 0PD Standard Chartered Bank 1 Basinghall Avenue London EC2V 5DD
Solicitors	White & Case 5 Old Broad Street London EC2N 1DW

Trustees' report Year to 30 September 2016

The trustees present their statutory report together with the financial statements of International Rescue Committee, UK (IRC-UK) for the year ended 30 September 2016 (FY 2016).

This trustees' report has been prepared in accordance with Part 8 of the Charities Act 2011 and the statement of recommended practice (SORP). It also meets the requirements for a directors' report set out in the Companies Act 2006 and the requirements for a strategic report as outlined in 'The Companies Act 2006 (Strategic Report and Director's Report) Regulations 2013'.

The financial statements have been prepared in accordance with the accounting policies set out on pages 36 to 41 and comply with the charitable company's Memorandum and Articles of Association, applicable laws and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), effective from accounting periods commencing 1 January 2015 or later.

GOVERNANCE, STRUCTURE AND MANAGEMENT

Constitution

IRC-UK is constituted as a company limited by guarantee (Company Registration No 3458056) and is registered for charitable purposes with the Charity Commission (Charity Registration No 1065972). Its governing document is the Memorandum and Articles of Association.

IRC-UK is affiliated with the International Rescue Committee Inc, hereafter "IRC Inc", a not-for-profit agency based in New York, USA; the International Rescue Committee Belgium ASBL, based in Brussels; and associated agencies and offices worldwide. Collectively, these agencies make up the network referred to as the International Rescue Committee (IRC).

The relationship between the IRC and IRC-UK is governed by a Framework Agreement, which covers matters relating to programmes, funding, governance, intellectual property and other legal affairs.

Liability of members

In the event of the charitable company being wound up, IRC Inc, as the company member is required to contribute an amount not exceeding £1.

Board of Trustees

Members of our Board of Trustees are the charity's trustees and also act as company directors. They are responsible for our overall governance in accordance with the provisions of the Companies Act 2006 and Charities Act 2011. A list of our trustees is provided below. The Board of Trustees appoints new trustees for a term of three years. Board members may serve up to two three-year terms, and a third three-year term if they chair the Board or a Committee. The exceptions are the IRC Inc. and SV representatives, who do not rotate off.

GOVERNANCE, STRUCTURE AND MANAGEMENT (continued)

Board of Trustees (continued)

This year, the Board appointed three new trustees and five trustees retired from the Board. The balance and diversity of trustees is kept under review by the Board of Trustees. The Board places an emphasis on ensuring that our trustees provide the specific mix of skills that have been identified as important to the charity's objectives and activities. All new trustees receive a full induction programme to ensure they understand their role and responsibilities. New and existing trustees are also offered training opportunities to help them to fulfil these responsibilities. The Board of Trustees meets regularly to govern the charity. This financial year, the Board held three meetings.

The following trustees were in office at 30 September 2016 and served throughout the year except where indicated.

Trustees	Appointed/Resigned
Sir John Holmes GCVO, KBE, CMG (Chair)	
George Biddle	
Glenda Burkhart	Resigned 26 October 2016
François-Xavier De Mallman	Resigned 26 October 2016
Susan Gibson	
Kathleen O'Donovan	Resigned 16 March 2016
Dylan Pereira	
The Hon Richard Sharp	Resigned 6 July 2016
Diane Simpson	Resigned 26 October 2016
Ililane Ogilvie Thompson	
Jake Ulrich	
Lynette Lowndes	Appointed 21 October 2015
William Winters	Appointed 21 October 2015
Ian Barry	Appointed 16 March 2016

Following the year end, five trustees were appointed:

Sir Hugh Bayley	Appointed 26 October 2016
Christina Ceelen	Appointed 26 October 2016
Ciaran Donnelly	Appointed 26 October 2016
Francesco Garzarelli	Appointed 23 March 2017
Sir Michael Lockett	Appointed 23 March 2017

GOVERNANCE, STRUCTURE AND MANAGEMENT (continued)

Board of Trustees (continued)

A typical year for a Board member includes the following:

- Attendance at three Board of Trustees meetings per annum (1 day each);
- Attendance at committee meetings and at ad hoc groups convened for specific purposes;
- Attendance at staff or senior management meetings on an occasional basis;
- Attendance at events, e.g. public meetings, meetings with supporters/donors; and
- Occasional travel to IRC programmes with other trustees.

Organisation

The Board of Trustees delegates the day-to-day management of IRC-UK to a senior staff person with the title Executive Director IRC-UK and Senior Vice President Europe, who is not a director for the purposes of company law, and who reports to the Board of Trustees.

The Executive Director for IRC-UK and Senior Vice President for Europe, Jane Waterman, works with a Senior Management Team (SMT), comprising Departmental Directors, who meet regularly to review organisational business. The SMT comprises:

Eleanor Dougoud	Deputy Executive Director
Sanjayan Srikanthan	Director Policy and Practice
Mick Dyson	Director Finance and Operations
Henrik Boejen	Director Awards Management Unit Pre Award
Melanie Ward	Associate Director of Policy and Advocacy
Emma Bolton	Director of Fundraising

The trustees, the Executive Director for IRC-UK and the SMT are considered to be the key management personnel for the purposes of FRS102.

The Board guides the Executive Director in relation to the charitable purpose of IRC-UK and oversees implementation of the Framework Agreement with the IRC.

The Board has constituted a committee for Audit and Governance from its trustees, a Policy and Advocacy Committee and also a Development Committee, which includes several trustees, who advise the Executive Director and staff and report back to the Board.

The Audit and Governance Committee meets three times a year, twice with the auditors in attendance. The Committee agrees the external audit plans, reviews the external auditor's management letter and the financial performance of IRC-UK during the year, and monitors implementation of actions required as a result. It also has responsibility to advise the Board on whether the audit, risk management and control processes within IRC-UK are effective (for details of the Risk Management Policy and Procedures see pages 15 to 18), and to review and input into the IRC Inc annual internal audit plans and internal audit reports.

GOVERNANCE, STRUCTURE AND MANAGEMENT (continued)

Remuneration

The remuneration of the IRC-UK Executive Director is determined by the Board of Trustees and is commensurate with the size and scope of the organisation. The Board of Trustees reviews the remuneration of the Executive Director in March annually with any adjustments taking place on 1 April. The review is undertaken jointly by the Board of Trustees and the IRC Inc President and CEO.

For all other employees of IRC-UK, remuneration is determined by the SMT. The SMT of IRC-UK reviews salaries in September annually with any adjustments taking effect on 1 October. This review is mandated by the Board of Trustees which determines the budget for salary increases as part of the annual budget approval process.

IRC-UK's overriding principle is that any pay award resulting from the salary review process is dependent upon the availability of funds, and informed by the current and next year's financial position of the IRC-UK's compensation package has a "pay for performance" philosophy. Pay increases are given based on the individual staff member's performance review rating. Pay for performance is an ongoing process that integrates with our performance review process.

The SMT works via the Joint Negotiation Committee constituting of IRC-UK management and trade union representatives to negotiate and agree a pay award.

The following principles guided the annual pay award in FY 2016;

- The trade union had a negotiating role in the pay review and pay setting process, on behalf of their members and staff;
- Salary increases took into account RPI inflation and published data and were applicable to all permanent staff and those on a fixed term contract employed on 30 September;
- Staff who received a rating of "does not meet expectations" did not receive a salary increase;
- Staff with a rating of "successfully meets expectation" and higher received a merit based pay adjustment ranging from 0.5% to 2% depending on their performance rating; and
- Staff on performance improvement plans receive their pay award on successfully completing the improvement plan, backdated to 1 October 2016.

In determining salaries for newly created positions IRC-UK sources external data for benchmarking purposes and intends to have a salary benchmark review bi-annually for every position in the organisation. To this end the IRC-UK collaborates with charities of similar size and purpose which operate in the UK market.

Subsidiary company

IRC-UK owns 100% of the issued ordinary share capital of IRC-UK Trading Limited, a company incorporated in England and Wales (Company Registration Number 07170021). The company was incorporated on 25 February 2010.

The principal activities of the subsidiary are to manage the trading activities of IRC-UK. The company was dormant throughout the year.

GOVERNANCE, STRUCTURE AND MANAGEMENT (continued)

Statement of trustees' responsibilities

The trustees, who are also directors of IRC-UK for the purposes of company law, are responsible for preparing the trustees' report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the income and expenditure of the charitable company for that period.

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the 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 2006. They are also responsible for safeguarding the assets of the charity and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the trustees confirms that:

- so far as the trustee is aware, there is no relevant audit information of which the charity's auditor is unaware; and
- the trustee has taken all the steps that he/she ought to have taken as a trustee in order to make him/herself aware of any relevant audit information and to establish that the charity's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

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

GOVERNANCE, STRUCTURE AND MANAGEMENT (continued)

Communicating with staff

IRC-UK has strengthened its arrangements for consulting and involving staff over the last financial year. Management and staff negotiate and/or consult on terms and conditions of employment with the IRC-UK Trade Union representatives. There are many opportunities to also consult with team leaders and staff. All managers are expected to hold regular one-to-ones with their staff. To keep staff informed, IRC-UK produces a weekly Newsletter and holds a staff meeting once every six weeks.

STRATEGIC REPORT

Statement of public benefit

The trustees confirm that they have complied with their duty in the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit, 'Charities and Public Benefit'. That guidance addresses the need for all charities' aims to be, demonstrably, for the public benefit, and is reflected in the objectives of the charity set out below, as well as by the activities of the charity as illustrated in this 'Strategic Report' and in the 'Achievements and Performance During the Year' section. Wherever possible the views and opinions of beneficiaries are sought in the design and implementation of programmes, with the aim of ensuring that these are targeted to people in need, also taking into account their assessment of their needs and evaluating and assessing the beneficial changes.

Principal aims and objectives

The IRC's **Mission** is to help people whose lives and livelihoods are shattered by conflict and disaster to survive, recover and gain control of their future. The IRC serves people forced to flee from war, conflict and disaster and the host communities that support them, as well as those who remain within their homes and communities.

The IRC's **Vision** is to lead the humanitarian field by implementing high-impact, cost-effective programmes for people affected by crisis, and by using its learning and experience to shape policy and practice.

The IRC defines success as its ability to help people to survive, recover and gain control of their future. Specifically, the IRC measures success against the number of people who see improvement in the following five outcomes:

- **Safety** from physical, sexual and psychological harm;
- **Health** in terms of reduced risk of ill health, and better chances of recovery from ill health;
- **Education** in terms of literacy and numeracy, as well as foundational, vocational and life skills;
- **Economic Wellbeing** in terms of basic material needs and income and asset growth;
- **Power** in terms of influence over the decisions that affect their lives.

STRATEGIC REPORT (continued)

Principal aims and objectives (continued)

In January 2015, the IRC published its organisation-wide 'strategic refresh', identifying key opportunities for and challenges to the agency's growth, informing a new global strategic plan for the IRC, and defining the objectives (as listed above) required to make its vision a reality.

In line with this strategic refresh, IRC-UK established a five-year UK and Europe Strategy which supports the global strategic plan with the goal of driving a higher profile - building on the successes of IRC-UK, generating more funding and achieving greater influence for the IRC within Europe.

IRC-UK places evidence-based responses, effectiveness, client responsiveness and transparency at the centre of its work, and works to ensure a European humanitarian response that does the same. IRC-UK defines itself as an agency that bridges emergency response and a longer term approach by advocating for:

- long term, predictable humanitarian financing that increases effectiveness and the overall cost-benefit of humanitarian action;
- a joined up response to long term, urban displacement; and
- the Sustainable Development Goals (SDGs) to be upheld in fragile and conflict affected states.

Particular areas of focus are influencing policy and practice in:

- cash based response and sustainable livelihood solutions;
- urban displacement;
- women and girls in emergencies, particularly sexual and reproductive health needs;
- education in emergencies; and
- the European refugee crisis.

To achieve its ambition, IRC in Europe pursues three interconnected outcomes:

Outcome 1: European donors fund 40 – 50% of IRC's international portfolio with 15% of that funding being unrestricted.

Outcome 2: IRC is a thought leader in Europe and is recognised as driving transformational policy and practice change.

