
INSTITUTE FOR STRATEGIC DIALOGUE
(A company limited by guarantee)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

FRIDAY



L6G0SX40

L17

29/09/2017

#64

COMPANIES HOUSE

CONTENTS

| | Page |
|---|---------|
| Reference and administrative details of the charity, its trustees and advisers | 1 |
| Trustees' report | 2 - 10 |
| <i>Independent auditors' report</i> | 11 - 12 |
| Statement of financial activities | 13 |
| Balance sheet | 14 |
| Statement of cash flows | 15 |
| Notes to the financial statements | 16 - 26 |

INSTITUTE FOR STRATEGIC DIALOGUE

(A company limited by guarantee)

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 DECEMBER 2016**

| | |
|----------------------------------|--|
| Trustees | Mr Michael Lewis Mr Stuart Fiertz Mr John Kremer (appointed 6 September 2016) Mr Mark Bergman (appointed 6 September 2016) Mr Peter Thoren (appointed 6 September 2016) Ms Carol Saper (appointed 6 September 2016) |
| Company registered number | 06581421 |
| Charity registered number | 1141069 |
| Registered office | PO Box 7814 London W1C 1YZ |
| Independent auditors | Landau Morley LLP York House Empire Way Wembley Middlesex HA9 0FQ |
| Bankers | Lloyds Bank plc 25 Gresham Street London EC2V 7HN |

INSTITUTE FOR STRATEGIC DIALOGUE

(A company limited by guarantee)

TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

The Trustees (who are also directors of the charity for the purposes of the Companies Act) present their annual report together with the audited financial statements of The Institute for Strategic Dialogue (the company) for the year ended 31 December 2016. The Trustees confirm that the Annual report and financial statements of the company comply with the current statutory requirements, the requirements of the company's governing document and the provisions of the Statement of Recommended Practice (SORP), applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

Since the company qualifies as small under section 383, the strategic report required of medium and large companies under The Companies Act 2006 (Strategic Report and Director's Report) Regulations 2013 is not required.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The company is registered as a charitable company limited by guarantee (registered charity number 1141069) and was set up by a Memorandum of Association on 30 April 2008.

Method of Appointment or Election of Trustees

The management of the company is the responsibility of the Trustees who are elected and co-opted under the terms of the Articles of Association.

Organisational Structure and Decision Making

The Institute for Strategic Dialogue (ISD) has a Board of Trustees that meets twice a year. There is a Chairman of the Board and Treasurer. The Institute also has an active Finance Committee, made up of the Chairman and Treasurer, which meets regularly and works closely with the CEO and Head of Operations.

Responsibility for day-to-day management matters and the implementation of policy is delegated to the Chief Executive Officer, within a clearly understood framework of strategic control. The Chief Executive Officer is supported by a leadership team, incorporating project workers and outsourced service providers.

Risk Management

The Trustees have assessed the major risks to which the company is exposed, in particular those related to the operations and finances of the company, and are satisfied that systems and procedures are in place to mitigate exposure to the major risks.

Public Benefit

The Trustees confirm that they have complied with the duty in section 4 of the Charities Act 2006 to have due regard to the Charity Commission's general guidance on public benefit, 'Charities and Public Benefit'. All of the activities that are undertaken by the charity are for the advancement of the objectives.

Going Concern

After making appropriate enquiries, the trustees have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

INSTITUTE FOR STRATEGIC DIALOGUE

(A company limited by guarantee)

GOVERNANCE OVERVIEW: TRANSITION OF COUNTER EXTREMISM WORK FROM THE TRIALOGUE EDUCATIONAL TRUST (CHARITY NUMBER 1076660)

Originally, the Trialogue Educational Trust (charity number 1076660, operating as the Institute for Strategic Dialogue) housed three connected 'pillars' of work: scholarships and leadership; 'Europe in the World', which includes the *Club of Three*; and security, social cohesion and counter extremism.

In 2008, the Board of the Trialogue Educational Trust incorporated this not-for-profit company Institute for Strategic Dialogue (company number 06581421 and charity number 1141069) with the intention of transferring the work to this incorporated entity. There were, however, a number of impediments to this transfer and it was decided at that time to continue to operate through the Trialogue Educational Trust until an appropriate moment for transition arose. The Trust and the company remained connected organisations with identical charitable aims and an overlap in membership of the Boards, but not linked through their legal structures.

In 2015, the Board decided to focus the activities of the organisation on the growth of its counter-extremism work with a range of new and existing donors. In doing so, the Board made the decision to transfer all counter extremism work from the Trialogue Educational Trust to the Institute for Strategic Dialogue company limited by guarantee.

In 2016, this governance transition was successfully completed. Following extensive consultation with lawyers and accountants and a thorough due diligence process, the Institute transferred its assets, liabilities, projects, staff and contracts in relation to all counter-extremism work from the Trialogue Educational Trust into this legal entity effective 1st November 2016. The Board believes that operating the counter extremism work through this company will ultimately enhance the governance and success of the work.

In recognition of the significant governance transition undertaken in 2016, and for the sake of completeness, this Trustees' Report therefore reviews all counter extremism work undertaken by ISD in the year, even though the projects and staff were only transferred to this entity on 1st November 2016.

OBJECTIVES AND ACTIVITIES

ISD (Institute for Strategic Dialogue) is a counter-extremism organisation dedicated to powering new generations against hate and extremism. For over a decade ISD has been at the forefront of innovating real-world solutions to the rising challenge of extremist movements and the ideologies that underpin them. ISD bridges the gap between government, civil society and private sector in order to inform policy, build capacity across borders and develop innovative programmes and campaigns.

The principal objects of the company are:

- The advancement of the education of the public in the UK and elsewhere in relation to government, economics, politics, law, administration and social services;
- The advancement of human rights, conflict resolution or reconciliation or the promotion of religious or racial harmony or equality and diversity;
- Such other charitable purposes as the Trustees shall from time to time think fit.

