

# RNW Media Annual report of the Director and Supervisory Board 2017

30 April 2018

## General information

Statutory Name:	Stichting RNW Media
Also known as:	RNW Media, Radio Nederland Wereldomroep
Legal Form:	Foundation (Stichting)
Chamber of Commerce no.:	32022621
RSIN/Fiscal no.:	001940612
Date of Registration:	15-04-1947
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E-mail:	info@rnw.org
Website:	www.rnw.org
Certifications:	ANBI; ISO Partos 9001
CEO:	Jacqueline Lampe

## 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

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.

#### Target group

RNW Media focuses on young people aged 15 to 30 who live in fragile or socio-politically repressive states, what we call "restrictive settings" at RNW Media. In these settings, young people are often a large majority of the population.

## Core Values

RNW Media is a value-driven organisation. We are:

- Aspirational—we strive to give our best for the next generation in restrictive areas by awakening their aspirations.
- Honest—we keep integrity as our point 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.

## Geographic Focus

In 2017, we focused our work in 12 countries. In Sub-Saharan Africa we had platforms in Burundi, Democratic Republic of Congo (DRC), Kenya, Nigeria and Uganda. In the Middle East and North Africa, we worked in Egypt, Libya, Syria and Yemen. In Asia, we worked in India and China, and in Latin America in Mexico.

## Donors

### *Dutch Ministry of Foreign Affairs*

In November 2016, the Dutch Ministry of Foreign Affairs allocated RNW Media a total amount of € 34 million for four years (2017-2020) to work on the implementation of our new strategy. To fit these strategic ambitions, RNW Media in 2017 focused on building the organisational programme, “*Enabling the Next Generation*”, to achieve impact in social change, work more efficiently and find diversified sources of income. In addition, the Free Speech programme (2014-2016), also funded by the Dutch Ministry of Foreign Affairs, was rounded off and fully accounted for in 2017.

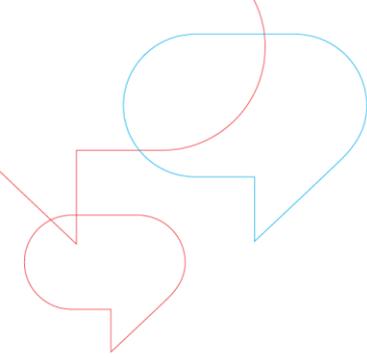
### *Other funding*

In 2017, AmplifyChange, which provided a € 2 million grant for two years in 2016, approved additional funding for the Love Matters programme. New money from EuropeAid for RNW Media's Justice4her platform in China was secured as well. Other donors, such as UNESCO, contributed to our platforms in the Middle East. Nuffic, the Ford Foundation, ideas42, the Packard Foundation and TechSoup all funded a variety of trainings and projects. A proposal to the Dutch Postcode Lottery to work on data, digitalisation and the sustainability of our platforms and teams was granted € 1 million in early 2018.

## Programmes and results

Under its organisational programme, RNW Media has three programmes to support young people to effect social change through a data-driven and positive, aspirational approach. Our Citizens' Voice programme addresses social cohesion and inclusive governance, the sexual and reproductive health and rights (SRHR) programme, Love Matters, addresses love, sex and relationships, and our RNTC Media Training programme provides capacity building for persuasive storytelling for behaviour change through our accredited internationally renowned training institute.

The aim of the 2017 RNW Media Annual Plan was “Make it work, make it grow: Clarifying, guiding, connecting, anchoring”. At the organisational level, RNW Media realised plans with regard to the overall organisational structure. We initiated an overarching shift towards having a global workforce, and developed systems and processes for collaboration across a global team. We raised funds that can yield strong dividends in the future from institutional donors and partnerships.

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At programme level, an intensive inception phase took place, followed by a complex annual planning process for 2018. We successfully obtained input and engagement from the users. That input and engagement were necessary for developing and delivering an Enabling the Next Generation programme truly tailored to the needs and aspirations of young people living in restrictive settings. Highlights of the 2017 results of the three programmes follow below.

### *Citizens' Voice*

After an intensive inception process that ran through the beginning of 2017 and involved key consultations with young people and rigorous country context analyses, we adjusted the content focus of the Citizens' Voice. Our focus on democratisation proved to be too risky for roll out in-country, given the shrinking space for civic participation and the repression young people face.

Citizens' Voice in the South of Libya, a region usually overlooked by donors and NGOs, organised a conference bringing together 40 young change-makers. In Syria, RNW Media created a landmark. The local team built the first online community for young people to identify their issues and raise them to decision-makers. In Yemen, the Yemen Youth Panel organised a debate on new media together with UNESCO for more than 300 people. And in China, the Justice4her platform established partnerships with more than 40 international and local organisations, including UN Women and the Beijing Normal University.

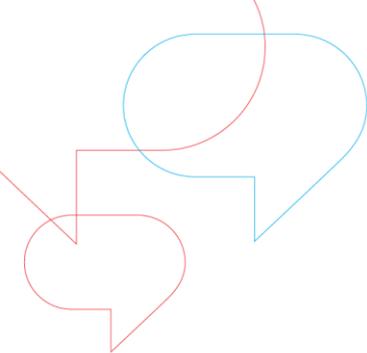
### *Love Matters*

In 2017, RNW Media focused on the Love Matters' programme in the countries becoming independent and sustainable. We went for a global network and brand model according to which, with technical assistance and capacity building from RNW Media, Love Matters platforms could become autonomous partners belonging to a global Love Matters brand and network. We started with Love Matters Mexico (Hablemos de Sexo y Amor). With Mexico Vivo, the national organisation taking over Love Matters Mexico, we developed the global network model and brand process and defined the essential characteristics for success.

With support from AmplifyChange, Love Matters launched the Rights, evidence, action—amplifying youth voices programme to support young Lesbian, Gay, Bi-sexual and Transgender people (LGBT) in India, Kenya, Nigeria and Uganda to claim their SRHR. Love Matters and the Institute of Development Studies produced a report in 2017, "Sex Education in the Digital Era". Love Matters India won prizes for several (online) campaigns. Love Matters in Egypt grew significantly through an online campaign against gender based violence, and in China, Love Matters organised a national festival on SRHR.

### *RNTC Media Training*

RNTC, RNW Media's media training centre, developed a clear strategy, plan and set of activities. The mandate of the training centre and its position as part of RNW Media were clearly articulated. Now the goals for RNTC are two-fold: providing capacity development for RNW Media and become financially sustainable through commercial ventures. Consequently, RNTC media training functions as a third programme of RNW Media; it is capacity building focused as opposed to Love Matters and Citizens' Voice, which are thematically focused.



