



Working together  
to stop child sexual  
abuse online

# Trustees' Report & Financial Statements

For the year ended 31 March 2024

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**#BehindTheScreens**

**28**  
Years

**54**  
Countries

**200**  
Members

**72**  
Employees

**1**  
Mission

## Our Vision

We're creating an internet free from child sexual abuse that is **a safe place** for children and adults to use around the world.

## Our Mission

**Child sexual abuse images and videos are just as much a weapon as a knife.**

We actively search for this imagery and for the past 28 years, we've given people a safe place to report it to us, anonymously, now covering 54 countries.

We assess every report we receive. If it shows the sexual abuse of a child, we make sure the image or video is removed from the internet.

To do this effectively, we develop technology-for-good: we provide bespoke services, products and datasets to our industry Members to prevent the imagery

from re-appearing and make it harder for offenders to find and share.

We care. Our work relies on compassionate and resilient staff members, who are highly trained and carefully looked after.

We encourage others to play their part, whether it is reporting to us, funding us, or collaborating on the best technology and research.

The children in these pictures and videos are real. The suffering captured in this imagery and the knowledge that it could be shared can haunt a victim for life.

That's why it's **our mission** to remove this material for good. And to show **every child** there is someone out there who cares enough to help.



An incorporated charity,  
limited by guarantee.

Registered in England.

Charity No. 1112398

Company Reg. 03426366

Registered office:

Discovery House, Chivers Way,  
Vision Park, Histon, Cambridge  
CB24 9ZR, United Kingdom

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# Our Members

£80,000+		£25,000+	
		£20,000+	
£50,000+			
		£15,000+	

# Members between 1 April 2023 to 31 March 2024

£10,000+			£5,000+				
		£2,500+					
			£1,000+				



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“I’m very proud to have taken over the chair of this incredible organisation. Never has the IWF been so relevant and crucial to the online safety landscape.”

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## Welcome from Our Chair

**Since I joined the IWF as Chair in January 2024, I have been struck by the dedication and resilience of its staff, and the way the organisation has built up formidable partnerships and global networks to help prevent the spread of child sexual abuse imagery.**

Now the UK’s landmark Online Safety Act has been passed into law, organisations are looking anew at their responsibilities and requirements in the new age of online regulation.

The Internet Watch Foundation stands ready to help them, and to help deliver the kind of internet our children deserve. Somewhere they can benefit from the awesome potential to learn, socialise, play, and have fun in peace without facing threats of exploitation, abuse, and predation.

I’m very proud to have taken over the chair of this incredible organisation. Never has the IWF been so relevant and crucial to the online safety landscape.

We have a record number of members, and we provide an unparalleled service, building on our strong relationships with the UK Government, the incoming UK regulator, Ofcom, and law enforcement in the UK and globally.

The IWF will be stepping up its offering to technology companies to ensure that they have what they need to meet the standards being set by regulation not just in the UK but all over the world.

Our strength has always been in teamwork, and we will work with our Members, and existing and new partners, to support companies who want to do the right thing to make sure that they not only meet regulatory requirements but continue to innovate in ways that make a real difference to the global problem and drive up standards for all.

Together, I know we can seize the opportunities the new regulatory world is offering us and make a real difference – building the internet we all want and deserve. We are stronger together.

**Catherine Brown**  
*IWF Chair*





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“We look forward to building further on the strong, considerate, and compassionate organisation we have all worked so hard on over the years. We owe it to children all over the world.”

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## Caring for Our People

**In the digital world, things change. Things adapt and evolve at dizzying rates, and new technologies arrive in what appears to be the blink of an eye.**

But what is so heartening to me is how we can evolve and adapt too – and how whatever technological advancements rear up to threaten the safety of children on the internet, it’s human beings that step up to take the crucial action to find, block, remove, and stop online child sexual abuse.

The Internet Watch Foundation is growing, and I have never been prouder of the people who work here. Every day is a mission, and they are what makes the difference, for so many children, between a life of hopelessness, where imagery of their abuse is shared unchecked, and a chance to move forward.

Given the sensitive nature of the work we do at IWF, we took our responsibilities to the IWF’s mission, and the staff who help us achieve it, incredibly seriously.

Our commitment to the welfare of our staff begins in the recruitment process and is a core part of how we, as an organisation, function.

From new recruits to seasoned staff, we continue to pride ourselves on the quality and resilience of those undertaking this essential and exacting work,

As our team grows, we keep the safety and wellbeing of our staff close to our hearts. The supportive and welcoming culture we have worked so hard to cultivate and encourage here at the IWF is something we will always work to maintain.

We now have a newly refurbished office space which means those who work from home can now explore new ways to divide their time and collaborate with colleagues. Creating an environment where our teams can be together and work has been key to making sure we operate as a cohesive team, fostering better relationships between teams. We look forward to building further on the strong, considerate, and compassionate organisation we have all worked so hard on over the years. We owe it to children all over the world.

**Heidi Kempster**

*IWF Chief Operating Officer  
& Deputy CEO*

# Our Senior Leadership Team



**Susie Hargreaves OBE**

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CEO

*Stepped down 31 July 2024*

Susie joined the Internet Watch Foundation in September 2011 as Chief Executive. She has worked in the charity sector for more than 35 years in a range of senior positions.

She is an experienced presenter and conference chair at events around the globe and regularly appears in the national media and on TV. Susie has represented the IWF in high level political discussions across the world including the UK Houses of Parliament, the African Union, the Vatican, the White House, the EU and most recently the Japanese Parliament.

Susie sits on a number of international and national boards and groups. She was a founding member of the WePROTECT Global Alliance International Advisory Board and has also served as an expert advisor to UNICEF.

