

# RNW Media

## Annual report 2016

This Annual report is an exact translation of the published Dutch version of the 2016 Annual report of Stichting RNW Media dated 28 March 2017. In the event of any unforeseen discrepancies or differences in interpretation, the published Dutch version of the 2016 Annual report of Stichting RNW Media will prevail.

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## General Information

Statutory Name:	Stichting Radio Nederland Wereldomroep (aka RNW Media)
Legal Form:	Foundation (Stichting)
Chamber of Commerce no.:	32022621
RSIN/Fiscal no.:	001940612
Date of Registration:	15-04-1947
Address:	Witte Kruislaan 55A, 1217 AM, Hilversum
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E-mail:	info@rnw.org
Website:	www.rnw.org
Certifications:	ANBI; ISO Partos 9001
General Director:	Robert Zaal (until 22 September 2016)
CEO:	Jacqueline Lampe (from 23 September 2016)
Programme Director:	Jacqueline Lampe (until 22 September 2016)

## 1 Management report

### 1.1 General

#### Vision

RNW Media's vision is to contribute to a world where young people in restrictive settings confidently claim their rights, assume their place in society, and shape a better future.

#### Mission

RNW Media is an international organisation based in the Netherlands that aspires to empower young women and men to unleash their own potential for social change, in a way that suits the young people themselves.

Our mission is to identify young people's needs, and bring them together in user-owned digital communities where they can safely engage on taboos and sensitive topics, generating strong stories for advocacy to unleash their potential for social change.

#### Core Values

RNW Media is a value-driven organisation. Our work in 2016 was based on three core values: *innovation*, *open-mindedness*, and *independence*. After a review, for 2017 these core values now include:

**Aspirational:** We strive to give our best for the next generation in restrictive areas by awakening their aspirations.

**Honest:** We keep integrity as our true north. We're the best example of what we stand for, always respecting the context that we work in.

**Inclusive:** We believe that together is the only way forward. We convene user-owned digital communities that are a safe place to talk about sensitive topics.

## Approach

The vision, mission, core values, and the Universal Declaration of Human Rights are the foundation for RNW Media's approach. RNW Media supports:

- The rights of young individuals to information and to form and express their opinions
- Inclusion of young people in their societies
- Equal rights for all young people as set out in international human rights agreements

RNW Media's original mandate was to enable youth to freely form and express their opinions. RNW Media has now extended this mandate: free speech is an important (intermediate) goal, while the free formation and expression of opinion forms the key to our approach. RNW Media expands on freedom of speech by addressing sensitive topics via digital media, mobilising communities of young people, and facilitating dialogue – all with the aim of achieving behavioural and system change in society.

RNW Media's central goal is to enable young people to achieve sustainable social change – i.e. not only changing the behaviour and mentality of people, but also changing laws, policies and practices. RNW Media offers prospects and hope for the future to young people who live in countries where freedom of expression is severely restricted. RNW Media achieves this by giving the young people a voice and a platform for dialogue so they can have the conversations that are important to them, and help drive the social changes that they believe their countries need.

In order to achieve this goal, RNW Media employs a 'full chain' approach. It uses innovative and state-of-the-art digital media platforms, tools and methods that incorporate the language, tone of voice, icons and graphic design used by young people. Based on evidence and in accordance with the final settlement with the Ministry of Education, Culture and Science, an appropriated fund for personnel was formed. This is a fund provided to RNW information, as well as young people's own stories and dialogues, our activities address taboos and sensitive topics, enabling young people to make informed choices and drive change.

RNW Media also empowers young people to facilitate and hold dialogues primarily using creative and innovative online platforms. This is combined with offline events and other media (such as radio, TV, press, music and theatre) for increased outreach and impact. This approach empowers young people to build large communities, both online and offline, and to develop their capacity as a community to advocate their causes and challenge underlying norms, social stigmas and political manipulation mechanisms.

The approach actively gathers and uses all relevant data to generate content that optimally reflects and addresses the needs of young people, and provides essential information to partner NGOs and other partners (such as service providers) to change behaviour and influence policies, practices and social norms – all in order to achieve sustainable social change. RNW Media's approach is rights-based and develops the capacity of young people and other stakeholders so they are capable of taking over the platforms and intervention strategies and thereby independently claiming their rights, making their own freely informed decisions, and pursuing sustainable change in their societies.

### Target Group

RNW Media focuses on young people aged between 15 and 30. RNW Media works from the premise that the other stakeholders in society generally neglect these young women and men even though they actually constitute a vast and important segment of the population. There are more young people in the world than ever before; out of a global population of seven billion, there are about 1.8 billion young people aged between 15 and 30. Almost 90 percent of them live in developing and emerging countries. RNW Media supports independent young bloggers, change-makers, role models, digital media moderators, journalists and local partners.

### Themes and Topics

In 2016, our three themes were Democracy & Good Governance, Sexual Health & Rights, and International Justice. Following the new strategy developed in 2016, RNW Media intends to focus from 2017 on substantial and sustainable behavioural and system changes. As a result, two priority themes and a range of urgent topics were chosen (based on the three core themes that RNW Media used to work with):

- *Realising Sexual and Reproductive Health and Gender Rights (SRHGR)*. Using a pleasure-positive approach, RNW Media will focus on unmet needs relating to reproductive health and access to safe abortion, intimate partner violence, gender-based violence and LGBT rights.
- *Social Cohesion and Inclusive Governance (SCIG)*. RNW Media's approach is aspirational: 'The citizen you want to be, in the society you want to be in.' This will likely include the hopes of youth related to such issues as employment, access to basic services, and participation – as well as barriers they face, such as discrimination, polarisation, corruption, violence, and lack of accountability.

Each theme has its own Theory of Change, which clarifies the pathways that will lead to the impact RNW Media aims to realise. In both themes, gender equality is a crosscutting topic.

### Geographic Focus

In 2016, RNW Media's Free Speech programme (2013-2016) worked in approximately 20 target countries where freedom of expression was, and mostly still is, under pressure. In the Funding Application for Radio Netherlands Worldwide for 2013 to 2016 (*Financieringsaanvraag Wereldomroep 2013 tot en met 2016*), this included China and various countries in Sub-Saharan Africa, Latin America and the Arab World.

As a result of RNW Media's new focus on efficiency, sustainable impact, and financial independence, the organisation will now structure its programmes under two themes and limit the number of regions to two, plus China. In Sub-Saharan Africa, RNW Media sets out to be active in Burundi, DRC, Mali and Rwanda; in the Middle East and North Africa, RNW Media will focus on Egypt, Libya, Syria and Yemen. Almost all of these target countries are fragile states where: freedom of expression and the right to information are limited; young people are often excluded from the economy and the political system; and young people barely have a say in decisions relating to their own sexuality and reproductive health. In addition to these nine countries that are part of RNW Media's programme for 2017-2021 (as supported by the Netherlands Ministry of Foreign Affairs), RNW Media will also work in three other countries: Nigeria (where RNW Media is active with funding from Amplify Change), and Ivory Coast and Tunisia (for which countries funding from donors must first be sourced).

The decision to concentrate on these countries is based on RNW Media's belief that its approach is most directly needed in these places, and it can offer the greatest and most unique added value.

The programmes in non-focus countries have been analysed. Some have been terminated or immediately handed over to partners, while others have been subject to further evaluation. The value of investment in these programmes is being preserved through the development of sustainability plans and the transfer of the operational platforms to local, capacitated partners. In the course of 2017, Hablemos in Mexico, El Toque in Cuba and Ivoire Justice in Ivory Coast will be handed over to partners. Three of the four countries targeted by the Love Matters programme which are supported by Amplify Change will also be subject for sustainability plans after the completion of the two-year programme in 2018.

#### Big Data

RNW Media follows user behaviour on our various platforms and social media channels. We also digitise offline interactions gathered via surveys, workshops and other gatherings. All these different data points are brought together into our database.

We do this to monitor our impact in inspiring change. By knowing which actions and techniques inspire the most interaction, we also learn how to serve our users better. At the same time, we are dedicated to respecting individual privacy.

From applying our knowledge from big data, we have achieved an unparalleled reach for an NGO. For example, since 2016, the Yemen Youth Panel has had the fourth biggest Facebook community in Yemen, with 134,000 likes, 96 percent of which fall in the age group 13-34. It is estimated that 12 percent of all young Facebook users in Yemen follow the page. Meanwhile, our Yaga blogger initiative in Burundi passed a milestone in 2016 by reaching 36 percent of all Burundian internet users and achieving 1.5 million page views. Its Facebook page topped 160,000 followers. Our research has also shown that Love Matters' pleasure positive approach is extremely effective when compared to more traditional sex education approaches – an accomplishment that has been celebrated by various family planning groups and conferences around the world.

#### Change of Task

Journalistic independence was central to the Free Speech programme in the years 2013-2016. However, as a result of RNW Media transitioning from being a media organisation into a non-governmental organisation – and especially since content will no longer be produced in the Netherlands but by the local young people who know best what is needed in the countries in which RNW Media is active – the principles of journalistic independence have become less essential to the colleagues in Hilversum in executing their task. RNW Media will focus much more on facilitation rather than on (co-)production of content. However, for the people producing content in the target countries, journalist independence will remain an important issue.

#### Donors in 2016

##### *Ministry of Foreign Affairs.*

RNW Media received funding for the Free Speech programme (2013-2016) from the Ministry of Foreign Affairs for the fourth and final year in 2016. During these four years, the ministry supplied RNW Media with a total of €56 million in funding. To enable RNW Media to round off this period

and meet all its obligations, the Ministry of Foreign Affairs agreed to RNW Media's request to extend the period that this budget can be spent by one year, until the end of 2017.

#### *Amplify Change*

In 2016, Amplify Change approved a substantial grant for the entire Love Matters project. Provided by a variety of donors, the grant is for €2 million for two years. RNW Media beat stiff competition from major established SRHR organisations. The money will allow Love Matters to take their work on increasing LGBT acceptance to the next level.

#### *Other Funding*

In 2016, RNW Media succeeded in securing other external funding, providing additional funds for 2016, as well as for 2017 and 2018.

#### *Continued Funding from Ministry of Foreign Affairs 2017*

Over the past few years, in cooperation with the Ministry of Foreign Affairs, RNW Media has implemented an innovative Freedom of Speech programme. The 2015 Midterm Review concluded that RNW Media had successfully reinvented itself and developed into an independent media organisation. As a result, RNW Media was invited to submit an application for a final institutional grant for 2017-2020.

In response to the requirements to achieve impact in social change, to become independent from ministry funding and to work more efficiently, a new strategy was formulated. Concurrently, RNW Media developed a programme proposal to implement this strategy. Moving from journalism, content production and output, and toward sustainability and impact, while at the same time focusing on independence and efficiency, required a restructuring of the organisation.

After an intensive and careful process, RNW Media received formal confirmation from the Ministry of Foreign Affairs that the grant was approved in November 2016. The total amount is €34 million for four years (2017-2021).

#### *Freedom of Speech Programme*

A short overview of the programme carried out in 2016 with regard to the three core themes and the RNTC programme is given below. In 2016, as a result of RNW Media's new strategy, it was decided that a total of nine projects would be handed over to local partners. For five of the projects, the handover was completed successfully in 2016, for other projects, the hand over is planned for early 2017.

*The annual report, 'RNW Media: 2016 and Beyond', presents more of the work and results that were achieved in 2016.*

#### *Social Cohesion and Inclusive Governance (Citizens' Voice):*

Citizens' Voice is RNW Media's programme to give young people a voice in their societies as a first step to becoming agents of change. The projects in 2016 aimed at increasing *social cohesion and inclusive governance* and offering young people platforms to fight for their rights and discuss politically sensitive issues. The emphasis lay on creating environments for discussion, and providing sources of reliable information.

### *International Justice*

Since reconciliation is not part of the core business of the newly slimmed-down RNW Media, all platforms and activities of RNW Media relating to cases at the International Criminal Court in The Hague (and other international tribunals) have been handed over in 2016 to other partners or will soon be handed over. While searching for partners, activities on the online platforms to facilitate conversations around ICC trials between young people from affected countries and professionals/experts in The Hague and beyond continued. Moreover, various offline activities to involve young people in the development of solutions for peace and reconciliation in their country also took place.

### *Sexual Health and Rights*

Over the course of 2016, Love Matters has raised its profile as a thought-leader in the field of Sexual and Reproductive Health and Rights (SRHR). Central to this process has been advocating an alternative approach when it comes to engaging young people around their sexual and reproductive health and rights. Love Matters has been quantitatively and qualitatively tracking the success of using pleasure as a portal for wider engagement around sexual rights and education. In 2016, RNW Media was invited to take part actively in international SRHR conferences. Its SRHR team engaged directly with policy and decision makers; organised an immersive offline event, the Pleasure Portal; rolled out a global abortion campaign; and was invited to contribute to a guidance document by IPPF.

### *RNTC*

RNTC is the training centre at RNW Media and as such not a separate legal entity. Regardless of the transition, the centre pushed ahead with new projects in 2016 and continued to build its international reputation with workshops at media conferences in Africa and Asia, and at Deutsche Welle in Germany. Courses were launched on topics like investigative journalism, women's rights and gender-based violence. Training on the hot topic of counter-radicalisation in particular drew attention both from individual journalists and governments. In 2016, RNTC worked on capacity development for external organisations both in the Netherlands and beyond. The centre provided training for various organisations, including EP-Nuffic. Commercially-oriented training in 2016 included a programme for several new and interesting parties such as the University of Amsterdam. The RNTC website was completely renewed in 2016, reflecting the centre's changing staff and new courses, and the development of the Online Academy was started. In 2017, a new RNTC strategy will be developed for the coming years.

### *Results*

Almost all of RNW Media's results for 2016 surpassed the targets set at the beginning of the year. In particular, as in 2015, the number of interactions on social media exceeded the targets. In the last few weeks of 2016, the number of sessions rose to almost 4.5 million – the highest number of sessions RNW Media platforms have generated in a single four-week period.



generation (resource mobilisation), management and the coordination of programmes, innovation and (financial) accountability and support.

In view of these developments, RNW Media made major cutbacks in the number of positions in Hilversum, along with a logical change in the organisational structure. In this new structure, RNW Media is to transform into a project-driven organisation with a commercial drive.