Strategies & activities for achieving objectives

To accomplish our objectives, ISD operates through five interconnected pillars of work:

- **RESEARCH & INSIGHT:** ISD research combines in-depth online analysis of audience, networks and content with unique data-sets to accurately interpret the threat of extremism online and offline. Our research has been consistently ahead of the curve, predicting developments and informing responses to emerging challenges. It has helped to reveal previously unseen challenges, enabling us and others to design effective and forward thinking programmes.

INSTITUTE FOR STRATEGIC DIALOGUE

(A company limited by guarantee)

- **COMMUNICATION & TECHNOLOGY:** We have pioneered the application of data, technology and marketing tactics to mount proportional responses to extremist recruitment. Our proprietary social listening and network mapping software informs how content is created, targeted, and measured for impact. We facilitate campaigns and direct interventions across ideologies and lead major programmes with Facebook, Google and Microsoft to counter hate and extremism online.
- **EDUCATION:** ISD's innovative global education programmes and resources build the resilience of young people to extremism through the development of vital skills, from critical thinking to social and emotional learning. Our research has shown that education plays a critical role in undermining extremist ideologies and support for extremist groups, *disrupting their activities at the roots*.
- **POLICY & ADVISORY:** ISD provides strategic advice to over 15 governments and 100 cities worldwide, allowing us to facilitate the exchange of best practice between policy-makers and practitioners and training front line counter-extremism practitioners. ISD also provides support to the tech sector to harmonise efforts with governments and civil society.
- **GRASSROOTS NETWORKS:** Extremism is a global phenomenon that is ill served by top-down approaches. We work to empower and facilitate independent, grassroots networks and credible voices to take the lead, applying their local expertise to deliver impact at scale.

2016 ACHIEVEMENTS AND PERFORMANCE

In 2016, ISD enhanced its reputation as a 'think, influence and action' organisation, leveraging past accomplishments to expand projects and activities in various programme areas. A number of significant new projects were initiated and funded, in particular in those areas in which ISD has concentrated on developing more in-depth competencies and expertise.

ISD is delighted to have continued to enhance its reputation as a significant player on the world stage in relation to counter extremism in 2016. Through the year, ISD received a number of requests from a range of governments and international institutions to provide advisory, organisational and training support to support counter extremism efforts at the local, national and international level.

Simultaneously, ISD has dramatically increased the volume and effectiveness of its work with private sector partners and technology companies in order to mount a soft-power strategy that is proportional in output, innovation, professionalism and scale to the ever more sophisticated propaganda and recruitment machines of extremists. Our focus is to innovate, build and accelerate replicable and sustainable models, rather than one-off programmes. As a counter-extremism accelerator, we plan to distribute innovations across the entire ecosystem of public and private actors engaged in countering violent extremism.

By marrying advanced technology and communications strategies with in-depth expertise in the underlying behaviours of radicalisation, we are building out unparalleled capabilities to address the rising communications and propaganda challenges of our time with ground-breaking impact.

The most strategically important programmatic successes during 2016 include:

Research & Insight

- Publication of *Shooting in the Right Direction: Anti-ISIS Foreign Fighters in Syria* to build on ISD's research into the Islamist foreign fighter and female migrant phenomenon. Based on a dataset of 300 anti-ISIS foreign fighters, the report sheds light on this so-far understudied group; examining who they are, who they are fighting with, and why they are prepared to participate in a distant conflict. It also considers the legal frameworks of the countries providing the largest numbers of anti-ISIS fighters and the possible future implications for the fighters themselves, as well as their national governments.
- ISD has worked with partners to develop a unique technology that maps, measures, and monitors extremist and counter-extremist activity in the online sphere.

INSTITUTE FOR STRATEGIC DIALOGUE

(A company limited by guarantee)

Networks

- The **Against Violent Extremism (AVE) Network** is a unique and powerful global force in the ongoing struggle to tackle violent extremism. Former violent extremists ('formers') and survivors of violent extremism are empowered to work together to push back extremist narratives and prevent the recruitment of 'at risk' youths. AVE uses technology to connect, exchange, disseminate and influence all forms of violent extremism (from far right and far left to Al Qaeda-linked and inspired and gangs).
- In September 2016 on the margins of the 70th United Nations General Assembly (UNGA) the event, *On and Offline Solution to Radicalization and Recruitment: A Discussion with Former Extremists*, took place in New York and hosted over 100 high-level attendees. The panel explored the need to push back against increasingly sophisticated recruitment tactics used by violent-extremist groups and AVE's former extremists were joined on the panel by representatives of the tech sector and government. The event explored models in addressing three critical CVE domains: counter-messaging; exit and de-radicalisation programs; and mental health and prevention. Prior to the event AVE also held an intimate workshop with formers to discuss emerging trends in mental health and prevention.
- The **Youth Civil Activism Network (YouthCAN)** is designed to upscale and optimise grassroots efforts by young people to prevent and counter violent extremism of all forms. The network was created to enable an ongoing and international exchange of practices and know-how, and to foster collaboration and co-creation between its members. In 2016, the activities of YouthCAN included providing online support to its private network of youth activists and on-the-ground capacity building and counter-narrative development through Innovation Labs. Labs were held in Amsterdam, Kigali, Madrid, and Budapest and each lab developed and successfully launched 4 new youth-led counter-narrative campaigns and initiatives. Over the course of the year, YouthCAN was expanded into Africa, South-East Asia and the MENA region and trained over 1,100 members from 113 countries.
- In addition to empowering and enabling youth activists, YouthCAN has made strides to ensure youth voices are represented at all levels. YouthCAN seeks to help ensure policy is relevant for safeguarding youth and hopes to reshape the narrative around youth and give them greater agency in preventing and countering violent extremism. In 2016, YouthCAN published *Guidance for International Youth Engagement in PVE and CVE: Youth Responses to Resolution 2250 and the UN Plan of Action to Prevent Violent Extremism*. YouthCAN also hosted a side event at the UN Summit on Preventing Violent Extremism in July 2016 where three youth-led campaigns were presented by YouthCAN members.