Susie is a Clore Leadership Fellow. She was a finalist for a number of awards including PA Magazine’s Best Boss of 2014. Susie was a finalist in the Inspiring Women Awards UK 2023 and Woman in IT Awards 2024 - Tech For Good Award.

Susie was awarded an OBE in the Queen’s Birthday Honours in 2016 for ‘Services to Child Online Safety’ and in 2023 was appointed as an Honorary Member of the NSPCC Council.



**Heidi Kempster**

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Deputy CEO & COO

Heidi directs IWF’s business activities.

She is a detail-orientated, strategic thinker devoted to creating a caring and supportive environment for all. She is responsible for deputising for the CEO and she ensures the operations of IWF run smoothly and efficiently.

Heidi oversees all finance, HR, legal and statutory compliance, including managing performance and risk. She manages the IWF Development Team, and is also responsible for maintaining and developing the IWF’s gold-standard welfare programme for staff.

Heidi started her career in local government finance and has worked in a number of positions and departments in education, audit and property. Before joining IWF in June 2013 she was part of the Senior Management Team of one of the first large secondary Academy Trusts, overseeing operations for both children, adults and the wider community.





**Emma Hardy**

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Communications Director

Emma directs all IWF's communications functions with energy and enthusiasm, and ensures all communications are consistent, timely and in line with IWF's values.

She oversees reputation management, awareness raising, campaigns, media relations and the public affairs functions.

Emma started her career as a journalist, writing for a newspaper and magazine before taking internal communications and press office roles at a police force and in local government.

Emma is a Chartered Member of the Chartered Institute of Public Relations (CIPR) where she holds a public relations diploma. She is a primary school governor, has a multi-media journalism degree and is a qualified senior reporter.

Emma is also a Co-Director of the UK Safer Internet Centre.



**Chris Hughes**

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Hotline Director

Chris joined the IWF in February 2012 as Hotline Manager, running a team of five analysts. He has overseen the expansion of the hotline which now boasts 30 analysts – and growing – including a Hotline Manager and a team of Senior Analysts.

Chris is responsible for the running of the Hotline, training of analysts, and the provision of datasets and services to IWF's Members. He is the IWF's key contact with law enforcement bodies around the world, and he sits on several advisory groups.

Chris started his career in hospitality and catering before moving into the IT training sector. He has previously had roles as a Training Director and Business Manager overseeing the delivery of the DWP Work Programme, across three sites in the East of England.



**Dan Sexton**

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Chief Technology Officer

Dan joined IWF in February 2021. He is responsible for Information technology, cybersecurity and software development leading the in-house technical and compliance teams.

He leads our software engineering work which includes the creation of world-leading technologies, such as IntelliGrade and Report Remove, to support the Hotline and our technology Members.

Dan has over 20 years' experience in IT, working across a range of environments including local government, the academic sector and in commercial software development.

Dan has a degree in Media, Culture and Society and a Master's in Computer Science.

## Reference & Administrative Details

**Charity Registration Number**  
1112398

**Company Registration Number**  
03426366

**Chief Executive Officer**  
Ms S E Hargreaves  
Resigned 31 July 2024

**Senior Management Personnel**

- Ms S E Hargreaves  
Resigned 31 July 2024
- Ms H Kempster
- Ms E Hardy
- Mr C Hughes
- Mr D Sexton

**Board of Trustees**

- Claire Bassett  
Resigned 1 January 2024
- Sinead Coogan Jobs  
Resigned 29 April 2024
- Giles Crown
- Terry Downing
- Elizabeth Kanter  
Resigned 1 May 2023
- Sherry Malik
- Bronagh McCloskey
- John Parkinson  
Resigned 1 January 2024
- Andrew Puddephatt  
Resigned 1 January 2024
- Andrew Campling
- Simon Staffel  
Appointed 04 July 2023
- Catherine Brown  
Appointed 01 January 2024
- Nick Newman  
Appointed 01 January 2024
- Rachel Yeoman  
Appointed 01 March 2024
- Alexander Evans  
Appointed 19 March 2024
- Sanjit Gill  
Appointed 29 April 2024

**Principal/  
Registered Office**

Discovery House  
Chivers Way  
Histon  
Cambridge  
CB24 9ZR

**Independent Auditors**

Price Bailey LLP  
Chartered Accountants  
& Statutory Auditors  
Tennyson House  
Cambridge  
Business Park  
Cambridge  
CB4 0WZ

**Investment Advisors**

Rathbones Brothers Plc  
8 Finsbury Circus  
London  
EC2M 7AZ

**Investment Managers**

CCLA  
One Angel Lane  
London  
EC4R 3AB

**Bankers**

Barclays Bank UK PLC  
Abacus House  
Castle Park  
Castle Hill  
Cambridge  
CB3 0AX

# Objectives & Activities

The Trustees present their report and the audited financial statements of the charity for the year ended 31 March 2024. The Trustees have adopted the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" (FRS 102) in preparing the annual report and financial statements of the charity.

## Public Benefit

We are confident that the IWF continues to meet the public benefit requirements and that we have paid due regard to the published guidance from the Charity Commission. Our specific objects as a company are set out in our Articles of Association. Our aims as a charity continue to be to promote the protection and welfare of the public, particularly children, by working to minimise the availability of illegal content on the internet.

## Remit

To remove online child sexual abuse content hosted anywhere in the world and to remove non-photographic child sexual abuse content hosted in the UK.