#### Redundancy Programme

RNW Media submitted requests for advice to the Works Council (*Ondernemingsraad*, OR) in April 2016 (regarding the strategy) and in July 2016 (regarding the reorganisation). The Works Council responded with a positive recommendation on 31 August 2016. On the same date, an agreement was reached with the unions (Nederlandse Vereniging van Journalisten, CNV-Vakmensen and FNV Kiem) on a social plan for the staff involved. Since then, 40 employees have signed a redundancy agreement (*Vaststellingsovereenkomsten*, VSO). In the two cases where such an agreement is yet to be signed, it is due to long-term illness on the part of the staff member concerned. All of these were contracts for an indefinite term. The redundancy programme included the establishment of a Complaints Commission; however, no complaints were submitted.

#### Staff

At the beginning of 2016, there were 103 people working for RNW Media in Hilversum and 46 in the target regions. In the Hilversum offices, 20 different nationalities were represented, plus 18 in the regions, with people from the Middle East and North Africa, Sub-Saharan Africa, Latin America, China and India, as well as nine different European countries.

#### Language

The lingua franca and primary language within the organisation is English. This is logical given the wide variety of languages spoken by the staff, and it emphasises the fact that RNW Media is an international, young organisation for which the needs of youth in its target countries are central.

#### Management

In 2016, RNW Media's general management consisted of two people. Robert Zaal was General Director, and Jacqueline Lampe was Programme Director, appointed in January 2016. As of September 2016, general management now consists of a single CEO. The Supervisory Board appointed Jacqueline Lampe in this position. The CEO bears final responsibility for the organisation's management, and is overseen by the Supervisory Board. The CEO leads RNW Media's management team (MT). The MT meets once a week to discuss on-going business and strategic issues. The MT consists of the CEO, Head of Programmes and Implementation, Finance and Operations Manager (interim), HR Manager (interim), and Manager of Connect. The Company Secretary (organisation concerning the MT) has a facilitating role.

#### Working Conditions

Although RNW Media suspended the Collective Labour Agreement (CAO) for Broadcasting Staff in 2015, it was still followed in 2016. As a consequence of the new strategy, financial realities, and the new character of the organisation, RNW Media will seek to align its conditions and benefits with that of other NGOs in future.

#### The Works Council

Over 2016, the Works Council (OR) was closely involved in the transition. The last Consultation Meeting took place in December 2016, when all related business was completed.

#### Editorial Statutes

RNW Media's new objectives mean that the journalistic aspect of the organisation is being transferred to the regions in which the organisation is active. This makes it unnecessary to have editorial statutes and an editorial board in Hilversum. These developments are included in the changes to the statutes approved by the Supervisory Board in the first quarter of 2017.

#### Code of Conduct

RNW Media endorses and follows the Partos Code of Conduct 2012. In 2016, RNW Media began work on establishing a new Code of Conduct, with clear agreements regarding of integrity, manners, good governance, quality, and independence. This will be finalised in 2017.

### 1.3 Finances

#### Resource Mobilisation

In 2016, RNW Media formulated and initiated its resource mobilisation strategy. In addition to income from capital (via real estate rental and participation in dB mediagroep B.V. (dBmg), RNW Media employed fundraisers to further diversify its sources of income. The strategic partnerships these efforts may produce will potentially contribute to RNW Media's own objectives. Operating revenues in 2016 totalled €18.3 million.

#### Criterion for Income Streams

The aim is to generate income of 25 percent in addition to the subsidy provided by the Ministry of Foreign Affairs. In 2016, 20 percent was realised. Through the formation of alliances, autonomous growth through the provision of media services, funding from institutional and private partners, RNW Media expects to easily surpass this criterion in the years ahead.

#### Budget Neutral Grant

After an explicit recommendation in the Midterm Review in 2015, RNW Media and the Ministry of Foreign Affairs agreed to use part of the grant in helping set up the organisation in line with the new strategy and programme. By the end of the subsidy period, RNW Media will have spent the total subsidy for the period 2013-2017 – an ample €56 million – and provide full accounting to the Ministry of Foreign Affairs. For the total financial accounting of all organisational spending, the project period has been extended for a year until the end of 2017.

#### Withdrawal from Appropriated Funds

The balance comprises two different appropriated funds, from the Ministry of Foreign Affairs for the 2013-2016 Free Speech programme, and the Personnel Fund. The negative result of €3.6 million was therefore withdrawn from these two funds. For insight into the situation of the date of balance with regard to solvency, liquidity, principal risks and uncertainties, please see the financial statements, which also provide information on financial instruments, on risk policy and management, cash flows, and funding requirements.

#### Participating Interest

dB mediagroep B.V., in which RNW Media holds a 75 percent participating interest, ended the accounting year with a positive result of €118K. The equity at the end of 2016 was -€430K. The result in the separate financial statements of dB mediagroep B.V. is €175K.

In 2016, dB mediagroep B.V. had a successful year and strengthened its market position.

#### Local office

RNW Media has a local office in Costa Rica, which is registered in Costa Rica under the name Stichting Radio Nederland Wereldomroep. The intention is to bring last activities of this office to an end in 2017 and then to close the branch.

### 1.4 Risks

By far the most important risk of 2016 was the lack of financial sustainability for the organisation. The management focus for 2016 was therefore on securing the grant from the Ministry of Foreign Affairs, with a newly designed organisational strategy, an extensive application process and a fully developed reorganisation plan.

#### Risks and mitigation matrix

Risks	Likelihood	Financial impact	Other impact	Mitigation
<b>Strategic</b>				
<b>Fading support for (international) NGO's</b>	High	High	High	Lobby in Netherlands context and with MoFA in global context Collaboration within sector, Partos, other Human Rights actors, internationally
<b>Reputational damage in NL or internationally</b>	Low	High	High	Be well informed and prepared, crisis reputation management plan International approach on good governance National and international risk management plan Codes, conditions and selection criteria for corporates, partners and activities Further professionalisation and certification, comply with CBF, ISO, etc. Collaboration within sector on critical issues Continuity reserve

<b>Changes in NL government development policy</b>	Low	Low	Medium	<p>Be well informed, contacts and lobbying</p> <p>Further donor/other income sources diversification</p> <p>Realistic anticipating, reporting, monitoring, adjusting</p> <p>Continuity reserve</p>
<b>Changes in NL government funding policy</b>	Low	High	Medium	<p>Be well informed, contacts and lobbying</p> <p>Flexible organisational setup and size of workforce</p> <p>Flexibility in contractual arrangements</p> <p>Further donor diversification, income growth from private donors, corporates, foundations</p>
<b>Financial</b>				
<b>Disappointing additional funding/income growth</b>	Medium	High	Medium	<p>Further intensify local/ international acquisition, strengthen networking, with a clear focus based on strategy</p>
				<p>Further donor diversification, income growth from private donors, corporates, foundations</p> <p>Make organisation as lean as possible from 2017, reducing overhead</p>
				<p>Strengthen relations with all types of donors</p>
				<p>Train employees in acquisition, business development</p> <p>Prudent budgeting, include large income sources only when they are certain</p> <p>Build in reserve capacity in commitments and reservations</p> <p>Continuous planning and adjustment, both short and long term</p> <p>Flexible staff policy; investing in core staff and flexible workforce</p> <p>Analysis of income and costs on fundraising activities</p> <p>Continuity reserve</p>

<b>Fluctuation of exchange rates, especially sudden or gradual depreciation of the euro</b>	Low	High	Low	Multi-currency accounts
				Address price fluctuation in contracts
				Pay/work in one currency, require prompt payment Use tools of currency management fee. forward exchange contract Build in reserve in commitments and reservations Continuous (short and long term) planning and adjusting Continuity reserve
<b>Organisational/operational</b>				
<b>Harmed relationship with stakeholders</b>	Medium	Low – High	Low – High	Good database management  Good overall policy + organisation-wide awareness of and responsibility for relationship management Good relationship management, by specialised staff members for each stakeholder category
				Variation in means of communication / events / involvement Involvement in work where possible  Open communication on successes and failures
<b>Safety and security risks during travel</b>	Medium	Low	Medium	Security procedures and crisis management procedures well described and adhered to during travel preparation and travelling

				Local security officers, send updates on current status
				Crisis management team in place, regular exercises on possible cases
				All staff travelling receive security training, with periodic updates Insurance cover specific for our type of work
<b>Personal safety</b>	Medium	Medium	High	Security and safety protocol, training on physical and digital safety, in collaboration with local partners. Support by sharing knowledge and access to aliases and encryption methods, including local partners. Continuous monitoring of the safety and accessibility of our platforms in high-risk countries. If needed: working from other countries; work with diaspora. In the Netherlands, hire employees from countries involved. Flexibility on making our own choices in programme selection, and adjustments during implementation
<b>War or severe and continuous violence; natural disasters</b>	Low	Low	High	Work from other countries; include diaspora. In the Netherlands, hire employees from countries involved. Security and safety protocol and training on physical and digital safety. Set and apply stop criteria: stop activities if needed.
				Disaster preparedness Active monitoring Adjustments of programmes & targets
<b>High working pressure in small organisation during fast growth and professionalisation</b>	Medium	Low	Medium	Hire temporary staff, consultants, services. Flexible workforce HRM-focus on consequences of growth for staff HR policies in NL Balance of knowledge, skills and competences in the team, and specifically in the MT Flexible organisational structure and size of workforce

				Good collaboration and coordination between C&F and PM departments on time investments in fundraising efforts Reflect on own performance
<b>Key staff leaving due to small organisation offering few career opportunities</b>	Low/ Medium	Low	Medium	Build quality, capacity, expertise and institutional memory within board, management team, organisation Have a good HR policy Monitoring, assessments and reviews Develop personnel planning Hire consultants, collaborate with recruitment agencies Good quality system in place for the internal organisation Strategic planning process, including annual plans and evaluations Document and share (internal) learning within the organisation
<b>System breakdowns (financial, IT, programmes, donor management)</b>	Low	Low	Low	Document all processes, ISO certification Contract external IT company for maintenance and system management
				Invest in quality and maintenance of systems, backups, etc.
<b>Cyber-attacks or blocking</b>	Medium	Low	Medium	Constant monitoring of systems for indications of actions against RNW Media
				Invest in relationships with authorities that may consider blocking RNW Media sites
				Website hosting is secured with independent third parties
				Networking with a variety of organisations dealing with digital freedom and security
<b>Payments to local programmes being sanctioned/blocked</b>	high	low	medium	Networking with a variety of organisations dealing with similar challenges Contact with Dutch embassies Improving cash payments and other means of payment Payment of creditors on offshore accounts

For more information on risks, see pp 46-49 of these Financial Statements.

## 1.5 Supervisory Board

The Supervisory Board oversees implementation in line with vision, mission and strategy, appoints the management, opens doors to relevant networks, and acts as a sounding board. The board appoints its own members, in accordance with the statutes, for a term of four years, at the end of which time they may be reappointed for a single consecutive period.

Theo Huibers	Chair, Remunerations Committee
Anna Chojnacka	Member, Auditing Committee
Nicole Kuppens	Member, Auditing Committee
Sander 't Sas	Member, Remunerations Committee, appointed on the nomination of the Works Council
Vacancy	

In June 2016, Bernard Bot completed his term as chair of the Supervisory Board, having fulfilled this position with dedication for eight years. In 2016, Annemiek van Melick also left RNW Media, after a period of three years. She chaired the Auditing Committee, a role she fulfilled with professionalism. In June, the Supervisory Board appointed Theo Huibers to succeed Bernard Bot, and in August Nicole Kuppens was appointed to succeed Annemiek van Melick. In December, with its new members, the Supervisory Board received a full and detailed introduction to RNW Media and its staff.

Major demands were made on the Supervisory Board in 2016. Apart from the annually recurring matters for discussion and ratification, much attention was devoted to the establishment and implementation of a new five-year strategy for the period 2016-2021. The new strategy has resulted in important organisational changes, the basis of which is the modernisation of the international organisation, both in its structure and approach.

In 2016, the Supervisory Board held seven meetings to discuss proceedings at RNW Media. In addition, regular consultation took place among the members. There were interim consultations between the management and the chair of the Supervisory Board. The board was regularly informed of developments in projects and/or activities. The most important topics discussed during the meetings of the Supervisory Board were:

- approval of the 2015 Financial Statements and Annual Report;
- consultation with the auditor on the approval of the 2015 Financial Statements;
- Social Annual Report;
- composition of management;
- evaluation of management performance;
- internal organisation and reorganisation;
- financial model and diversification of income;
- personnel policy and development;
- financial reports;
- approval of the strategic plan for 2016-2021;
- approval of the decision to undertake a reorganisation;
- approval of the redundancy programme;

- transition to become an international NGO;
- approval of 2017 budget and annual plan;
- business developments, including dB mediagroep B.V.;
- governance documents to be revised in 2017;
- composition of and vacancies in the Supervisory Board.

The Supervisory Board held a number of consultations with the Works Council, on topics including expectations for the future, strategy, organisational structure, reorganisation and current developments. There was no meeting between the Advisory Board and the Supervisory Board in 2016. As a result of the reorganisation, the role of the Advisory Board is to be revised.

Jacqueline Lampe was appointed by the Supervisory Board as CEO in September, having been Programme Director at RNW Media since 1 January 2016. With a team comprising many new members, in the coming years RNW Media will work to achieve its aims and further develop the knowledge and expertise accrued over the past 70 years. Under the management of Robert Zaal, in the period 2013-2016, RNW Media transformed from a media organisation into a media NGO which reaches millions of young people.

The Supervisory Board expects this course to continue in 2017. The board has every confidence that, together with its stakeholders, RNW Media's professional team will succeed in realising its objectives.

28 March 2017

## Committees

### *Auditing Committee*

Within the Supervisory Board, the Auditing Committee is responsible for overseeing the provision of financial information; implementing recommendations and acting on the comments of the external auditor; overseeing the operation of the internal risk management and control systems, including compliance with relevant regulations and legislation; and overseeing the application of the principles of good management, and the provision of advice to the Supervisory Board. The Auditing Committee has two members: Nicole Kuppens (who replaced Annemiek van Melick as chair in 2016) and Anna Chojnacka. The Auditing Committee held three meetings in 2016.