Communications & Technology

ISD's programme of work on technology and extremism aims to understand and respond to the ways in which extremists are using the Internet, social media and new technologies to spread propaganda. Through this work, we aim to flood target markets with strategically focused counter-narrative content and campaigns; disrupt and undermine extremist messaging online; build the capacity of frontline networks to counter the messaging of the extremists and sustain a cycle of innovation and learning in this domain.

- In 2016, ISD further developed its **Innovation Hub**, a major programme of work which aims to understand and respond to the ways in which extremists are using the Internet, social media and new technologies to spread propaganda. ISD has developed a methodology to substantially increase production of counter-narrative content and campaigns on a global scale. This soft-power machinery relies on building and growing networks of credible voices and providing them with the tools to produce online counter-narrative interventions, innovations and campaigns across the radicalisation spectrum at scale.
- In 2016, ISD established the in-house team and technology needed to create replicable programming 'models' based on potential scale and impact which can be distributed across the entire ecosystem engaged in countering violent extremism. This has filled a gap in the emerging CVE marketplace by marrying advanced technology and data services, developed with the private sector, with unparalleled expertise in the underlying behaviours of radicalisation, developed in the public sector, to create ground-breaking ideas.

INSTITUTE FOR STRATEGIC DIALOGUE

(A company limited by guarantee)

- In January 2016, ISD announced the launch of the **Online Civil Courage Initiative (OCCI)** in Berlin with Sheryl Sandberg, Facebook's COO. This initiative, a partnership with Facebook, ICSR and NGOs, is building a strategic online counter-extremism hub to combat hate speech and extremism on social media across European markets. Facebook funded ISD to lead the research and development phase of the initiative.
- In May 2016, the first OCCI Workshop was hosted by Facebook in Berlin, where representatives from UK, French and German governments, foundations, marketing agencies, NGOs and civil society activists, were brought together with OCCI partners to provide feedback on the potential areas of delivery for the OCCI long-term. The workshop was designed to inform and help prioritise how the OCCI should operate in the counter extremism space, and where it can be best placed to provide effective support for organisations such as those represented at the workshop.
- Extremists are increasingly using peer-to-peer messaging on social media platforms to engage in direct conversation with potential recruits. The **One to One Initiative** aims to address this threat by proactively utilising peer-to-peer messaging functionality to engage with those expressing extremist sympathies online. Following a successful pilot project, in 2016 ISD rolled out the One to One Initiative to reach a greater number of at-risk people through direct interventions. Since November 2016, the project has focused on far-right extremism in the UK and U.S., and Islamist extremism in the UK and Australia. During each phase, former extremists, survivors of extremist violence and professional counsellors actively reach out to those expressing support for violent extremism online.
- In order to test the scalability of an online interventions model, ISD in 2016 trialled a technological solution which partially automates the identification of extremists through analysing their publicly available social media data. Working with the Centre for Analysis of Social Media (CASM), ISD has examined user engagement with pages which have been identified as indicating affinity for extremist actions, ideologies and movements and analysed posts and comments using natural language processing to detect individuals expressing support for violent extremism.
- In 2016, ISD worked with partners to develop and deploy **counter narrative campaigns** in Morocco, Jordan, Lebanon and Tunisia. These strategic communications projects aimed to counter Daesh messaging and reduce the amount of Foreign Terrorist Fighters from travelling to Syria and Iraq. ISD's role is focused on several delivery components, including primary and secondary research, stakeholder engagement and management, advisory services on content messaging, online platform set-up and maintenance, audience targeting, campaign delivery, and monitoring and evaluation.
- In July 2016, ISD started the **Kenya Counter Narrative Project** to establish counter-narratives in the Swahili-speaking region. These counter-narratives aim to prevent youth from joining groups like al-Shabaab and to prevent violence around the election. Local NGOs are best equipped to engage in counter-narrative campaigns due to their expertise and knowledge of the issues, but do not always have the necessary skills or resources for scaled impact. The project will deliver two Innovation Labs – in Nairobi and Mombasa – to train local NGOs in how to produce credible and effective content. As part of this work, ISD has also conducted a deep-dive research project into social media use by extremists in Kenya which unpacked an understanding of the presence, roles and grievances.
- In 2016, ISD launched the **Counter-Narrative Handbook**, a comprehensive best practice guide for online counter-narrative campaigns based on lessons learned across ISD's portfolio of online projects. The Handbook was disseminated via ISD's various networks and social media channels and was downloaded by over 1,000 users across Canada, the U.S. and Europe within the first three weeks of publication. This report compliments ISD's *Counter-Narrative Monitoring and Evaluation Handbook*, which takes readers through the main stages of designing and implementing an effective counter-narrative campaign evaluation, forming a comprehensive package alongside ISD's online *Counter-Narrative Toolkit* and *The Impact of Counter-Narratives* report.

INSTITUTE FOR STRATEGIC DIALOGUE

(A company limited by guarantee)

Education

Extreme Dialogue is ISD's flagship education programme, consisting of a series of tools for teachers to help facilitate safe classroom discussions around extremism and radicalisation. Combining educational resources with short documentary films telling the personal stories of people profoundly affected by violent extremism, Extreme Dialogue aims to develop students' critical thinking skills and resilience to radicalisation, explore shared values and challenge all forms of extremist propaganda and ideologies. Additionally, the project aims to increase the capacity of teachers and other practitioners working with young people to both understand and proactively counter radicalisation.