## 2021-2025 Strategy

Online child sexual abuse imagery is a global problem, which demands a global solution. The internet does not respect geographical borders, so we work in close cooperation with partners worldwide. It is our continued aim to use the expertise of the IWF's team and work with partners to:

- Disrupt the availability of child sexual abuse content hosted anywhere in the world.
- Protect children who are victims of sexual abuse from repeat victimisation and public identification.
- Prevent internet users from accidentally stumbling across child sexual abuse content.
- Remove any non-photographic child sexual abuse content that is found to be hosted in the UK.
- Promote best-practice welfare for staff who are working to eliminate child sexual abuse imagery and provide a caring and safe environment for all of our staff.

The main focus of our strategy has been to deliver excellence in our core operations, particularly the Hotline and in the technical services we deliver.

We have also carried out a number of projects during this financial year and continue to develop our project work in line with our strategy. These projects and much more will contribute to our 2021-2025 Strategy.

## How we do this

- Identify, assess, report and remove illegal child sexual abuse imagery.
- Provide a world class Hotline for anyone to securely and anonymously report child sexual abuse imagery.
- Use our intelligence to actively search for child sexual abuse images and videos on the public internet.
- Work with industry partners worldwide to remove images of child sexual abuse as quickly as possible and prevent them from being spread further.
- Develop technical solutions and services using innovative tactics to disrupt and remove illegal content.
- Research, analyse and disseminate relevant trends data.
- Share our expertise and play an active role in the UK Safer Internet Centre.

## Our Year at a Glance

# 392,665

reports were assessed in 2023.

375,230 assessed in 2022



# 275,652

of these reports were confirmed to contain child sexual abuse imagery.

255,588 confirmed in 2022



As each report contains at least one, and sometimes thousands of images, **this equates to millions of criminal images** removed from the internet.



# 2 +

By the end of 2023, we had accumulated **2,604,806 individual hashes** of criminal images and videos to share with technology companies.

We continue to see an exponential increase in what is termed 'self-generated' child sexual abuse content, created using **webcams or smartphones** and then shared online via a growing number of platforms.



Of the 275,652 webpages actioned during 2023, **nine in every ten** reports (254,071 or 92%) were assessed as containing 'self-generated' imagery.

# Cat A

Since 2022, reports that include child sexual abuse imagery showing UK Category A content (rape, sexual torture and inclusion of sexual activities with animals) have **increased by 22%**.



A higher proportion (46%) of the **imagery of boys** shows Category A child sexual abuse compared to girls (21%).




# 2.6 billion



We've given 2.6bn+ people a safe place to report child sexual abuse material, anonymously via our portals.

# 25%



rise in imagery featuring **7-10 year olds** compared to 2022.



## Online Safety Act receives Royal Assent

Throughout 2023, we tracked and influenced the passage of the Online Safety Bill through Parliament, until it finally received Royal Assent and became law on 26 October 2023.

# 200+

**More than 200 companies** are Members of the IWF, covering a broad and diverse range of industries and sectors, enabling a **global reach** to keep the internet free from child sexual abuse and a safe place for children and adults to use around the world.



# Our Theory of Change

Our Theory of Change and values guide our work.

The desired outcomes in our Theory of Change form the objectives of our business plan, which in turn translate into detailed activities to guide our work.

Everyone at IWF is set personal objectives which relate to those activities and objectives which helps us move as one force towards our vision of an internet free from child sexual abuse that is a safe place for children and adults to use around the world.

## Problem

Child sexual abuse has a devastating impact on people's lives.

Online child sexual abuse is increasing globally with a significant increase in 'first-person produced imagery'.

Criminals use technology to evade detection and prey on children; re-victimisation occurs every time an image is viewed online and a generation could be growing up with the fear that an online sexual image of themselves as a child will follow them into adulthood.

The internet can be unsafe for children and adults who do not, or cannot fully appreciate the risks. Among some companies, groups or individuals who can help combat child sexual abuse material (CSAM), there is indifference, inconsistency, inaction or mis-representation of the issue which increases victim suffering and emboldens criminals.

## Activities

We help to solve the problem by:

### Activity 1.

Working to prevent, disrupt and remove child sexual abuse material from the internet.

### Activity 2.

Carrying out and disseminating world leading information and trends analysis.

### Activity 3.

Working collaboratively, transparently yet influentially, in the online safety space, always innovating, developing and evaluating impact.

### Activity 4.

Generating income, delivering value for money services and activities which contribute to a robust, sustainable and accountable business model.

We have taken a deep dive into these activities and their impact. Please see pages 14 - 15.

## Outcomes

### **We know we are on course to reduce the demand for CSAM, and its availability is minimised when:**

We run a world-class hotline, proactively identify CSAM and provide a safe place for anyone, globally, to report.

We use technology effectively to support the work of  
**i)** our world-class hotline and;  
**ii)** the wider organisation.

We develop and curate high quality datasets, services, and products to support our Members' and partners' work in achieving our mission.

We use our expertise, research and data to influence and inform the public, our stakeholders and public affairs activities in the UK, EU and Five Eyes partnership.

We are accountable and transparent, and we always put our mission and values first.

We have strong, effective and collaborative relationships with our stakeholders including technology companies, Members and funders, without compromising our independence.

The IWF is future proofed and we have a caring environment provided for all our staff.

## Impacts

Globally, the internet has less child sexual abuse material.

The UK is the most hostile country in the world to host CSAM and is the safest place in the world to be online.

People know about CSAM, are better able to keep themselves and their loved ones safer online, and know the part they can play in its prevention and removal.

IWF is recognised as the model of best practice around the world.

## Super Impacts

The internet is free from child sexual abuse and is a safer place for children and adults to use around the world.

# Examples of Our Activities

## Activity 1.

### **Working to prevent, disrupt and remove child sexual abuse material from the internet.**

We provide a safe place for people to report suspected child sexual abuse imagery to us from 54 countries, and in 17 languages. We also actively search the internet for child sexual abuse imagery.