The most important topics discussed were:

- RNW Media's financial position in relation to its aims;
- consultation with the external auditor on financial developments and the 2015 Statement of Accounts;
- the introduction of Nicole Kuppens to the auditor;
- compliance with recommendations and implementation of the findings of the auditor;
- the foundation's funding by the Ministry of Foreign Affairs;
- the procurement of funds from sources other than the Ministry of Foreign Affairs.

The Auditing Committee inspected the 2016 Statement of Accounts. In doing so the committee took note of the auditor's findings and consequently made recommendations to the Supervisory Board as a whole. The committee recommended that the Supervisory Board should approve RNW Media's 2016 Statement of Accounts.

#### *Remunerations Committee*

The Remunerations Committee has two members: Theo Huibers (who replaced Bernard Bot in 2016) and Sander 't Sas (chair). Within the Supervisory Board, the Remunerations Committee is responsible for preparing the evaluation of the management, and preparing the Supervisory Board's decision-making on the assessment of management salaries. The Remunerations Committee held three meetings in 2016 to discuss the performance of the General Director, the composition of the general management, and the selection of the new CEO.

Principal and secondary positions held by the members of the Supervisory Board and management

As of 31 December 2016

Supervisory Board

*Theo Huibers*

appointed in 2016

Principal position: Managing Partner of Thaesis and part-time professor at the University of Twente, Department of Human Media Interaction

Secondary Positions:

- Cito, chair of the Board of Commissioners/vice-chair of the Supervisory Board (paid)\*
- VBK, vice-chair of the Board of Commissioners (paid)\*
- Patientline, chair of the Board of Commissioners (paid)\*
- Software Improvement Group, member of the Board of Commissioners (paid)
- Stichting AnderBeeld, chair of the board (unpaid)
- Stichting Achmea Slachtoffer en Samenleving, board member (paid)\*
- Centraal Register Kort Beroepsonderwijs (CRKBO), board member (paid)

*\*These positions ended in the first quarter of 2017*

*Anna Chojnacka*

appointed in 2014

Principal position: Director of 1%Club

Secondary positions:

- One World, member of the Editorial Board (unpaid)
- NaiLab, board member (unpaid)

*Nicole Kuppens*

appointed in 2016

Secondary positions:

- Hortus Botanicus Amsterdam, member of the Supervisory Board (unpaid)

*Sander 't Sas*

appointed in 2014

Principal position: Senior Reporter at AVROTROS

Secondary positions:

- Netherlands Association of Journalists (NVJ), chair of the public broadcasting section (unpaid)

Manager/Director

Jacqueline Lampe

appointed in 2016

CEO

Secondary position:

- Director of Lampara B.V.

I, Jacqueline Lampe, CEO of RNW Media, hereby declare that:

- the Financial Statements provide a true and fair view of the assets, liabilities, financial position and profit or loss of RNW Media and the companies included in the consolidation; and
- the report of the board provides a true and fair view of the financial position on the balance sheet date, and of the course of events during the financial year both regarding RNW Media and the affiliates whose financial statements are included, and that in the report of the board, the significant risks faced by RNW Media are described.

## 2 Financial Statements 2016

### 2.1 Consolidated Balance Sheet as of 31 December 2016

After appropriation of profit (x €1.000)

#### ASSETS

	2016		2015
<u>Fixed assets</u>			
Tangible fixed assets (1)	11,628		11,687
Financial fixed assets (2)	<u>10</u>		<u>0</u>
	11,638		11,687
<u>Current assets</u>			
Inventories (3)	1		1
Receivables (4)	4,073		1,930
Cash at bank and in hand (5)	<u>2,548</u>		<u>3,797</u>
	<u>6,622</u>		<u>5,728</u>
<b>Total assets</b>	<b>18,260</b>		<b>17,415</b>

## Shareholders' equity and liabilities

(x €1,000)	2016	2015
<u>Group equity</u>		
Issued share capital (6)	0.1	0.1
Appropriated funds: personnel (7)	358	2,341
Appropriated funds: Ministry of Foreign Affairs (8)	0	2,702
Appropriated funds: projects (9)	167	0
Revaluation reserve (10)	1,100	835
General reserve (11)	8,301	7,603
Minority Interest (12)	-108	-137
	<u>9,818</u>	<u>13,344</u>
<u>Provisions</u>		
Pension provisions (13)	43	126
Tax provision (14)	0	567
Other provisions (15)	550	485
	<u>593</u>	<u>1,178</u>
<u>Long-term liabilities</u>		
Other liabilities (16)	63	63
<u>Current liabilities</u>		
Trade creditors (17)	849	356
Other taxes and social security contributions (18)	327	343
Other liabilities (19)	280	1,492
Accruals and deferred income (20)	6,330	639
	<u>7,786</u>	<u>2,830</u>
<b>Total equity and liabilities</b>	<b>18,260</b>	<b>17,415</b>

## 2.2 Statement of Income and Expenditure for 2016

	2016	2016	2015	2016
(x €1,000)	Actual	Budget	Actual	Actual/ Budget
<b>INCOME</b>				
Income from Ministry of Foreign Affairs (21)	14,520	14,521	14,170	0%
Revenues from projects (22)	1,389	1,784	1,175	-22%
Other operating income (23)	2,342	3,315	2,587	-29%
<b>Total operating income</b>	<b>18,251</b>	<b>19,620</b>	<b>17,932</b>	<b>-7%</b>
<b>Expenditures</b>				
Wages and salaries (24)	5,880	6,155	7,358	-4%
Social security contributions (25)	1,279	1,869	1,612	-32%
Amortisation and depreciation respectively of intangible and tangible fixed assets (26)	334	662	415	-50%
Other changes in value of fixed assets (27)	-265	0	-305	-100%
Direct production costs (28)	6,393	8,240	3,409	-22%
Direct distribution costs (29)	167	179	154	-7%
External hiring and other third party services (30)	1,660	1,153	723	44%
Other operating expenses (31)	6,339	4,222	4,745	50%
Restructuring costs (32)	0	0	300	0%
<b>Total operating expenses</b>	<b>21,787</b>	<b>22,480</b>	<b>18,411</b>	<b>-3%</b>
<b>RESULT FROM OPERATING ACTIVITIES</b>	<b>-3,536</b>	<b>-2,860</b>	<b>-479</b>	<b>-24%</b>
Financial result (33)	0	-2	21	0%
Profits/(loss) before taxation	-3,536	-2,862	-458	-24%
Income taxes (34)	10	0	2	100%
Minority interest (35)	-29	0	145	-100%
<b>Group net profit before appropriation of profit</b>	<b>-3,555</b>	<b>-2,862</b>	<b>-311</b>	<b>-24%</b>

	<b>2016</b>	<b>2015</b>
Profit before appropriation of profit	-3,555	-311
Charged to DSO appropriated funds	0	165
Charged to appropriated funds personnel (7)	1,187	377
Release appropriated personnel fund (7)	796	0
Charged to Ministry of Foreign Affairs appropriated funds (8)	2,621	426
Charged to reserve project development	0	561
Charged to Ministry of Foreign Affairs appropriated funds, re. building rental (8)	81	65
	<hr/> 1,130	<hr/> 1,283
Additions to appropriated funds Ministry of Foreign Affairs (8)	0	0
Additions to appropriated fund projects (9)	-167	
Additions to revaluation reserve (10)	-265	-305
Additions to general reserve (11)	-698	-978
Profit after appropriation	<hr/> 0	<hr/> 0

## 2.3 Consolidated cash flow statement

(x €1,000)	2016	2015
<b>Cash flow from operating activities</b>		
Group net profit before appropriation of results	-3,555	-311
Adjustments for:		
Deferred taxes	-10	0
Depreciation and impairments	327	416
Unrealised changes in value	-265	-305
Movements financial fixes assets		
Movements in minority interest	29	-145
Movements in provisions	-585	452
Changes in working capital:		
Movement in trade receivables	-50	134
Movement in prepayments and accrued income	-2,161	76
Movement in inventories and works-in-progress	0	14
Movement in trade payables	493	-235
Movement in other taxes and social security contributions	48	-39
Movement in accruals	4,479	630
Cash flow from business operations	2,809	580
Income tax paid	-1,250	687
Interest paid	0	0
	4	50
<b>Cash flow from operating activities</b>	<b>-1,246</b>	<b>737</b>
<b>Cash flow from investing activities</b>		
Additions to tangible fixed assets	-5	-46
Disposals of intangible fixed assets	2	26
Cash flow from investing activities	-3	-20
<b>Cash flow from financing activities</b>		
Repayment of long-term liabilities and	0	0
Proceeds from long-term liabilities	0	0
Cash flow from financing activities	0	0
<b>Movement in cash and cash equivalents</b>	<b>-1,249</b>	<b>717</b>

## 2.4 Accounting Policies Used in Preparing the Consolidated Financial Statements

### 2.4.1 General

The company has prepared the consolidated and company financial statements in accordance with the Dutch Accounting Standards Board (DASB) guideline 640 for annual reporting for 'Not-for-profit organisations'. Assets and obligations and recognition of results are in general recognised at purchase price. Unless stated otherwise, assets and liabilities are recorded at amortised cost price. All amounts are presented in thousands of euros, unless otherwise stated. Since 2013, the balance sheet and statement of income and expenditures have been in accordance with guideline 640 and the conditions outlined in the grant from the Ministry of Foreign Affairs for the Freedom of Speech Programme, activity 24718 of 7 December 2012.

Guideline 640 for 'not-for-profit organisations' is for organisations whose primary purpose is not to make a profit but are focused on a religious, philosophical, social, charitable, cultural, or scientific objective. As part of this objective, the organisation may also be engaged in providing products and/or services. These organisations are identified as 'not-for-profit organisations' (*Organisaties-Zonder-Winststreven, OZW*). The general conditions to achieve these objectives are the financing of those activities and the financial position of these objectives. RNW Media does not qualify for simplified reporting guidelines or exemptions for reporting due to the size of the organisation.

- The activities are performed according to the grant application of 7 September 2012 for the Freedom of Speech programme and are the responsibility of RNW Media;
- If RNW Media is unable to perform the grant activities according to the budget fully or in a timely manner, or cannot comply with the conditions of the grant, at the time this becomes probable, RNW Media will report it in writing;
- On a yearly basis during the grant period, RNW Media will submit an annual plan, a budget, financial statements, auditor's report and annual report, and a report on findings regarding internal control;

The general conditions from the grant regarding financial disclosure are included in the financial statements. The financial statements are accompanied by an auditor's report, and provide insight into:

- The financing of activity 24718 by the Ministry of Foreign Affairs;
- The total amount of outstanding grant advances;
- An explanation of the financing of the appropriated funds from the Ministry of Foreign Affairs;
- Insight into the statement of expenditures and income and the movement of advance payments for financing of activities, and any interest revenue;

An auditor's report regarding the application of the prescribed policy regarding implementing organisations is not applicable to RNW Media, as it has no implementing organisations.

From 1 January 2013, RNW Media promoted freedom of speech, under the responsibility of the Ministry of Foreign Affairs. With the handover from the Ministry of Education, Culture and Science

(Ministerie van OCW) to the Ministry of Foreign Affairs (Ministerie van BuZa) in 2014, it was agreed that RNW Media would start as a financially viable organisation without any hidden financial flaws. Where previously a subordinate loan would be issued by the Ministry of Education, Culture and Science, there are no requirements regarding this loan agreed in the final settlement. All funds were received by RNW Media, and in relation to the agreed final settlement, all surplus funds relating to friction costs were repaid. In addition, in relation to the agreements made with the Ministry of Education, Culture and Science concerning assets, the surplus was returned to the ministry.

Regarding the implementation of the Public and Semi-public Sector Senior Officials (Standard Remuneration) Act (WNT), the foundation complied with the provisions of the act, and prepared these financial statements on the basis of the norms set out in these provisions.

#### Changes in accounting policies

There were no changes in accounting policies.

#### Changes in accounting estimates

There were no changes in accounting estimates.

#### Basis of consolidation and continuity

The consolidated financial statements include the financial data of the company and its group companies on 31 December of the financial year. Group companies are legal entities and companies over which the company exercises control. Stichting Radio Nederland Wereldomroep (RNW Media) in Hilversum consolidates the financial figures of dB mediagroep B.V., Hilversum, 75 percent associate, with an issued capital of €38,151. Copies of the consolidated financial statements are available at cost price at RNW Media in Hilversum. Copies of the financial statements of dB mediagroep B.V are also available at cost price.

Group companies are fully consolidated as of the date on which control is obtained and until the date that control no longer exists. The items in the consolidated financial statements are determined in accordance with consistent accounting policies. Profits and losses resulting from intragroup transactions are eliminated in full. The assessment was made of the situation at the date of the preparation of financial statements.

#### Future expectations

In April 2016, a grant application was delivered to the Ministry of Foreign Affairs for the period 2017-2020. In November 2016, the ministry approved the grant. As a result, RNW Media has a substantial annual subsidy for the coming years – although it is less than the total maximum amount received in the period 2013-2016.

The organisation's size and strategy have been adapted to this new reality, and along with the reserves that the organisation still had, it now means that the organisation has an ample guarantee for continuity. The organisation has also made active efforts to find funding from other donors, and has established and implemented a strategy for income diversification. Any shortfall that these changes and investments cause in 2016 and 2017 can be compensated for using existing reserves. As in previous years, the annual financial statements are therefore based on the assumption of the organisation's continuity.

RNW Media is a 75-percent shareholder in dB mediagroep B.V. This company was created in 2013 by a fusion of RNW Media's subsidiaries BFN, dB mediagroep B.V. and Basement Technology. During the years 2013-2015, dB mediagroep B.V. suffered consistent losses despite the 2014 reorganisation. On this basis, and because of the negative equity, RNW Media reset the value of this participating interest to zero. The reorganisation of dB mediagroep B.V., which began in the second half of 2015 and continued in 2016, had a successful result: in 2016, in accordance with budget planning, a profit of €118,000 on a turnover of €1,492,000. In relation to this reorganisation, in 2016 RNW Media temporarily increased the current account credit available to dB mediagroep B.V. with €130,000. In 2017, this temporary increase will be converted into a share premium on the shares held by RNW Media.