Outcome 3: A European network with clearly defined centres of excellence is seen by donors as part of a single, global organisation.

STRATEGIC REPORT (continued)

Principal aims and objectives (continued)

Two key **Foundations** provide the support that will enable IRC-UK to achieve the above outcomes in 2015-2020:

- Foundation 1: IRC-UK has a collaborative high performance culture with the resources and support to deliver.
- Foundation 2: IRC-UK has systems that support delivery.

Cutting across all outcomes and foundations is a commitment to the IRC's strategic objectives and outcomes. IRC-UK aims to ensure that evidence is used to influence policy and practice that supports these objectives and outcomes, as well as ensuring IRC-UK's own delivery is as efficient and cost effective as possible.

Report on Progress against Strategic Priorities

FY 2016 was a year dominated by two key external developments: the dramatic upturn in both the scale and the visibility of the refugee crisis in Europe, and its ensuing impact on politics within Europe. These events have highlighted the importance of work carried out by international non-governmental organisations (INGOs) such as the IRC. However, funding continues to fall short of what is necessary to address the growing humanitarian needs.

FY 2016 also marked the first year of implementation of IRC-UK's Europe Strategy aiming to raise profile, deliver policy and practice change and significantly increase funding for IRC, the highlights of which are included under 'Principal Aims and Objectives' above.

While the external environment has presented substantial challenges for IRC-UK, significant progress has been made in all areas of its work summarised below.

Outcome 1: European donors fund 40 – 50% of IRC's international portfolio with 15% of that funding being unrestricted

European grant volume has started to level off in FY 2016 with growth of 20%, after three years of growth averaging over 30% year on year. However this still comprised a major contribution to the funding of vital IRC programmes around the world, with the UK office responsible for £142 million in funding of charitable activities in FY 2016. This represents 33% of IRC's global grant income (FY 2015: 32%). Combined with the grant volume of Stichting Vluchteling, another European member of IRC's global network, the contribution of European donors in FY 2016 represents 37% (FY 2015: 35%).

Unrestricted grant funding in FY 2016 was 5.7% of total grant funding (FY 2015: 5.7%). Adding all funding from Stichting Vluchteling and private funding, the percentage of unrestricted funding as a percentage of total European funding increases to 9% (FY 2015: 9.5%).

Significantly for the Europe strategy, we are seeing an increase in submissions and awards from new donors such as Germany and Switzerland. We have also actively supported the European Refugee Response and helped secure important and strategic funding for the

STRATEGIC REPORT (continued)

Report on Progress against Strategic Priorities (continued)

European crises, and supported two new emergency operations, in Cameroon and Libya.

Results for the year in the UK have been impressive overall, in particular with our voluntary funding portfolio. In FY 2016 the team have raised a total of £3.5 million. Unrestricted voluntary income grew to £986,000 - a 72% growth on the achievements of 2015. Restricted voluntary income raised for both core activities and the Europe & Middle East Appeal stands at £2.5 million. The team has also laid essential foundations for FY 2017 - with a strong finish to FY 2016, pledged voluntary income is at £2.8 million.

Outcome 2: IRC is recognised as a thought leader in Europe and is driving transformational policy and practice change

Over the year we placed focus on responding to the refugee crises, and on dealing with its roots - and have had measurable advocacy success at the EU level, increases to all our media and digital indicators, and recognition from external sources of the profile and voice we have generated for IRC-UK around the crisis. Over the year successes have included €700 million new refugee crisis response funding – the first ever humanitarian funds for inside the EU - committed and released as a result of IRC advocacy; forming and chairing the Brussels NGO advocacy group around the refugee crisis and the EU response - and becoming the first NGO to put a number on EU resettlement via the *Pathways to Protection* report.

This report was the basis for strong advocacy around the two major summits that took place in New York in September FY 2016: the UN Summit for Refugees and Migrants and the Leaders' Summit on Refugees hosted by President Obama. Other successful initiatives in FY 2016 have included the work around the Syria Conference in London, which has led to new funding for gender-based violence (GBV) work and a global commitment to the creation of 1.1 million jobs in the Syria region.

We also had a very successful presence at the World Humanitarian Summit (WHS). We influenced the Summit to include urban refugees in the outcome report, amongst other issues. Further work with European targets includes a partnership on cash with ODI and the Slovak Presidency of the European Council. We have also been working with the Swedish Government, who currently chair the Call to Action on GBV in emergencies, and pushed for them to encourage Germany and other European countries to join the initiative; we were delighted when Germany, Denmark and the Czech Republic joined at the WHS. We are now well positioned to drive forward the cash work as detailed above, and in addition 2017 will see a stronger focus on our women and girls work and Sexual and Reproductive Health (SRH) in emergencies.

Media and digital communications have made great strides forward at IRC-UK over the year with a new strategy in place. The IRC was featured 1,213 times in British and European national print, online and broadcast media, representing a 14% increase on 2015 media coverage, which was in itself a record-breaking year. Traffic to our website and project-specific microsites increased by 62% compared to 2015, our Twitter following grew by 46% and our Facebook following by 103%.

STRATEGIC REPORT (continued)

Report on Progress against Strategic Priorities (continued)

Outcome 3: A European network with clearly defined centres of excellence is seen by donors as part of a single, global organisation

FY 2016 has seen the opening of the Germany office and the significant strengthening of our Brussels office. We have cemented our partnerships with SV with the IRC-UK Executive Director sitting on the SV Board. The key focus relevant to this outcome in 2017 is, however, our work on how we should prepare and respond to Brexit. How this develops could have major implications on the success of the European network and we want to make sure we are positioned in the strongest way possible to maximise funding, influence and profile for IRC in Europe in the coming year.

Future plans

2016 has been a busy year for IRC-UK and we have delivered some strong results. Going into 2017, we will continue to focus on meeting the objectives of the Europe Strategy, with a view to driving a higher profile, generating more funding and achieving greater influence for the IRC. Our overall objectives remain the same - and we will continue to work hard to lead IRC-UK to deliver against our 2017 work plan, whilst working closely within a global framework. We have great opportunity, and some challenges before us, and with the resources we have we will work to support the 2020 IRC Strategy and do the best we can for the growing numbers of refugees around the world.

Examples of our fundraising and advocacy work and of field programmes funded by European donors are included in the 'Achievements and Performance During the Year' section below. These highlight key achievements and provide details of projects that cut across our organisational focus on Safety, Health, Education, Economic wellbeing and Power.

Financial report for the year

This is IRC-UK's first financial statements prepared under Accounting and Reporting by Charities: Statement of Recommended Practice (SORP) (FRS 102).

Under the new SORP, income is recognised in the statement of financial activities only when IRC-UK is entitled to the income, the amounts involved can be measured with sufficient reliability and it is probable that the income will be received by IRC-UK. On this basis, we have recognised income from government grants based on the performance and time-based conditions of the grants, recognising income, to the extent that it is reimbursable by the donor as expenditure on the grant is incurred.

2015 figures were therefore restated for the change in income recognition.

Total income in FY 2016 increased to £146 million (2015: £121 million). This was due to an increase in voluntary income to £3.5 million (2015: £2.5 million) and income from statutory donors to £140 million (2015: £119 million).

STRATEGIC REPORT (continued)

Financial report for the year (continued)

IRC-UK's principal funding sources were:

• DFID	£92 million, 63% (2015: £76 million, 64%)
• ECHO	£31 million, 21% (2015: £24 million, 20%)
• Sida	£6 million, 4% (2015: £6 million, 5%)
• EuropeAid	£4 million, 3% (2015: £3 million, 2%)
• Dutch MFA	£2 million, 2% (2015: £3 million, 2%)
• Irish Aid	£1 million, 1% (2015: £1 million, 1%)
• SDC	£1 million, 1% (2015: £0.4 million, 1%)
• Trusts, foundations, individuals	£4 million, 3% (2015: £3 million, 2%)

Full details can be found in the notes to the financial statements.

The increase in funding from DFID, ECHO and Sida was due to new and continuing grants to programmes in key crisis regions. These included:

- Syria region: Humanitarian assistance, protection and GBV support for those affected by the Syrian conflict in Syria, Lebanon, Iraq and Jordan (DFID £20 million, Sida £3 million);
- Democratic Republic of Congo: Community driven reconstruction programme (DFID £5 million), Girls Education Challenge programme, Valorisation de la Scholarisation de la Fille (DFID £7 million), and the COMPASS programme for adolescent girls, also being implemented in Ethiopia and Pakistan (DFID £3 million);
- Ethiopia: Life-saving water, sanitation, hygiene, nutrition and health responses to rapid onset emergencies including drought, flooding, disease outbreak, and displacement due to conflict (ECHO £9 million) and support to the delivery of basic services in the Somali Region of Ethiopia under the Peace and Development Programme (DFID £3 million);
- Greece: Provision of emergency humanitarian assistance to refugees and asylum seekers (ECHO £4 million);
- Sierra Leone: Rapid response to the Ebola outbreak (DFID £7 million).

IRC-UK also succeeded in increasing voluntary income to £3.5 million, (2015: £3.3 million) of which £2.7 million relates to donations and legacies and £0.8 million to charitable activities.

Investment policy

IRC-UK holds £0.8 million in a captioned deposit account with Standard Chartered Bank. The deposit has been renewed every six months. The interest rate prevailing on the account as at 30 September 2016 was 0.64%.

STRATEGIC REPORT (continued)

Financial report for the year (continued)

Investment policy (continued)

Other cash holdings, totalling £27.7 million as at 30 September 2016, are held in current accounts with Standard Chartered Bank and Natwest Bank, denominated in donor currencies (Euro, British Pound and United States Dollars), as these are restricted funds related to the £23 million programme creditors.

IRC-UK purchased currency forward during the year to hedge the currency risk on Swedish Krona to United States Dollars for our Framework Agreement with Sida and on United States Dollars to British Pounds for the remittances from IRC Inc to cover IRC-UK's core operating costs.

Reserves policy

Free reserves are the funds of the charity excluding the restricted funds, any designated funds, and the value of funds tied up in fixed assets for the charity's use.

The charity aims to hold free reserves sufficient to protect the organisation against an unexpected loss of income, or other unanticipated financial risks, and for investment in the long-term future of the organisation. The organisation strives to maintain free reserves equivalent to six months operating expenditure of the charity, which is currently being achieved. The trustees monitor the level of actual and projected reserves and believe these to be sufficient to meet the current level of risk.

As explained elsewhere in the report, IRC-UK is part of the global IRC network. Through the coverage of IRC-UK's risks in large part by IRC Inc, IRC-UK is able to hold reserves based on unrestricted expenditure rather than total expenditure. This is due to the business model of IRC, whereby charitable activities outside the UK are implemented by IRC Inc abiding by the arrangements agreed between IRC-UK and IRC Inc in a Framework Agreement and annual umbrella grant implementation agreements. The Framework Agreement obligates IRC Inc to provide to IRC-UK sustainable financial support on a regular budget cycle and whenever needed.

IRC Inc assumes in large part the risks associated with the implementation of IRC-UK's charitable activities outside the UK by supporting the fulfilment of matching fund obligations of projects, guaranteeing any expenditure which is disallowed by donors; and assuming joint liability for IRC-UK's financial and legal obligations.

Review of reserves

Funds and reserves totalled £2.5 million as at 30 September 2016 (2015: £2.1 million), of which £Nil (2015: £Nil) is restricted funds. £15,000 (2015: £15,000) has been designated for major repairs to the IRC-UK office premises. £85,000 (2015: £102,000) is tied up in fixed assets.

STRATEGIC REPORT (continued)

Financial report for the year (continued)

Reserves policy (continued)

Free reserves therefore total £2.4 million (2015: £2.0 million), which is in line with the reserves policy representing 7.6 months of unrestricted expenditure in FY 2016. Expenditure in the year to 30 September 2017 is budgeted to increase compared to FY 2016, but the free reserves balance as at 30 September 2016 also exceeds 6 months of the 2017 budgeted unrestricted expenditure.

Financial position

As stated earlier, we have presented our accounts in accordance with the new accounting standard and restated our FY 2015 accounts accordingly to show a reduction in net assets of £29 million and a £3 million decrease in our net movement in funds for that year.