In 2017, RNTC became accredited as an academic institution through the NL Qualification Framework (NLQF). That means the courses it gives can provide academic credit. RNTC can offer a one-year honours programme, and in 2018 that will be extended to a longer master’s programme. The online academy was also further developed to educate in multiple languages and serve a broader range of trainees

### Sustainability

We want the digital communities we build to be independent and locally owned long after grant cycles end. Last year we released platforms no longer fitting the organisational strategy, but we ensured they are able to stand on their own two feet. El Toque, Ivoire Justice, What’s Up Africa were all released last year. The Cuban platform is now independent. The Ivoirian one is now called “Observateur Citoyen”, is hosted by the Centre for Education for a Sustainable Society (CESD) and receives support from the Open Society Institute for Western Africa (OSIWA). What’s Up Africa was handed over to BBC World News.

In 2017, we began working with Spring Impact (formerly the International Centre for Social Franchise) to create a model for sustainable impact for the Love Matters network. The model of choice is a global network and brand model in which independent partners take full responsibility for nurturing a vibrant Love Matters community of young people, while still supporting the global brand, adding to the global impact and becoming financially independent. Together with Spring Impact we set out the blueprint for sustainability for the Love Matters programme using Hablemos de Sexo y Amor (Love Matters Mexico) as the leading case.

### Reach

Overall, it is clear RNW Media has a very active and engaged community: from over 10 million social media community members in 2017, those who engaged interacted an average of approximately seven times. Also, as Love Matters China became active on WeChat (reported to be China’s most popular app) we got a significant rise in the platform’s social media views and gain in audience. At the same time, a number of different factors affected our reach. In 2017 we redesigned the Love Matters websites to improve navigation and the ability to find the content young people are searching. We released platforms, for example, What’s Up Africa, such that we no longer count their impact and, we were affected by Facebook’s algorithm change in the Summer last year. See data below.

Indicator	Results 2013	Results 2014	Results 2015	Results 2016	Results 2017
1. Total number of website users	11m	17m	36m	41m	33m
2. Total number of web visits/sessions	13m	20m	45m	49m	38 m
3. Total number of website page views	32m	44m	85m	96m	66m
4. Total number of Chinese social media views		188m	126m	143m	366.7m
5. Total size of all social media communities (end of year)	1.4m	3.2m	5.8m	10.2m	10.3m
6. Total interactions (Likes, comments, shares)	*	5.8m	9.0m	10.8m	77.9m
7. Total number of video views	4.8m	13.1m	24.4m	47.5m	18.7m
Total content views (sum of 3, 4 and 7)	36.8m	245m	235m	286m	451.4m

\* In 2013 there was no data collection methodology for Chinese Social Media yet. The China team was working on it, but it was still experimental and therefore not reliable.

## Looking ahead

In 2018 RNW Media will be looking for new creative ways to bring young people into the communities and engage them actively. New distribution methods for campaigns will be explored, for example through unexpected partnerships, to increase reach and impact. The online data collection will be leveraged through an innovative and new text-mining tool intended to lead to more targeted, relevant interventions. Young people's concerns and aspirations around entrepreneurship and economic opportunities will be accommodated as well. As a first step to address this, RNW Media will join forces with Dutch NGOs working on young people and economic empowerment.

The global Love Matters programme will go regional, with Love Matters Africa, Love Matters *Afrique*, and Love Matters Arabic. New Love Matters platforms will be launched in Rwanda, DRC and Burundi. Citizens' Voice will launch platforms in Mali and Egypt. Love Matters India will become independent in 2018 as part of our sustainability planning.

A big focus for 2018 is to expand our pioneering role in the field of digital media, a role which we will enhance through our new grant from the Dutch Postcode Lottery approved early 2018. Based on the pilots we successfully rolled out RNW Media will develop a Natural Language Processing tool to mine text and scrape conversations. We will use the tool to monitor and analyse dialogue on our websites and social media platforms in order to detect sentiments expressed and monitor if they change over time. As part of our efforts we will build models for all the main languages used in our target countries. Importantly, the tool will also allow us to measure the effect of our activities more effectively and objectively, feeding directly into our Planning, Monitoring, Evaluation and Learning (PMEL) system.

Importantly, in line with our data approach we will also focus on complying with the new European privacy regulations (GDPR). The GDPR focuses on the policies, processes and protection of all data collected, the privacy of personal data collected, and the use and sharing of this data. In December we worked with a Dutch law firm to do an initial assessment for our organisation.

To diversify our income stream in 2018, RNW Media will implement the following promising business approaches and monitor their performance:

- Through RNTC and China Business services we will raise one million in diversified income.
- We will develop a prototype for online giving, piloted in India.
- We will develop a prototype for corporate partnerships.
- We will have strategy development with external experts for social franchising (see section on sustainability above).
- We will have new value propositions for business in China, with two prototypes developed.

## 1.2 RNW Media in 2017

We went from managing our digital communities and producing content for our digital platforms in Hilversum to doing that work directly in our focus countries. To fit that new decentralised way of working we adjusted our organisational structure; 90% of our job functions were new last year. New or transformed departments took shape: Programmes and Implementation; Business Development; and Finance and Operations. Each of these has a senior manager on the Management Team. Human Resources and Stakeholders were formed to be the two respective supporting teams under the CEO. In addition, we launched a larger digital and data team, which we then folded under Programmes and Implementation.

## Staff

We recruited many new employees. In Hilversum we brought on more than 20 people, including digital and data talent in an extremely competitive commercial market. We also brought on interim expert capacity for quick action on projects. As of 31 December 2017, there were 49 people working for RNW Media in Hilversum. Sixteen different nationalities were represented, and 67% were women and 33% men. In the target regions, we had 105 staff persons and contract workers, with 22 different nationalities represented, and 54% women and 46% men.

Continued strengthening of engagement and knowledge across the organisation took place through the third annual Global Week in September 2017. This corporate event brought 70 staff members together in interactive sessions to identify organisational challenges and find solutions, build personal strengths, and develop knowledge and skills.

## Language

The primary, working language of the organisation is English. This is logical given the wide variety of languages spoken by the staff. It emphasises that RNW Media is an international organisation.

## Management

In 2017, RNW Media's general management consisted of a CEO, Jacqueline Lampe. 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 ongoing business and strategic issues. The MT consists of the CEO, the Director of Programmes and Implementation, the Director of Finance and Operations and the Director of Business Development. The Senior Office Manager has a facilitating role. The Human Resource Manager and the Communications and Stakeholders Manager report directly to the CEO.

## Working conditions

Although RNW Media suspended the Collective Labour Agreement (CAO) for Broadcasting Staff in 2015, its basic standards were followed in 2017. 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 non-governmental organisations (NGOs) in future.

## Personnel representation

In 2017 a structure, Umoja/PVT, was set up to represent our personnel around the world. Umoja/PVT consists of five persons (its last member joined in December 2017). Three employees represent colleagues from Hilversum. These same three colleagues also form the PVT (*Personeelsvertegenwoordiging*, Personnel Representation group). Two additional colleagues part of Umoja/PVT represent colleagues in our implementation countries. Umoja/PVT meets on a quarterly basis with the CEO and on an ad hoc basis as needed. Issues Umoja/PVT addresses concern strategic issues, such as improving communication between the teams and the inclusion of all colleagues.