In 2023, we continued to see child sexual abuse material being distributed by offenders prolifically posting links to dedicated commercial sites. These links are frequently shared in chat rooms related to child sexual abuse, but also on unrelated platforms easily accessible to the public, like social media sites and even digital music apps.

This method uses viral marketing techniques, similar to that of a pyramid scheme, where people are incentivised to share links to child sexual abuse sites far and wide in a 'scattergun' approach.

Those people are then 'rewarded' when others click on the links and ultimately download or watch the criminal material.

In 2023, we identified nearly 15,000 reports of child sexual abuse being distributed in this way. To support the identification and take down on this imagery, we've provided training and briefing sessions to partners who are able to help support the disruption of these types of criminal enterprises which put children and ordinary people at risk.

## Activity 2.

### **Carrying out and disseminating world leading information and trends analysis.**

We published a snapshot study to understand the extent to which there was evidence of 3- to 6-year-old children appearing in 'self-generated' child sexual abuse imagery.

We performed an image-based analysis on image hashes we had assessed during 2023. We found 2,401 'self-generated' images and videos of 3-6-year-olds. 91% were of girls and most (62%) were assessed as Category C by our analysts.

While children grow up, it is quite normal for there to be an element of sexual experimentation and body-curiosity; that is not what we find in these 'self-generated' images and videos of child sexual abuse. To be clear, the term 'self-generated' does not mean that the child is instigating the creation of this sexual content themselves, instead they are being groomed, coerced and in some cases blackmailed into engaging in sexual behaviour. They are never to blame for the creation or existence of this imagery.

#### **What can we do about this?**

Each image found has been hashed, meaning we created a digital fingerprint of it. We not only work with partners to secure the removal of this criminal material from online spaces, but we also provide a hash list service so that tech companies can prevent the upload, storage and circulation of this imagery.

### **Activity 3.**

**Working collaboratively, transparently yet influentially, in the online safety space, always innovating, developing and evaluating impact.**

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We were asked to assist on a case where child sexual abuse imagery featuring two UK-based children was 'going viral' online. It was a race against time to remove all the instances from various platforms and websites, and we relied on the prompt cooperation of our industry contacts and child protection partners to help us.

Our partners at SWGfL had received a call through their Professionals Online Safety Helpline confirming the people featured were both under 18 and that the imagery was going viral, and being used to create memes. The children's school and the police were also involved.

Thanks to our ability to proactively search for child sexual abuse imagery, we mobilised all our analysts to hunt for the material and seek its removal in an attempt to stop it spreading online.

Our partners at the social media sites acted quickly to ensure the content we found was removed from their platforms. Cooperation and good communication with social media companies was critical to fast and effective content removal.

This is a great example of how the IWF can be reactive to a 'live' situation and where speed of action is imperative.

### **Activity 4.**

**Generating income, delivering value for money services and activities which contribute to a robust, sustainable and accountable business model.**

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In 2023 we launched our Fundraising Team in response to the need to combat child sexual abuse material remaining as high as ever. The team's mission is to strengthen IWF's resources, enabling us to stay ahead of the curve in detecting and combating illegal content.

Our new Fundraising Team is not just an administrative addition but a strategic move to encourage the support of individuals, grant funders, Members and organisations who share our vision for a safer internet. By creating a community of supporters, we aim to establish a financial foundation that sustains our critical work to find and remove online child sexual abuse imagery.

Fundraising support enables us to innovate, expand our reach, invest in cutting-edge technologies, provide a unique range of services to our Members, run crucial communications campaigns, provide a duty of care and wellbeing programme to our analysts, and be agile enough to keep up with ever-evolving digital threats, such as AI.

# Our Results

The IWF is recognised globally as one of the leading organisations tackling child sexual abuse online. Our reports and data are trusted and used by law enforcement, government, NGOs and the tech/internet industry.

## Every 80 seconds we assess a webpage, every 114 seconds that webpage shows child sexual abuse material (CSAM).

In 2023 alone:

- **392,665 reports** were assessed by IWF (5% increase on 2022).
- **275,652 URLs\*** (webpages) were confirmed to contain child sexual abuse imagery, having links to the imagery or advertising it (8% increase on 2022).
- We hold **+2.25million hashes** (digital fingerprints) of data-enriched child sexual abuse images.

*\*Each URL could contain one, tens, hundreds or even thousands of individual child sexual abuse images or videos.*

Just over three in 10 (34%) public reports (132,710), correctly identified child sexual abuse content, up from 26% in 2022. Our legal ability to proactively search for this material is by far the most effective way to find and remove it. 90% of public reports to IWF were made anonymously.

## Geographical hosting

### 📉 Trend:

**Since 2016, Europe (inc Russia and Turkey) has hosted the most child sexual abuse webpages and 2023 was no different.**

- More than three in five URLs (176,299 or 64%) of child sexual abuse content we found in 2023 was traced to a server in Europe (inc Russia).
- More than half of all global URLs we identified (51% or 140,911 URLs) were hosted in an EU Member state.
- Most imagery was traced to the Netherlands (33%), followed by the USA (15%) and Hong Kong (9%).
- Switzerland (8%) jumped from 0% in 2022 due to just two bad-actor hosters, hosting thousands of child sexual abuse images and videos.

### Solutions:

- We notify partners globally to speed up the removal of this content hosted in their territories.
- We provide domains services to prevent this content from evading detection, and to prevent domains services being offered to serial bad actors.
- Our IWF Hash List and URL List prevent the upload, storage, distribution and finding of this material.
- We train analysts in sister hotlines to successfully thwart and disrupt offenders distributing and selling this material.