The primary impact of these reporting changes is in respect of our restricted income funds on performance related grants, where £28 million that was previously recognised as income on receipt and included within our restricted reserves is now reported as deferred income and is expected to be recognised in the income statement in subsequent periods.

The value of restricted programme funding received but not expended prior to 30 September 2016, and which does not form part of the charity's available reserves, was £Nil (2015: £Nil).

The restricted income for the year was £142 million (2015: £118 million), and the restricted expenditure for the year was £142 million (2015: £118 million), which leaves restricted funds unchanged at £Nil.

At 30 September 2016, the unrestricted funds of the charity stood at £2.5 million (2015: £2.1 million). Designated funds and tangible fixed assets made up £0.1 million of this and the remaining £2.4 million (2015: £2.0 million) was free reserves.

IRC Inc will continue to provide unrestricted funding to cover part of IRC-UK's core operating costs. However, the practice in previous years of calculating the contribution as a share of the Income Cost Recovery (ICR) from European donor-funded programmes will be replaced by a new funding model in the year to 30 September 2017.

Matching funds

IRC-UK monitors matching fund liabilities of its possible future grants. IRC-UK's policy is to monitor carefully matching fund liabilities as part of the proposal development process, and to engage with implementing and funding partners to ensure that matching fund liabilities are met. IRC Inc has also agreed to support the fulfilment of matching fund obligations of projects that have been approved under IRC network procedures, as well as to guarantee any expenditure that is disallowed by donors on these projects.

STRATEGIC REPORT (continued)

Financial report for the year (continued)

The charity's assets

Acquisitions and disposals of fixed assets during the year are recorded in the notes to the financial statements.

Principal risks and uncertainties

Responsibility for risk management

The Board of Trustees has overall responsibility for the management and control of IRC-UK. The Board has mandated the Audit and Governance Committee to oversee the risk management framework and the effectiveness of the management of risk, to ensure key risks are reviewed and prioritised by the IRC-UK senior management team and established systems are in place to mitigate all significant risks.

IRC-UK's approach to risk and risk register

The Audit and Governance Committee reviews the strategic and operational risks identified by IRC-UK management, and seeks assurance over IRC-UK's risk management and mitigation activities from IRC-UK management and from other sources, including IRC Inc's Internal Auditor, Chief Finance Officer and Chief Ethics and Compliance Officer.

This review of the major risks to which the charity is exposed, both within the UK and internationally, is carried out using a risk management framework that identifies and prioritises risks, evaluates the likelihood of such risks and the level of impact they would have. The matrix of major risks faced by IRC-UK is compiled through wide consultation with IRC-UK management and staff, setting out the mitigation approach and responsibilities, under the following headings:

- Strategic risk – including volatility of charitable income from economic uncertainties in donor countries and changes in donor funding priorities.
- Reputational risk – including media exposure due to the IRC's increasing profile. Additionally, the IRC works in locations where the terrorism threat is significant and very much in the public agenda. During the year, Internal Audit continued its work with reviews in country offices to ensure anti-terrorist checks were performed on suppliers and on the purchase or disposal of assets.
- Field operations – limited through Grant Implementation Agreements with the IRC and comprehensive operating and financial procedures, which are being continuously reviewed and strengthened.
- UK operations – including business continuity risks associated with IT and other systems and premises, Health and Safety and Employment Relations risks
- Financial risk – donor financial compliance risk, the risk of fraud, and exchange risks associated with funding secured in a range of donor currencies.
- Statutory compliance – with UK Companies Act and Charity Commission guidance and with specific UK legislation including the Bribery Act 2010.

STRATEGIC REPORT (continued)

Financial report for the year (continued)

Principal risks and uncertainties (continued)

The responsibility for compliance of IRC's field offices, which implement the grants signed by IRC-UK, is transferred to IRC Inc through Grant Implementation Agreements.

IRC-UK is invited to attend the IRC Inc Audit Committee as an observer and receives IRC Inc's external and internal audit findings. The IRC-UK Executive Director and Senior Vice President for Europe is a member of the IRC Inc Leadership Board and conversely a staff member from IRC Inc is a member of the IRC-UK Board of Trustees.

The financial and management systems under which IRC programmes operate are subject to external review by auditors acting on behalf of funding partners, and internal review by the IRC Internal Audit team on a risk-based schedule.

This approach to risk management provides reasonable assurance that risk is managed to a great extent, but given the work that IRC-UK is undertaking in many of the most world's most high risk environments, risk cannot be eliminated entirely. In the event of a major incident, procedures are in place to coordinate and respond effectively.

The trustees are satisfied that key risks have been identified and mitigation strategies are in place, and that operating and financial procedures provide sufficient protection against exposure to risk.

Future plans

IRC's risk management framework is currently being revised and in the next financial year, IRC Inc will constitute a Risk Committee and IRC-UK will constitute a Risk Management Group to manage and mitigate risk in a systematic and coordinated manner.

The Risk Management Group will be chaired by the Director of Finance and Operations and include senior staff from the key relevant departments – Finance, Awards Management, HR, Policy and Practice, and Fundraising. The role of the Risk Management Group is to:

- Update the risk register and follow up on mitigation actions and identified vulnerabilities;
- Coordinate with IRC Inc Risk Committee to ensure that risks are managed consistently and effectively across the IRC network;
- Develop, implement and update as necessary IRC-UK's policies relating to risk management, including the risk management framework, fundraising compliance policies, donor compliance policies and procedures, Code of Conduct (including IRC Way), and policies on child protection, whistle-blowing, anti-fraud compliance, cyber and data security, and health and safety;
- Present the risk matrix and related policies and procedures to the Audit and Governance Committee annually, incorporate feedback and directives from the Committee, and take action as required.

STRATEGIC REPORT (continued)

Financial report for the year (continued)

Principal risks and uncertainties (continued)

Serious incident reporting

IRC managers are encouraged to submit concerns of any potential, suspected or known instances involving fraudulent, unlawful or unethical acts to the Ethics and Compliance Unit. This includes acts committed by IRC staff or related third parties that may be viewed as acting on IRC's behalf such as partners, sub-grantees, subcontractors, suppliers or incentive workers.

Additionally, anyone can report a concern anonymously and confidentially to IRC using an online form or hotline number available through the IRC EthicsPoint portal.

Principal risks and uncertainties faced in 2016

During FY 2016, IRC-UK tracked 52 risks to the organisation. By tracking these risks and taking appropriate actions, we were able to avoid or mitigate the impact of these risks. The most significant risks are listed below.

1. The initiation of the process to exit the European Union (EU) by the UK could result in a deteriorating relationship with the EU, affecting IRC-UK's access to funding from the EU or EU states and/or influence within the EU.

Mitigation: IRC-UK established a task team following the UK referendum vote to leave the EU to monitor the impact on IRC-UK and recommend appropriate actions to avoid negative consequences and take advantage of opportunities arising. The work of the task team is continuing in 2017 with a view to report back to the Board of Trustees in June 2017.

2. Significant movements in exchange rates affect the available funds to implement grant deliverables when spending is in a different currency to the grant agreement. In particular, the weakening of Pound Sterling (GBP) against United States Dollars (USD) by 15% since the UK referendum on Europe on 23 June 2016 has reduced the purchasing power of our grant agreements denominated in GBP. The UK's exit from the EU will continue to cause uncertainty and volatility for GBP and the Euro in the next financial year, with the election of Donald Trump as President of the US adding further uncertainty.

Mitigation: Grant funds received are held in accounts in the same currency as the donor agreement. Whenever possible, IRC-UK includes clauses in donor contracts allowing renegotiation of deliverables in case of major variance in exchange rates. Other strategies employed to reduce currency risk include negotiating with donors to fix budgets in USD, analysing income and expenditure to take advantage of natural hedging opportunities that arise, and purchasing forward contracts on virtually certain future income streams.

STRATEGIC REPORT (continued)

Financial report for the year (continued)

Principal risks and uncertainties (continued)

3. Over 95% of IRC-UK's funding is from institutional donors. With increasingly complex and prescriptive donor requirements, there is a risk of non-compliance, which can lead to disallowed costs and reputational impact.

Mitigation: Responsibility for donor compliance is embedded within IRC's Awards Management Unit (AMU), coordinated with Finance, Legal, and Ethics and Compliance Units. The AMU employs experts in the rules and regulations of the major institutional donors that fund IRC and is responsible for reviewing grant agreements, implementing partner agreements, and reports to donors. The AMU also conducts training on donor compliance in IRC's country operations around the world. IRC-UK is financially protected from the risk of non-compliance by IRC Inc, which bears the financial risk of disallowances against a general reserve.

4. Working in hard to reach places brings the risk of fraudulent, unlawful or unethical acts.

Mitigation: IRC has mechanisms in place for reporting concerns of fraudulent, unlawful or unethical acts, which are widely communicated to all IRC staff and stakeholders. All reports are captured in a central database and analysed by the Ethics and Compliance Unit, which investigates and then takes remedial and preventative actions. Procedures are in place to ensure timely and accurate reporting of allegations and serious incidents to affected donors and the Charity Commission.

5. The safety and security of IRC-UK staff travelling to IRC field operations with high levels of security risk is of the utmost importance. Although the likelihood of encountering a security issue is low, the impact is potentially large.

Mitigation: Security management policies and procedures in place and all IRC-UK staff must have received security training before travelling to high risk destinations and country security briefings prior to departure and on arrival in country. Staff are covered by travel insurance and the IRC-UK health policy, which includes comprehensive support in the event of emergency or evacuation.

ACHIEVEMENTS AND PERFORMANCE DURING THE YEAR

Fundraising

In FY 2016, the number of people fleeing disaster and conflict surpassed 65 million for the first time in history. Despite the scale of the challenge, the generosity of IRC-UK's dedicated supporters throughout the year enabled us to ramp up our response and continue transforming the lives of millions of refugees and displaced people.

ACHIEVEMENTS AND PERFORMANCE DURING THE YEAR (continued)

Fundraising (continued)

This year, IRC-UK received more support than ever before from individuals, trusts, foundations, companies and other organisations, who together donated over £2.8 million to support our global humanitarian work.

We received a record number of 'unrestricted' donations from philanthropists, which are crucial for our work. We can direct this funding wherever it's most needed, helping us respond quickly and flexibly to new emergencies and evolving crisis situations – making sure more people survive, recover and gain control of their futures.

Over the coming years, IRC-UK's *Choose Humanity* campaign will be a vital source of flexible funding. Launched FY 2016, the campaign asks members of the public to pledge their support for our call to world leaders, urging them to stand up for the rights of refugees. We expect *Choose Humanity* to raise over £350,000 over the next seven years, representing IRC-UK's most successful public fundraising campaign to date.

Thank you to all our dedicated supporters who contributed so generously in FY 2016, helping the world's most vulnerable people when they need it most.

The Refugee Crisis in Europe and the Middle East

The *Refugee Crisis Appeal* remained IRC-UK's fundraising focus in FY 2016. The humanitarian situation in Syria and neighbouring countries continues to devastate the lives of millions of people in the region, forcing hundreds of thousands to cross dangerous seas into Europe to seek refuge.

Thanks to the generosity of our philanthropic supporters during the year, we continued to grow investment in our humanitarian response in both Europe and the Middle East.

In FY 2016, the Asfari Foundation and the Saïd Foundation – both longstanding IRC donors – came together in a unique partnership to raise money for education programmes for Syrian refugee children. The *Hands Up For Syria Appeal*, administered through the Hands Up Foundation, raised over £8 million through the Asfari and Saïd Foundations' private networks of individual supporters. This included a pound-for-pound match by both Foundations. The IRC was chosen as one of three beneficiaries of the appeal, securing £2.6 million over 18 months to deliver education to the Syria region.

Another highlight included IRC-UK's high-profile partnership with Dave Rowntree, who was instrumental in raising vital funds and awareness for the IRC's Health Programme in Jordan. He galvanised his network of celebrity friends to donate over 1,000 items to sell at this year's *Star Boot Sale* – held in London in May 2016 – and as part of an online auction. Over 500 members of the public bought tickets to the event, which raised £49,000 towards IRC mobile health clinics in Jordan. It built on the success of last year's *Star Boot Sale* and brought the overall total for the initiative to over £114,000.