## Code of conduct

RNW Media endorses and follows the Partos Code of Conduct 2012. In 2017, RNW Media drafted a new Code of Conduct, with clear agreements regarding integrity, manners, good governance, quality and independence. In 2017 no incidents have been reported to the Management. The text of the Code of Conduct was adapted and finalised in Q1 2018 in light of the misconduct incidents affecting the humanitarian aid sector. Also in 2018, Whistleblower and Complaints Policies were finalised. These three policies are pending formal approval at the time of writing.

## 1.3 Business Development

In 2017, RNW Media firmed up its business development. In addition to income from capital (via real estate rental and participation in dB mediagroep B.V., a Dutch audio tech service company), RNW Media updated its income diversification strategy with a three-pronged focus on institutional donors, private foundations and selling innovative business concepts to specific investors.

We submitted 50 proposals, well surpassing our target of 32, and saw 50% of them make it to the second round. Overall, we had a 38% approval rate, again going beyond our commitment to a 15% approval rate. We delivered proposals to AmplifyChange, the Broadcasting Board of Governors (BBG), DfID, EuropeAid and the Dutch Postcode Lottery. We also submitted smaller proposals for RNTC trainings. Two highlight successes were the grant Justice4her won from EuropeAid to support the rights of women migrant workers, and the grant of the Dutch Postcode Lottery announced in early 2018. Furthermore, our teams also worked hard to raise funds for incidental activities. This paid off for Yaga Burundi, which received € 20,000 from CCFD-Terre Solidaire to support local events.

## 1.4 Finances

### Background

In partnership with the Dutch Ministry of Foreign Affairs we implemented the Freedom of Speech programme from 2013 through 2016. As part of that programme we set out to reinvent ourselves and transform into an independent non-profit organisation with a digital media focus. Our 2015 Midterm Review showed we had succeeded in doing that. As a result, the Dutch Ministry of Foreign Affairs invited us to apply for a final institutional grant for 2017-2020. Our application was successful, and at the start of 2017 we launched our new programme called, “Enabling the Next Generation”, under a four-year grant of € 34 million.

The need to build initiatives for sustainable impact underpinned our new social-change oriented programme. Accordingly, we would need to shift the management of our digital communities and the production of our digital content from Hilversum to the teams in our focus countries. That new decentralised way of working would mean reorganising RNW Media, a process that would continue into early 2017. As described above, we created new functions, teams and departments and adapted others. Many new people came on board, and we said goodbye to a number of others. We used our reserves and provisions accrued over the years to cover the costs involved. Consequently, our balance sheet went from € 18.3 million to € 13.4 million.

In addition, we closed out our aforementioned Freedom of Speech programme, which included releasing, handing over, or launching the handover of a number of platforms in 2017 (What's Up Africa, El Toque, Ivoire Justice, Hablemos de Sexo y Amor). Thus our new organisation came in line with our new strategy, "Enabling the Next Generation: young people, media and social change 2016-2021", and with our, "Enabling the Next Generation", Ministry-funded programme.

### *Participating interest*

As mentioned above RNW Media holds a 75% share in dB mediagroep B.V. The company closed the year with a positive result (€ 0.2 million). However, the equity remained negative (€ 0.3 million). In April 2018 RNW Media reached an agreement with the minority shareholder to buy its 25% shareholding, such that in 2018 RNW Media will own 100% of the shares of dB mediagroep B.V.

### *Local offices*

RNW Media ceased all activities in Costa Rica and sold related assets. For our operations in China we registered a Wholly Foreign Owned Entity (WFOE) under the name of "Sino Dutch Culture Communication (Shanghai) Co., Ltd." The entity becomes operational in 2018.

### **Accounts at 31 December 2017**

We closed 2017 with operating revenues totalling € 14.6 million, of which ten million came from the Dutch Ministry of Foreign Affairs for the Enabling the Next Generation programme. We had an additional € 4.6 million in income from other donors, like AmplifyChange, ideas42, Nuffic and Ford Foundation, as well as from real estate rental and sale, and our partial ownership of dB mediagroep B.V.

### **2017 Budget**

We budgeted for a deficit in 2017, but the deficit was not realised. First, we anticipated both the inception of the Enabling the Next Generation Programme and the releasing and handing over of our platforms would require greater budget; the Enabling the Next Generation Programme was the source of funding for the platforms to be released or handed over. Instead, we were able to keep spending down. The institutional grant from the Dutch Ministry of Foreign Affairs last year was for € 10 million. We spent the full grant according to the grant requirements and an additional € 0.1 million for a total of € 10.1 million. We were able to apply unrestricted funds, described below, to cover the slight overspend.

Second, we had sources of unrestricted revenues outside the grant from the Dutch Ministry of Foreign Affairs totalling € 1.7 million. We had positive results from the termination and unwinding of our operations in Costa Rica (€ 0.1 million in operational income and € 0.3 million from a real estate sale). Also the office building we rent out brought in net income after deduction of related expenses (€ 0.7 million) and was positively revalued (for an increase of € 0.4 million). In addition, we benefitted from the continuing recovery of dB mediagroep B.V. (for a positive result of € 0.2 million).

As a consequence of the above factors, we had remaining unrestricted revenue to add to our reserves. With our reserves we can help the organisation further invest in data and digital and in business development, in order to reach the ambitious strategic objectives. We can also use the reserves to compensate for deficits in future years as well. In the coming year management will develop a position on the adequate level of reserves for the organisation.

## Budget 2018

Thanks to our hands-on experience and research in 2017 we developed better insights and understanding of the digital arena. We knew, therefore, that RNW Media would need to invest more in data collection, storage and analysis and in digital innovation and development. As a result, we planned for a budgeted deficit for 2018 of € 2.5 million, which the Supervisory Board approved in October 2017.

Please see the formally approved 2018 budget below. It does not reflect new funds, for example, the new grants from the Dutch Postcode Lottery and EuropeAid or the increases in the existing Amplify Change grant, since the 2018 budget was approved in October 2017. An updated Financial Forecast 2018 in June will take the increased income into account.

<b>RNW Media Budget 2017, Actual Expenses 2017 and Budget 2018 (x €1,000)</b>	<b>Budget 2017</b>	<b>Actual 2017</b>	<b>Budget 2018</b>
<b>Income</b>			
Income from the Dutch Ministry of Foreign Affairs	9.989	10.000	7.989
Income from projects	1.698	2.344	1.940
Other operating income	2.355	2.295	2.250
<b>Total operating income</b>	<b>14.042</b>	<b>14,639</b>	<b>12.179</b>
<b>Expenses</b>			
Wages and salaries	3.156	3.360	4.052
Social security contributions	982	830	1.048
Amortisation and depreciation, respectively, of intangible and tangible fixed assets	279	275	278
Other changes in value of fixed assets	-	- 400	-
Direct production expenses	6.630	5.712	6.499
External hiring and other third party expenses	1.177	1.774	508
Other operating expenses	2.744	1.522	2.312
<b>Total operating expenses</b>	<b>14.968</b>	<b>13.073</b>	<b>14.697</b>
Result from operations	- 926	1.566	- 2.518
Financial result	- 4	- 7	-
<b>Surplus/deficit</b>	<b>- 930</b>	<b>1.559</b>	<b>- 2.518</b>
<b>Group result after tax and minority interest corrections</b>		<b>1.584</b>	

## 1.5 Risk management

Below is a list of the definitions we use to describe risks to RNW Media. Next follows a brief statement of our top five risks, and how we mitigate them.