A large contract that ended in 2016 was renewed for a period of years, this time with dB mediagroep B.V. acting as subcontractor. This contract involves collaboration with an innovative player in the audio-visual market.

The financial relationship with dB mediagroep B.V., besides the temporary increase in the current account credit, remains unchanged, and will be re-evaluated in 2017. Until new agreements are made over the loans and their possible repayments, and the results continue to show improvement over a longer period, RNW Media considers it advisable to maintain the provision of 50 percent on loans already outstanding at the beginning of 2016 and to regard these loans as long-term receivables.

Based on the evaluation of the developments in 2016 and the budget for 2017, the conclusion is that the financial statements for dB mediagroep B.V. can be based on the company's continuity.

#### Foreign currency conversion

The consolidated financial statements are prepared in euros, the functional and presentation currency of the organisation. All group companies use the same functional and presentation currency. A transaction in a foreign currency is first documented using the average exchange rate of the month in which the transaction takes place. Monetary balance sheet items involving foreign currencies are converted at the functional exchange rates on the balance sheet date. Non-monetary balance sheet items in foreign currencies which are valued on the basis of historical value are converted at the functional exchange rates applicable at the date of transaction. Non-monetary balance sheet items in foreign currencies that are valued on the basis of current value are converted at the functional exchange rates applicable at the date of valuation. The functional and presentation currencies of the entity have not changed compared to the previous year.

Regarding activities in Costa Rica, both the transactions during the reporting period and the monetary assets and obligations are converted to euros at the exchange rate applicable on the balance sheet date. The foreign currency monetary assets and liabilities in the financial statements are converted at the exchange rate at balance sheet date. The exchange differences are recognised in the income statement.

#### Offsetting

Assets and liabilities are only offset in the financial statements if and to the extent that:

- An enforceable legal right exists to offset the assets and liabilities and settle them simultaneously;

And

- The positive intention is to settle the assets and liabilities on a net basis or simultaneously.

## Accounting Policies

### General

Assets and liabilities are generally valued at acquisition, production cost or current value. If no specific valuation principle is stated, valuation is based on purchase price, less a provision for doubtful debts where necessary. All amounts are presented in thousands of euros, unless otherwise stated.

### Financial instruments

At RNW Media, financial instruments include both primary financial instruments, such as trade and other receivables, cash at bank, loans and other financial obligations, trade payables and other payables. Financial instruments are recognised initially at fair value (which serves as the amortised cost) and subsequently stated at amortised cost.

### Tangible Fixed Assets

#### Tangible fixed assets used by the company

Tangible fixed assets in use by the company are valued at the cost of acquisition or production (the established current rental price), minus any investment grants, the net of accumulated depreciation and, where applicable, accumulated impairment losses. Tangible fixed assets carried at cost do not include capitalised interest charges.

Tangible fixed assets are depreciated on a linear basis over their estimated useful economic lives, taking into account the residual value. If the expected depreciation method, useful economic life and/or residual value are subject to changes over time, they are treated as a change in accounting estimate.

Tangible fixed assets are depreciated as follows:

Land	Not applicable
Investment property	Fair value
Buildings	40 years
Renovations	10 years
Transmission and energy installations	15 years
Inventory and equipment	3 - 5 years
Automatisation equipment	5 years

Other tangible assets are depreciated on a straight-line basis over their estimated useful economic lives of five to ten years, except the investment properties that are not depreciated.

Tangible fixed assets under construction are investments not in use. Once they are in use, depreciation is started.

If a tangible fixed asset involves costs of obligations for dismantling and removing the asset and restoring the site on which an asset is located that are incurred as a consequence of having built the asset, the costs of restoring are recognised as part of the carrying amount of the asset, with a provision being formed for an equal amount at the same time.

Retired tangible fixed assets are carried at cost price or the lower expected fair value. If the expected fair value less costs is significantly higher than the carrying amount, with the assets being held for sale, an incidental revaluation is allowed, which is to be taken to a revaluation reserve. The revaluation is recognised as a separate item in the profit and loss account when the increase in value is realised.

A tangible fixed asset is no longer recognised in the balance upon sale or when no further economic benefits are expected from its continued use or sale.

Tangible fixed assets are valued at purchase price or production cost, less depreciation based on useful life or current value in accordance with DAB 213 104, due to investment property and not subservient to their own use.

#### Investment property

Investment property is property held to generate rental income and/or achieve increases in value and is not in use by the company. Properties under construction or under development are disclosed separately under investment property. Investment property is recognised in the balance sheet under tangible fixed assets not used in business operations. Investment property is initially valued at cost, including transaction costs. Investment property is subsequently carried at fair value without being depreciated. Gains or losses arising on changes in the fair value are taken to the profit and loss account. A revaluation reserve is formed and recognised through profit appropriation.

#### Financial fixed assets

##### Participating interests

Participating interests over whose financial and operating policies the group exercises significant influence are valued using the net asset value method. Under this method, participating interests are carried at the group's share in their net asset value plus its share in the results of the participating interests and its share of changes is recognised directly in the equity of the participating interests as from the acquisition date, determined in accordance with the accounting policies disclosed in these financial statements, less its share in the dividend distributions from the participating interests. The group's share in the results of the participating interests is recognised in the profit and loss account. If and to the extent that the distribution of profits is subject to restrictions, these are included in a legal reserve. The company's share in direct equity increases and decreases of participating interests is also included in the legal reserve, except for asset revaluations recognised in the revaluation reserve.

If the value of the participating interest under the net asset value method has become nil, this method is no longer applied, with the participating interest being valued at nil if the circumstances are unchanged. Any long-term interests which, in substance, form part of the investor's net investment in the participating interest are included. A provision is formed if and to the extent the company stands surety for all or part of the debts of the participating interest or if it has a constructive obligation to enable the participating interest to repay its debts.

A subsequently acquired share of the profit of the participating interest is recognised only if and to the extent that the accumulated share of the previously unrecognised loss has been made good.

#### Other financial fixed assets

Other financial fixed assets are recognised initially at fair value plus directly attributable transaction costs, and subsequently stated at amortised cost based on the effective interest method, purchase price or lower fair value. The group does not use derivative financial instruments.

#### Inventories

Inventories of finished products and office supplies are carried at the lower of cost of acquisition or recoverable amount.

#### Current receivables

Loans granted and other receivables not forming part of the trading portfolio are initially measured at fair value and subsequently carried at amortised cost less a provision for doubtful debts where necessary.

#### Cash at bank and in hand

Cash at bank and in hand includes cash in hand and bank balances, notes and checks. It also includes deposits if these are effectively at the group's free disposal, even if interest income may be lost. Cash at bank and in hand not expected to be at the group's free disposal for over 12 months is classified as financial fixed assets

#### Taxes

Taxes are calculated on the profit as disclosed in the profit and loss account based on current tax rates, allowing for tax-exempt items and cost items which are non-deductible, either in whole or in part. A deferred tax liability is recognised for all taxable temporary differences between the valuation for tax and financial reporting purposes. A deferred tax asset is recognised for all deductible temporary differences between the valuation for tax and financial reporting purposes and carry-forward losses, to the extent that it is probable that future taxable profit will be available for set-off. Deferred tax assets and liabilities are recognised under financial fixed assets and provisions, respectively.

#### Classification of equity and liabilities

A financial instrument or its separate components are classified in the consolidated financial statements as liability, or as equity in accordance with the substance of the contractual agreement underlying the financial instrument. In the company financial statements, a financial instrument is classified in accordance with the legal reality. Interest, dividends, gains and losses relating to a financial instrument, or part of a financial instrument, are included in the financial statements in accordance with the classification of the financial instrument as liability or equity.

#### Appropriated funds

If the organisation has separated a portion of its equity because it is to be spent within a more restricted scope than the organisation's goals would otherwise allow, and this restriction has been imposed by third parties, then the organisation must designate this portion of equity as appropriated funds.

## Provisions

A provision is formed if the group has a legal or constructive obligation as at the balance sheet date if it is probable that an outflow of resources will be required to settle the obligation and the amount of the liability can be reliably estimated. The amount of the provision is determined based on a best estimate of the amounts required to settle the liabilities and losses concerned at the balance sheet date. Provisions are carried at non-discounted value, unless stated otherwise.

If third-party reimbursement of expenses required to settle a provision is probable, the reimbursement is recognised as a separate asset.

Provisions are measured at nominal value, except for the pension provision. The pension provision is carried at present value.

### Pension and long-service payment provision

The pension provision regarding Article 44 of the industry-wide pension fund (*Stichting Bedrijfstakpensioenfonds*) for the media (PNO) refers to the transitional arrangement (1 January 2006) for employees who entered into service before 1 January 1997. The value of the provision is based on the present value of the indicative premiums when the employee reaches 60 years of age, taking into account the remaining time for accrual of pension rights.

The provision for long-service payments is for anniversaries of 12.5, 25 and 40 years. The amount is based on the calculated final value of the salary of the employee concerned, and the likelihood of his or her continued employment.

Contributions payable to the pension plan administrator are recognised as an expense in the profit and loss account. Contributions payable or prepaid contributions as at year-end are recognised under accruals and deferred income, and prepayments and accrued income, respectively.

A provision is formed for liabilities other than the contributions payable to the pension plan administrator if, as at the balance sheet date, the group has a legal or constructive obligation towards the pension plan administrator and/or to its own employees, if it is probable that settlement of these liabilities will entail an outflow of resources and if a reliable estimate can be made of the amount of the liabilities. The provision for additional liabilities to the pension plan administrator and/or the employees is based on a best estimate of the amounts required to settle these liabilities concerned at the balance sheet date. The provision is carried at present value if the effect of the time value of money is material (with the discount rate before taxation reflecting the market interest rate for high-quality corporate bonds).

A pension receivable in respect of surpluses available at the pension plan administrator is recognised if the group controls the surplus, if it is probable that it yields future economic benefits for the group and if it can be reliably determined. A pension surplus is calculated using the same method as is used for provisions.

#### Reorganisation provision

In relation to the reorganisation that began in 2016, the associated costs that were accrued as of 31-12-2016, but were only paid in 2017, were included in the results for 2016.

The agreed compensation in the settlement agreements (*Vaststellingsovereenkomsten*, VSOs) is also included as a commitment. For the approved maximum compensation for legal support, advice and training – based on the best possible management estimate – a provision was made for the difference between the maximum compensation approved and the costs already paid in 2016, of 25 percent, 50 percent and 75 percent respectively.

Another provision was made for the 2017 salaries and associated employer's social security contributions still owing to or for employees affected by the reorganisation and already released from work at the end of 2016. No further demands are made of these employees in 2017 in return for this salary.

In line with agreements with the Ministry of Foreign Affairs, RNW Media may fund the reorganisation using the subsidy from the Ministry and use the appropriated funds to cover the negative result. Reorganisation costs relating to the accumulated rights of personnel dating from before the period of subsidy from the Ministry of Foreign Affairs have been taken from the appropriated funds for personnel.

#### Major maintenance provision

The provision for major maintenance is for the building in use by RNW Media and is based on a future maintenance schedule, and is accumulated by means of additions. The investment property is valued at fair value, taking into consideration future expenditure for major maintenance. A provision for major maintenance for the investment property is therefore not applicable.

#### Long-term liabilities

When long-term liabilities are recognised initially, they are measured at fair value, plus, in the case of financial liabilities not classified at fair value through profit or loss, directly attributable transaction costs. After initial measurement, long-term liabilities are carried at amortised cost using the effective interest method. Gains and losses are taken to the profit and loss account when the liabilities are derecognised, as well as through the amortisation process.

#### Current liabilities

On initial recognition, current liabilities are carried at fair value less directly attributable transaction costs (in the case of financial liabilities not carried at fair value through profit or loss).

#### Valuation of outstanding leave

The leave entitlements of staff are valued according to the balance on 31 December 2016.

Financial liabilities form part of the trading portfolio if they have been acquired or entered into for the purpose of selling them in the near term. Following initial measurement, they are carried at fair value without deduction of any transaction costs on sale. Gains or losses arising from changes in the fair value are taken to the profit and loss account. After initial measurement, other current liabilities are carried at amortised cost using the effective interest method. Gains or losses are

recognised in the profit and loss account when the liabilities are derecognised, as well as through the amortisation process.

#### Amortised cost

Amortised cost is the amount at which a financial asset or liability is measured at initial recognition less repayments of the principal, plus or less the cumulative amortisation using the effective interest method for any difference between this initial amount and the maturity amount, and less any reductions (effected directly or through a provision being formed) for impairment and doubtful debts

#### Derecognition of financial assets and liabilities

A financial instrument is derecognised if a transaction results in the transfer, to a third party, of all or nearly all rights to economic benefits, and of all or nearly all risks attached to the position.

#### Calculation of result from operating activities

Income and expenditures are allocated to the year to which they relate. Expenses are determined with due observance of the aforementioned accounting policies and allocated to the financial year to which they relate. Eliminations relate to inter-segment turnover and related costs that have been eliminated at consolidated level.

#### Pensions

The (early) retirement entitlements are accommodated within the industry-wide pension fund for the media (*Stichting Bedrijfstakpensioenfondsvoor de media, PNO*). The pension plan qualifies as a defined contribution plan because the pension of the participants is not solely dependent on contributions and performance but is linked to the pension foundations and salaries of the participant.

The pension scheme is recognised in the financial statement as a defined contribution plan, as it meets the requirements of the new DASB 271 guidelines:

- a) RNW Media is a member of the industry wide pension fund, together with other entities which operate the same pension scheme;
- b) RNW Media has no obligations to pay additional contributions in the event of a deficit at the industry-wide pension fund other than future premiums. The additions to the Article 44 pension provision are also included in pension costs.

#### Credit facilities

The credit facility at ING Bank is €1.5 million. This facility includes all the debt and credit in RNW Media's ING accounts. The credit facility is provided under the terms of positive and negative covenants on the property Witte Kruislaan 55, Hilversum and a combined pledge of moveable tangible fixed assets, inventories and trade receivables.