ACHIEVEMENTS AND PERFORMANCE DURING THE YEAR (continued)

Fundraising (continued)

Support for our wider work

One of the ambitions of the IRC's 2020 strategy is to make sure all of our programmes are based on world-class evidence, or contributing to the creation of that evidence base. As part of that, we play a leading role in generating evidence around family-based interventions. In FY 2016, the UBS Optimus Foundation supported a programme in Liberia called *Parents Make the Difference II*, part of a portfolio of research that focuses on strengthening the capacity of caregivers to care for and protect children affected by crisis. The programme works with mothers and fathers to replace harsh punishments for their children's behaviour with positive parenting methods. It is already helping to reduce punitive violence across five regions in and around the Liberian capital, all of which are recovering not only from the long fallout of the civil war, but also the devastating outbreak of Ebola. Community members have told us first hand of the improving family and community relationships extending beyond those directly involved in the training.

According to the World Health Organisation, the Ebola crisis officially ended in 2015, however its shattering effects are still felt across communities in Liberia and Sierra Leone. In FY 2016, information and analytics company RELX Group was instrumental in providing support to recovering communities in Sierra Leone. Our fundraising partnership with its staff exceeded a \$100,000 target, raising an extra \$70,000. It meant that, as well as supporting an education programme for children who missed school during the Ebola outbreak, the company was able to help two other projects: supporting women and girls groups in the same Sierra Leonean community, and an additional education programme in Lebanon.

The Bernard van Leer Foundation also contributed to our work supporting children and young people affected by crisis, by funding a pilot initiative in Côte d'Ivoire called *Exploring Platforms to Deliver Parenting Programmes*. This five-month project aims to build on *Parents Make the Difference* and other IRC programmes, to help determine the best way to run projects that improve parenting skills.

The Bernard van Leer Foundation also made a second grant of €230,000 for *Reaching Young Children and Families at Scale*, an initiative to support early childhood development in the Syria region.

We would like to extend our special thanks to these companies, trusts and foundations, as well as to the following for their ongoing support:

- AS Roma
- The Children's Investment Fund Foundation (via a sub-grant from ACF International)
- Christian Blind Mission
- Ethical Tea Partnership
- The Financial Times
- Stavros Niarchos Foundation
- Vitol Foundation

ACHIEVEMENTS AND PERFORMANCE DURING THE YEAR (continued)

Fundraising (continued)

Fundraising compliance

IRC-UK is committed to undertaking ethical, transparent, and appropriate fundraising activity in order to raise funds to support our beneficiaries. We adhere to the Fundraising Regulator's Code of Fundraising Practice and embed supporter care best practice into our fundraising processes, which include internal policies to protect vulnerable persons. Our Privacy Policy, accessible on our website, outlines our promise to supporters to respect their personal information made available to IRC-UK, protect their data, and communicate in line with their given consent.

The vast majority of IRC-UK's private fundraising (individuals, companies, trusts and foundations) activity is undertaken by internal IRC-UK staff. In FY 2016 we utilised the services of Ethicall to provide telemarketing services for one campaign. Ethicall are an award winning professional fundraising company highly regarded for their supporter care and ethical approach. We worked closely with Ethicall to ensure any communication with supporters matched our internal policies and regulatory best practice. This included IRC-UK staff training Ethicall staff working on the campaign and close monitoring and review of call handling.

We regularly monitor and update our processes to ensure best practice and regulatory adherence. While we made every effort to make sure all our supporters and those individuals we communicated with had a positive fundraising experience, occasionally we don't get it quite right. In FY 2016 we received seven complaints; we responded to each of these individually and endeavoured to learn from the complaint, address any issues, and turn it into a positive experience for the supporter.

Profile-building

In FY 2016 the profile of the IRC in Europe improved considerably, helping to drive funding and to advocate for policy change by European governments. A strong focus was placed on building the IRC's profile not just in the UK but also in Brussels, Sweden, Germany and other strategic partner countries in Europe.

The IRC was featured 1,213 times in British and European national print, online and broadcast media. That's a 14% increase on 2015 media coverage, which was in itself a record-breaking year due to unprecedented media interest in the refugee arrivals to Greece. Traffic to the IRC-UK website and project-specific microsites increased by 62% compared to 2015, our Twitter following grew by 46% and our Facebook following by 103%. We also made increasing use of Medium as a platform for longer-form stories.

ACHIEVEMENTS AND PERFORMANCE DURING THE YEAR (continued)

Profile building (continued)

The goal of IRC-UK's communications in Europe is to highlight the vulnerability and amplify the voice of displaced people, to present the facts of the situations that they find themselves in, and to offer compelling evidence-based solutions, as quickly as possible, in support of our advocacy and fundraising. In particular in FY 2016 we sought to draw attention to the arc of the Syrian refugee crisis, from the war in Syria to the humanitarian needs of refugees in neighbouring countries, the arrivals to the Greek Islands, the needs of refugees on the transit route through Greece and the Balkans, and the case for resettling more refugees to Europe. Our CEO and President David Miliband, and other European and regional spokespeople, have commented regularly in the media on developments in these crises and the needs of IRC-UK's beneficiaries.

The following five moments were some of the highlights of the year:

Syria Donors Conference

In February 2016 the UK government co-hosted the Syria Donors Conference, to convene donors in London to pledge their support to Syrian refugees. The IRC developed a clear 'ask' of the conference participants, to create one million jobs for Syrian refugees in Syria's neighbouring countries. David Miliband briefed this 'ask' to Reuters, ahead of the conference, and we pushed it heavily in the media throughout the week, securing coverage in almost all top tier outlets including Sky, the BBC, ITV News, Channel 4 News, the Times and the Guardian. In part due to IRC-UK's pressure, the conference participants made this commitment.

To demonstrate the human needs and ambitions at the heart of the conference, we also pushed out our *Vision not Victim* photo series, showcasing the career ambitions of adolescent refugee girls. They were the lead BBC picture story, then picked up by media globally and shared with millions of online followers.

Star Boot Sale

The *Star Boot Sale* in May 2016, organised by IRC supporter and Blur drummer Dave Rowntree to raise funds for refugees in Jordan, generated extensive media coverage including the BBC, Independent and Time Out. We reached 1.5 million people online, helped by engagement from celebrity participants. Through this publicity, we generated ticket sales for the event and supported the Fundraising team to generate £49,000.

Choose Humanity campaigns

Choose Humanity, the IRC's first major digital fundraising campaign in Europe, ran in August and September 2016, combining a live event with extensive digital activity. IRC staff joined the Refugees Welcome march in September, with *Choose Humanity* placards giving us great visibility. We produced a video of a young refugee in Greece to feature in our digital campaign, which reached hundreds of thousands of people. The second *Choose Humanity*

ACHIEVEMENTS AND PERFORMANCE DURING THE YEAR (continued)

Choose Humanity campaigns (continued)

campaign replaced the traditional end of year campaign and ran from November 2016 onwards.

Children of Peace

In June 2016 we ran a campaign called *Children of Peace*, to promote our ECHO-funded healing classrooms in Nigeria. We built a microsite and ran a digital campaign that reached 1.5 million people, using two case studies of students from our healing classrooms. We staged two events at the British Museum during Refugee Week, where footfall reached 25,000 people, including a live experience of a healing classroom.

September Summits

September 2016 saw two major summits take place in New York: the UN Summit for Refugees and Migrants and the Leaders' Summit on Refugees hosted by President Obama. In the months leading up to the summits, we built the case for increasing resettlement places for refugees in Europe through a sustained media and digital campaign. David Miliband gave a high-profile speech in Brussels, for which we secured media interest and commissioned a photo series of refugees in Kenya awaiting resettlement. We commissioned Ipsos MORI to run a survey of attitudes to refugees in 12 European countries, which found strong continued sympathy despite terror attacks over the summer, which we released to media. We also participated in an event outside the UK Parliament, with a group of NGOs, in which almost 3,000 lifejackets were laid out to highlight the continued plight of refugees. This generated media interest not just in the UK but globally, with the picture of the lifejackets printed widely and shared extensively on social media. By keeping the media spotlight on the summits, we helped to ensure that commitments were made. At least 18 countries globally, for example, committed to starting or expanding refugee resettlement programmes.

Advocacy

In addition to providing direct emergency and long-term support to those affected by conflict and natural disaster, the IRC works to ensure that the global response to particular humanitarian crises, and to emergencies in general, is timely, effective and delivers real change on the ground. Our advocacy is informed by a deep understanding of the countries and contexts in which we operate, as well as our significant technical expertise. The IRC aims to influence and shape the policies of the UK, EU and UN institutions, in order to address the underlying causes of suffering and improve the living conditions of the world's most vulnerable people.

FY 2016 has been a very successful year for our advocacy work at IRC-UK, with several high-profile events and a noticeable increase in IRC's profile and influence, particularly in Brussels. Notable highlights include forming and chairing a Brussels NGO advocacy group around the refugee crisis and the EU response, and becoming the first NGO to put a number on EU resettlement via our *Pathways to Protection* report. These successes and others relating to Syria and the refugee crisis in Europe as well as our ongoing advocacy for urban refugees are detailed below.

ACHIEVEMENTS AND PERFORMANCE DURING THE YEAR (continued)

Advocacy (continued)

Syria and the European refugee crisis

FY 2016 has been marked by a continuing focus on the refugee crisis in Europe, and on its origins in the Syrian region. Against this backdrop, IRC–UK has continued to advocate strongly at the Brussels level in particular for a coordinated response, adequate funding, protection for women and girls, and safe and legal routes to resettlement.

A key example of our measurable advocacy success over 2016 was the announcement of €700 million new refugee crisis response funding as part of the EU's Emergency Assistance instrument announced in March. This represented the first ever humanitarian funds designated for inside the EU, and was committed and released as a direct result of IRC advocacy. We did this by calling for and supporting a visit by EU Parliamentarians to Greece, to visit multiple locations (including IRC programmes) to better understand the challenges and context in which we work.

Supporting Syria and the Region conference

Earlier in FY 2016, much of our efforts were focussed on IRC's role around the *Supporting Syria and the Region* conference held in London on 4 February, co-hosted by the UK, Germany, Kuwait, Norway and the UN. IRC was one of a handful of NGOs working closely with 10 Downing Street and the Cabinet Office to influence this conference, and we were uniquely placed to feed into messaging and final outcomes. The meeting was attended by IRC's President (one of a very small number of NGO attendees), and IRC–UK convened a key side event the evening before the conference at which high-level panellists spoke, such as the Swedish Foreign Minister, the Norwegian Foreign Minister and the UK International Development Secretary.

IRC-UK developed an advocacy briefing on the funding and action needed to step up protection of women and girls in the Syria Region, and we developed a specific ask of the conference to support one million work permits for refugees. Both proposals produced excellent results, with the conference leading to new funding for gender-based violence work and our specific advocacy for work permits leading to a global commitment to the creation of 1.1 million jobs in the Syria region.

David Miliband on the refugee crisis in Europe

A further highlight of our advocacy work in FY 2016 was the IRC's President and CEO's visit to Brussels in September, where he gave a speech on the refugee crisis and Europe. The speech was delivered at a special IRC event chaired by Channel 4 News presenter Fatima Manji, and included a response and discussion with Frans Timmermans, First Vice President of the European Commission. The audience included Ambassadors, MEPs, senior EU officials, NGO leaders and journalists.

ACHIEVEMENTS AND PERFORMANCE DURING THE YEAR (continued)

Advocacy (continued)

IRC's President and CEO also addressed a private meeting of the European Commission's policy think-tank on the refugee crisis and appeared in front of the European Parliament's Committee on Civil Liberties, Justice and Home Affairs (LIBE), where he gave a special presentation on the EU's draft Resettlement Framework, which the Committee was also discussing for the first time that day.

Pathways to Protection

As part of IRC-UK's work to influence policy at the EU level throughout FY 2016, our *Pathways to Protection* report on refugee resettlement in Europe established IRC as the first NGO to put a number on what Europe's increased contribution to resettlement should be. This was launched at a special event in April on resettlement in Brussels jointly organised by IRC, the Dutch Presidency of the EU Council and the US Mission to the EU.