### *Definitions*

1. Risk: identified risk
2. Likelihood: the chance, within the range low-medium-high, that the mentioned risk applies to RNW Media.
3. Low financial impact should risk become reality: < € 100.000 and measures can “easily” be taken to compensate for financial loss.
4. Medium financial impact should risk become reality: covers a range from € 100,000 to € 1 million, and intensive effort is needed to compensate for the financial loss.
5. High financial impact should risk become reality: > € 1 million, and measures to compensate for the financial loss are extremely difficult. The financial base is at serious risk.
6. Low non-financial impact should risk become reality: measures can “easily” be taken to rebalance.
7. Medium non-financial impact should risk become reality: intensive effort is needed to rebalance.
8. High non-financial impact should risk become reality: measures to rebalance are extremely difficult. The organisational base is at serious risk.
9. Level of control: level to which the organisation can influence/mitigate the risk in question.
10. Status: status of various identified mitigation steps.

### *Top five risks*

1. Increased pressure on (international) NGOs and the work they do.

This poses a high risk in terms of likelihood and impact, both financial and other. It is a risk over which we have weak control. It is difficult to do enough to mitigate this risk, as civic space is reducing constantly and almost everywhere.

To mitigate the risk:

- We focus on close cooperation with the international development sector organisation, Partos, and with other (human rights) actors to increase support for international development and the organisations involved; and
- We lobby with other Dutch actors, including the Dutch Ministry of Foreign Affairs and the embassies, to alleviate the pressure on civil society.

2. Physical safety and security in target countries

The associated risk is high in terms of likelihood, a medium risk in terms of financial impact and a high risk in relation to other impact. It is a risk over which we have moderate control.

To mitigate this risk:

- We have a safety and security protocol;
- We run trainings in collaboration with local partners;
- We have clear security and crisis management procedures;
- Local security officers send updates register incidents in our registration system;
- Our employees in The Netherlands are from the countries involved;
- We divert focus (temporarily) to less sensitive/political subjects;

- We can work from other countries and/or work with the diaspora of the countries in question; and
- We can be flexible in selecting programme focus and make adjustments to programmes during implementation if the local context requires it.

### 3. Digital safety and security

The associated risk is high in terms of its likelihood. With regard to financial impact it poses a medium level risk, and a high risk in relation to other impact. It is a risk over which we have moderate control. This risk and the physical safety and security risk described above are interlinked. Digital hacking could cause lack of physical safety and security for our teams in the countries.

To mitigate this risk:

- We have a digital security policy and work rules in place;
- We do (awareness) trainings in collaboration with experts, including collaborating with other international organisations and local parties;
- We engage in continuous monitoring of the safety and accessibility of our platforms, especially in high-risk countries;
- We have established a cloud-based digital work environment open only for all colleagues, Office 365, that accommodates differing levels of sophistication in internet access, allows for staff to be anonymous in their local contexts and makes it more difficult for third parties to access their digital data and information;
- We are adapting to comply to the European privacy regulations (GDPR) as mentioned above; and
- We support sharing knowledge and access to aliases and encryption methods.

### 4. War or severe and continuous violence and/or natural disasters

This risk is high in terms of its likelihood. In terms of financial impact the risk posed is low, but high when it comes to other impact. It is a risk over which we have weak control.

To mitigate this risk:

- We can work from other countries and/or work with the diaspora of the countries in question;
- We hire our employees in The Netherlands who are from the countries involved;
- We keep in touch with local partners;
- We engage in active monitoring of the situations in the countries where we work;
- We have a protocol and trainings on physical and digital safety;
- We stop activities if needed, according to established criteria;
- We have disaster preparedness; and
- We can adjust our programmes and targets during implementation.

### 5. Disappointing additional funding/income growth

This risk is medium in terms of its likelihood. In terms of financial and other impact the risk posed is high. It is a risk over which we have strong control.

To mitigate this risk:

- We have defined a priority target list of high potential donors and foundations and strengthened relations with them;
- We further intensify local/ international acquisition;

- We strengthen networking, with a clear focus based on strategy and target setting per programme and the individual staff involved;
- We do further donor diversification, income growth from private donors, corporations, and foundations;
- We monitor pipeline development strongly;
- We make the organisation as lean as possible, further reducing overheads through benchmarking with NGO sector;
- We train employees in acquisition and business development;
- We do prudent budgeting, including large income sources only when they are certain;
- We do continuous (short and long term) planning and adjusting, developing fall-back scenarios;
- We have a flexible staff policy, investing in core staff and a flexible workforce;
- We analyse the income and costs on fundraising activities; and
- We build reserve capacity in terms of commitments and reservations and have a continuity reserve.

## 1.5 Supervisory Board

### Purpose

The Supervisory Board is responsible for comprehensively supervising the Board's policy and the general affairs of the foundation and its associated organisation as well as, if applicable, its affiliated legal entities. The Supervisory 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. Note, the members of the Supervisory Board are not remunerated for their work in the Board: as of 2017 the members of Supervisory Board decided to waive their entitlement to financial compensation for their participation. To ensure control, there is a functional line between the Supervisory Board and the Director of Finance and Operations, and the latter is responsible for working closely with the Audit Committee, described below.

### Members of the Supervisory Board

- Susan Blankhart, Member, Chair Remuneration Committee
- Michel Farkas, Member, Audit Committee
- Theo Huibers, Chair, Remuneration Committee
- Nicole Kuppens, Member, Chair Audit Committee
- Sander 't Sas, Member

### About each member

Principal and secondary positions the members of the Supervisory Board held in 2017.