- The third and final **Canadian film and resource were launched in June 2016** and supported by an online social media and advertising campaign. The third film features Fowzia Duale Virtue, a Canadian-Somali youth-worker and activist who was forced to flee conflict in Somalia in the 1990s. Project partner Duckrabbit were also able to produce a further six additional interview films to complement the third narrative film and educational resource.
- The **European films and resources were launched in July and November 2016** in London, Budapest (Hungary), Vechta (Germany) and Brussels, supported by online social media and advertising campaigns. The two UK films feature a former member of the Ulster Volunteer Force and a former member of the now-banned UK Islamist group al-Muhajiroun. The two German films feature a former white supremacist and a Syrian refugee living in Berlin, and the Hungarian film tells the story of a member of a Roma community targeted by far-right demonstrations. In total, over 250 participants attended the launch events, including students, practitioners from schools and educational organisations, national and local government, civil society, academia, law enforcement and private sector counter-narrative producers.
- In addition to the films and resources, ISD and project partner Foundation for Peace together produced a comprehensive **Facilitator Guide** which enhances the capacity of practitioners to use the resources independently by providing practical guidance on safe session delivery, as well as further advice on safeguarding against extremism and facilitating discussions on sensitive issues. At Cranford Community College, Hounslow, the teaching of the Extreme Dialogue resources has resulted in students proactively starting community cohesion projects, and the school successfully applying for a Prevent Innovation Fund grant for a youth-led CVE drama project, supported by ISD.

Policy & Advisory

- The **Policy Planners' Network on Countering Radicalisation and Polarisation (PPN)** is formed of the security and integration ministries of eleven European and North American countries: the United Kingdom, France, Germany, Netherlands, Denmark, Sweden, Belgium, Spain, Finland, Canada and Norway. Set up in 2008 and facilitated by ISD, PPN provides a mechanism for streamlining and systematising the sharing of information on policy, practical implementation and best practice; offers an 'institutional memory' for PPN members; commissions research on issues of mutual interest to gain economies of scale; holds regular meetings for discussion, exchange and presentations from non-governmental experts and works to coordinate strategies.
- In January 2016, PPN welcomed Victoria State (Australia) as the 12th member of the network and were able to strengthen relations with Austria at the **19th PPN meeting in February 2016** which was attended by the Austrian Ministry of Interior. The meeting took place in Oslo and was co-hosted by partners at the Norwegian Ministry of Justice and Public Security. The meeting focused on the current refugee crisis and how it presents PPN members with short and long term challenges related to extremism, polarisation and terror attacks.
- The **20th meeting of the PPN** was held in London in September 2016 and co-hosted by ISD and the UK Department for Education. The meeting focused on how education can be used successfully to build resilience and counter extremism among young people. It brought together policymakers, teachers, head teachers and other educators to discuss the key challenges and opportunities to address in this area.
- Since March 2014, ISD has been part of the **Local Institutions Against Extremism (LIAISE)** project which aims to connect cities across the European Union to share best practice and expertise in countering extremism and radicalisation. In January and February 2016, members of staff travelled to Belgium and Sweden to deliver training workshops on Family Support, Counter-narratives and Communication, and Deradicalisation/ Disengagement. The workshops have been attended by mayors and local authority practitioners of the LIAISE partner cities across Europe.

INSTITUTE FOR STRATEGIC DIALOGUE

(A company limited by guarantee)

- In late 2015, ISD launched **the Strong Cities Network (SCN)**, the first ever global network of municipal leaders and local government practitioners involved in building resilience and social cohesion to counter violent extremism. The SCN was created in recognition that cities are uniquely positioned to safeguard their citizens from polarisation and radicalisation through partnerships with local communities. As such, the SCN is the first systematic network for international exchange in local CVE practice and aims to support cities and other local authorities to enhance local level approaches to prevent violent extremism, including facilitating information sharing, mutual learning and creation of new and innovative local practices.
- In May 2016, ISD delivered the inaugural **Strong Cities Network Global Summit in Antalya, Turkey**, which brought together over 200 delegates for networking, exchange and training sessions. In total, 62 cities were represented at the Global Summit, drawn from 39 countries in every major global region, accompanied by top-level national and diplomatic representatives and delegates from multiple NGOs, multilateral organisations and the private sector. The Global Summit was attended by 25 mayors and governors, and included speeches from the Turkish Foreign Minister, comments from Secretary of State John Kerry, and speeches from the mayors of Antalya and Istanbul, as well as from Copenhagen, Chattanooga, Mombasa, Mumbai and Vilvoorde.
- In November 2016, ISD partnered with the European Forum for Urban Security, the city of Aarhus, and East Jutland Police on two back-to-back conferences in Aarhus. The SCN team additionally represented cities and municipalities to over 5,000 senior policy makers and influencers at more than 20 events including: UNGA, Habitat III, GCTF, Nordic Council of Ministers, European Summit of Mayors, the Mayor of London's Social Integration Summit and the US Conference of Mayors.
- Also in 2016, the SCN launched the members-only **SCN Online Hub** (www.strongcitiesnetwork.org) which contains the largest library of local CVE resources for cities with 275 practitioners from over 100 cities actively engaged. This is a continuously updated platform responding to network demand including case studies, toolkits, city profiles and training resources.
- At the end of 2015, ISD was awarded funding from the Danish Ministry of Foreign Affairs for a 2-year **capacity-building and city-exchange programme on multi-agency prevention models in Lebanon and Jordan**. The project began in 2016 and focuses on the delivery of training and capacity building at municipality level, based on Denmark's experience in multi-agency partnerships such as the SSP/SPS model in Aarhus and Copenhagen. In 2016, ISD arranged multiple engagement trips to the region to engage stakeholders in high-level meetings with Ministries, Mayors, Governors, Embassies and a range of international NGOs and grass-root organisations. As part of the project, ISD has hired a Regional Project Manager for Lebanon/Jordan. A Danish CVE Advisor was also seconded to ISD for one year.
- In May 2016, Sasha Havlicek addressed the Global Counter-Terrorism Forum (GCTF) and ISD was asked to facilitate a **work stream of the GCTF on Strategic Communications and Social Media** in partnership with the UK and Swiss governments. Led in partnership with the Geneva Centre for the Democratic Control of Armed Forces (DCAF), this work has delivered an international review and assessment of governmental best practices in countering violent extremism (CVE) online on behalf of the Global Counter Terrorism Forum (GCTF) CVE Working Group. Complementing other parallel international initiatives, this project aims to develop a comprehensive understanding of potential approaches and methodologies for governments to prevent and counter violent extremism online, including direct or indirect support for communications efforts to counter the appeal of violent extremist propaganda.
- In late 2016, ISD was engaged by the **UK Office of Security and Counter Terrorism (OSCT)** to help identify and support more effective, private-sector driven responses to reduce the volume, spread and impact of online terrorist and violent extremist content. This project is working to inform the development of government and industry responses, encourage a multi-stakeholder approach to the problem, and deliver a series of tangible work streams to develop more proactive and effective solutions.
- In partnership with Hedayah, ISD is building the **Counter Extremism Hub**: a comprehensive online resource centre for policymakers and practitioners working to counter radicalisation and polarisation. This hub will modernise ISD's existing counterextremism.org website and improve users' ability to share best practice while also ensuring they remain up to date with the latest developments in CVE. It will include an easily searchable library of government policies and programmes, both past and present, as well as a catalogue of case studies from around the world. The hub will also include: a calendar of forthcoming CVE events; an 'expert finder' feature; online practitioner forums including 'hot topic' and crisis response chat rooms and expert facilitated discussions.