The Pathways to Protection report was the basis for strong advocacy around September's UNGA and Obama summits on the refugee crisis and resettlement. The IRC is now the lead NGO advocating for an ambitious new EU refugee resettlement framework and associated integration, and on seeking to influence proposals as they make their way through the Brussels system.

Rescuing Futures

In November, building on the successful impact of the Pathways to Protection report, IRC-UK published *Rescuing Futures: Europe's Vital Role in Refugee Resettlement*, making the case for increased and improved refugee resettlement in Europe. The report calls on the EU to play a central role, including through the establishment of an ambitious EU Resettlement Framework safeguarding the humanitarian essence of resettlement and promoting the integration of resettled refugees. The report also provides concrete recommendations for the EU and its member states to ensure that the number of resettlement places are increased in Europe, meaning more lives are saved, more protection is provided to the most vulnerable, and more futures are rescued.

The feedback on this report has been overwhelmingly positive from senior decision-makers including the UK's permanent representative's migration lead, the Special Rapporteur to the European Parliament and fellow NGOs.

The urban refugee crisis

IRC-UK's continued advocacy on the urban refugee crisis resulted in a special session of the World Humanitarian Summit being devoted to urban refugees – an issue which is one of our Europe Strategy priorities. We also succeeded in inserting language on refugees, data collection and urban contexts into the outcome document from the UN Summit on Refugees and Migrants. This progress has provided an excellent platform to raise the profile of our urban work.

ACHIEVEMENTS AND PERFORMANCE DURING THE YEAR (continued)

Statutory donor-funded field programmes

Examples of European donor-funded field programmes active during FY 2016 include:

Lake Chad Basin (Niger, Nigeria, Cameroon, Chad)

Overlapping conflicts across the Greater Sahel and Lake Chad Basin have contributed to massive human suffering, including the uprooting of some 4.2 million people from their homes. Jihadis, armed groups, and criminal networks jockey for power across this impoverished region, where borders are porous and governments have limited reach.

In the Lake Chad Basin, the security forces of Nigeria, Niger, Cameroon, and Chad have stepped up their fight against the Boko Haram insurgency, yet the group has not been vanquished. A leadership quarrel has split the jihadi movement, but it remains resilient and aggressive. The Boko Haram insurgency, the aggressive military response to it, and the lack of effective assistance to those caught up in the conflict threatens to create an endless cycle of violence and despair.

The IRC has been at the forefront of the response in the region. European donor funds from the UK Department for International Development (DFID), the Start Fund, the European Commission's Humanitarian Aid and Civil Protection department (ECHO), the European Commission for International Cooperation and Development (Europaid), the Swedish International Development Agency (Sida), the Swiss Development Cooperation (SDC), and Irish Aid have amounted to £8.3 million over the year. This comprises £5 million in Nigeria, £0.2 million in Chad, £3 million in Niger and £0.1 million in Cameroon.

As a result, IRC has been able to provide support and services to approximately 1.5 million people affected by the conflicts across Lake Chad Basin - 775,000 in Niger, 25,000 in Chad, 700,000 in Nigeria and nearly 5,500 in Cameroon. The IRC provided support to internally displaced people, refugees and host communities in different sectors such as health, nutrition, education, and child protection as well as support for women and girls.

El Nino in East and Southern Africa

El Nino in FY 2016 exacerbated a drought in the Horn of Africa leading to an increase in food insecurity and malnutrition. In Ethiopia alone, 9.7 million people require emergency food assistance to meet their basic food needs, and some 420,000 children suffer from severe acute malnutrition (SAM) and 2.36 million children from moderate acute malnutrition (MAM). Agricultural production is severely affected, with cascading effects on livelihoods, nutrition, health, water, sanitation, education and other sectors. Lives remain at risk due to a lack of food and water, and the risk of disease outbreaks. Flooding and other drought or conflict-related displacement continues to lead to critical needs for food, shelter and non-food items.

With funding from ECHO in FY 2016 amounting to €9.3 million through an Emergency Response Mechanism, the IRC has been able to provide services to 1,108,919 beneficiaries affected by El Nino. Activities delivered to all beneficiaries include:

ACHIEVEMENTS AND PERFORMANCE DURING THE YEAR (continued)

Statutory donor-funded field programmes (continued)

El Nino in East and Southern Africa (continued)

- Access to water, sanitation and hygiene with a focus on rehabilitation of water supply schemes; the training of water committees and the promotion of general hygiene and health in response to Acute Watery Diarrhoea; distribution of hygiene kits; and the training of Health Extension Workers – collectively provided to 1,074,158 individuals;
- Access to nutrition to prevent further deterioration of the nutritional status, focussing especially on pregnant and lactating women and children under 5 who suffer from moderate to acute malnutrition — reaching 20,561 individuals; and
- Access to non-food items and dignity kits to 10,000 individuals.

In Zimbabwe, El Nino was officially declared in March 2015, gaining in intensity until it peaked in December 2015 and coming to an end in May 2016, becoming one of the strongest El Ninos on record. Over the past two years, food insecurity among the rural population increased from 6% to 42%. The situation in Zimbabwe was compounded by economic collapse, political turmoil and the ongoing cash crisis.

The IRC was able to respond to the food security emergency with support from Sida of approximately £272,000. The IRC reached 5,000 people by providing cash transfers, allowing them to mitigate the effects of drought-induced food insecurity.

South Sudan Crisis

The South Sudan region has suffered bouts of conflict for decades, and since its inception as an independent nation state in 2011, this trend has continued. In 2013, political infighting within the ruling SPLM led to a brutal civil war, displacing 413,000 civilians within the first month of the conflict and 2 million in total. Whilst some areas have become less volatile, the national context has remained highly unstable with armed conflict occurring nationwide. One of the most significant of recent times was the violence that engulfed Juba in July 2016, where 300 people were killed within a few days. The violence is intrinsically linked with the dire economic context, lack of healthcare infrastructure and professionals and widespread food insecurity. There are fears that these issues combined with the recent escalation in violence and an increase in ethnically divisive rhetoric could lead to genocide.

Within South Sudan, IRC's programming has focussed on gender-based violence, strengthening and expanding the healthcare system, food security, nutrition and WASH. Irish Aid, Europe Aid, ECHO and DFID have funded these projects. In FY 016 their total worth was roughly £5.2 million and a total of 1,024,781 beneficiaries were reached.

South Sudanese refugees affected by the crisis have also been supported by our ECHO projects, valuing £2 million, which operate in Dadaab and Kakuma refugee camps in Kenya. Whilst they were not necessarily the original targeted beneficiary group, the recent upsurge in violence and famine has led to more than 300 Sudanese arriving in Kakuma every week according to UNHCR. IRC has adapted programming to accommodate the influx.

ACHIEVEMENTS AND PERFORMANCE DURING THE YEAR (continued)

Statutory donor-funded field programmes (continued)

South Sudan Crisis (continued)

In FY 2015, an average of 4,291 South Sudanese refugees per month fled to Uganda. By the end of FY 2016, more than 234,443 refugees had arrived in Uganda with Adjumani, in the north, receiving by far the most arrivals. Approximately 86% of new arrivals are women and children, who have unique vulnerabilities related to protection, prevention of sexual and gender-based violence, health and sanitation.

IRC was already present and working in northern Uganda and therefore was able to quickly respond early in FY 2016 at the beginning of the crisis. IRC received £50,000 from the Start Network to support over 6,000 women and girls through the distribution of hygiene kits and infant care kits including soap, water purification tabs, sanitary pads and clothing, as well as to provide orientation on basic health and hygiene for the women and their children.

Syria crisis regional response

With funding from DFID, ECHO, Sida and the Swiss Development Cooperation (SDC) amounting to around £23.7 million in the financial year, the IRC has been able to provide support and services to 1 million people affected by the conflicts in Syria and Iraq.

In Syria, DFID funding of £14.2 million has allowed the IRC and its partner organisations to support 869,000 beneficiaries by providing conflict-affected people in with the following services:

- Access to immediate protection services with a particular emphasis on the specific needs of children, adolescent girls and women;
- Access to resources to cover basic needs in a manner that supports local markets and promotes resilience and dignity;
- Access to health services, with an emphasis on supporting primary and reproductive health delivery and structures; and
- Access to integrated education for conflict-affected children.

Further Sida funding of £120,000 has enabled the IRC to support thousands of conflict-affected Syrians, in particular women and girls, with improved access to psychosocial support, income-generating opportunities and lifesaving health services. The IRC also provides direct support to Syrian refugees and vulnerable members of host communities in Syria's neighbouring countries.

In Jordan, funding from DFID of £2.36 million has allowed the IRC to provide 45,000 Syrian refugees and vulnerable host community members in Jordan access to health and GBV response and prevention services. With funding from ECHO of £848,000, a further 18,000 Syrian refugees and vulnerable Jordanians are safer and have improved health status through accessing comprehensive health and GBV services.

ACHIEVEMENTS AND PERFORMANCE DURING THE YEAR (continued)

Statutory donor-funded field programmes (continued)

Syria crisis regional response (continued)

In Lebanon, with DFID funding of £4.4 million, the IRC has provided 28,200 people access to cash assistance to support self-employment and skills building, and access to employment services. In addition, with ECHO funding of £2.4 million, IRC has supported tens of thousands of Syrian refugees and vulnerable host community members through the provision of cash assistance and reduction and mitigation of protection risks. Support from Sida of £615,000 has helped the IRC to provide protection services to thousands women and girls through access to quality case management and psychosocial services, which recognise and respond to the specific needs of adolescent girls and displaced urban populations, reducing vulnerability to violence.

In Iraq, ECHO funding of £3.3 million has helped the IRC provide lifesaving assistance to thousands of displaced and conflict-affected Iraqis. Around 11,800 extremely vulnerable internally displaced people have gained access to essential unconditional cash assistance and to public sector and community-based welfare and/or protection networks for conflict-affected households. Furthermore, IRC is enabling 1,800 conflict-affected children in Iraq to access quality educational opportunities and to be safe in their homes, schools, and communities. Sida funding of £530,000 has been used by IRC to strengthen GBV support and to foster protective environments for Iraqi IDPs and Syrian refugees in Iraqi Kurdistan.

In Turkey, SDC funding of £310,000 has enabled IRC to support around 1,800 Syrian women and girls to improve their safety, psychosocial wellbeing and self-reliance.

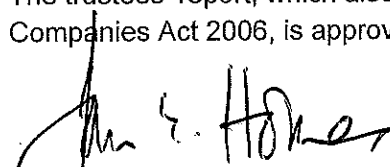
Europe regional response

In Greece, IRC used DFID funding of £1.5 million to provide 7,843 people with water, sanitation, and hygiene (WASH) and protection activities following the establishment of a refugee transition site. With ECHO funds of around £7 million, IRC helped 12,000 refugees and asylum seekers to gain safe access to quality and specialised protection services, as well as information and tailored support to meet their needs and reduce risks according to their age, gender and other vulnerability criteria. A further 13,532 refugees and asylum seekers have access to safe, sufficient and improved WASH facilities at designated sites throughout Greece. An additional 985 households received cash-assistance to help refugees and asylum seekers meet their basic food and household item needs by accessing quality goods and services from local markets.

In Greece and the Balkans, further DFID funding of £418,000 in the first three months of a 12-month grant has enabled the IRC and its partner organisations to support 3,180 identified unaccompanied children to receive legal support. In addition, funds have been used to lay the foundations for the rest of the grant that will provide improved, comprehensive services, shelter and child protection systems to respond to the needs of refugee children at risk - including unaccompanied children - in Europe.

Trustees' report Year to 30 September 2016

The trustees' report, which also comprises a strategic report and directors' report as per the Companies Act 2006, is approved by and signed on behalf of the trustees:



Sir John Holmes
Chair



Ian Barry
Chair of Audit and Governance Committee

Approved by the trustees on: 23 March 2017

Independent auditor's report Year to 30 September 2016

Independent auditor's report to the members of International Rescue Committee, UK

We have audited the financial statements of International Rescue Committee, UK for the year ended 30 September 2016 which comprise the statement of financial activities, the balance sheet, the statement of cash flows, the principal accounting policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS102, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland.