## Severity of abuse seen in images

### 📉 Trend:

**We are finding more imagery of the most severe forms of child sexual abuse.**

- There was a 22% increase in identified UK Category A imagery: penetrative sexual activity; images involving sexual activity with an animal or sadism in 2023 (from 51,369 in 2022, to 62,652 in 2023). This has been the trend for the past three years.

## Sexually coerced extortion or 'sextortion'

### 📉 Trend:

**Predominantly affecting teen boys, this is where an abuser tries to use intimate, naked or sexual photos or videos of a young person to blackmail or extort them often for either more images or for money.**

- We identified 176 cases of sexually coerced extortion where it was clear that blackmail had been used as a technique by the offender, for money, or more imagery. We get most reports from boys, aged 14-17. This is an eight-fold increase on the year before.

### Solution:

- Our Report Remove service in partnership with the NSPCC provides a tool for young people to report sexual images and videos of themselves, for removal from the internet, and hashing to prevent the upload, sharing, and storage of this imagery.





## Ages of children

### 📄 Trend:

**We mostly find imagery of 11–13-year-olds, but gap is closing as more and more imagery of 7-10s is being identified.**

- Most of the reports contained images of 11–13-year-olds (54%), followed by 7-10-year-olds (41%). Over the past three years we've seen the gap between the numbers of images showing these age groups getting narrower, meaning more imagery of 7-10s is discovered and fewer images of 11-13s. There was a 25% increase in the volume of reports containing 7-10-year-olds and a 1% increase in 11-13-year-olds from 2022.

### 📄 Trend:

**Since 2021, “self-generated” child sexual abuse imagery has been the dominant type of CSAM discovered and removed by our analysts.**

- Of the 275,652 webpages actioned during 2023, more than nine in 10 (254,071 or 92%) were assessed as containing ‘self-generated’ imagery.
- This is a 14 percentage point proportional increase on 2022 when 78% of actioned reports (or 199,363) were ‘self-generated’.
- This represents a 27% increase in ‘self-generated’ reports from 2022 to 2023 in terms of the number of actioned webpages.

Children aged 11-13 continue to appear most frequently in ‘self-generated’ imagery, as in previous years. We also continued to observe an increase in the proportion of this type of imagery including children aged 7-10 in 2023, up 65% from 2022 (104,282 in 2023 vs 63,057 in 2022).

### Solutions:

- Our Hash List of digital fingerprints prevents the upload, storage, and sharing of this imagery online.
- Our URL List prevents people from accessing this content while we work with a global network of partners to get it removed from the open internet.
- Our long-running harm reduction campaigns aim to empower and educate young people about the tactics of offenders, and encourage good quality conversations in the family home about online safety.

## The trade in child sexual abuse content

### 📄 Trend:

**Virtual currencies are the most-offered method to purchase child sexual abuse images and videos.**

- In 2023 we actioned 2,809 reports where commercial sites were offering a payment option.
- Across all 2,809 reports we found 845 instances where cryptocurrencies were offered as a type of payment. These were attributed to 332 unique URLs.

### Solution:

- Our Virtual Currency Alerts are designed to give cryptocurrency companies real-time notifications when a virtual currency is used to buy child sexual abuse imagery. The alerts are immediate. When a virtual currency wallet (a type of storage for digital currency) has been linked with any confirmed online child sexual abuse imagery, the provider is warned.

## AI-generated child sexual abuse imagery

### 📄 Trend:

**Text-to-image and text-to-video AI software enables people to create high quality life-like child sexual abuse images in seconds. These may be based upon likenesses of real victims, or likeness of real children who have not been physically abused, or may be completely synthetic.**

Our 2023 AI case study found that on just one dark web forum specialising in AI generated imagery of children:

- 2,562 images were criminal pseudo-photographs, and 416 were criminal prohibited images.

### Solution:

- If they look like ‘real’ images of child sexual abuse, under UK law they are treated exactly like ‘real’ child sexual abuse images. These are added to the IWF URL list and removal of the content is pursued.
- If they look like non-photographic images of child sexual abuse, they are treated as prohibited images. These are added to the IWF NPI list.

# Our Services

## Notice and Takedown

The most effective way to eliminate online child sexual abuse content is to remove it at source. The UK hosts a small volume of online child sexual abuse content and remains an incredibly hostile territory in this respect. When we started in 1996, the UK hosted 18% of the global total – in 2023 this figure was just 0.1%.

We took action on 287 webpages hosting images and videos in the UK in 2023 (a decrease of 55% from 640 URLs in 2022). The fastest removal time for an actioned site was just 1 minute. Overall, 38% of all UK hosted content was removed and taken down in two hours or less. We issued 112 takedown notices against these 287 URLs. We might send one notice for several webpages and content may have already been removed by the time we get authorisation from the police.

## URL List

We provide a list of webpages (URLs) with child sexual abuse content hosted abroad to companies who want to block or filter them for their users' protection, and to prevent repeat victimisation. We update the list twice a day, removing and adding URLs. During 2023, the list was sent across all seven continents. There were 194,580 unique URLs included on the list in 2023. On average, 1,116 new URLs were added each day (1,029 in 2022), the list averaged 8,351 URLs per day.

## Hash List

Each image can be given a unique code, known as a hash. A hash is like a digital fingerprint of an image. The IWF list of hashes can be used to find duplicate images. By the end of

2023, we had accumulated 2,255,390 individual hashes of criminal images and videos. Of these, 554,553 (24%) related to Category A images, the worst forms of abuse - images of rape or sexual torture of children. This is an increase from the end of 2021, where 411,458 hashes related to the worst forms of abuse.