#### Income

##### General

Income is defined as grants, contributions, revenues from projects and other operating income. The grant from the Ministry of Foreign Affairs is understood to be the grant received from the

ministry over the accounting year. The income is understood to be the income received for the delivering of goods minus the purchase value of the goods, income received for the provision of a service, subsidy income, sponsorship, donations, and income from fundraising and other income. The incomes are determined by reference to the principles described here of valuation and determination of results, and allocated to the financial year to which they relate.

#### Services

If the result of a transaction relating to a service can be reliably estimated and the income is likely to be received, the income relating to that service is recognised in proportion to the service delivered.

#### Grants

Operational grants are credited to the statement of income and expenditure in the year in which the expenses are incurred or income has been lost or operating deficit has occurred for which the grant was received.

Investment grants are deducted from the invested amount, whereby the depreciation will reduce annually.

#### Income for a particular purpose

Benefits that are designated for a particular purpose are included in the statement of income and expenses. If these benefits are not fully utilised during the accounting year, the funds not yet spent will be included in the relevant reserve destination(s) or appropriated fund(s).

#### Interest

Interest income is recognised pro rata in the profit and loss account, taking into account the effective interest rate for the asset concerned, provided the income can be measured and the income is likely to be received.

#### Dividends

Dividends are recognised in the profit and loss accounting if the group is entitled to them and the dividends are likely to be received.

#### Intercompany transactions

Profits and losses resulting from intragroup transactions are eliminated in full. Profits and losses resulting from transactions with participating interests which are carried at their net asset value are eliminated in proportion to the Group's interest in the entity. Profits and losses resulting from intragroup transactions with participating interest that are at carrying amount are fully recognised unless they have not been realised.

#### Expenditures

##### General

Expenses are determined with due observance of the aforementioned accounting policies and allocated to the financial year to which they relate. Foreseeable and other obligations as well as potential losses arising before the financial year-end are recognised if they are known before the

financial statements are prepared, and providing that all other conditions for forming provisions are met.

#### Subsidy expenses and gifts

Legally enforceable grant and donation liabilities are recognised in the balance sheet as debt, and in the statement of income and expenses recognised as an expense, even if the contract is longer than a year.

#### Expenditures for a particular purpose

Expenditures that are designated for a particular purpose are included in the statement of income and expenses, and on the other hand in the relevant reserve destination(s) or appropriated fund(s).

#### Interest

Interest is allocated to successive financial reporting periods in proportion to the outstanding principal. Premiums and discounts are treated as annual interest charges so that the effective interest rate, together with the interest payable on the loan is recognized in the profit and loss account with the amortized cost of the liabilities being recognized in the balance sheet. Period interest charges and similar charges are recognized in the year in which they fall due.

### Accounting Principles for Consolidated Cash Flow Statement

#### General principles

##### Consolidated cash flow statement

The cash flow statement has been prepared in accordance with the indirect method. Cash and cash equivalents consists of cash at bank and in hand and current securities. The securities can be regarded as highly liquid investments. Cash flows in foreign currencies are translated at estimated average rates. Cash exchange differences are presented separately in the statement of cash flows. Interest received and paid, dividends received and profits tax are included under cash flows from operating activities. Dividend paid is stated under net cash flow from financing activities. The cost of group companies acquired and proceeds from group companies sold are included under cash flow from investing activities, insofar as payment in cash has been made. Transactions for which no cash or cash equivalents are exchanged, including finance leases, are not included in the cash flow statement. Lease payments under finance leases are considered to be cash outflows from financing activities to the extent that they relate to repayment instalments, and as cash outflows from operating activities to the extent that they relate to interest payments. Income from sale and financial leaseback transactions is presented as cash inflow from financing activities.

## 2.4.2 Notes to the Consolidated Balance Sheet

(All amounts are stated in €1,000 unless stated otherwise.)

### ASSETS

#### FIXED ASSETS

Tangible fixed assets (1)

	2016	2015
Land and buildings	10,101	11,341
Other fixed operating assets	<u>1,527</u>	<u>346</u>
	<u>11,628</u>	<u>11,687</u>

The tangible fixed assets include the assets of the establishment in Hilversum (the Netherlands) and the office building in Costa Rica. Among the other recognised fixed assets are, in addition to the fixtures and fittings, inventory and hardware of the organisation, also the equipment and production means of dB mediagroep B.V.

	Land and buildings	Other fixed operating assets	Not used in business operations	Total
Carrying amount 31/12/2015	10,009	346	1,332	11,687
Additions		5		5
Disposals		-2		-2
Depreciation on disposals				
Revaluations	265			265
Depreciations	-173	-154		-327
Carrying amount 31/12/2016	10,101	195	1,332	11,628
Cost	13,902	2,377	7,327	23,606
Sum of depreciations	-4,901	-2,182	-5,995	-13,078
Sum of revaluations	1,100			1,100
Carrying amount 31/12/2016	10,101	195	1,332	11,628

The revaluations include the revaluation of the building at fair value as of balance sheet date.

The main building on Witte Kruislaan has been renovated for the purpose of lease to AVROTROS. There is a lease for a period of 15 years, starting on 1 January 2014. Due to the nature of lease, the building is classified as investment property and is valued at fair value. The fair value of the investment property was determined by an independent expert in January 2017. The valuation is according to the RICS standard. As of 31 December 2016, the fair value is established at €10 million in a rented state.

Due to measurement at fair value, no depreciations or provision for major maintenance is recognised.

The initial annual rent of the investment property is €900K (excluding VAT). The rent will be annually indexed by 1.0 percent. The leased object will only be used for office, archive, meeting, studio, and parking space by the lessee. According to the lease, the costs of maintenance, restoration and renovation are borne by RNW Media.

An offer on the building in Costa Rica has been accepted, and the sale is in the final stages. The fair value was €37K and the sales value should exceed this amply.

#### Financial fixed assets (2)

	2016	2015
Deferred tax asset	<u>10</u>	<u>0</u>
	10	0
Carrying amount at 1 January		0
Additions 2016		<u>10</u>
Carrying amount at 31 December		10

The 75 percent subsidiary dB mediagroep B.V. closed the financial year 2016 with a positive result of €118K. A deferred tax asset was included since it is expected that dB mediagroep B.V. will attain more positive results in the future to compensate for the recoverable fiscal losses. At the end of the accounting year, this recoverable fiscal loss was €1,200K. The fiscal profit for 2017 has been budgeted at €48K, with this amount forming the deferred tax asset. An estimate for the period after 2017 is not reliable enough due to excess in estimation uncertainty.

#### CURRENT ASSETS

##### Inventories (3)

	2016	2015
Finished products	0	0
Office supplies	<u>1</u>	<u>1</u>
	1	1

Office supplies are used for own disposal.

#### Receivables (4)

	2016	2015
Trade receivables	316	266
Other taxes and social security contributions receivables	15	79
Claims relating to pensions	14	0
Prepaid pension contributions	459	640
Other receivables	2,949	130
Prepayments and accrued income	<u>320</u>	<u>815</u>
	4,073	1.930

#### Trade receivables

Trade receivables include account receivables on third parties for rendered services, projects and rent. Under debts, an amount of €0K was taken into account for unpaid debts.

In the balance of other receivables, an amount of €2,800K was recorded. This amount involves a grant amount from 2016 still to be received from the Ministry of Foreign Affairs.

No other receivables were included that extended for longer than a year.

#### Cash at bank and in hand (5)

	2016	2015
Cash at bank and in hand	<u>2,548</u>	<u>3,797</u>
	2,548	3,797

This account consists of cash at bank and in hand of RNW Media and dB mediagroep B.V. The cash at banks in Bonaire and Costa Rica will be, after deduction of costs, credited to RNW Media in 2017.

The interest over the receivables was an average of 0.03 percent in 2016 (0.64 percent in 2015).

The liquid means were freely available to RNW Media.

The foundation has access to a credit overdraft of €1.5 million.

## EQUITY

	2016	2015
Organisation equity		
Issued share capital	0.1	0.1
Appropriated funds: personnel	358	2,341
Appropriated funds: Ministry of Foreign Affairs	0	2,702
Appropriated funds: projects	167	0
Revaluation reserve	1,100	835
General reserve	8,301	7,603
Minority interest	-108	-137
	<u>9,818</u>	<u>13,344</u>

There is a difference between the equity as recognised in the company financial statements and the consolidated financial statement. This difference is €243K and concerns the minority interest (€108K) in the equity of dB mediagroep B.V., the valuation of the subsidiary (dB mediagroep B.V.) at nil in the company financial statement (€323K), the impairment of the loan to group companies (€94K) and the current account group companies (€94).

### Issued share capital (6)

	2016	2015
Issued share capital	<u>0.1</u>	<u>0.1</u>
	0.1	0.1

The placed and issued share capital consists of €45 ordinary shares.

### Appropriated funds: personnel (7)

	2016	2015
Appropriated funds: personnel	<u>358</u>	<u>2,341</u>
	358	2,341

The movement of the appropriated funds personnel is as follows:

Carrying amount at 1 January		2,341
Withdrawals		-1,187
Released		<u>-796</u>
Carrying amount at 31 December		358

In accordance with the final settlement with the Ministry of Education, Culture and Science, an appropriated fund for personnel was formed. This is a fund provided to RNW Media by the ministry in 2012 in case of a potential discontinuance of the organisation, from which no individual rights can be derived. The period of discontinuance is not limited and is in the future. No further conditions were made for this fund.

An appropriated fund, as further defined in the guideline 640 for annual reporting for foundations and not-for-profit organisations, refers to 'established equity'. The objective is clearly determined

by third parties, in this case being the Ministry of Education, Culture and Science. RNW Media's management therefore cannot change the purpose of the funds provided.

In accordance with agreements made with the Ministry of Foreign Affairs, RNW Media is permitted to use its grant to pay for the reorganisation, and cover any negative results. Reorganisation costs relating to the accumulated rights of personnel dating from before the period of subsidy from the Ministry of Foreign Affairs have been taken from the appropriated funds for personnel.

In 2016, 53 personnel made use of the redundancy scheme. The compensation for 28 personnel who were employed during the period of the Ministry of Education, Culture and Science is withdrawn from this fund.

At the end 2016, RNW Media reassessed that part of the fund for which appropriation had expired and withdrew it to the general reserve.

Appropriated funds: Ministry of Foreign Affairs (8)

	2016	2015
Appropriated funds: Ministry of Foreign Affairs	<u>0</u>	<u>2,702</u>
	0	2,702

In accordance with the grant from the Ministry of Foreign Affairs of 7 December 2012, an appropriated fund for the Ministry of Foreign Affairs was formed. This appropriated fund is in accordance with the grant, and is used exclusively for the activities described fall within the grant and are included in the RNW Media programme proposal of 7 September 2012. The activities are also referred to as activity 24718 and subject to the grant conditions. In consultation with the Ministry of Foreign Affairs, the funds were used for the remaining project period (until the end of 2016).

The Ministry of Foreign Affairs later made the grant period of 2013-2016 budget neutral for an additional year, so reorganisation costs incurred in 2017 could be paid for using the 2013-2016 grant, thereby making this appropriated fund useable.

The movement of the Ministry of Foreign Affairs appropriated fund is as follows:

Carrying amount at 1 January	2,702
Withdrawals	<u>-2,702</u>
Carrying amount at 31 December	0

In line with the agreements with the Ministry of Foreign Affairs described above, RNW Media is permitted to cover the costs of the reorganisation from the grant, as well as the Ministry of Foreign Affairs appropriated fund, to cover any negative result. Reorganisation costs relating to the accumulated rights of personnel dating from before the period of subsidy from the Ministry of Foreign Affairs have been taken from the appropriated funds for personnel.

Appropriated Funds: Projects (9)

	2016	2015
Appropriated Funds: Projects	<u>167</u>	<u>0</u>
	167	0

The state of the appropriated funds for projects is as follows:

Carrying amount at 1 January	0
Additions	<u>167</u>
Carrying amount at 31 December	167

Revaluation reserve (10)

	2016	2015
Revaluation reserve	<u>1,100</u>	<u>835</u>
	1,100	835

The leased building on Witte Kruislaan is classified as an investment property. Based on a valuation at the beginning of 2017 applying 31 December 2016 as the valuation date (fair value of €10 million) the change in fair value at 265K is recognised in the statement of expenditure and income and a revaluation reserve charged to the general reserve was created equal to the difference between the fair value before and after the revaluation.

The state of the revaluation reserve is as follows:

Carrying amount at 1 January	835
Additions	<u>265</u>
Carrying amount at 31 December	1,100

General reserve (11)

	2016	2015
General reserve	<u>8,301</u>	<u>7,603</u>
	8,301	7,603

The state of the general reserve is as follows:

Carrying amount at 1 January	7,603
Additions result 2016	617
Lease of building	<u>81</u>
Carrying amount at 31 December	8,301

The lease of the office building at €81K comprises €246K for the incremental rental costs for office space in use by RNW Media for the activities funded by the Ministry of Foreign Affairs, minus

€165K depreciation on the office space. In the valuation, the current rental value is deemed to be subservient to these activities, and is credited to the general reserve.

For the appropriation and division of the results of 2016, see the statement of income and expenditures. No limited spending capabilities are prescribed for other reserves.

Minority interest (12)	2016	2015
Minority interest	<u>-108</u>	<u>-137</u>
	-108	-137

Minority interests in equity is as follows:

Carrying amount at 1 January	-137
Results of accounting year at 25%	<u>29</u>
Carrying amount at 31 December	-108

Minority interests in equity is 25 percent of the issued share capital in dB mediagroep B.V. held by third parties.

Pension provision (13)	2016	2015
Pension provision	<u>43</u>	<u>126</u>
	43	126

The pension provision regarding Article 44 of the industry-wide pension fund (*Stichting Bedrijfstakpensioenfonds*) for the media (PNO) refers to the transitional arrangement (1 January 2006) for employees who entered into service before 1 January 1997. The value of the provision is based on the present value of the indicative premiums when the employee reaches 60 years of age, taking into account the remaining time for accrual of pension rights. The arrangement will continue until 2020. In 2020 the rights for the participators will be charged to RNW Media.

The pension provision is as follows:

Carrying amount at 1 January	126
Additions	0
Release	-83
Charges	<u>0</u>
Carrying amount at 31 December	43

With a term of less than 1 year €0K.