Name	Year appointed	Principal position	Secondary positions
Susan Blankhart	2017	Retired	<ul style="list-style-type: none"> <li>Achmea Foundation, Treasurer Board (unpaid)</li> <li>Plan Nederland, member Supervisory Board (unpaid)</li> </ul>
Anna Chojnacka	2014- June 2017	Co-Founder and Director Global Partnerships of Good Up (formerly known as 1% Club)	<ul style="list-style-type: none"> <li>NaiLab, Co-founder and Board Member (unpaid)</li> <li>OneWorld, Member of the Editorial Board (unpaid)</li> </ul>
Michel Farkas	2017	Managing Director Global Support Services/CFO at SNV Netherlands	<ul style="list-style-type: none"> <li>Operational Center Médecins sans Frontières, member of the OCA Council and chair of the OCA Audit Committee (unpaid)</li> <li>Artsen zonder Grenzen Nederland, treasurer (unpaid)</li> </ul>
Theo Huibers	2016	Managing Partner of Thaesis and part-time professor at the University of Twente, Department of Human Media Interaction.	<ul style="list-style-type: none"> <li>Stichting AnderBeeld, chair of the board (unpaid)</li> <li>Centraal Register Kort Beroepsonderwijs (CRKBO), board member (paid)</li> </ul>
Nicole Kuppens	2016	Managing Director "Spoorwegmuseum" (Railroad Museum)	Hortus Botanicus Amsterdam, member of the Supervisory Board (unpaid)
Sander 't Sas	2014	Senior Reporter AVROTROS	Netherlands Association of Journalists (NVJ), chair of the public broadcasting section (unpaid)

### Changes to Supervisory Board

In 2017, the Supervisory Board appointed Michel Farkas to succeed Anna Chojnacka, who was on Supervisory Board from January 2014 to January 2017. Susan Blankhart became a member October 2017, thus filling the last vacancy.

## Meetings

In 2017, the Supervisory Board held five meetings to discuss proceedings at RNW Media. In addition, regular consultations took place among the members. There were consultations between the management and the Chair of the Supervisory Board, and the Chair of the Audit Committee as well. The Board was regularly informed of relevant and important developments in plans and strategies. The most important topics discussed during the meetings of the Supervisory Board were:

- Annual Reporting 2016
- Final closure programme 2013-2016
- Reorganisation 2016-2017
- Implementation Annual Plan 2017
- Financial budget and Forecast 2017
- Annual Plan 2018
- Budget 2018
- Personnel representation at RNW Media
- dB mediagroep B.V.

## Committees

### *Remuneration Committee: purpose; members; and meetings*

As part of the Supervisory Board, the Remuneration Committee is responsible for ensuring a clear procedure for the recruitment and selection of the CEO and the members of the Supervisory Board. The Remuneration Committee is responsible for the remuneration of the CEO, and monitors and evaluates the functioning of the CEO and reports back to the members of the Supervisory Board on their findings.

The Remuneration Committee has two members, Theo Huibers and Susan Blankhart (Chair). The Remuneration Committee held one meeting with the CEO in 2017 to discuss her performance. The Remuneration Committee also had one meeting with Umoja/PVT (with all five members, those from the *Personeelsvertegenwoordiging* or Personnel Representation group and those representing colleagues in our implementation countries). As a result of this meeting it was decided that, in future, the Remuneration Committee should meet (through teleconference) once a year with the Umoja/PVT.

### *Audit Committee: purpose; members; and meetings*

Within the Supervisory Board, the Audit Committee is responsible for overseeing the provision of financial information, implementing recommendations and acting on the comments of the external auditor. It is also responsible for 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 chair of the Audit Committee is responsible for preparing the meetings of the Audit Committee, together with the CEO and the director of Finance and Operations.

The Audit Committee has two members: Nicole Kuppens (Chair) and Michel Farkas (who replaced Anna Chojnacka). The Audit Committee held four meetings in 2017.

The most important topics discussed were:

- Financial reporting 2016
- Final closure programme 2013-2016
- Financial budget and Forecast 2017
- Financial outlook
- Selection new accountant
- Budget 2018
- dB mediagroep B.V.

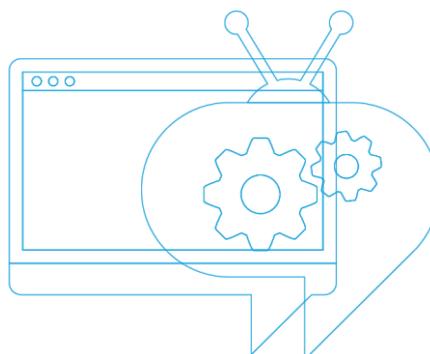
### **Recommendation to approve the accounts**

The Audit Committee inspected the 2017 Statement of Accounts. In doing so the Audit Committee took note of the auditor's findings and consequently made recommendations to the Supervisory Board as a whole. The Audit Committee recommended the Supervisory Board approve RNW Media's 2017 Statement of Accounts.

## **1.6 Statement of approval of accounts**

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 2017

### 2.1 Consolidated balance sheet as of 31 December 2017

After appropriation of results (x €1.000).

#### Assets

	2017	2016
<u>Fixed assets</u>		
Tangible fixed assets (1)	11.741	11.628
Financial fixed assets (2)	<u>80</u>	<u>10</u>
	11.821	11.638
<u>Current assets</u>		
Inventories (3)	0	1
Receivables (4)	903	4.073
Cash and cash equivalents (5)	<u>641</u>	<u>2.548</u>
	<u>1.544</u>	<u>6.622</u>
<b>Total assets</b>	<b>13.365</b>	<b>18.260</b>

#### Shareholders' equity and liabilities

(x €1,000)	2017	2016
<u>Group equity</u>		
General reserve (6)	9.601	8.301
Revaluation reserve (7)	1.500	1.100
Appropriated funds: personnel (8)	321	358
Reserve projects (10)	88	167
Minority Interest (11)	<u>-63</u>	<u>-108</u>
	11.447	9.818
<u>Provisions</u>		
Pension provisions (12)	44	43
Other provisions (13)	<u>214</u>	<u>575</u>
	258	618
<u>Long-term liabilities</u>		
Other liabilities (14)	63	63
<u>Current liabilities</u>		
Trade creditors	766	849
Other taxes and social security contributions	180	327
Other liabilities (15)	298	255
Accruals and deferred income (16)	<u>353</u>	<u>6.330</u>
	<u>1.597</u>	<u>7.761</u>
<b>Total equity and liabilities</b>	<b>13.365</b>	<b>18.260</b>