## Keywords List

Offenders often create their own language – codes – for finding and hiding child sexual abuse images online. To help counter this, each month we give our Members a list of keywords that are used by people looking for child sexual abuse images online. This is to improve the quality of search returns, reduce the abuse of their networks and provide a safer online experience for internet users. In December 2023, the Keywords List held 5,247 words associated with child sexual abuse images and videos.

## Newsgroups

We are one of only a handful of hotlines in the world that processes reports on newsgroups. Our Hotline team monitors the content of newsgroups and issues takedown notices for individual postings of child sexual abuse imagery.

We also provide a Newsgroup Alert to Members, which is a notification of child sexual abuse content hosted on newsgroup services so they can be removed. In 2023 we actioned 6 reports of confirmed child sexual abuse images hosted within newsgroups.

## Alerts

We also provide various alert services to Members, such as Domain Alerts. These are issued

to companies in the domain registration sector when illegal content is found on domains registered through them. The other alert services are for payment brands, virtual currency use and 'Simultaneous' alerts for our US Members. We launched a new Alert service called the Top-Level Domain Hopping List, which lists known domain strings that have been confirmed to move from top-level domain to top-level domain with the express purpose of selling or distributing child sexual abuse material. This is specifically to alert the domain registry sector.

## NPI List

The NPI List is comparable to our standard URL List but features URLs showing images and videos of non-photographic child sexual abuse.

These could include cartoons, drawings, computer-generated imagery (CGI) and other non-photographic representations of child sexual abuse. The URLs provided are those deemed at the time of assessment to potentially breach UK legislation, specifically Sections 62 to 69 of the Coroners and Justice Act 2009. IWF Members can request access to the list enabling them to block webpages featuring this type of content - further protecting their users and contributing to the overall fight against child sexual abuse online.

In 2023, we took action on 280 reports of non-photographic child sexual abuse imagery. However, after our assessment, none of these were confirmed as UK-hosted content.

At the end of 2023, 295 unique URLs of non-photographic child sexual abuse imagery were included on the list.

# Review of Activities and Successes

The 2023/24 year marked a period of robust growth and significant development for us. We celebrated reaching the highest number of Members in IWF's history and saw the [Royal Assent](#) of the Online Safety Act into law. These milestones have not only strengthened our business objectives but also reinforced our commitment to maintaining exceptionally high standards and engagement levels in our work.

Our contributions remain pivotal in the global fight against online child sexual abuse. Highlights from the past year include:

- Our work was independently recognised for its use of cutting-edge tech tools designed to make it easier to identify and remove online child sexual abuse at the 2023 National Technology Awards with the coveted [Tech for Good](#) award.



- We [sounded the alarm](#) on the first confirmed AI-generated images of child sexual abuse calling for robust action from the Government.
- Thanks to a grant from partner and funder Nominet, we were able to develop new cutting edge [clustering technology](#) allowing our analysts to assess multiple child sexual abuse images in seconds, rather than hours.
- Our analysts highlighted the serious and increasing threat

of [online sexually coerced](#) extortion or 'sextortion', finding that in the first six months of 2023 reports of confirmed child sexual abuse involving 'sextortion' surged by 257% compared with the whole of 2022.

- [Alongside partners in ECLAG](#) (the European Child Sexual Abuse Legislation Advocacy Group), we took to the streets of Brussels to show support for the proposed EU Regulation to prevent and combat child sexual abuse.
- [Catherine Brown](#) was officially named as our new Independent Chair taking over from Andrew Puddephatt OBE, who held the position since 2017.
- We announced a [trailblazing partnership](#) with Public Interest Registry (PIR), the US non-profit that operates the .ORG Top-Level Domain, taking aim at criminals profiting from child sexual abuse online.
- Our pioneering [reThink chatbot project](#) was shown to reduce searches for illegal sexual images of children on adult content website Pornhub.
- We welcomed a number of prominent new [Members](#) into IWF including Discover Financial Services, Bitly, Discord, GoFibre, Lebara and F-Secure.

Read more about our achievements on our [website](#).

## Membership Drive

Our Development Team worked hard to bring 34 new companies into membership with the IWF between 1 April 2023 – 31 March 2024:

- A10 Networks Inc.
- Axiata Group

- Bank Frick & Co. AG
- Bitly, Inc.
- Borderlink Broadband Limited (t/a GoFibre)
- BRAND-fi Technologies Ltd
- Bumble Inc.
- C4FF (Centre for Factories of the Future Ltd)
- Certida LLC
- CoCCA Registry Services (NZ) Limited
- Discord Inc.
- Discover Financial Services
- FlashStart Group Srl (Collini Consulting)
- Fortis LLC
- F-Secure Oyj
- Heimdal Security SRL.
- Human Digital
- Image Analyser Ltd (T/A Image Analyzer)
- Ko-fi Labs Limited
- Lebara Mobile Ltd.
- Magnet Forensics Inc.
- MGID (Central German Society for Information Security and Data Protection)
- OKLink Fintech Limited
- Orange Slovensko, A.S.
- Rebrandly (RadiateCapital LTD)
- Seekr Technologies Inc.
- Seqrd Technology Ltd (T/A SchoolsMobile)
- SS8 Networks Inc.
- Unitary Ltd
- Vendo Services GMBH
- Videntifier Iceland EHF
- Wave 9 Managed Services Ltd
- You

\* *The 34th member wishes to remain anonymous*

# Financial Review

## Income

Total income for the year at £6,950,958 (2022/23 £6,011,992) increased from the previous year, due to an increase in the value of strategic partnership income, membership and other membership income. At the end of 2023/24 the IWF had 205 Members (2022/23 184). Retaining and developing membership is critical to being able to fund our activities. We received grants from Nominet (£784k), Home Office (£370k), Oak (£214k), The Global Fund to End Violence Against Children (£139k), EU Commission (£70k) and from World Childhood Foundation (£17k).