#### Tax provision (14)

	2016	2015
Tax provision	<u>0</u>	<u>567</u>
	0	567

At the time of RNW Media's change of activities in 2013, consultations were held with the Tax Authorities on the application of VAT. In the autumn 2014, the Tax Authority gave its opinion regarding the application of VAT from 2013 onwards. In 2014, a provision was made taking into account the principles described (RNW Media is not a business in the sense of the law, and the Decree of 5 January 1990, no. VB 89/2161 regarding VAT and development aid organisations is not applicable). In 2016, the Tax Authority made a final decision on the application of VAT at RNW Media and imposed additional tax declarations amounting to €492K, which was taken from the provision.

The state of the provision for taxes is as follows:

Carrying amount at 1 January	567
Charges	-519
Release	<u>-48</u>
Carrying amount at 31 December	<u>0</u>

#### Other provisions (15)

	Carrying amount at 1 January	Additions	Charges	Release	Carrying amount at 31 December
Major maintenance provision	121	40			161
Long-service payment provision	81	0	-7	-35	39
Deferred tax liability provision	0				0
Reorganisation provision	<u>283</u>	<u>303</u>	<u>-236</u>		<u>350</u>
	485	343	-243	-35	550

#### Major maintenance provision (€161K)

For the main building, there is no longer a provision for major maintenance due to the valuation at fair value. For RNW Media's office building there is a provision for major maintenance of €161K, of which €37K is for the short term. This provision is based on a maintenance plan.

#### Long-service payment provision (€39K)

The provision for long-service payments has been made for employees who have completed 12.5, 25 and 40 years of service to RNW Media.

The most important actuarial principles in determining the payments are:

- General salary increase of 2.5 percent per year;
- With regard to the termination of employment due to death, mortality rates are based on the most recent prognosis table published by the Dutch Actuarial Society: AG2016. The current element of this provision, shorter than one year, amounts to €6K.

#### Deferred tax liability provision (€0K)

The deferred tax liability is the difference in commercial and fiscal depreciation of tangible fixed assets, of which current (< 1 year) €0K.

#### Reorganisation provision (€350K)

In 2016, RNW Media underwent a major reorganisation. If by 31 December 2016 no settlement agreement was signed with a redundant employee, these costs are included in 2016 as a provision in the balance sheet. A provision was also made for the estimate of the maximum defined severance payment in the signed settlement agreements (for legal aid advice and training).

The remaining provisions accumulated in 2015 for the reorganisation of dB mediagroep B.V. amounted to €46k at the end of 2016.

### LONG-TERM LIABILITIES

#### Other liabilities (16)

	2016	2015
Loan Koppelbus B.V.	<u>63</u>	<u>63</u>
	63	63

This concerns the subordinated loan issued to dB mediagroep B.V. by Koppelbus B.V. in June 2014 of a principle sum of €63K. The interest rate is Euribor plus a premium of 0.5% per year. The loan will be made available until the end of June 2017 and as long as in the opinion of Koppelbus B.V. and RNW Media it is subservient to the organisation's activities, on the understanding that the loan must be repaid should dB mediagroep B.V. cease its business activities.

### CURRENT LIABILITIES

#### Trade payables (17)

	2016	2015
Trade payables	<u>849</u>	<u>356</u>
	849	356

#### Other taxes and social security contributions (18)

	2016	2015
Other taxes and social security contributions	<u>327</u>	<u>343</u>
	327	343

Other liabilities (19)

	2016	2015
Accrued holiday allowance	207	280
Taxes for expatriate staff	25	44
Other liabilities	<u>48</u>	<u>1,168</u>
	280	1,492

Taxes for expatriate staff includes the tax balance still to be paid for these staff as of 31 December 2016. The nature of this liability is short term.

Accruals and deferred income (20)

	2016	2015
Other costs payable	<u>6,330</u>	<u>639</u>
	6,330	639

With regard to the reorganisation that began in 2016, the costs that were established as of 31-12-2016 but not to be paid until 2017 are included in the results of 2016. The agreed compensation in the settlement agreements (*Vaststellingsovereenkomsten, VSOs*) is also included as a commitment. For the approved maximum compensation for legal support, advice and training – based on the best possible management estimate – a provision was made for the difference between the maximum compensation approved and the costs already paid in 2016, of 25 percent, 50 percent and 75 percent respectively.

Another provision was made for the 2017 salaries and associated employer's social security contributions still owing to or for employees affected by the reorganisation and already released from work at the end of 2016. No further demands are made of these employees in 2017 in return for this salary.

Under the costs still to be paid, €2,418 million was recorded as a commitment for the reorganisation. By its nature, the full amount of this debt is current.

## ARRANGEMENTS AND COMMITMENTS NOT SHOWN IN THE BALANCE SHEET

The commitments not shown in the balance sheet at the end of 2016 are: €1,046 million.

Of this, the expiration dates are:

Within a year: €808K

Between 1 and 5 years: €238K

After 5 years: nil

Furthermore, ING has a right of distraint on the assets, inventories and receivables.

A budget neutral extension has been made to the 2013-2016 grant period, so that costs related to the reorganisation and falling in 2017 can be deducted from the 2013-2016 grant.

RNW Media and dB Media Group B.V. together comprise a single tax entity for VAT, and are therefore severally liable for the obligations of the fiscal entity as a whole.

## Financial instruments

### General

The information included in the notes for financial instruments is useful in estimating the extent of risks relating to both on-balance sheet and off-balance sheet financial instruments.

The primary financial instruments of RNW Media serve to finance the operating activities or directly arise from these activities. RNW Media policy is not to trade in financial instruments for speculation purposes.

## Risks

### Risk appetite

Risk management is an integral part of the ISO-9001 and Partos 9001 certified RNW Media quality policy. A risk assessment has been completed and, where relevant and possible, risk mitigation measures were taken. RNW Media accepts a low to average risk.

All inventoried risks are described below under the headings: Strategic Risks, Operational Risks, Financial Risks and Compliance Risks.

## Strategic Risks

### Market Risks

RNW Media's market faces increased complexity as a result of internationalisation, an increase in market entrants, and an increasing variety in donor requirements. These developments are not new and RNW Media has already been preparing for such contingencies for some time – mainly by focusing efforts in the highly competitive international donor market and by emphasising the effectiveness of the organisation's work in the countries where it operates. In 2016, new contracts were signed with different donors. The strategic expansion and diversification of clients and financial flows remains an important focus within RNW Media.

### Reputational Damage

RNW Media's reputation is very important. Reputational damage can have many causes. The goal of the last year was to build and strengthen RNW Media's reputation within specific target groups, both in the Netherlands and beyond.

To ensure that RNW Media presents itself to the world consistently, policy was formulated and measures taken, including:

- Implementation of Message House
- Press and spokesperson policy (in combination with relationship management)
- Adoption and implementation of a social media policy
- Establishment and distribution of visual identity (Brand Portal)

RNW Media uses monitoring tools to follow what is said and written about the organisation, both online and offline. Where negative messaging is observed, RNW Media moves rapidly to avoid reputational damage. For cases when publicity may lead to misconceptions about the organisation, a press and spokesperson policy was established and staff were trained to talk to the press.

To manage possible publicity relating to the reorganisation, a specific media policy was proactively established and implemented in 2016. This helped to limit public attention for the reorganisation to a few neutral reports.

At the same time, to positively manage its reputation, RNW Media invested in promoting positive coverage of its work in the Dutch and international media. These efforts proved to be particularly successful, with reports appearing in Dutch dailies such as de Volkskrant, NRC Handelsblad, and Trouw, as well as in The Guardian and The New York Times online.

## Operational Risks

### Reorganisation

To ensure the smooth implementation of the reorganisation, the management established a Transition Plan. This sets out how the organisation is to change in three phases. It includes a detailed description of the risks associated with the transition, and how they are to be managed and mitigated.

### Safety and Security

The safety of staff and partners is a constant source of concern for RNW Media. This is inevitable given the nature of the countries in which RNW Media is active, the nature of its activities, and in particular the topics which it addresses. In cooperation with the Centre for Safety and Development (CSD), RNW Media is working on a new protocol establishing the organisation's responsibilities both towards Hilversum staff travelling to target countries, and towards freelancers and partners who work in these countries permanently, or use them as a base. In 2016, CSD provided RNW Media staff with training in the content of this protocol, in crisis management, and in dealing with possible situations that may threaten their safety. This training will continue in 2017. In addition, in 2017 it will be extended to include training and activities for freelancers and partners in the target regions/countries.

### Continuity and Integrity of Information Systems

In auditing the Financial Statements, the external accountant assessed the measures taken regarding IT management. This assessment considered logical access control, change control, and the continuity of automated data processing. RNW Media has a basic IT policy and an IT annual plan, which also devote attention to continuity and failsafe procedures in case of emergencies. The assessment did not bring to light any matters of note. In 2016, a plan was made to adjust the organisation's ICT environment in accordance with the changed strategy and focus. This plan forms the bases of changes to be made in 2017.

With regard to the integrity of the information system, RNW Media has taken security measures to prevent external cyber-attacks. In addition, logical access control within IT applications and change management protocols are being further developed. This also has a positive effect on the efficiency of automated data processing. In the light of the constantly developing threat of cyber-attacks, the risk to the continuity and integrity of information systems will become an increasingly

important area of attention for RNW Media. While system downtime has no direct impact on RNW Media's financial position or results, it does affect the realisation of the aims of the various programmes.

## Financial Risks

### Credit Risk

RNW Media only deals with creditworthy parties and has established procedures to establish creditworthiness. RNW Media has also drawn up guidelines to limit credit risk with each party. Furthermore, RNW Media closely monitors outstanding payments and operates a strict policy on reminders. As a result of these measures, the credit risk is minimal.

### Price Risk

Price risk is subdivided into foreign exchange risk, interest risk and market risk.

### Foreign Exchange Risk

RNW Media runs a limited currency risk due to transactions conducted in a currency (USD) other than the organisation's reporting currency. However, the extent of these transactions is so limited that RNW Media's policy is not to hedge these differences. The transactions are paid according to the monthly exchange rate.

### Interest Risk

RNW Media has long-term receivables owing from its subsidiary dB mediagroep B.V. RNW Media has no outstanding debts with third parties. As of 31 December 2016, there is therefore no interest risk.

### Market Risk

RNW Media faces normal market risks. Price changes directly affect expenditure in a country; however, stringent budget control regarding current projects at RNW Media enables a timely response to any changing market circumstances.

### Compliance Risks

In funding expenditure by means of subsidies, RNW Media enters into obligations stipulated by the terms and conditions of these subsidies. There are risks associated with complying with these conditions, which vary from one funding body to another. To minimise these risks, RNW Media pays close attention to training its personnel, and strongly prioritises the development, recruitment and maintenance of necessary expertise.

### ISO 9001, Partos

In autumn 2016, following an ISO audit, RNW Media's ISO 9001 Partos certificate was reconfirmed. This certification is important to the generation of funding from a variety of sources. To guarantee the ISO quality standard within the organisation, an annual ISO audit is conducted, whereby the quality system is reassessed. Findings of the ISO audit are discussed with the quality manager and the management team, and action is taken where necessary.

#### Law standardising top salaries

Due to the nature of its business, RNW Media is obliged to comply with the provisions of the Standard Remuneration Act (*Wet Normering Topinkomens*, WNT), which limits the salaries of those in senior positions in the public and semi-public sector. In order to conform with the standard, the salaries of senior staff are periodically assessed to ensure they comply with current legislation.

In addition to the WNT standard, RNW Media applies the DG standard, introduced by the minister of development cooperation in 2009. Its reference point is the salary of the most senior official at the Ministry of Foreign Affairs' Directorate-General for International Cooperation and Development. The application of this standard is also periodically assessed.

RNW Media continuously maintains its knowledge of the regulations with which it must comply, ensuing from the applicable legislation. An immediate and full response is made to any changes, and the revised procedure is established appropriately in RNW Media's compliance processes.

There are no risks or uncertainties to report which have had a significant impact in 2016.

#### Financing and cash flows

Given RNW Media's liquidity, there is no separate financing need. In 2017, advances from the Ministry of Foreign Affairs will provide sufficient cash flows and no external financing is deemed necessary.

Liquidity	2016	2015
Current ratio (Current assets + inventories) / Short-term liabilities)	0.85	2.01
Quick ratio (Current assets + inventories) / Short-term liabilities)	0.85	2.01
Solvency	2016	2015
Solvency ratio (Equity / Total assets)	0.54	0.75
Debt ratio (Total liabilities / Total assets)	0.46	0.25

### 2.4.3 Notes to the consolidated statement of income and expenditures

(All amounts are presented in €1,000, unless stated otherwise)

Income	Actual 2016	Budget 2016	Actual 2015
Grant from Ministry of Foreign Affairs (21)	<u>14,520</u>	<u>14,521</u>	<u>14,170</u>
	14,520	14,521	14,170

Grant from Ministry of Foreign Affairs

The grant for 2016 was approved by the Ministry of Foreign Affairs and disbursed in four tranches.

Revenues from projects (22)	Actual 2016	Budget 2016	Actual 2015
Revenues from projects	<u>1,389</u>	<u>1,784</u>	<u>1,175</u>
	1,389	1,784	1,175

The revenues from projects comprises the realised revenue resulting from training activities and media services.

Other operating income (23)	Actual 2016	Budget 2016	Actual 2015
Other operating income	1,387	1,370	1,507
Rental income	945	945	936
Other revenue	<u>10</u>	<u>1,000</u>	<u>144</u>
	2,342	3,315	2,587

Other operating income

These are the revenues from dB mediagroep B.V.

Rental income

This includes rental income from long-term lease of Witte Kruislaan 55 to AVROTROS.

Other revenue

Other revenue comprises project funding from third-party funds

## EXPENDITURES

Wages and salaries (24)	Actual 2016	Budget 2016	Actual 2015
Wages and salaries	5,471	5,841	6,848
Other staff costs	409	314	510
	<u>5,880</u>	<u>6,155</u>	<u>7,358</u>
	Actual	Budget	Actual
FTEs	2016	2016	2015
RNW Media	91.3	94.0	98.0
dB mediagroep B.V.	17.0	14.9	16.7
Total FTE average	108.3	108.9	114.7
RNW Media	88.8	94.0	93.0
dB mediagroep B.V.	13.8	14.9	19.0
Total FTE ultimo	102.6	108.9	112.0

In 2016, the number of FTEs decreased. The greatest effect of this reorganisation regarding FTEs will be seen in 2017. In 2016, the termination of temporary contracts was the primary cause of the decrease in FTEs compared to 2015.