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

Respective responsibilities of trustees and auditor

As explained more fully in the statement of trustees' responsibilities set out in the trustees' report, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statements

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

Independent auditor's report Year to 30 September 2016

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 30 September 2016 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the trustees' report, including the Strategic Report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

The Companies Act 2006 requires us to report to you if, in our opinion:

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

We have nothing to report in respect of these matters.



Edward Finch, Senior Statutory Auditor
for and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

28/3/17

Statement of financial activities Year to 30 September 2016

		Unrestricted funds £'000	Restricted funds £'000	Total 2016 funds £'000	As Restated Total 2015 funds £'000
	Notes				
Income and expenditure					
Income from:					
Donations and legacies		986	1,736	2,722	1,869
Investments		18	—	18	33
Charitable activities	1	3,362	140,234	143,596	119,415
Total income		4,366	141,970	146,336	121,317
Expenditure on:					
Raising funds	3	967	—	967	896
Charitable activities					
. Health		1,239	59,406	60,645	57,358
. Safety		550	26,364	26,914	21,997
. Education		396	18,998	19,394	15,349
. Economic Wellbeing		294	14,099	14,393	9,526
. Power		446	21,367	21,813	15,720
. Other		36	1,736	1,772	226
Total charitable activities	4	2,961	141,970	144,931	120,176
Total expenditure	2	3,928	141,970	145,898	121,072
Net income (expenditure) for the year	5	438	—	438	245
Balances brought forward at 1 October 2015	12	2,097	—	2,097	1,852
Balances carried forward at 30 September 2016		2,535	—	2,535	2,097

All of the charity's activities derived from continuing operations during the above two financial periods.

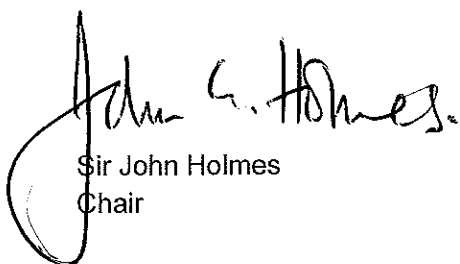
All recognised gains and losses are included in the statement of financial activities.

The notes on pages 42 to 55 form part of these financial statements.

Balance Sheet as at 30 September 2016

	Notes	2016 £'000	2016 £'000	Restated 2015 £'000	Restated 2015 £'000
Fixed assets					
Tangible assets	8		85		102
Current assets					
Debtors	10	33,470		18,380	
Cash at bank and in hand		28,542		23,785	
		<u>62,012</u>		<u>42,165</u>	
Creditors: amounts falling due within one year	11	<u>(59,562)</u>		<u>(40,170)</u>	
Net current assets			<u>2,450</u>		<u>1,995</u>
Total net assets			<u>2,535</u>		<u>2,097</u>
Represented by:					
Funds and reserves					
Income funds:					
Restricted funds	12		—		—
Unrestricted funds					
. Designated funds	13		15		15
. General fund			<u>2,520</u>		<u>2,082</u>
			<u>2,535</u>		<u>2,097</u>

Approved by and signed on behalf of the trustees:


Sir John Holmes
Chair


Ian Barry
Chair of Audit and Governance Committee

Approved by the trustees on: 23 March 2017

Company Registration Number: 3458056

Statement of cash flows for the year to 30 September 2016

	Notes	2016 £'000	2015 £'000
Cash flows from operating activities:			
Net cash provided by operating activities	A	491	(185)
Cash flows from investing activities:			
Investment income		18	33
Purchase of tangible fixed assets		(20)	(47)
Net cash used in investing activities		(2)	(14)
Change in cash and cash equivalents in the year		489	(199)
Cash and cash equivalents at 1 October 2015	B	23,785	23,722
Change in cash and cash equivalents due to exchange rate movements		4,268	262
Cash and cash equivalents at 30 September 2016	B	28,542	23,785

Notes to the statement of cash flows for the year to 30 September 2016.

A Reconciliation of net movement in funds to net cash provided by (used in) operating activities

	2016 £'000	2015 £'000
Net movement in funds (as per the statement of financial activities)	438	245
Adjustments for:		
Depreciation charge	37	30
Investment income and interest receivable	(18)	(33)
Exchange rate movements	(4,268)	(262)
Increase in debtors	(15,090)	(3,351)
Increase in creditors	19,392	3,186
Net cash provided by (used in) operating activities	491	(185)

B Analysis of cash and cash equivalents

	2016 £'000	2015 £'000
Cash at bank and in hand	28,542	23,785
Total cash and cash equivalents	28,542	23,785

Principal accounting policies Year to 30 September 2016

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the accounts are laid out below.

Basis of preparation

These accounts have been prepared for the year to 30 September 2016.

The accounts have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant accounting policies below or the notes to these accounts.

The accounts have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (Charities SORP FRS 102) issued on 16 July 2014, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Charities Act 2011 and the Companies Act 2006.

The charity constitutes a public benefit entity as defined by FRS 102.

The accounts are presented in sterling and are rounded to the nearest thousand.

Reconciliation with previous Generally Accepted Accounting Practice

In preparing the accounts, the trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102 a restatement of comparative items was needed.

In accordance with the requirements of FRS 102 a reconciliation of the opening balances and net income for the year is provided with the net income under previous GAAP adjusted for the treatment of deferred income:

	Year ended 30 September 2015 £'000
Reconciliation of reported income:	
Net income as previously stated	3,150
Adjustment for income on grants received in 2015 but relating to 2016 activities	(27,832)
Write back of income on grants received in 2014 but relating to 2015 deferred in 2015	24,927
2015 net expenditure as restated	245

Principal accounting policies Year to 30 September 2016

Reconciliation with previous Generally Accepted Accounting Practice (continued)

Income from restricted grants was previously recognised when receivable. Following the Charities SORP FRS 102, the charity is recognising restricted grants based on time-related conditions. As a result, income is recognised in line with the project activity on a time basis with income related to activity in future accounting periods being deferred at the balance sheet date.

In addition, presentational adjustments were made to reanalyse the expenditure for the year ended 30 September 2015 to accord with the format prescribed in the Charities SORP FRS 102. Specifically, governance costs which were previously reported as a separate line of expenditure within the statement of financial activities are now included within support costs and allocated to the remaining categories of expenditure as described in the notes to the accounts.

A reconciliation of the opening balances as reported under previous UK GAAP against the current UK GAAP is provided below:

	Unrestricted funds £'000	Restricted funds £'000	Total Funds £'000
Reconciliation of reported funds			
Total funds as at 1 October 2014 (as previously stated)	1,852	26,510	28,362
Change in Income Recognition	—	(26,510)	(26,510)
Total funds as at 1 October 2014 (as restated)	1,852	—	1,852
Net movement in funds as previously reported in 2015	245	2,905	3,150
Change in Income Recognition	—	(2,905)	(2,905)
Total funds as at 30 September 2015 (as restated)	2,097	—	2,097

Critical accounting estimates and areas of judgement

Preparation of the accounts requires the trustees and management to make significant judgements and estimates.

The items in the accounts where these judgements and estimates have been made include:

- estimating the useful economic life of tangible fixed assets;
- the allocation of office overheads and governance costs between charitable expenditure categories;
- the judgement that, subject to any evidence to the contrary, all expenditure incurred under a signed funding agreements is recoverable from funders;
- the judgement that there is no provision required for disallowed expenditure under donor funding agreements (see note 16);
- estimates in respect of accrued expenditure; and
- the judgement that expenditure issued as a proxy for calculating the time-related adjustment to income.

Principal accounting policies Year to 30 September 2016

Assessment of going concern

The trustees have assessed whether the use of the going concern assumption is appropriate in preparing these accounts. The trustees have made this assessment in respect to a period of one year from the date of approval of these accounts.

The trustees of the charity have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern. The trustees are of the opinion that the charity will have sufficient resources to meet its liabilities as they fall due. The most significant areas of judgement that affect items in the accounts are detailed above. With regard to the next accounting period, the year ending 30 September 2017, the most significant areas that affect the carrying value of the assets held by the charity are compliance risk in relation to restricted grants (see the risk management and reserves policy sections of the trustees' report for more information), funding pipelines and reserves.

Basis of consolidation

The results of the charity's subsidiary, IRC-UK Trading Limited, have not been consolidated as it was dormant throughout the year.

Income recognition

Income is recognised in the period in which the charity is entitled to receipt and the amount can be measured with reasonable certainty.

Income from grants is deferred where the donor has imposed restrictions on the use of funds, which amount to pre-conditions for use that have not been met at the balance sheet date (e.g. the receipt in advance of a grant for expenditure in a future accounting period). Where funding is provided to support a programme of work to be delivered over a period of time, these are considered time-related conditions and the income is spread over the life of the grant agreement. Expenditure is used as a proxy for calculating the time-related adjustment to income.

Where grants are paid in arrears based upon expenditure incurred, income is accrued to the extent that recovery from the funder under a confirmed funding arrangement is considered reasonably certain.

Grants from government and other agencies have been included either as income from activities in furtherance of the charity's objectives where these amount to support for specific activities or as donations where the money is given in response to an appeal. IRC Inc core funding is within income from charitable activities on the basis that in FY 2016 the amount of core funding is a percentage of the unrestricted funding from grants from government and other agencies generated by IRC-UK for the IRC network.

Principal accounting policies Year to 30 September 2016

Income recognition (continued)

Donations are recognised when receivable. Donations are only accrued where the donor has confirmed the donation in writing, receipt is considered probable and there is no stipulation that the donations is being made towards activity that is taking place in a future accounting period.

Expenditure recognition

Expenditure is included in the statement of financial activities when incurred and includes attributable VAT, where this cannot be recovered.

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to make a payment to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

Staff cost and expenses relating to Technical Units, and their subsequent reimbursement from IRC Inc are not recognised in income or expenditure included on the Statement of Financial Activities as IRC-UK does not have sufficient control over the activities of these staff members, which report directly to IRC Inc. but operate from the offices of IRC-UK for reasons of practicality.

Expenditure allocation

Expenditure comprises the following:

- a. The costs of generating funds represent the salaries, direct costs and overheads associated with generating income.
- b. The costs of charitable activities, which comprise expenditure on the charity's primary charitable purpose, i.e. overseas field operations. These include support costs, which represent the costs incurred by UK based staff providing support for IRC-UK's international programmes.
- c. Support costs include management, policy and advocacy work, supervision, governance costs and technical support for IRC-UK's emergency and development programmes. Governance costs comprise the costs which are directly attributable to the management of the charity's assets and the necessary legal and organisational procedures for compliance with statutory and governance requirements.

The majority of costs are directly attributable to specific activities. Staff costs are apportioned to the groups of costs listed above on the basis of time spent. Other non-directly attributable costs are allocated on the basis of apportioned staff time.

Where not directly attributable, the cost of support to specific charitable activities is apportioned on the basis of the value of expenditure incurred on the activity during the year.

Interest receivable

IRC-UK allocates interest to restricted funds where funds relate to long-term projects and where the interest receivable is significant in relation to the funds held and in accordance with donor regulations.

Foreign currency

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

Foreign currency risk is managed by holding restricted donor funds in the grant reporting currency in both the UK and field.

Restricted exchange gains/losses accumulate due to exchange rate differences arising on the retranslation of project balances into sterling at year end. These differences are temporary and therefore they are not attributed to specific projects until those projects are complete. Once a project is complete, foreign exchange gains and losses are written off to restricted funds.

Leased assets

Rentals applicable to operating leases under which substantially all of the benefits and risks of ownership remain with the lessor are charged on a straight-line basis over the lease term.

Tangible fixed assets

All assets purchased for use in the UK office and costing more than £1,000 are capitalised at cost including incidental expenses of acquisition.

Depreciation is provided at the following annual rates on a straight-line basis in order to write off the cost of each asset over its estimated useful life:

- Equipment, including computer equipment - five years
- Leasehold improvements - over the remaining life of the lease up to a maximum of ten years
- Fixtures and fittings - four years

Items purchased for use in programmes overseas and with a useful life beyond the duration of the programme activities are either:

- charged in full to charitable expenditure when purchased, in accordance with the donor regulations; or
- purchased with IRC unrestricted funds and depreciation charged to the donor funding the specific programme (if allowed).