## 2.2. Statement of income and expenditure for 2017

(x €1,000)	2017 Actual	2017 Budget	2016 Actual	2017 Actual/Budget
<b>Income</b>				
Income from Ministry of Foreign Affairs (17)	10.000	9.989	14.520	0%
Revenues from projects (18)	2.344	1.698	1.389	38%
Other operating income (19)	2.295	2.355	2.342	-3%
<b>Total operating income</b>	<b>14.639</b>	<b>14.042</b>	<b>18.251</b>	4%
<b>Expenses</b>				
Wages and salaries (20)	3.360	3.156	5.880	6%
Social security contributions (21)	830	982	1.279	-15%
Amortisation and depreciation respectively of intangible and tangible fixed assets (22)	275	279	334	-1%
Other changes in value of fixed assets (23)	-400	0	-265	-
Direct production costs (24)	5.712	6.630	6.560	-14%
External hiring and other third party services (25)	1.774	1.177	1.660	51%
Other operating expenses (26)	1.522	2.744	6.339	-45%
<b>Total operating expenses</b>	<b>13.073</b>	<b>14.968</b>	<b>21.787</b>	-13%
<b>Result from operating expenses</b>	<b>1.566</b>	<b>-926</b>	<b>-3.536</b>	269%
Financial result (27)	-7	-4	0	75%
Results before taxation	1.559	-930	-3.536	268%
Profit taxes (28)				-
Profit Tax over net result	-21	0	-39	
Added to the active tax latency	91		49	
Minority interest (29)	-45	-9	-29	400%
<b>Group net results before appropriation</b>	<b>1.584</b>	<b>-939</b>	<b>-3.555</b>	269%
<b>Appropriation of results</b>	<b>2017</b>	<b>2016</b>		
Results before appropriation	1.584	-3.555		
Charged to appropriated funds personnel (8)	37	1.187		
Release appropriated personnel fund (8)	0	796		
Charged to Ministry of Foreign Affairs appropriated funds	0	2.702		
Charged to reserve projects	79	0		
	1.700	1.130		
Additions to reserve projects (10)	0	-167		
Additions to revaluation reserve (7)	-400	-265		
Additions to general reserve (6)	-1300	-698		
Results after appropriation	0	0		

## 2.3 Consolidated cash flow statement

(x €1,000)	2017	2016
<b>Cash flow from operating activities</b>		
Group net results before appropriation	1.584	-3.555
Adjustments for:		
Deferred taxes	-70	-10
Depreciation and impairments	275	327
Sale of assets	35	
Unrealised changes in value	-400	-265
Movements in minority interest	45	29
Movements in provisions	-360	-585
Changes in working capital:		
Movement in receivables	3.170	-2.211
Movement in inventories and works-in-progress	1	0
Movement in trade creditors	-83	493
Movement in other taxes and social security contributions	-147	48
Movement in other liabilities	43	-1.212
Movement in accruals and deferred income	-5.977	5.691
Cash flow from business operations	<u>-2.993</u>	<u>2.809</u>
	-1.884	-1.250
Income tax paid	0	0
Interest paid	<u>0</u>	<u>4</u>
<b>Cash flow from operating activities</b>	<b>-1.884</b>	<b>-1.246</b>
<b>Cash flow from investing activities</b>		
Additions to tangible fixed assets	-23	-5
Disposals of intangible fixed assets	<u>0</u>	<u>2</u>
Cash flow from investing activities	<b>-23</b>	<b>-3</b>
<b>Cash flow from financing activities</b>		
Repayment of long-term liabilities and	0	0
Proceeds from long-term liabilities	<u>0</u>	<u>0</u>
Cash flow from financing activities	<b>0</b>	<b>0</b>
<b>Movement in cash and cash equivalents</b>	<b>-1.907</b>	<b>-1.249</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.

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 institutional grant decision of November 15th 2016 for the Next Generation programme and are the responsibility of RNW Media.

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. 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.

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. (later referred to as: dBMG), Hilversum, 75 percent associate, with an issued capital of € 38,151. dBMG on its turn participates in Vennootschap onder Firma 'Studio Concertgebouw' with an amount of € 18K.

RNW Media has a subsidiary (Sino Dutch Culture Communication Shanghai Co. Ltd) registered in China. The registration of this Wholly Foreign Owned Entity (WFOE) was initially done through a special purpose entity (Stichting Sino Dutch) and in the course of 2017 transferred to RNW Media. The WFOE had no financial or operational activities in 2017.

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/events after year-end closing*

The organisation's size and objectives have been adapted to the Strategic Plan "Enabling the Next Generation: young people, media and social change 2016-2021", and with the 4 year grant of the Ministry of Foreign Affairs, 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. As in previous years, the annual financial statements are therefore based on the assumption of the organisation's continuity.

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 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. RNW Media is following the outcome of this decision. In the light of the organisational changes the VAT and VPB position of RNW Media will be reassessed in 2018.

RNW Media is a 75 percent shareholder in dBMG This company was created in 2013 by a merger of RNW Media's subsidiaries BFN, dBMG and Basement Technology. During the years 2013-2015, dBMG suffered consistent losses. On this basis, and because of the negative equity, RNW Media reset the value of this participating interest to zero. The reorganisation of dBMG, which began in the second half of 2015 and continued in 2016, had a successful result: after a positive result in 2016 also 2017 showed a profit (of 178K on a turnover of € 1.340K). In April 2018 RNW Media reached agreement with the minority shareholder in dBMG (Koppelbus B.V.) to acquire its 25% shareholding in dBMG. The temporary increase in the current account credit to dBMG of € 130,000 will be converted into a share premium once the 25% shareholding is transferred to RNW Media.

Based on the evaluation of the developments in 2016 and 2017 and the budget for 2018, the conclusion is that the financial statements for dBMG 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. Nonmonetary 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. Nonmonetary 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.

#### *Accounting policies*

##### General

Assets and liabilities are generally valued at acquisition price, 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
Investment property	

Tangible fixed assets are valued at current value in accordance with DAB 213 104, due to being investment property and not subservient to own use. 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.

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.

#### 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.

#### 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 and cash equivalents

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.

### 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.

### 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.

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

### 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 de-recognised, 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). After initial measurement, current 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 de-recognised, as well as through the amortisation process.

### 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.

## Income

### *General*

Income is defined as grants, contributions, revenues from programmes and 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.

### 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.

### 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.

### 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.

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*

Expenses 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.

### **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)

	<b>2017</b>	<b>2016</b>
Land and buildings	11.625	11.433
Other fixed operating assets	<u>116</u>	<u>195</u>
	11.741	11.628

The tangible fixed assets include the assets of the establishment in Hilversum (the Netherlands). 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 dBMG.

	<b>Land and buildings</b>	<b>Other fixed operating assets</b>	<b>Total</b>
Net book value 31/12/2016	11.433	195	11.628
Additions		23	23
Disposals	-91		-91
Depreciation on disposals	56		56
Revaluations	400		400
Depreciations	-173	-102	-275
Net book value 31/12/2017	<u>11.625</u>	<u>116</u>	<u>11.741</u>
Cost	21.138	2.400	23.538
Sum of depreciations	-11.013	-2.284	-13.297
Sale of property	0		0
Sum of revaluations	<u>1.500</u>		<u>1.500</u>
Net book value 31/12/2017	<u>11.625</u>	<u>116</u>	<u>11.741</u>

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 2018. The valuation is according to the RICS standard. As of 31 December 2017, the fair value is established at € 10.7 million in a rented state. Due to measurement at fair value, no depreciations or provision for major maintenance are 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. The office building in use by RNW Media is valued at cost price and is depreciated yearly. For this building RNW Media has a provision for major maintenance.

The building in Costa Rica was sold in 2017. The book value was € 35K and the net sales price was € 380K.