### Compliance statement: standardisation of remuneration (WNT)

Since 1 January 2013, the Public and Semi-public Sector Senior Officials (Standard Remuneration) Act (WNT) has been applicable. This compliance statement has been prepared in accordance with the requirements of the Act that are applicable to RNW Media: the WNT maximum for development work.

The maximum remuneration payable at RNW Media in 2016 was €168,000. This applies pro rata according to the length of employment with the organisation and/or the number of contracted hours. As of 1 January 2016, for the first 12 months, for senior officials with no employment relationship a different remuneration is applicable, regarding both the duration of the assignment and the hourly rate.

## Remuneration to senior officials

Amounts x €1	J.G.A.M. Lampe	G.R. Zaal
Position	Programme director/CEO	General director/advisor
Term of office in 2016	1/1 - 31/12	1/1 - 31/12
Commitment (in FTE)	1.0	1.0
Former senior official?	no	no
(Fictional) employment relationship?	yes	yes
Individual maximum WNT	168,000	168,000
Fixed salary	127,432	148,805
Taxable expenses allowance	3,000	2,500
Deferred payments and benefits	10,873	11,028
Subtotal	141,305	162,333
-/- Undue paid amount	-	-
Total remuneration	141,305	162,333
Mandatory justification if exceeded	n/a	n/a
Data for 2015		
Term in office in 2015	n/a	1/1 - 31/12
Commitment 2015 (in FTE)	n/a	1.0
Fixed Salary	n/a	148,387
Taxable expenses allowance	n/a	-
Deferred payments and benefits	n/a	14,587
Total remuneration 2015	n/a	162,974

See document 1D Chamber of Commerce Extract (KvK uittreksel) 5-12-2016

See document 1D Chamber of Commerce Extract (KvK uittreksel) 13-10-2014

### Non-executive (supervisory) officers

Amounts x €1	B. Bot	T. Huibers	A. Chojnacka
Position	Chair of Supervisory Board	Chair of Supervisory Board	Member
Term in office in 2016	1/1 – 21/6	22/6 - 31/12	1/1 – 31 / 12
Applicable maximum WNT	11,875	13,256	16,800
Fixed Salary	999	1,665	2,048
Taxable expenses allowance	-	-	
Deferred payments and benefits	-	-	
Subtotal	999	1,665	2,048
-/- Undue paid amount	-	-	
Total remuneration	999	1,665	2,048
Mandatory justification if exceeded	n/a	n/a	n/a
Data for 2015			
Term in office in 2015	1/1 - 31/12	n/a	1/1 – 31/12
Fixed Salary	2,742	n/a	2,560
Taxable expenses allowance	-	n/a	
Deferred payments and benefits	-	n/a	
Total remuneration 2015	2,742	n/a	2,560

Amount x €1	A. van Melick	S. 't Sas	N. Kuppens
Position	Member of Supervisory Board	Member of Supervisory Board	Member of Supervisory Board
Term in office in 2016	1/1 – 31/8	1/1 - 31/12	31/8 - 31/12
Applicable maximum WNT	11,185	16,800	5,615
Fixed Salary	0	0	1,536
Taxable expenses allowance	-	-	-
Deferred payments and benefits	-	-	-
Subtotal	0	0	1,536
-/- Undue paid amount	-	-	-
Total remuneration	0	0	1,536
Mandatory justification if exceeded	n/a	n/a	n/a
Data for 2015			
Term in office in 2015	1/1 - 31/12	1/1 - 31/12	1/1 - 31/12
Fixed Salary	0	0	n/a
Taxable expenses allowance	-	-	n/a
Deferred payments and benefits	-	-	n/a
Total remuneration 2015	0	0	n/a

The Supervisory Board forgoes remuneration as of 2017.

Other reporting requirements in relation to the Public and Semi-public Sector Senior Officials (Standard Remuneration) Act (WNT)

Except for the (non) executive officers mentioned above, no other officials received a salary above the applicable WNT maximum in 2016. No severance payments were made in 2016 to other officials which are to be reported under the WNT, or which were or should have been reported under the WOPT or the WNT in previous years.

DG (Director General) standard

The DG standard is used within the development sector as a maximum for remuneration for senior positions. The standard is linked to the salary of the highest official in the Directorate-General for International Cooperation (DGIS) of the Ministry of Foreign Affairs. The standard for 2016 is maintained at €129,500 per year based on a 36-hour workweek. All functions within RNW Media meet this standard. The fixed annual salary of Ms J.G.A.M. Lampe is €127.072 based on a 36-hour working week. Mr G.R. Zaal had a 40-hour working week and his fixed annual salary was €128,958 based on a 36-hour workweek.

Social security contributions (25)	Actual 2016	Budget 2016	Actual 2015
Pension costs	398	1.869	646
Other social security contributions	<u>881</u>	<u>0</u>	<u>966</u>
	1,279	1,869	1,612

In 2016, social security and pension contributions were budgeted in total and not divided into pension contributions and other social security contributions.

Amortisation and depreciation respectively of intangible and tangible fixed assets (26)	Actual 2016	Budget 2016	Actual 2015
Tangible fixed assets	<u>334</u>	<u>662</u>	<u>415</u>
	334	662	415

#### Tangible fixed assets

The deductibles on tangible fixed assets decreased in 2016 compared to 2015, because no investments took place in 2016 and the tangible fixed assets were totally deductible. In the 2016 budget, the rented building was reported as a fictitious annual impairment. In reality there has been an increase in value.

Other changes in value of fixed assets (27)	Actual 2016	Budget 2016	Actual 2015
Revaluation	<u>-265</u>	<u>0</u>	<u>-305</u>
	-265	0	-305

The leased building on Witte Kruislaan is classified as an investment property. Based on a valuation at the beginning of 2017 applying 31 December 2016 as the valuation date (fair value of €10 million) the change in fair value at 265K is recognised in the statement of expenditure and income and a revaluation reserve charged to the general reserve was created equal to the difference between the fair value before and after the revaluation.

Direct production costs (28)	Actual 2016	Budget 2016	Actual 2015
Freelancers and correspondents	3,294	2,844	1,815
Other programme and marketing costs	<u>3,099</u>	<u>5,396</u>	<u>1,594</u>
	6,393	8,240	3,409

For the planned marketing activities in 2016, a significant amount was budgeted for a marketing campaign that was set up in 2015. However, the campaign was not pursued in 2016.

Direct distribution costs (29)	Actual 2016	Budget 2016	Actual 2015
Transmitter and satellite rental and other distribution costs.	167	179	154
	<u>167</u>	<u>179</u>	<u>154</u>

External hiring and other third party costs (30)	Actual 2016	Budget 2016	Actual 2015
External hiring	1,652	1.053	639
Other third party services	<u>8</u>	<u>100</u>	<u>84</u>
	1,660	1.153	723

#### External hiring

The costs of external hiring increased due to a number of personnel leaving whose work had to be replaced by temporary staff. The reorganisation also meant some temporary staff were hired to replace staff who were made redundant in the and were also exempt from work.

#### Other third party services

In 2016, the focus was on the new grant application to the Ministry of Foreign Affairs, and the associated reorganisation. For this reason, less time and money was spent on research, conducted either internally or externally. This research was restarted at the end of 2016 and will continue in 2017.

Other organisational costs (31)	Actual 2016	Budget 2016	Actual 2015
Office premises costs	432	475	577
Project costs	1	0	956
Other costs	<u>5.906</u>	<u>3.747</u>	<u>3.212</u>
	6.339	4.222	4.745

#### Office premises costs

In 2016, little maintenance work was carried out on the RNW Media office building and the AVROTROS building. The costs associated with the main building were paid from equity, to prevent this from being presented as an activity in conjunction with the grant from the Ministry of Foreign Affairs. Expenses in association with the lease of the building amounted to €167K.

## Project costs

De project costs are expenses related to training activities.

Reorganisation costs dBmg (32)	Actual 2016	Budget 2016	Actual 2015
Reorganisation costs	<u>0</u>	<u>0</u>	<u>300</u>
	0	0	300

## FINANCIAL INCOME AND EXPENSES

Financial income and expenses (33)	Actual 2016	Budget 2016	Actual 2015
Other interest receivables and similar income	1	0	23
Other interest expenses and similar charges	<u>-1</u>	<u>-2</u>	<u>-2</u>
	0	-2	21

This accounting contains the interest income from banks over the credit balance of the bank account and the interest receivables that were charged the organisation. An interest rate of Euribor + 1.5 percent is charged to the organisation's current accounts.

Interest expenses relate to interest paid to the bank on the debit balances of the bank accounts.

Taxes (34)	Actual 2016	Budget 2016	Actual 2015
Taxes	<u>10</u>	<u>0</u>	<u>2</u>
	10	0	2

Tax relates to the change in the deferred tax liability of dB mediagroep B.V.

Minority interest (35)	Actual 2016	Budget 2016	Actual 2015
Minority interest	<u>-29</u>	<u>0</u>	<u>145</u>
	-29	0	145

Minority interest concerns the result of the participation of dB mediagroep B.V. in 2016.

## 2.5 Company Balance Sheet as of 31 December 2016

After appropriation of profit

(x €1,000)

<b>ASSETS</b>	<b>2016</b>	<b>2015</b>
<u>Fixed assets</u>		
Tangible fixed assets (1)	11,509	11,512
Financial fixed assets (2)	<u>318</u>	<u>94</u>
	11,827	11,606
<u>Current assets</u>		
Inventories (3)	1	1
Receivables (4)	3,877	1,876
Cash at bank and in hand (5)	<u>2,402</u>	<u>3,677</u>
	<u>6,280</u>	<u>5,554</u>
<b>Total assets</b>	<b>18,107</b>	<b>17,160</b>

(x €1.000)

<b>Shareholder's equity and liabilities</b>	<b>2016</b>	<b>2015</b>
<u>Equity</u>		
Issued share capital (6)	0,1	0,1
Appropriated funds: personnel (7)	358	2,341
Appropriated funds: Ministry of Foreign Affairs (8)	0	2,702
Appropriated funds projects (9)	167	0
Revaluation service (10)	1,100	835
General reserve (11)	8,436	7,826
	10,061	13,704
<u>Provisions</u>		
Pension provision (12)	13	80
Tax provision (13)	0	567
Other provisions (14)	489	184
	502	831
<u>Current liabilities</u>		
Trade creditors (15)	786	301
Group companies (16)	9	5
Other taxes and social security contributions (17)	300	317
Other liabilities (18)	207	1,377
Accruals and deferred income (19)	6,242	625
	7,544	2,625
<b>Total equity and liabilities</b>	<b>18,107</b>	<b>17,160</b>

## 2.6 Company Statement of Income and Expenditure for 2016

	2016	2016	2015	2016
(x €1,000)	Actual	Budget	Actual	Actual/ Budget
Profit from participating interests after tax (20)	0	0	-24	0%
Other profits after taxes (21)	-3,643	-3,010	-64	-21%
<b>Results after taxes before appropriation</b>	<b>-3,643</b>	<b>-3,010</b>	<b>-88</b>	<b>-21%</b>
		2016	2015	
Profit before appropriation		-3,643	-88	
Charged to DSO appropriated funds		0	165	
Charged to appropriated funds for personnel (7)		1,187	377	
Release from appropriated funds for personnel (7)		796	0	
Charged to Ministry of Foreign Affairs appropriated funds (8)		2,621	426	
Charged to project development reserve		0	561	
Charged to Ministry of Foreign Affairs appropriated funds regarding rent (8)		81	65	
		<u>1,042</u>	<u>1,506</u>	
Additions to Ministry of Foreign Affairs appropriated funds (8)		0	0	
Additions to appropriated fund for projects (9)		-167	0	
Additions to revaluation reserve (10)		-	-	
Additions to general reserve (11)		265	305	
Profit after appropriation		<u>-610</u>	<u>-1,201</u>	
		0	0	

## **2.7 Notes to the Consolidated Balance Sheet 2016**

### **2.7.1 Principles of valuation and the determination of results**

The financial statements 2016, the balance sheet and the statement of income and expenses are in accordance with the guidelines for annual reporting by not-for-profit organisations.

The accounting policies are disclosed in the consolidated financial statements.

In accordance with Article 402, Title 9, Book 2 of the Civil Code, RNW Media has included a short version of the statement of income and expenses in the financial statements.

## 2.7.2 Notes to the consolidated balance sheet

(All amounts are stated in €1,000 unless stated otherwise.)

### ASSETS

#### FIXED ASSETS

##### Tangible fixed assets (1)

	2016	2015
Land and buildings	11,399	11,302
Other fixed operating assets	<u>110</u>	<u>210</u>
	11,509	11,512

The tangible fixed assets include the office buildings in Hilversum (the Netherlands) and in Costa Rica.

	Land and buildings	Other fixed operating assets	Not used in business operations	Total
Carrying amount at 31/12/2015	9,969	211	1,332	11,512
Investments		2		2
Divestments				
Revaluation	265			265
Depreciations	-167	-103		-270
Carrying amount at 31/12/2016	10,067	110	1,332	11,509
Accumulated acquisition value	13,843	1,547	7,327	22,717
Accumulated depreciation	-4,876	-1,437	-5,995	-12,308
Accumulated revaluations	1,100			1,100
Carrying amount at 31/12/2016	10,067	110	1,332	11,509

The main building on Witte Kruislaan has been renovated for the purpose of lease to AVROTROS. There is a lease for a period of 15 years, starting on 1 January 2014. Due to the nature of lease, the building is classified as investment property and is valued at fair value.

The fair value of the investment property was determined by an independent expert in January 2017. The valuation is according to the RICS standard. As of 31 December 2016, the fair value is established at €10 million in a rented state.

Due to measurement at fair value, no depreciations or provision for major maintenance is recognised.