INSTITUTE FOR STRATEGIC DIALOGUE

(A company limited by guarantee)

OPERATIONS

ISD suffered a tremendous loss at the beginning of 2016 with the passing of our President and Founder Lord George Weidenfeld in January. We were, however, comforted by the knowledge of his excitement at the future of the organisation and our efforts to counter extremism.

Key operational and management undertakings across the year included:

- In 2016 we launched a comprehensive **strategic and communications review** of ISD. In support of this strategic review, we drew on the external professional services of Forster Communications and M&C Saatchi World Services. Over the course of 2016, we worked with these agencies to review the competitive positioning, branding, naming, strategic framework and structure of our counter-extremism operations.
- At the beginning of 2016, we delivered a comprehensive **review of all systems and processes for grants** management and delivered two project specific audits for our US State Department work. These audits were conducted in January and February of 2016 and involved a rigorous examination of the management of these funds and all costs associated with the projects. We were delighted by the results of this process and the subsequent strengthening of our relationship with the US State Department, which led to significant funding being secured over the course of the year.
- **Fundraising from governments and private organisations** was a priority for 2016, and ISD was delighted to secure significant long-term funding for the organisation's counter extremism projects. The substantial increase in restricted funding has set up the organisation for continuing its important and timely work over the coming years.
- As well as a number of junior staff members, we are delighted in 2016 to have welcomed to ISD long-term associate and consultant Rashad Ali as our Resident Senior Fellow; Rebecca Skellett as Strong Cities Network Manager (formerly the PREVENT Coordinator for Islington) and Natasha Hanckel-Spice as Senior Delivery Manager (formerly of the youth marketing agency Livity). In 2017, we will continue to grow the team by bringing in expertise from related fields and build out the management of the organisation.
- In 2016, we implemented a **Full Cost Recovery policy** for non-government grants in order to maximize the benefits to the organization of our increased restricted funding.

In addition to the transfer of work from the Trialogue Educational Trust in November 2016, the Board also in 2016 reviewed and amended the nature of the relationship with the 501(c)(3) non-profit corporation Institute for Strategic Dialogue US which is registered in the District of Columbia, United States. ISD-U.S. and the Institute for Strategic Dialogue in the UK have traditionally been operated as one organisation but with legal separation. As part of the governance review and realignment undertaken in 2016, this relationship has now been formalised and co-management of the global entity streamlined by making ISD-U.S. officially Type II Supporting Organization to ISD-UK. While the ISD UK and ISD U.S. boards will legally remain separate, an overlap of members sitting on both boards will mean decisions can be taken by a majority group that spans both entities. The accounts of ISD-U.S. will remain separate and the entity will submit its File IRS form 990 to maintain its tax exempt status.

Operationally, 2016 can be characterised as the year ISD laid the governance, systems and financial foundations for a period of rapid growth and expansion. At the end of the year, ISD is in a strong position to maintain its leading position in the counter-extremism space. By investing in our grants systems, fundraising, senior team and strategy, we will be better positioned to scale our work in 2017 and beyond.

FUTURE PLANS

Following the successful transition of all projects and personnel relating to counter extremism into the company, the Board will seek in 2017 to strengthen and enhance this area of work. Future plans include further investment in personnel and growth of the team; establishment of long-term strategic partnerships in key areas; development of scalable and transferrable models; and a renewed focus upon raising unrestricted funds from trusts, foundations and individuals. Building on the pioneering counter-extremism work ISD has led over the past decade, we have honed our vision for a global counter-extremism organisation that can compete at scale with the extremists' radicalisation and recruitment machineries.

INSTITUTE FOR STRATEGIC DIALOGUE

(A company limited by guarantee)

FINANCIAL REVIEW

The Trustees closely monitor the level of free reserves available to ensure there is sufficient financial flexibility in place. The total incoming resources for the year were £1,449,273 (2015: £nil). The voluntary income received amounted to £462,577 (2015: £nil). The results for the year show that there were net incoming resources of £926,656 (2015: £nil). The Board remain satisfied that the organisation is a Going Concern.

Reserves Policy

The Trustees closely monitor the level of free reserves available to ensure there is sufficient financial flexibility in place. It is the Trustees' policy to accumulate reserves for future activities. The free reserves (net of restricted funds) available at 31 December 2016 was £204,696 providing cover for future administration costs.

TRUSTEES' RESPONSIBILITIES STATEMENT

The Trustees (who are also directors of Institute for Strategic Dialogue for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

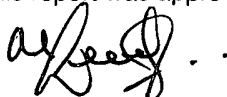
The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who are Trustees at the time when this Trustees' report is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

This report was approved by the Trustees, on 28/09/17 and signed on their behalf by:


Michael Lewis
Chair of Trustees

INSTITUTE FOR STRATEGIC DIALOGUE

(A company limited by guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INSTITUTE FOR STRATEGIC DIALOGUE

We have audited the financial statements of Institute for Strategic Dialogue for the year ended 31 December 2016 set out on pages 13 to 26. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with section 145 of the Charities Act 2011 and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members, as a body, for our audit work, for this report, or for the opinion we have formed.