#### Financial fixed assets (2)

	<b>2017</b>	<b>2016</b>
Deferred tax assets	<u>80</u>	<u>10</u>

The 75 percent subsidiary dBMG closed the financial year 2017 with a positive result of € 178K. A deferred tax asset was included since it is expected that dBMG will attain more positive results in the future to compensate for the calculable losses. Based on the developments of the past years as well as market expectations the deferred tax assets is set at € 80K. At the end of the accounting year, this cumulative and not yet compensated loss was € 1.1 million.

Current assets

Inventories (3)

	<b>2017</b>	<b>2016</b>
Office supplies	0	1

Office supplies are used for own disposal.

Receivables (4)

	2017	2016
Trade receivables	574	316
Other taxes and social security contributions receivables	0	15
Receivable pensionsfund	8	14
Prepaid pension contributions	0	459
Other receivables	173	2.949
Prepayments and accrued income	<u>148</u>	<u>320</u>
	903	4.073

Trade receivables

Trade receivables include account receivables on third parties for rendered services, projects and rent. In other receivables 2016 is included a tranche of the grant of the Dutch Ministry of Foreign Affairs of € 2.800K. Under debts, an amount of €0K was taken into account for unpaid debts. No other receivables were included that extended for longer than a year.

Cash and cash equivalents (5)

	<b>2017</b>	<b>2016</b>
Cash and cash equivalents	<u>641</u>	<u>2.548</u>

This account consists of cash at bank cash equivalents of RNW Media and dBMG.

The interest over the receivables was an average of 0.01 percent in 2017 (0.03 percent in 2016). The cash was freely available to RNW Media.

RNW Media has access to a credit overdraft of € 1.5 million.

## Equity

	<b>2017</b>	<b>2016</b>
Group equity		
General reserve	9.601	8.301
Appropriated funds: personnel	321	358
Appropriated funds: Ministry of Foreign Affairs	0	0
Appropriated funds: projects	88	167
Revaluation reserve	1.500	1.100
Minority interest	-63	-108
	<u>11.447</u>	<u>9.818</u>

### General reserve (6)

	<b>2017</b>	<b>2016</b>
General reserve	<u>9.601</u>	<u>8.301</u>

The state of the general reserve is as follows:

Net book value at 1 January	8.301	7.603
From result current year	<u>1300</u>	<u>698</u>
Net book value at 31 December	9.601	8.301

### Revaluation reserve (7)

	<b>2017</b>	<b>2016</b>
Revaluation reserve	<u>1.500</u>	<u>1.100</u>

The leased building on Witte Kruislaan is classified as an investment property. Based on a valuation at the beginning of 2018 applying 31 December 2017 as the valuation date (fair value of €10.7 million) the change in fair value at € 400K 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:

Net book value at 1 January	1.100	835
Additions	400	265
Net book value at 31 December	<u>1.500</u>	<u>1.100</u>

Appropriated funds: personnel (8)

2017	2016
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Appropriated funds: personnel	<u>321</u>	<u>358</u>
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The movement of the appropriated funds personnel is as follows:

Net book value at 1 January	358	2.341
From result 2017	-37	-1.187
Released to general reserve	0	-796
Net book value at 31 December	<u>321</u>	<u>358</u>

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. Re-organisation 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 2017 the fund was used for two employees (in 2016 for 28). At the end of 2016 RNW Media reassessed that part of the fund for which appropriation had expired and withdrew it to the general reserve.

Appropriated Funds: Projects (10)

	2017	2016
Appropriated Funds: Projects	<u>88</u>	<u>167</u>

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

Net book value at 1 January	167	0
Additions	0	167
From result 2017	<u>79</u>	
Net book value at 31 December	88	<u>167</u>

The appropriated funds for projects relates to the grant received in 2016 from donor ideas<sup>42</sup>.

Minority interest (11)

	2017	2016
Minority interest	<u>-63</u>	<u>-108</u>

Minority interests in equity is 25 percent of the issued share capital in dBMG held by third parties.

Pension provision (12)

	2017	2016
Pension provision	44	43

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 participators will be charged to RNW Media.

The pension provision is as follows:

Net book value at 1 January	43	126
Additions	4	0
Release	-3	-83
Charges	<u>0</u>	<u>0</u>
Net book value at 31 December	44	43

With a term of less than 1 year € 0K.

Other provisions (13)	Net book value at 1 January	Additions	Charges	Release	Net book value at 31 December
Major maintenance provision	161			-60	101
Long-service payment provision	39	0	0	-2	37
Reorganisation provision	350	0	-299	0	51
Taxes for expatriate staff	25				25
	575	0	-299	-62	214

#### Major maintenance provision (€ 101K)

For the main building leased out, there is no provision for maintenance due to the valuation at fair value. For RNW Media's office building there is a provision taken into account for major maintenance of € 101K, of which € 0K is for the short term. The expected cost items of this plan that are over € 10K have been taken into account rebalancing the provision in 2017. No additions nor charges have been made in 2017.

#### Long-service payment provision (€ 37K)

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.

#### Reorganisation provision (€ 51K)

In 2016, RNW Media underwent a major reorganisation. If by 31 December 2017 no settlement agreement was signed with a redundant employee, these costs are included in 2017 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).

#### Taxes for expatriate staff (€ 25K)

This provision is made for tax claims to former expatriate staff for whom RNW Media has committed itself to pay for.

### Long-term liabilities

Other liabilities (14)	2017	2016
Loan Koppelbus B.V.	63	63

This concerns the subordinated loan issued to dBMG 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 was originally 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 dBMG cease its business activities. The above mentioned agreement to sell its 25% shareholding in dBMG to RNW Media also entails partial repayment of the loan.

#### Other liabilities (15)

	<b>2017</b>	<b>2016</b>
Holidays not yet taken	152	207
Other liabilities	<u>146</u>	<u>48</u>
	298	255

Other liabilities include prepaid grants for trainings (€ 87K) and holiday allowance (€ 22K).

#### Accruals and deferred income (16)

	<b>2017</b>	<b>2016</b>
Other costs payable	<u>355</u>	<u>6.330</u>

Other costs payable include the reorganisation costs still to be paid (in 2017: € 88K; in 2016 € 2.418K) and donor money to be spent (2017: €63K and in 2016: €3.334K). 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 and 2017, of 25 percent, 50 percent and 75 percent respectively.

#### Arrangements and commitments not shown in the balance sheet

The commitments not shown in the balance sheet at the end of 2017 are: € 739K.

Of this, the expiration dates are:

Within a year: € 576K

Between 1 and 5 years: € 163K

After 5 years: nil

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

RNW Media and dBMG together comprise a single tax entity for VAT, and are therefore severally liable for the obligations of the fiscal entity as a whole. In 2016 the Dutch Ministry of Foreign Affairs awarded a grant to RNW media for the years 2017-2020 for a total amount of € 34 million. Of this total amount € 10 million was allocated to 2017.