The initial annual rent of the investment property is €900K (excluding VAT). The rent will be annually indexed by 1.0 percent. The leased object will only be used for office, archive, meeting, studio, and parking space by the lessee. According to the lease, the costs of maintenance, restoration and renovation are borne by RNW Media.

An offer on the building in Costa Rica has been accepted, and the sale is in the final stages. The fair value was €37K and the sales value should exceed this amply.

#### Financial fixed assets (2)

	2016	2015
Participating interests in group companies	0	0
Loan to group companies	94	94
Current balance group companies	<u>224</u>	<u>0</u>
	318	94
Participating interests in group companies		
Carrying amount at 1 January		0
Profit participation		117
Devaluation participation		<u>-117</u>
Carrying amount at 31 December		0

#### Participation in group companies

This is a 75 percent participating interest. The profit from this participation comprises 75 percent of €118K – €88K. Since the valuation according to net equity method is negative, value is set at nil. In this situation, RNW Media is not liable for debts and has no intention to settle the debts of dB mediagroep B.V. No provision has therefore been formed.

#### Loan to group companies

Nominal worth	188
Provision	<u>-94</u>
Carrying amount at 31 December	94

A provision of 50 percent (of €188) has been formed. The provision has been made because dB mediagroep B.V. may be unable to repay the loan.

#### Current accounts group companies

Nominal worth	318
Provision	<u>-94</u>
Carrying amount at 31 December	224

The group company current account comprises the current account with dB mediagroep B.V. at €318.

A provision of 50 percent of a portion of the balance of the dB mediagroep B.V. current account (50 percent of €188K) has been made because dB mediagroep B.V. may not be able to pay the debt. The temporary increase in the current account credit which RNW Media made available in 2016 in relation to the reorganisation at dB mediagroep B.V. will be converted into a share premium on the shares held by RNW Media in 2017. No provision has therefore been made for this portion of the current account (€130K).

#### CURRENT ASSETS

##### Inventories (3)

	2016	2015
Office supplies	<u>1</u>	<u>1</u>
	1	1

Office supplies are used for own disposal.

##### Receivables (4)

	2016	2015
Trade receivables	126	124
Amounts receivable from subsidiaries		108
	0	
Other taxes and social security contributions receivable	50	105
Receivables related to pensions	14	0
Prepaid pension contributions	453	627
Other receivables	2,916	99
Prepayments and accrued income	<u>318</u>	<u>813</u>
	3,877	1,876

##### Trade receivables

Trade receivables include account receivables on third parties for rendered services, projects and rent. There is no provision for doubtful debts.

In the account for other receivables, an amount of €2,800K was included, relating to a claim for a grant amount owing from 2016 from the Ministry of Foreign Affairs.

Under Other Receivables, no post was included that runs longer than a year.

##### Cash at bank and in hand (5)

	2016	2015
Cash at bank and in hand	<u>2,402</u>	<u>3,677</u>
	2,402	3,677

This account consists of cash at bank and in hand of RNW Media. The cash at banks in Bonaire and Costa Rica will be credited to RNW Media in 2017, after deduction of costs.

The interest over bank balances was 0.03 percent in 2016 (2015: 0.64 percent).

The cash in the bank is at the free disposal of RNW Media.

RNW Media has access to a credit facility in the current account of €1.5 million.

## EQUITY AND LIABILITIES

### EQUITY

	2016	2015
Equity		
Issued share capital	0.1	0.1
Appropriated funds personnel	358	2,341
Appropriated funds Ministry of Foreign Affairs	0	2,702
Appropriated funds projects	167	0
Revaluation reserve	1,100	835
General reserve	<u>8,436</u>	<u>7,826</u>
	10,061	13,704

There is a difference between the equity as recognised in the company financial statements and the consolidated financial statement. This difference is €243K and concerns the minority interest (€108K) in the equity of dB mediagroep B.V., the valuation of the subsidiary (dB mediagroep B.V.) at nil in the company financial statement (€323K), the impairment of the loan to group companies (€94K) and the current account group companies (€94K).

### Issued share capital (6)

	2016	2015
Issued share capital	<u>0.1</u>	<u>0.1</u>
	0.1	0.1

The placed and issued share capital consists of €45 ordinary shares.

### Appropriated funds: personnel (7)

	2016	2015
Appropriated funds: personnel	<u>358</u>	<u>2,341</u>
	358	2,341

The movement of the appropriated funds personnel is as follows:

Carrying amount at 1 January	2,341
Withdrawals	-1,187
Releases	<u>-796</u>
Carrying amount at 31 December	358

In accordance with the final settlement with the Ministry of Education, Culture and Science, an appropriated fund for personnel was formed. This is a fund provided to RNW Media by the ministry in 2012 in case of a potential discontinuance of the organisation, from which no individual rights can be derived. The period of discontinuance is not limited and is in the future. No further conditions were made for this fund.

An appropriated fund, as further defined in the Directive for Annual Reporting Council 640 for foundations and not-for-profit organisations, refers to ‘established equity’. The objective is clearly determined by third parties, in this case being the Ministry of Education, Culture and Science. The management of RNW Media’s management therefore cannot change the goal of the provided funds.

In accordance with agreements made with the Ministry of Foreign Affairs, RNW Media is permitted to use its grant to pay for the reorganisation, as well as cover any negative results. Reorganisation costs relating to the accumulated rights of personnel dating from before the period of subsidy from the Ministry of Foreign Affairs have been taken from the appropriated funds for personnel.

In 2016, 53 personnel made use of the redundancy scheme. The compensation for 28 personnel who were employed during the period of the Ministry of Education, Culture and Science is withdrawn from this fund.

At the end 2016, RNW Media reassessed that part of the fund for which appropriation had expired and withdrew it to the general reserve.

Appropriated funds Ministry of Foreign Affairs (8)

	2016	2015
Appropriated funds Ministry of Foreign Affairs	<u>0</u>	<u>2.702</u>
	0	2.702

In accordance with the grant from the Ministry of Foreign Affairs of 7 December 2012, an appropriated fund for the Ministry of Foreign Affairs was formed. This appropriated fund is in accordance with the grant, and is used exclusively for the activities described fall within the grant and are included in the RNW Media programme proposal of 7 September 2012. The activities are also referred to as activity 24718 and subject to the grant conditions. In consultation with the Ministry of Foreign Affairs, the funds were used for the remaining project period (until the end of 2016).

The Ministry of Foreign Affairs later made the grant period of 2013-2016 budget neutral for an additional year, so reorganisation costs incurred in 2017 could be paid for using the 2013-2016 grant, thereby making this appropriated fund useable.

The movement of the Ministry of Foreign Affairs appropriated fund is as follows:

Carrying amount at 1 January	2,702
Withdrawals	<u>-2,702</u>
Carrying amount at 31 December	0

In line with the agreements with the Ministry of Foreign Affairs described above, RNW Media is permitted to cover the costs of the reorganisation from the grant, as well as the Ministry of Foreign Affairs appropriated fund, to cover any negative result. Reorganisation costs relating to the accumulated rights of personnel dating from before the period of subsidy from the Ministry of Foreign Affairs have been taken from the appropriated funds for personnel.

Appropriated Fund: Projects (9)

	2016	2015
Appropriated Fund: Projects	<u>167</u>	<u>0</u>
	167	0

The state of the appropriated funds for projects is as follows:

Carrying amount at 1 January	0
Additions	<u>167</u>
Carrying amount at 31 December	167

Revaluation reserve (10)

	2016	2015
Revaluation reserve	<u>1,100</u>	<u>835</u>
	1,100	835

The leased building on Witte Kruislaan is classified as an investment property. Based on a valuation at the beginning of 2017 applying 31 December 2016 as the valuation date (fair value of €10 million) the change in fair value at 265K is recognised in the statement of expenditure and income and a revaluation reserve charged to the general reserve was created equal to the difference between the fair value before and after the revaluation.

The state of the revaluation reserve is as follows:

Carrying amount at 1 January	835
Additions	<u>265</u>
Carrying amount at 31 December	1,100

General reserve (11)

	2016	2015
General reserve	8,436	7,826
	<u>8,436</u>	<u>7,826</u>

The general reserve is as follows:

Carrying amount at 1 January	7,826
Addition result 2016	529
Rent building	<u>81</u>
Carrying amount at 31 December	8,436

The lease of the office building at €81K comprises €246K for the incremental rental costs for office space in use by RNW Media for the activities funded by the Ministry of Foreign Affairs, minus €165K depreciation on the office space. In the valuation, the current rental value is deemed to be subservient to these activities, and is credited to the general reserve.

For the appropriation and division of the results of 2016, see the statement of income and expenditures. No limited spending capabilities are prescribed for other reserves.

Pension provision (12)

	2016	2015
Pension provision	<u>13</u>	<u>80</u>
	13	80

The pension provision regarding Article 44 of the industry-wide pension fund (Stichting Bedrijfstakpensioenfond) for the media (PNO) refers to the transitional arrangement (1 January 2006) for employees who entered into service before 1 January 1997. The value of the provision is based on the present value of the indicative premiums when the employee reaches 60 years of age, taking into account the remaining time for accrual of pension rights. The arrangement will continue until 2020. In 2020, the rights for the participants will be charged to RNW Media.

The pension provision is as follows:

Carrying amount at 1 January	80
Release	-67
Charges	<u>0</u>
Carrying amount at 31 December	13

With a term of less than 1 year is €0K.

Tax provision (13)

	2016	2015
Tax provision	<u>0</u> 0	<u>567</u> 567

At the time of RNW Media's change of activities in 2013, consultations were held with the Tax Authorities on the application of VAT. In the autumn 2014, the Tax Authority gave its opinion regarding the application of VAT from 2013 onwards. In 2014, a provision was made taking into account the principles described (RNW Media is not a business in the sense of the law, and the Decree of 5 January 1990, no. VB 89/2161 regarding VAT and development aid organisations is not applicable). In 2016, the Tax Authority made a final decision on the application of VAT at RNW Media and imposed additional tax declarations amounting to €492K, which was taken from the provision.

The state of the provision for taxes is as follows:

Carrying amount at 1 January	567
Charges	-519
Release	-48
Carrying amount at 31 December	0

Other provisions (14)	Maintenance Provision	Long- service Provision	Reorganis- ation provision	Total
Carrying amount at 1 January	121	63	0	184
Additions	40	0	303	343
Releases	0	-31	0	-31
Charges	0	-7	0	-7
Carrying amount at 31 December	161	25	303	489

#### Major maintenance provision (€161K)

For the main building, there is no longer a provision for major maintenance due to the valuation at fair value. For RNW Media's office building there is a provision for major maintenance of €161K, of which €37K is for the short term. This provision is based on a maintenance plan.

#### Long-service payment provision (€25K)

The provision for long-service payments has been made for employees who have completed 12.5, 25 and 40 years of service to RNW Media.

The most important actuarial principles in determining the payments are:

- General salary increase of 2.5 percent per year;
- With regard to the termination of employment due to death, mortality rates are based on the most recent prognosis table published by the Dutch Actuarial Society: AG2016. The current element of this provision, shorter than one year, amounts to €9K.

#### Reorganisation cost provision (€303K)

In 2016, RNW Media underwent a major reorganisation. If by 31 December 2016 no settlement agreement was signed with a redundant employee, these costs are included in 2016 as a provision in the balance sheet. A provision was also made for the estimate of the maximum defined severance payment in the signed settlement agreements (for legal aid advice and training).

## CURRENT DEBTS

Trade payables (15)	2016	2015
Trade payables	<u>786</u>	<u>301</u>
	786	301
Related parties (16)	2016	2015
Related parties	<u>9</u>	<u>5</u>
	9	5
Other taxes and social security contributions (17)	2016	2015
Other taxes and social security contributions	<u>300</u>	<u>317</u>
	300	317
Other liabilities (18)	2016	2015
Accrued leave allowance	168	207
Taxes for expatriate staff	25	44
Other liabilities	<u>14</u>	<u>1.126</u>
	207	1.377

The accrued leave allowance concerns the accumulated leave entitlements of RNW Media staff as of 31 December 2016. Taxes for expatriates includes the tax balance still to paid for expatriate personnel as of 31 December 2016. The nature of this liability is short term.

Accruals and deferred income (19)	2015	2014
Other costs payable	<u>6,242</u>	<u>625</u>
	6,242	625

With regard to the reorganisation that began in 2016, the costs of which were established as of 31-12-2016 but not to be paid until 2017 are included in the results of 2016. This concerns

agreements with employees who have been made redundant on compensation, and on costs for training, mediation, and legal, financial and pension advice, as well as salary costs for redundant employees who are exempt from work in 2017. Among the costs still to be paid, €2,418 million is recorded as a commitment to reorganisation costs. The nature of this liability is short term.

#### ARRANGEMENTS AND COMMITMENTS NOT SHOWN IN THE BALANCE SHEET

The commitments not shown in the balance sheet at the end of 2016 are: €797K.

Of this, the expiration dates are:

Within a year €698K

Between 1 and 5 years: €99K

After 5 years: nil

Furthermore, ING has a right of distraint on the assets, inventories and receivables.

A budget neutral extension has been made to the 2013-2016 grant period, so that costs related to the reorganisation and falling in 2017 can be deducted from the 2013-2016 grant.

RNW Media and dB Media Group B.V. together comprise a single tax entity for VAT, and are therefore severally liable for the obligations of the fiscal entity as a whole.

### 2.7.3 Notes to the company statement of income and expenditures

(All amounts are presented in €1,000, unless stated otherwise)

Income (20)	Actual 2016	Budget 2016	Actual 2015
Share in profit/(loss) of participating interests	88	0	-435
Impairment and appreciation of subsidiary	<u>-88</u>	<u>0</u>	<u>411</u>
	0	0	-24

Result of participating interests after tax concerns the result of the participation in dB mediagroep B.V.

Other results after tax (21)	Actual 2016	Budget 2016	Actual 2015
Other results after tax	<u>-3,643</u>	<u>-3,010</u>	<u>-64</u>
	-3,643	-3,010	-64

### 2.7.4 Events after balance sheet date

There are no events after the balance sheet date.

## 3 Other information

### 3.1 Appropriation of profit for 2016

In accordance with Dutch Accounting Standards Board (DASB) guideline 640, the appropriation of profit is included as part of the statement of income and expenditures.