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS

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

The Trustees have elected for the financial statements to be audited in accordance with the Charities Act 2011 rather than the Companies Act 2006. Accordingly we have been appointed as auditors under section 145 of the Charities Act 2011 and report to you in accordance with regulations made under section 154 of that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2016 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

INSTITUTE FOR STRATEGIC DIALOGUE

(A company limited by guarantee)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INSTITUTE FOR STRATEGIC DIALOGUE

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the Trustees' report is inconsistent in any material respect with the financial statements; or
- the charity has not kept adequate accounting records; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit; or
- the Trustees were not entitled to take advantage of the small companies' exemption from the requirement to prepare a Strategic report.

Landau Morley LLP

York House
Empire Way
Wembley
Middlesex
HA9 0FQ
Date: 29 September 2017

Landau Morley LLP are eligible to act as auditors in terms of section 1212 of the Companies Act 2006.

INSTITUTE FOR STRATEGIC DIALOGUE

(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2016**

| | Note | Unrestricted funds 2016 £ | Restricted funds 2016 £ | Total funds 2016 £ | Total funds 2015 £ |
|--|------|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| INCOME FROM: | | | | | |
| Donations and legacies | 2 | - | 462,577 | 462,577 | - |
| Charitable activities | 3 | 209,914 | 776,708 | 986,622 | - |
| Investments | 4 | 74 | - | 74 | - |
| TOTAL INCOME | | 209,988 | 1,239,285 | 1,449,273 | - |
| EXPENDITURE ON: | | | | | |
| Charitable activities | 5 | 5,891 | 516,726 | 522,617 | - |
| TOTAL EXPENDITURE | | 5,891 | 516,726 | 522,617 | - |
| NET INCOME BEFORE OTHER RECOGNISED GAINS AND LOSSES | | 204,097 | 722,559 | 926,656 | - |
| NET MOVEMENT IN FUNDS | | 204,097 | 722,559 | 926,656 | - |
| RECONCILIATION OF FUNDS: | | | | | |
| Total funds brought forward | | 599 | - | 599 | 599 |
| TOTAL FUNDS CARRIED FORWARD | | 204,696 | 722,559 | 927,255 | 599 |

The notes on pages 16 to 26 form part of these financial statements.

INSTITUTE FOR STRATEGIC DIALOGUE

(A company limited by guarantee)
REGISTERED NUMBER: 06581421

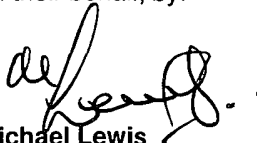
BALANCE SHEET
AS AT 31 DECEMBER 2016

| | Note | £ | 2016 £ | £ | 2015 £ |
|---|------|------------------|----------------|------------|------------|
| FIXED ASSETS | | | | | |
| Tangible assets | 12 | | 61,381 | | - |
| CURRENT ASSETS | | | | | |
| Debtors | 13 | 1,092,318 | | - | |
| Cash at bank and in hand | | <u>522,380</u> | | <u>599</u> | |
| | | 1,614,698 | | 599 | |
| CREDITORS: amounts falling due within one year | 14 | <u>(748,824)</u> | | - | |
| NET CURRENT ASSETS | | | <u>865,874</u> | | <u>599</u> |
| NET ASSETS | | | <u>927,255</u> | | <u>599</u> |
| CHARITY FUNDS | | | | | |
| Restricted funds | 15 | | 722,559 | | - |
| Unrestricted funds | 15 | | <u>204,696</u> | | <u>599</u> |
| TOTAL FUNDS | | | <u>927,255</u> | | <u>599</u> |

The Trustees consider that the charity is entitled to exemption from the requirement to have an audit under the provisions of section 477 of the Companies Act 2006 ("the Act") and members have not required the charity to obtain an audit for the year in question in accordance with section 476 of the Act. However, an audit is required in accordance with section 145 of the Charities Act 2011.

The Trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements.

The financial statements were approved and authorised for issue by the Trustees on 28/01/17 and signed on their behalf, by:


Michael Lewis
Chair of Trustees

The notes on pages 16 to 26 form part of these financial statements.

INSTITUTE FOR STRATEGIC DIALOGUE

(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2016

| | Note | 2016 £ | 2015 £ |
|--|------|-----------------------|-------------------|
| Cash flows from operating activities | | | |
| Net cash provided by operating activities | 17 | <u>583,088</u> | <u>-</u> |
| Cash flows from investing activities: | | | |
| Dividends, interest and rents from investments | | 74 | - |
| Purchase of tangible fixed assets | | <u>(61,381)</u> | <u>-</u> |
| Net cash used in investing activities | | <u>(61,307)</u> | <u>-</u> |
| Change in cash and cash equivalents in the year | | 521,781 | - |
| Cash and cash equivalents brought forward | | <u>599</u> | <u>599</u> |
| Cash and cash equivalents carried forward | 18 | <u>522,380</u> | <u>599</u> |

The notes on pages 10 to 20 form part of these financial statements.

INSTITUTE FOR STRATEGIC DIALOGUE

(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The financial statements have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair' view. This departure has involved following the Charities SORP (FRS 102) published on 16 July 2014 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

Institute for Strategic Dialogue meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

1.2 Company status

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

1.3 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

Investment income, gains and losses are allocated to the appropriate fund.

INSTITUTE FOR STRATEGIC DIALOGUE

(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1. ACCOUNTING POLICIES (continued)

1.4 Income

All income is recognised once the charity has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Donated services or facilities are recognised when the charity has control over the item, any conditions associated with the donated item have been met, the receipt of economic benefit from the use of the charity of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), the general volunteer time of the Friends is not recognised and refer to the Trustees' report for more information about their contribution.