Principal accounting policies Year to 30 September 2016

Tangible fixed assets (continued)

Unless the donor specifies otherwise, depreciation costs charged to donors are calculated on a straight-line method as above, over its estimated useful life:

- for vehicles and equipment the useful life is always three years
- for land and buildings, and leasehold improvements, the useful life is from three to a maximum of ten years but it cannot exceed the maximum period left on the lease

Debtors

Debtors are recognised at their settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid. They have been discounted to the present value of the future cash receipt where such discounting is material.

Cash at bank and in hand

Cash at bank and in hand represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition. Deposits for more than three months but less than one year have been disclosed as short term deposits. Cash placed on deposit for more than one year is disclosed as a fixed asset investment.

Creditors and provisions

Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Creditors and provisions are recognised at the amount the charity anticipates it will pay to settle the debt. They have been discounted to the present value of the future cash payment where such discounting is material.

Fund accounting

The general fund comprises those monies that may be used towards meeting the charitable objectives of the charity and applied at the discretion of the trustees.

Designated funds comprise amounts within the total unrestricted funds of the charity, which the trustees have earmarked for specific purposes. Details of these are provided in note 13.

Restricted funds comprise monies raised for, or their use restricted to, a specific purpose, or contributions subject to donor imposed conditions.

Notes to the financial statements Year to 30 September 2016

1 Charitable activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2016 £'000	As Restated Total 2015 £'000
Grants				
- Christian Blind Mission	—	278	278	143
- Comic Relief	—	90	90	181
- The Danish International Development Agency (DANIDA)	—	644	644	2,226
- The Dutch Government (Dutch MFA)	—	1,917	1,917	2,902
- European Community (EuropeAid)	—	4,497	4,497	2,612
- European Commission's Humanitarian Aid and Civil Protection department (ECHO)	—	31,381	31,381	24,185
- Ireland – Development Cooperation Division of the Department of Foreign Affairs (Irish Aid)	—	905	905	1,118
- Swedish International Development Cooperation Agency (Sida)	—	5,852	5,852	6,453
- Swiss Agency for Development and Cooperation (SDC)	—	1,129	1,129	395
- UBS	—	227	227	57
- UK Department for International Development (DFID)	—	92,382	92,382	76,267
- Other trusts and foundations	—	932	932	183
Total grants	—	140,234	140,234	116,722
Unrestricted income from grants	3,362	—	3,362	2,693
2016 Total funds	3,362	140,234	143,596	119,415
2015 Total funds	2,693	116,722	119,415	

Notes to the financial statements Year to 30 September 2016

1 Charitable activities (continued)

IRC-UK acknowledges funding from DFID for the following grants:

Project Code	Contract No.	Programme	Income received £
DF040	AG4765	Community Driven Reconstruction in DR Congo "Communities Sowing the Future of Congo"	5,936,289
DF071	203400-102, PO4063700	Legal Assistance Centre (LAC) Project, Thailand	226,680
DF072	203400-101	Thailand Burma Border Consortium	252,470
DF073	204967-103	Sierra Leone Education Consortium	3,210,402
DF074	202994-103	Enhancing Nutrition Preparedness, Surveillance and Resilience in Kenya's Arid and Semi-arid Lands	1,707,832
DF075	202909-101	Saving Lives, Saving Futures: Responding to the emergency in Eastern DRC	1,236,267
DF078	PO 6186	Support to the delivery of basic services in the Somali Region of Ethiopia	3,136,746
DF080	5097	Valorisation de la Scolarisation de la Fille (VAS-Y Fille)	9,793,971
DF084	GPAF-IMP-049	Improving maternal health and reducing child mortality in Sierra Leone	754,057
DF087	Lot 20 (Panyijar County)	Health Service Delivery and System Strengthening, Payinjar County, Unity State	362,354
DF089	5096	Supporting Marginalised Girls in Sierra Leone to complete Basic Education with improved Learning Outcomes	543,257
DF091	Sub contract from Mott MacDonald	Education Quality Improvement in Tanzania (EQUIP-T)	132,617
DF092	GPAF-IMP-090	Increased access to quality health care for children under five and mothers, in Acholi and Karamoja Regions of Uganda	1,299,562
DF094	South Sudan HPF Lot 36 Aweil East	Health Service Delivery and System Strengthening, Aweil East, South Sudan	1,653,647
DF095	South Sudan HPF Lot 38 Aweil Centre	Health Service Delivery and System Strengthening, Aweil Centre, South Sudan	167,685
DF096	South Sudan HPF Lot 37 Aweil South	Health Service Delivery and System Strengthening, Aweil South, South Sudan	239,867
DF098	203462-110	Building Resilient Communities in Somalia (BRICS)	787,989
DF103	204060-101	Accountable Grant Arrangement for creating a space, raising a voice (COMPASS)	3,435,792
DF104	PO6256	Violence Against Women and Girls Research and Innovation Fund VAWG in Conflict and Humanitarian Emergencies	1,142,843
DF108	204838-106	Rapid Response to Ebola Outbreak in Sierra Leone	7,139,070

Notes to the financial statements Year to 30 September 2016

Project Code	Contract No.	Programme	Income received £
DF116	204400-104	Dfid South Sudan GBV in crisis: Saving and protecting women and girls' lives in conflict areas	965,569
DF117	START Network sub-grant from Oxfam	Protection in Practice	167,114
DF119	AG 204520	Humanitarian Assistance for those affected by the Syrian conflict in Syria, Lebanon and Jordan (DFID FY 2104-16 Allocation)	20,716,776
DF120	204987-101/PO40091754	Strengthening Innovation and Effectiveness in Humanitarian assistance	2,325,872
DF121	204967-105	Strengthening Infection Prevention and Control (IPC) and WASH Infrastructure in Government Hospitals in Sierra Leone	2,262,000
DF122	204987-101/40091754	Support to WASH facilities in Community Health Centres (CHCs)	5,439,645
DF123	204967-104	Protection of vulnerable groups during Ebola outbreak response	2,985,369
DF124	HPF036	South Sudan HPF Rubkona Country	462,022
DF125	203462-102	Providing live-saving humanitarian relief to communities affected by shock in Somalia	660,044
DF126	204603-105/PO40094598	Responding to the Evolving and Long-term IDP Emergencies in FATA and KP	2,153,853
DF127	204603-106/PO40094598	IDP Vulnerability Assessment and Profiling (IVAP) in the Federally Administrated Tribal Areas and Khyber Pakhtunkhwa	393,136
DF128	PO 40092507	Match Funding for the IRC UK Appeal for humanitarian work in Syria and the surrounding region	327,860
DF130	719.10/06	Urban Crises Learning Partnership	167,621
DF131	203400-114	Assistance to conflict affected people in Thailand and SE Burma / Myanmar	2,107,705
DF133	5096/5275	Girls Education Challenge II- Supporting marginalised girls in Sierra Leone to complete basic education	491,528
DF134	South Sudan HPF Lot HPF036 Aweil East	Health Service Delivery and System Strengthening, Aweil East, South Sudan	160,951
DF135	South Sudan HPF Lot HPF038 Aweil Centre	Health Service Delivery and System Strengthening, Aweil Centre, South Sudan	33,797
DF136	South Sudan HPF Lot HPF037 Aweil South	Health Service Delivery and System Strengthening, Aweil South, South Sudan	53,271
DF137	South Sudan HPF Lot HPF020 Payinjar	Health Service Delivery and System Strengthening, Pajinjar, South Sudan	63,678
DF138	South Sudan HPF Lot HPF013a Rubkona	Health Service Delivery and System Strengthening, Rubkona, South Sudan	84,667
DF139	CICF-SCL-R1-GA 002	County Innovation Challenge Fund, Kenya	382,277
DF140	Sub contract from Mott MacDonald	Improved Governance and Accountability in the Education Sector in the Democratic Republic of Congo	72,117

Notes to the financial statements Year to 30 September 2016

Project Code	Contract No.	Programme	Income received £
DF141	205182	Maintaining a Resilient Zero in Sierra Leone	935,329
DF143	205161-104	Promoting Rights and Supporting Protection Needs in North East Nigeria (ProSPINE)	389,161
DF144	203688-110	Strengthening the GBV and Emergency Health Response for IDPs and conflict affected communities in Rakhine State, Myanmar	128,776
DF145	South Sudan HPF Lot HPF020 Payinjar (Addendum)	Health Service Delivery and System Strengthening, Pajinjar, South Sudan	259,647
DF146	South Sudan HPF Lot HPF013a Rubkona (Addendum)	Health Service Delivery and System Strengthening, Rubkona, South Sudan	277,159
DF147	South Sudan HPF Lot HPF036 Aweil East (Addendum)	Health Service Delivery and System Strengthening, Aweil East, South Sudan	527,020
DF148	South Sudan HPF Lot HPF037 Aweil South (Addendum)	Health Service Delivery and System Strengthening, Aweil South, South Sudan	192,108
DF149	South Sudan HPF Lot HPF038 Aweil Centre (Addendum)	Health Service Delivery and System Strengthening, Aweil Centre, South Sudan	172,697
DF150	South Sudan HPF Lot HPF014a Pariang (Addendum)	Health Service Delivery and System Strengthening, Pariang, South Sudan	170,935
DF151	300263	Making a Difference for Refugee Children in Europe	226,285
DF152	202427-107	Support to Civil Society on Citizen Monitoring of Government Policies	37,176
DF153	205234-104/PO 40100530	Lesson Plans and Training of Teachers (SSEIP)	268,416
DFUK02	204273	Urban Humanitarian Crises Advocacy and Learning Partnership	278,043
EX046	START Network	Ebola Prevention Project in Mali	544,976
EX052	UK Foreign and Commonwealth Office	Prevention and Accountability for GBV in Lakes State, South Sudan	333,996
EX056	START Network	Nigeria - Flooding	278,053
EX058	START Network	Improving refugee reception conditions in Lesbos	1,500,000
EX060	START Network	Southern Europe & Western Balkans Refugee Response	50,000
EX063	START Network	Alert 75 Somalia (Drought)	97,261
EX065	START Network	Alert 93 Chad (Refugees)	86,073

Other expenditure in FY 2016 on grants funded by DFID and START Network totalled £3,420 and £4,317 respectively.

2 Analysis of expenditure from unrestricted funds

	Cost of generating funds £'000	Charitable activities £'000	Total 2016 £'000	Total 2015 £'000
Direct costs				
Staff costs	445	923	1,368	1,237
Direct costs	250	222	472	224
Audit costs	—	39	39	43
Total direct costs	695	1,184	1,879	1,504
Support costs				
Staff costs	153	1,009	1,162	726
General support costs	97	609	706	684
Travel, transport and accommodation	22	159	181	137
Total support costs	272	1,777	2,049	1,547
2016 Total funds	967	2,961	3,928	3,051
2015 Total funds	896	2,155	3,051	

Support costs include the costs of general administration and management, allocated to cost of generating funds, charitable activities and governance costs on the basis of the proportion of staff time attributable to those categories. Support costs charged to the category of charitable activities are further allocated across individual activities or sectors on basis of proportional direct expenditure incurred on those activities during the year (see note 4).

Staff costs include training and recruitment costs, and exclude any staff costs charged to restricted funds.