In 2022/23 we received grants from Nominet (£959k), Home Office (£384k), Thorn (£214k) The Global Fund to End Violence Against Children (£139k) and from the EU Commission (£74k).

## Expenditure on charitable activities

Our key objective is running the Hotline in the most efficient and beneficial way to maximise our removal of illegal child sexual abuse content. We have also created a new team of Internet Content Assessors, whose job it is to assess, grade and hash content from the CAID Police database.

Our expanded Tech Team have continued to develop cutting edge technology to detect content more efficiently during this financial year. Total expenditure of charitable activities at £6,145,645 (2022/23 £4,913,399) represented an increase of 25% from the previous year.

## Reserves

IWF ended the year with reserves of £6,318,609 in 2023/24 of which £6,343,757 are free reserves, (2022/23 total reserves £5,457,525). IWF target free reserves are £4,771,693. IWF's policy is to maintain a level of reserves which takes into account unexpected changes in income or operations, fluctuations in cash flow and the timescales and commitments

in the event of winding up our operations. The Trustees deem it appropriate to maintain unrestricted general funds which are at least equivalent to the minimum core costs of running the Hotline and support required for the next 12 months. This is the minimum service that the IWF would need to undertake to meet its charitable obligations.

The Trustees have designated £1,350,000 as designated funds split between a Technical Fund of £350,000, a Premises Fund of £500,000 and a new Project Change Fund of £500,000. These designated funds are for future investments and growth of the IWF in light of the Online Safety Act which the Trustees wish to fully resolve before over committing on the spending of the reserves. Reserves are invested to maintain their value to IWF, minimising risk and not specifically to generate ongoing income.

The £25k negative fund is the agreed costs for the 2 grants where the grant funds will be received next year.

## Investments

IWF's objective is to maintain the value of its investments after inflation. Rathbones Investment Management Ltd continue to manage a portfolio containing £1,098,121 on our behalf (2022/23 £1,028,924). An assessment of attitude to risks has been undertaken and as a result the appropriate investment strategy has been determined as Cautious Growth (Rathbones SAAC3). Key parameters of the mandate are:

- A return reference of CPI+2%.
- An expected time horizon of 5+ years.
- An exposure of up to 65% in equity and equity-correlated risks with the balance in liquid and diversifying assets.
- Income will be reinvested in the portfolio.

The portfolio has almost performed in line with the targets set with the exception of the previous financial year which saw significant turmoil in the financial markets. The return on investment since inception, which is just over the target 5 year time horizon, is showing a total average annual return of 3% against an average annual target of 6%.

## Fundraising

The charitable company understands its duty to protect the public, including vulnerable people, from unreasonably intrusive or persistent fundraising approaches and undue pressure to donate. The IWF has not proactively fundraised from the public currently, nor does it use any internal fundraisers or external fundraising agencies for either telephone or face-to-face campaigns. No complaints regarding fundraising were received during the year.

The fundraising strategy for 2024/25 continues primarily to be on securing income from corporates through membership and strategic partnerships, and grants from trusts, foundations and the government. The improvements made to the online donation process have resulted in a greater number of donations from private households, whilst, no targeted approaches have been made, nor will be made directly to the public in the year ahead, the IWF does run social media campaigns to support the charity through various means. We also steward our online donors and ask them to support the charity.

## Going concern

After making appropriate enquiries, the Trustees have a reasonable expectation that the charitable 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.



# Structure, Governance & Management

## Constitution

The Internet Watch Foundation is an independent registered charity (number 1112398) and is also a company limited by guarantee (registered company number 03426366). The company was incorporated on 29 August 1997 and charitable status was gained on 16 December 2004. The IWF is governed by its Memorandum and Articles of Association as approved on 16 December 2004. These have been regularly reviewed, and an update of the Articles took place in 2020/21.

## The Board

We are governed by a Board of 11 Trustees who are led by an Independent Chair. The rest of the Board comprises six independent Trustees, three industry Trustees and one co-opted Trustee. Changes to the Board membership during the year are documented at the beginning of the Report.

The Board elects two Vice-Chairs from within its membership – one from industry and one independent. The independent Trustee in this case also carries out the role of Senior Independent Director. The Board monitors, reviews and directs the IWF's remit, strategy, policy and budget to help us achieve our objectives and delegates operational management to the CEO.

The Board governs via a regular cycle of Board meetings, each documented with official minutes.

Our Independent Board members are chosen by an open selection procedure following national advertising. No Trustee may serve more than six years.

## Funding Council

In addition, we operate a Funding Council who not only provide funding but also support the Board with expert advice from their respective industries. All of our

Members have the opportunity to nominate representatives to the Funding Council.

The Funding Council elects three of its Members to represent industry views on the Board and the Council meets six times per year.

Its role is to:

- Consider relevant policy issues affecting the IWF in order to brief the Board representatives with Members' views.
- Contribute to funds and ensure renewal of funds for the continued operation of the IWF.
- Advise on the annual IWF budget and setting of membership fees. Select three Members for the IWF Board.
- Advise on and approve the Members' code of practice.
- Review and follow their Funding Council Constitution which describes how the Council conducts its business.

## Vetting

All of our Trustees are subject to the IWF vetting policy procedure and their responsibilities are described in the Board Members' Handbook.

We continue to monitor our governance to ensure that we not only maintain relevant documentation and our independent status, but that we also remain up to date with current legislation.