On receipt, donated professional services and donated facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Income tax recoverable in relation to investment income is recognised at the time the investment income is receivable.

1.5 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Grants payable are charged in the year when the offer is made except in those cases where the offer is conditional, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to conditions which have not been met at the year end are noted as a commitment, but not accrued as expenditure.

All expenditure is inclusive of irrecoverable VAT.

1.6 Tangible fixed assets and depreciation

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of financial activities incorporating income and expenditure account.

INSTITUTE FOR STRATEGIC DIALOGUE

(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1. ACCOUNTING POLICIES (continued)

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

| | | |
|------------------------------|---|-----------------------------|
| Long-term leasehold property | - | 20% straight line method |
| Fixtures and fittings | - | 25% reducing balance method |
| Computer equipment | - | 33.33% straight line method |

1.7 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the Bank.

1.8 Operating leases

Rentals under operating leases are charged to the Statement of financial activities incorporating income and expenditure account on a straight line basis over the lease term.

1.9 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

1.10 Cash at Bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1.11 Liabilities and provisions

Liabilities are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the charity anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.12 Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

INSTITUTE FOR STRATEGIC DIALOGUE

(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

2. INCOME FROM DONATIONS AND LEGACIES

| | Unrestricted funds 2016 £ | Restricted funds 2016 £ | Total funds 2016 £ | Total funds 2015 £ |
|---------------------------------|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| Counter extremism project funds | - | 462,577 | 462,577 | - |

The Company received the above grant from the Trialogue Educational Trust (a related charity) which represented the transfer of all existing counter extremism project funding. This followed a transfer agreement executed on 1st November 2016 for the migration of all counter extremism related projects, assets, liabilities and personnel.

3. INCOME FROM CHARITABLE ACTIVITIES

| | Unrestricted funds 2016 £ | Restricted funds 2016 £ | Total funds 2016 £ | Total funds 2015 £ |
|------------------------------|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| Counter-extremism programmes | - | 776,708 | 776,708 | - |
| Core | 209,914 | - | 209,914 | - |
| | <u>209,914</u> | <u>776,708</u> | <u>986,622</u> | <u>-</u> |

4. INVESTMENT INCOME

| | Unrestricted funds 2016 £ | Restricted funds 2016 £ | Total funds 2016 £ | Total funds 2015 £ |
|--------------------------------|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| Investment income - local cash | 74 | - | 74 | - |

INSTITUTE FOR STRATEGIC DIALOGUE

(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

5. ANALYSIS OF EXPENDITURE ON CHARITABLE ACTIVITIES

| | Unrestricted funds 2016 £ | Restricted funds 2016 £ | Total funds 2016 £ | Total funds 2015 £ |
|------------------------------|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| Counter-extremism programmes | - | 516,726 | 516,726 | - |
| Core | 5,891 | - | 5,891 | - |
| | <u>5,891</u> | <u>516,726</u> | <u>522,617</u> | <u>-</u> |

6. ANALYSIS OF EXPENDITURE BY ACTIVITIES

| | Activities undertaken directly 2016 £ | Support costs 2016 £ | Total 2016 £ | Total 2015 £ |
|------------------------------|---|-------------------------------|--------------------|--------------------|
| Counter-extremism programmes | 516,726 | - | 516,726 | - |
| Core | - | 5,891 | 5,891 | - |
| Total 2016 | <u>516,726</u> | <u>5,891</u> | <u>522,617</u> | <u>-</u> |

7. DIRECT COSTS

| | Counter-ext remism £ | Total 2016 £ | Total 2015 £ |
|---|----------------------------|--------------------|--------------------|
| Project costs | 12,744 | 12,744 | - |
| Travel costs (staff) | 20,148 | 20,148 | - |
| Travel costs (participants) | 17,601 | 17,601 | - |
| Occupancy costs | 17,605 | 17,605 | - |
| Office costs | 1,245 | 1,245 | - |
| UK travel and hospitality | 283 | 283 | - |
| Outside professional services | 14,811 | 14,811 | - |
| Overhead recovery | 151,349 | 151,349 | - |
| Wages and salaries, including consultants | 280,940 | 280,940 | - |
| At 31 December 2016 | <u>516,726</u> | <u>516,726</u> | <u>-</u> |

INSTITUTE FOR STRATEGIC DIALOGUE

(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

8. SUPPORT COSTS

| | Core £ | Total 2016 £ | Total 2015 £ |
|---|--------------|--------------------|--------------------|
| Travel costs (staff) | 8,040 | 8,040 | - |
| Travel costs (participants) | 838 | 838 | - |
| Occupancy costs | 5,179 | 5,179 | - |
| Office costs | 5,829 | 5,829 | - |
| UK travel and hospitality | 1,048 | 1,048 | - |
| Outside professional services | 81,721 | 81,721 | - |
| Exchange loss / (gain) | (9,124) | (9,124) | - |
| Overhead recovery | (151,349) | (151,349) | - |
| Wages and salaries, including consultants | 63,709 | 63,709 | - |
| At 31 December 2016 | <u>5,891</u> | <u>5,891</u> | <u>-</u> |

9. NET INCOME/(EXPENDITURE)

During the year, no Trustees received any remuneration (2015 - £NIL).
During the year, no Trustees received any benefits in kind (2015 - £NIL).
During the year, no Trustees received any reimbursement of expenses (2015 - £NIL).

10. AUDITORS' REMUNERATION

The Auditor's remuneration amounts to an Audit fee of £10,920 (2015 - £Nil), and Accountancy services of £5,500 (2015 - £Nil). Audit costs for the organisation have been incurred for the first time following transfer of work from the Trialogue Educational Trust.