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

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

Income	Actual 2017	Budget 2017	Actual 2016
Grant from Ministry of Foreign Affairs (17)	10.000	9.989	14.520

### Grant from Ministry of Foreign Affairs

Of the grant of the Dutch Ministry of Foreign Affairs for 2017-2020 €10 million was allocated to 2017 and this was fully disbursed. The costs RNW Media made under the grant amounted to € 10.1 million. The overspending of € 0.1 million on the grant of the Ministry of Foreign Affairs was financed from RNW Media's own resources. The Ministry will be consulted to see whether this overspending can be compensated in the three remaining years of the grant.

Revenues from projects (18)	Actual 2017	Budget 2017	Actual 2016
Revenues from projects	2.344	1.698	1.389

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

Other operating income (19)	Actual 2017	Budget 2017	Actual 2016
Other operating income	1.340	1.355	1.387
Rental income	955	1.000	945
Other revenue	0	-	10
	<u>2.295</u>	<u>2.355</u>	<u>2.342</u>

### Other operating income

These are the revenues from dBMG.

### 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 (20)	Actual 2017	Budget 2017	Actual 2016
Wages and salaries	3.083		5.471
Other staff costs	277		409
	<u>3.360</u>	<u>3.156</u>	<u>5.880</u>
	Actual 2017	Budget 2017	Actual 2016
FTEs			
RNW Media	60,94	60	91,3
dBMG	13,25	14	17
Total FTE average	74,19	74	108,3
RNW Media	44,94	44	88,8
dBMG	12,75	13	13,8
Total FTE ultimo	57,69	57	102,6

In 2017, the number of FTEs decreased as a result of the earlier reorganisation.

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 2017 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, senior officials with no employment relationship receive a deviation from the standard for the first 12 calendar months, regarding both the duration of the assignment and the hourly rate.

## Remuneration to senior officials 2017

	J.G.A.M. Lampe	R. Zaal
Position	CEO	Advisor
Term of office in 2017	1/1 - 31/12	1/1 - 30/4
Commitment (in FTE)	1	1
Former senior official?	no	yes
(Fictional) employment relationship?	yes	yes
Individual maximum WNT	168.000	55.233
Fixed salary	121.079	49.482
Taxable expenses allowance	3.000	0
Deferred payments and benefits	12.342	4.185
Subtotal	136.421	53.667
-/- Undue paid amount	-	-
Total remuneration	136.421	53.667
Mandatory justification if exceeded	n/a	n/a

	R. Zaal
Former senior official	Advisor
Commitment (in FTE)	1
Year of ending employment	2017
Severance payment	
Agreed payment	75.000
-/- undue paid amount	n/a
Total severance payment	75.000
Of which paid in 2017	75.000
Mandatory justification if maximum is exceeded	n/a

## Remuneration to senior officials 2016

	J.G.A.M. Lampe	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	1
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

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

The (members) of the Supervisory Board of RNW Media have decided to waive their entitlement to any attendance money as of 2017.

Except for the (non-)executive officers mentioned above, no other officials received a salary above the applicable WNT maximum in 2017. No severance payments were made in 2017 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 2017 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 € 121,079 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 work-week.

Social security contributions (21)	Actual 2017	Budget 2017	Actual 2016
Pension costs	312		398
Other social security contributions	<u>518</u>	<u>982</u>	<u>881</u>
	830		1.279

In 2017, social security and pension contributions were budgeted in total and not split into pension contributions and other social security contributions.

Amortisation and depreciation respectively of intangible and tangible fixed assets (22)	Actual 2017	Budget 2017	Actual 2016
Tangible fixed assets	275	279	334

#### *Tangible fixed assets*

The amortisation on tangible fixed assets decreased in 2017 compared to 2016, because no investments took place in 2016 nor 2017 and part of the tangible fixed assets were already fully amortised.

Other changes in value of fixed assets (23)	Actual 2017	Budget 2017	Actual 2016
Revaluation	<u>-400</u>	<u>0</u>	<u>-265</u>
	-400	0	-265

The leased building on Witte Kruislaan is classified as an investment property. Based on a valuation at the beginning of 2018 applying 31 December 2017 as the valuation date (fair value of €10.7 million) the change in fair value at 400K 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 (24)	Actual 2017	Budget 2017	Actual 2016
Freelancers and correspondents	2.863		3.294
Other programme and marketing costs	<u>2.849</u>	<u>6.630</u>	<u>3.266</u>
	5.712		6.560
External hiring and other third party costs (25)	Actual 2017	Budget 2017	Actual 2016
External hiring	1.774	1.177	1.652
Other third party services	<u>0</u>	<u>-</u>	<u>8</u>
	1.774	1.177	1.660

### External hiring

The costs of external hiring remained high due to the hiring of temporary (interim) staff. The replacement with fixed staff took more time than expected.

Other operating expenses (26)	Actual 2017	Budget 2017	Actual 2016
Office premises costs	246	443	432
Project costs	0	0	1
Other costs	<u>1.276</u>	<u>2.301</u>	<u>5.906</u>
	1.522	2.744	6.339

### Office premises costs

In 2017, maintenance work was carried out on the RNW Media office building and the building leased to AVROTROS. The maintenance costs associated with the AVROTROS building (€ 169K) were paid from own funds, to prevent this from being presented as an activity in conjunction with the grant from the Ministry of Foreign Affairs. Included is the release of the maintenance provision (€ 60K).

### Other costs

2016 included the costs of the re-organisation. In 2017 tight cost management and the book-profit of the sale of the building in Costa Rica (€ 344K) resulted in lower costs than budgeted for.

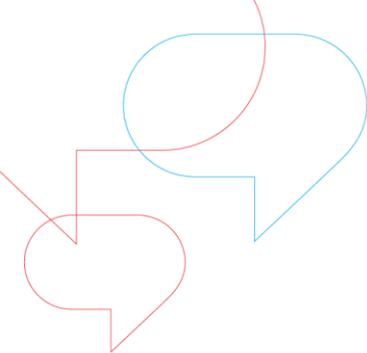
## Financial income and expenses

Financial result (27)	Actual 2017	Budget 2017	Actual 2016
Other interest receivables and similar income	2	0	1
Other interest expenses and similar charges	<u>-9</u>	<u>-4</u>	<u>-1</u>
	-7	-4	0

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.

Profit taxes (28)	Actual 2017	Budget 2017	Actual 2016
Profit tax	70	0	10



In 2017, € 70K was added to the deferred tax assets and is set at €80K at year end, based upon an expected total profit of dBMG of € 400K in the next 4 years (2016: € 10K based upon the budgeted profit 2017.)

Minority interest (29)	Actual 2017	Budget 2017	Actual 2016
Minority interest	-45	-9	-29

## 2.4.4 Events after balance sheet date

In April 2018 RNW Media reached agreement with Koppelbus B.V to acquire its 25% shareholding in dBMG. As a consequence RNW media will become 100% owner of dBMG.

## 3. Other information

### 3.1 Appropriation of results for 2017

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.