3 Raising funds

Raising funds can also be analysed as follows:

	Total 2016 £'000	Total 2015 £'000
Generation of voluntary income and costs of activities for generating funds	146	103
Generation of income from charitable activities	821	793
	967	896

4 Charitable activities

	Support costs £'000	Activities undertaken directly £'000	Total 2016 £'000	As Restated Total 2015 £'000
Health				
Health (includes psychosocial)	907	43,479	44,386	46,997
Environmental health	332	15,927	16,259	10,361
	<u>1,239</u>	<u>59,406</u>	<u>60,645</u>	<u>57,358</u>
Safety				
Child protection	168	8,075	8,243	6,754
Women's protection and empowerment (GBV)	382	18,289	18,671	15,243
	<u>550</u>	<u>26,364</u>	<u>26,914</u>	<u>21,997</u>
Education				
Education (including Vocational)	396	18,998	19,394	15,349
	<u>396</u>	<u>18,998</u>	<u>19,394</u>	<u>15,349</u>
Economic Wellbeing				
Livelihoods	250	12,005	12,255	9,438
Agriculture	41	1,947	1,988	84
Economic Development	3	147	150	4
	<u>294</u>	<u>14,099</u>	<u>14,393</u>	<u>9,526</u>
Power				
Protection and Rule of Law	228	10,882	11,110	5,218
Good Governance	100	4,799	4,899	5,552
Community development	89	4,272	4,361	4,641
Civil society	29	1,414	1,443	309
	<u>446</u>	<u>21,367</u>	<u>21,813</u>	<u>15,720</u>
Other				
General costs	36	1,736	1,772	226
	<u>36</u>	<u>1,736</u>	<u>1,772</u>	<u>226</u>
2016 Total funds	<u>2,961</u>	<u>141,970</u>	<u>144,931</u>	<u>120,176</u>
2015 Total funds	<u>2,155</u>	<u>118,021</u>	<u>120,176</u>	

Support costs are allocated across charitable activities in proportion to activities undertaken directly. Support costs include management, policy and advocacy work, supervision, and technical support for IRC-UK's emergency and development programmes.

5 Net movement in funds

This is stated after charging:	Total 2016 £'000	Total 2015 £'000
Staff costs (note 6)	3,098	2,368
Statutory auditor's remuneration		
. Current year	36	31
. Prior year	—	6
Non-audit services		
. Current year	16	16
. Prior year	—	8
Other auditor's remuneration	4	3
Depreciation	37	30
Operating lease charges (Note 14)	166	166

6 Staff costs and trustees' remuneration

	2016 £'000	2015 £'000
Staff costs for UK based staff during the year were as follows:		
Wages and salaries	2,598	2,050
Social security	360	210
Pension costs	122	82
Severance costs	18	26
	3,098	2,368

Staff funded by field programmes make up £221,516 of total staff costs 8% (2015 restated - £212,000; 9%). These are charged to the relevant restricted funds.

The number of employees who earned £60,000 per annum or more (including taxable benefits but excluding pension contributions) during the year was as follows:

	2016	2015
£60,001 - £70,000	1	—
£70,001 - £80,000	1	1
£160,001 – £170,000	1	1

No trustee received any remuneration for services as a trustee (2015 - £nil) and travel expenses of £727 (2015 - £4,147) relating to Board field visits were paid on behalf of one trustee (2015 – 3).

The total employee benefits including employer's pension contributions paid to the key management personnel of the charity, as defined on page 4, was £574,923 (2015 - £525,850). IRC-UK offers employees a defined contribution pension scheme, so there is no pension liability.

6 Staff costs and trustees' remuneration (continued)

The average number of UK based employees during the year, calculated on an average headcount basis and analysed by function, was as follows:

	2016	2015
Fundraising and donor development	8	9
Programme delivery	45	29
Programme support	8	10
Management and administration	1	1
	62	49

7 Taxation

IRC-UK is a registered charity and therefore is not liable to income tax or corporation tax on income derived from its charitable activities, as it falls within the exemptions available to registered charities.

8 Tangible fixed assets

	Computer equipment £'000	Furniture, fixtures and equipment £'000	Leasehold improve- ments £'000	Total £'000
Cost				
At 1 October 2015	15	105	61	181
Additions	3	17	—	20
At 30 September 2016	18	122	61	201
Depreciation				
At 1 October 2015	9	58	12	79
Charge for year	3	27	7	37
At 30 September 2016	12	85	19	116
Net book values				
At 30 September 2016	6	37	42	85
At 30 September 2015	6	47	49	102

9 Investments

IRC-UK owns 100% of the issued ordinary shares of IRC-UK Trading Limited, a company incorporated in England and Wales (Company Registration Number 07170021). The principal activities of the subsidiary are to manage the trading activities of IRC-UK, specifically any ticketed events. The company was dormant throughout the year.

Notes to the financial statements Year to 30 September 2016

10 Debtors

	2016 £'000	2015 £'000
Funds held overseas	14,850	15,042
Grants receivable	17,709	3,112
Other debtors and prepayments	911	226
	33,470	18,380

11 Creditors: amounts falling due within one year

	2016 £'000	As Restated 2015 £'000
Programme creditors	23,029	11,959
Deferred income	35,562	27,832
Other creditors and accruals	971	379
	59,562	40,170

Reconciliation of movements in deferred income:	£'000
Carrying amount 1 October 2015	27,832
Amounts released during the year	(27,832)
Income deferred in the current year	35,562
Carrying amount at 30 September 2016	35,562

12 Restricted funds

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held to be applied for specific purposes:

	At 1 October 2015 As restated £'000	Income £'000	Expenditure and transfers £'000	At 30 September 2016 £'000
Afghanistan	—	717	(717)	—
Burundi	—	1,098	(1,098)	—
Cameroon	—	304	(304)	—
Central Africa Republic	—	1,077	(1,077)	—
Chad	—	2,420	(2,420)	—
Democratic Republic of Congo	—	18,714	(18,714)	—
Ethiopia	—	10,947	(10,947)	—
Greece	—	5,786	(5,786)	—
Iraq	—	7,146	(7,146)	—
Ivory Coast	—	1,656	(1,656)	—
Jordan & Middle East	—	6,995	(6,995)	—
Kenya	—	4,748	(4,748)	—
Lebanon	—	6,170	(6,170)	—
Liberia	—	1,616	(1,616)	—
Mali	—	2,335	(2,335)	—
Myanmar	—	1,424	(1,424)	—
Niger	—	2,788	(2,788)	—
Nigeria	—	4,218	(4,218)	—
Northern Caucasus	—	242	(242)	—
Pakistan	—	4,913	(4,913)	—
Philippines	—	18	(18)	—
Russia	—	360	(360)	—
Rwanda	—	241	(241)	—
Sierra Leone	—	24,250	(24,250)	—
Somalia	—	3,981	(3,981)	—
South Sudan	—	8,553	(8,553)	—
Syria Region	—	989	(989)	—
Tanzania	—	574	(574)	—
Thailand	—	2,640	(2,640)	—
Turkey	—	6,006	(6,006)	—
Ukraine	—	2	(2)	—
Uganda	—	1,608	(1,608)	—
Yemen	—	795	(795)	—
Zimbabwe	—	272	(272)	—
Multi-country	—	310	(310)	—
Technical Grants	—	6,057	(6,057)	—
	—	141,970	(141,970)	—

12 Restricted funds (continued)

An analysis of the restricted funds by purpose is as follows:

	At 1 October 2015 £'000	Income £'000	Expenditure and transfers £'000	At 30 September 2016 £'000
Health				
Health (includes psychosocial)	—	43,479	(43,479)	—
Environmental health (water, sanitation, & shelter)	—	15,927	(15,927)	—
	—	59,406	(59,406)	—
Safety				
Child protection	—	8,075	(8,075)	—
Women's protection & empowerment	—	18,289	(18,289)	—
	—	26,364	(26,364)	—
Education				
Education (includes Vocational Education)	—	18,998	(18,998)	—
	—	18,998	(18,998)	—
Economic Wellbeing				
Livelihoods	—	12,005	(12,005)	—
Agriculture	—	1,947	(1,947)	—
Economic development	—	147	(147)	—
	—	14,099	(14,099)	—
Power				
Protection and Rule of Law	—	10,882	(10,882)	—
Good Governance	—	4,799	(4,799)	—
Community development	—	4,272	(4,272)	—
Civil society	—	1,414	(1,414)	—
	—	21,367	(21,367)	—
Other				
General costs (including foreign exchange (gain)/loss)	—	1,736	1,736	—
	—	1,736	1,736	—
	—	141,970	(141,970)	—

13 Designated funds

	At 1 October 2015 £'000	New designations £'000	Released £'000	At 30 September 2016 £'000
Premises repairs	15	—	—	15
	15	—	—	15

Designated funds have been created for a provision of £15,000 for major repairs to the office premises. The lease for office premises is a full self-repairing lease (previously IRC-UK had occupied managed properties).

14 Operating leases

The charity had commitments in respect of non-cancellable operating leases of property which fall due:

	2016 £'000	2015 £'000
Within one year	166	166
Within two to five years	661	663
Over five years	210	374
	1,037	1,203

15 Connected charities and related parties

IRC-UK is an independent entity governed by its Board of Trustees.

IRC-UK is a member of an international network of agencies referred to collectively as the International Rescue Committee (IRC). IRC-UK is affiliated with the International Rescue Committee Inc, ("IRC Inc") (including the Women's Refugee Commission), a not-for-profit agency based in New York, USA; the International Rescue Committee Belgium ASBL, based in Brussels; and associated agencies and offices worldwide.

The overseas activities of IRC-UK are carried out through the regional and country offices of the IRC, under contract with IRC-UK, and supervised by IRC-UK staff.

During the year, remittances of £5,807,000 (2015 - £4,125,000) were received from IRC Inc, of which £3,362,000 was unrestricted funding from European donor-funded programmes covering IRC-UK's core operating costs (2015 - £2,693,000) and £1,725,000 was reimbursement of the salary and operating costs of UK-based Technical Units (2015 - £1,431,000).

Due to the international nature of the organisations' operations, certain salaries and costs are paid by IRC Inc and then recharged to IRC-UK, and vice versa. At 30 September 2016, £185,000 (2015 - £12,000) was owed by IRC Inc to IRC-UK in relation to such charges. In addition £67,000 (2015 - Nil) was owed by IRC Inc to IRC-UK in relation to the Choose Humanity Campaign and Website investment.

At the year end, funds held by IRC offices overseas, which related to IRC-UK programmes totalled £14,850,000 (2015 - £15,042,000). Funds owed to IRC overseas offices in relation to monies already disbursed totalled £23,029,000 (2015 - £11,959,000).

IRC Inc has agreed to support the fulfilment of matching fund obligations of projects that have been approved under IRC network procedures, as well as to guarantee any expenditure which is disallowed by donors on these projects. At the year-end £ Nil (2015 - £93,000) was owed by IRC Inc to IRC-UK in relation to disallowable expenditure on grants.

15 Connected charities and related parties (continued)

Included within donations and legacy income on the statement of financial activities are donations of £185,504 from IRC-UK trustees (2015: £134,001). No trustee had any beneficial interest in any contract with the charity during the year.

16 Contingent liabilities

As at the year end there were a number of projects on which funds were outstanding from the donor pending finalisation of donor audits. There is a risk that such funds are not wholly recoverable, or may be repayable in the event of adverse audit findings. Amounts disallowed are generally insignificant as a proportion of overall project budgets and would be fully recoverable as they are covered by the IRC Inc support referred to above. Accordingly, no provision is made for such amounts.

17 Project commitments

As at 30 September 2016, IRC-UK was committed to expenditure on ongoing and future programmes totalling £90 million (2015 - £91 million). Funding agreements are in place for all of the aforementioned programmes.

Project	Contract Value (£'m)	Funds spent to date (£'m)	Future committed amounts (£'m)
Syria -Response to Syria Crisis	31	23	8
DRC –Education of Girls	30	21	9
Pakistan – Emergency Response	8	3	5
Pakistan –Vulnerability Assessment	2	1	1
Ethiopian Somali Regional State (ESRS) - sustainable access to basic services	9	8	1
Ethiopia- Managed emergency fund ECHO	14	5	9
Supporting Adolescent Girls in 3 countries	10	1	9
Promoting Rights and Supporting Protection Needs in NE Nigeria	9	1	8
Emergency Humanitarian Assistance to Refugees and Asylum seekers in Greece	9	7	2
Others	98	60	38
Total	220	130	90

18 Analysis of net assets between funds

	Unrestricted funds £'000	Designated funds £'000	Restricted funds £'000	Total 2016 £'000
Fund balances at 30 September 2016				
Are represented by:				
Tangible fixed assets	85	—	—	85
Current assets	2,930	15	59,067	62,012
Creditors: amounts falling due within one year	(495)	—	(59,067)	(59,562)
Total net assets	2,520	15	—	2,535