INSTITUTE FOR STRATEGIC DIALOGUE

(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

11. STAFF COSTS

Staff costs were as follows:

| | 2016 £ | 2015 £ |
|--|----------------|-----------|
| Wages and salaries including consultants | <u>344,648</u> | <u>-</u> |

The average number of persons employed by the charity during the year was as follows:

| | 2016 No. | 2015 No. |
|-----------------------------|-------------|-------------|
| Average number of employees | 25 | 0 |

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

12. TANGIBLE FIXED ASSETS

| | Freehold property £ | Fixtures and fittings £ | Computer equipment £ | Total £ |
|--|---------------------------|-------------------------------|----------------------------|---------------|
| Cost | | | | |
| Additions | <u>22,464</u> | <u>12,331</u> | <u>26,586</u> | <u>61,381</u> |
| At 31 December 2016 | <u>22,464</u> | <u>12,331</u> | <u>26,586</u> | <u>61,381</u> |
| Depreciation | | | | |
| At 1 January 2016 and 31 December 2016 | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net book value | | | | |
| At 31 December 2016 | <u>22,464</u> | <u>12,331</u> | <u>26,586</u> | <u>61,381</u> |
| At 31 December 2015 | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |

INSTITUTE FOR STRATEGIC DIALOGUE

(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

13. DEBTORS

| | 2016 £ | 2015 £ |
|--------------------------------|------------------|-----------|
| Trade debtors | 547,821 | - |
| Other debtors | 490,284 | - |
| Prepayments and accrued income | 54,213 | - |
| | <u>1,092,318</u> | <u>-</u> |

Other debtors include the following amounts due from related parties:

| | 2016 £ | 2015 £ |
|---|----------------|-----------|
| Dialogue Educational Trust (a related charity) | <u>399,540</u> | <u>-</u> |

14. CREDITORS: Amounts falling due within one year

| | 2016 £ | 2015 £ |
|------------------------------|----------------|-----------|
| Trade creditors | 196,304 | - |
| Other creditors | 90,000 | - |
| Accruals and deferred income | 462,520 | - |
| | <u>748,824</u> | <u>-</u> |

INSTITUTE FOR STRATEGIC DIALOGUE

(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

15. STATEMENT OF FUNDS

STATEMENT OF FUNDS - CURRENT YEAR

| | Balance at 1 January 2016 £ | Income £ | Expenditure £ | Balance at 31 December 2016 £ |
|------------------------------|--------------------------------------|-------------------------|-------------------------|---|
| Unrestricted funds | | | | |
| General Funds - all funds | <u>599</u> | <u>209,988</u> | <u>(5,891)</u> | <u>204,696</u> |
| Restricted funds | | | | |
| Restricted Funds - all funds | <u>-</u> | <u>1,239,285</u> | <u>(516,726)</u> | <u>722,559</u> |
| Total of funds | <u><u>599</u></u> | <u><u>1,449,273</u></u> | <u><u>(522,617)</u></u> | <u><u>927,255</u></u> |

STATEMENT OF FUNDS - PRIOR YEAR

| | Balance at 1 January 2015 £ | Income £ | Expenditure £ | Gains/ (Losses) £ | Balance at 31 December 2015 £ |
|---------------------------|--------------------------------------|-----------------|------------------|-------------------------|---|
| Unrestricted funds | | | | | |
| General Funds - all funds | 599 | - | - | - | 599 |
| | <u>599</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>599</u> |
| Restricted funds | | | | | |
| Total of funds | <u><u>599</u></u> | <u><u>-</u></u> | <u><u>-</u></u> | <u><u>-</u></u> | <u><u>599</u></u> |

The restricted fund represents amounts received for the funding of Counter extremism programmes.

INSTITUTE FOR STRATEGIC DIALOGUE

(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

16. ANALYSIS OF NET ASSETS BETWEEN FUNDS

ANALYSIS OF NET ASSETS BETWEEN FUNDS - CURRENT YEAR

| | Unrestricted funds 2016 £ | Restricted funds 2016 £ | Total funds 2016 £ |
|-------------------------------|------------------------------------|----------------------------------|-----------------------------|
| Tangible fixed assets | 61,381 | - | 61,381 |
| Current assets | 300,481 | 1,314,217 | 1,614,698 |
| Creditors due within one year | (157,166) | (591,658) | (748,824) |
| | <u>204,696</u> | <u>722,559</u> | <u>927,255</u> |

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

| | Unrestricted funds 2015 £ | Restricted funds 2015 £ | Total funds 2015 £ |
|----------------|------------------------------------|----------------------------------|-----------------------------|
| Current assets | 599 | - | 599 |
| | <u>599</u> | <u>-</u> | <u>599</u> |

17. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

| | 2016 £ | 2015 £ |
|--|----------------|-----------|
| Net income for the year (as per Statement of Financial Activities) | 926,656 | - |
| Adjustment for: | | |
| Dividends, interest and rents from investments | (74) | - |
| Increase in debtors | (1,092,318) | - |
| Increase in creditors | 748,824 | - |
| Net cash provided by operating activities | <u>583,088</u> | <u>-</u> |

18. ANALYSIS OF CASH AND CASH EQUIVALENTS

| | 2016 £ | 2015 £ |
|--------------|----------------|------------|
| Cash in hand | 522,380 | 599 |
| Total | <u>522,380</u> | <u>599</u> |

INSTITUTE FOR STRATEGIC DIALOGUE

(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

19. OPERATING LEASE COMMITMENTS

At 31 December 2016 the total of the Charity's future minimum lease payments under non-cancellable operating leases was:

| | 2016 £ | 2015 £ |
|-------------------------|-----------------------|-----------------|
| Amounts payable: | | |
| Within 1 year | 180,000 | - |
| Between 1 and 5 years | <u>446,301</u> | <u>-</u> |
| Total | <u><u>626,301</u></u> | <u><u>-</u></u> |

20. RELATED PARTY TRANSACTIONS

During the year, no Trustees received any remuneration or benefits in kind.

21. FIRST TIME ADOPTION OF FRS 102

It is the first year that the charity has presented its financial statements under SORP 2015 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31 December 2015 and the date of transition to FRS 102 and SORP 2015 was therefore 1 January 2015. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards.

The policies applied under the charity's previous accounting framework are not materially different to FRS 102 and have not impacted on funds or net income/expenditure.