## Method of appointment or election of Trustees

Independent Board members are appointed by the Board through a fair and open selection procedure managed by the Board Executive Committee.

This Committee comprises the Chair, the two Vice-Chairs and an Independent person. In making a selection, the Committee will ensure that the Board has an appropriate

balance of skills and experience. All recommendations of the Committee for Board appointments are subject to Board approval.

The Independent Chair is appointed by the Board through an open selection procedure managed by the Nominations Committee, comprising the two Vice-Chairs and an independent person.

## Policies adopted for the induction and training of Trustees

All new Board members undergo an induction process and training to enable them to understand the role of the IWF and their role as Trustees.

## Organisational structure and decision making

In order to facilitate a better understanding of issues and to enable more effective decision making, the Board operates a Finance Committee. The Finance Committee has no delegated power and all major decisions are made by the Board of Trustees.

IWF's organisational structure can be found on our website [here](#).

## Remuneration of key management personnel

The key management personnel are the Trustees, the Chief Executive Officer, the Chief Operating Officer/ Deputy Chief Executive Officer, the Chief Technical Officer, the Hotline Director and the Communications Director. The Board undertakes regular reviews of salaries of key management personnel, drawing upon market data available for the charity sector and will continue to monitor and review salaries as necessary.

Section 6 of the Memorandum of Association of the IWF permits payments to a maximum of three Trustees attending each Board meeting. During the year, no Trustee was paid in respect of their duties.



# Structure, Governance & Management

The Chair was however remunerated for their role and further details can be found in note 9 of these accounts.

## Related party relationships

All major decisions are made by the Board of Trustees. The industry Members of the charity are members of the Funding Council as described previously. The IWF works in partnership with representatives from the UK internet industry, police, government departments and partner hotlines overseas in order to minimise the availability of child sexual abuse content found online.

## Risk management

Risk management is an integral part of the planning, budget, forecasting and management cycle of the IWF and takes into account:

- Variations in income streams and expenditure, which is addressed through budgeting and expenditure controls.
- Potential liabilities that have been identified through appropriate insurances.
- Information security, hardware and operational risks to comply with relevant standards and best practice.
- Property and assets where IWF has audited procedures in place.

## Relevant legislation changes

The systems of internal controls utilised to support our risk management are designed to provide reasonable, but not absolute, assurance against material misstatement or loss. They include a strategic business plan, an annual budget approved by the Trustees, regular consideration by the Trustees of financial results,

variances from budgets, non-financial performance indicators and benchmarking reviews, delegation of authority and segregation of duties, and an audited Information Security Management System (ISMS).

The Finance Committee, comprising Board and SLT representatives, lead our risk management activities, regularly monitoring and reviewing risks via a dedicated Risk Register.

Principal risks and uncertainties include:

1. Funding sustainability.
2. Cyber-attack or system failure.
3. Positioning the IWF in a potentially changing regulatory landscape.
4. Threat posed by DNS over HTTPS encryption.

Mitigation:

5. Consideration of alternative and additional funding streams. Our dedicated Development Team are exploring the various avenues available to us.
6. Maintenance of our information security resilience and to keep pace with change, and regular staff training.
7. Active engagement with government regarding the Online Safety Act with a dedicated Head of Policy & Public Affairs leading on this. Although published April 2019, this change in legislation was known of, and being prepared for, during the financial year.
8. Engaging government with the support of a number of our parliamentary Champions to raise this issue given its

potential to significantly undermine our work and be detrimental to the welfare of victims.

An Information Security Forum (ISF) meets regularly to maintain and continually improve the ISMS. The IWF also ensures all staff understand the principles of risk management and remain vigilant when it comes to the security of our information.

A Quality Assurance team works daily within the Hotline to independently review assessments. The Hotline is externally audited biennially by an independent team chaired by Independent Inspector Sir Mark Hedley, an esteemed High Court Judge.

In the ever-changing technological environment in which the IWF operates, monitoring and managing risk and maintaining pace with change are recognised by the Board as critical to continued successful operation.

## Statement of Trustees' Responsibility

The Trustees (who are also directors of Internet Watch Foundation 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 that law the Trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting

# Structure, Governance & Management

Practice (United Kingdom Accounting Standards and applicable law). 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:

1. Select suitable accounting policies and then apply them consistently;
2. Observe the methods and principles in the Charities SORP 2019 FRS102;
3. Make judgments and accounting estimates that are reasonable and prudent;
4. State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
5. 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.

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

## Auditors

In so far as the Trustees are aware:

- There is no relevant audit information of which the charitable company's auditor is unaware; and
- The Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The Board recommends at the AGM that Price Bailey LLP should continue to be engaged as auditors for the forthcoming financial year.

This report has been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

This report was approved by the Board on 15th October 2024 and signed on its behalf by:



**Catherine Brown**  
Independent Chair

# Our Board of Trustees



## **Catherine Brown**

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### Independent Chair

Catherine Brown is an experienced board chair, consultant and coach who works with UK and global organisations and leaders who want to improve their governance and impact.

Catherine has led organisations in the private, public, and not-for-profit sectors and has extensive experience in regulation and a particular interest in the contribution that responsible businesses can make to social outcomes.

In addition to her work with IWF Catherine currently chairs Hubbub, a UK environmental charity, and the Enforcement Conduct Board, the independent oversight body of the bailiff industry.

# Our Board of Trustees



**Giles Crown**

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Independent Vice-Chair

Giles was appointed in September 2019.

Giles is a Partner at law firm Taylor Wessing. He specialises in intellectual property, media, data & privacy and regulatory work.

His clients include famous brands, major marketing communications agencies, tech & telecoms companies and media & entertainment organisations.

He was previously in-house counsel at an advertising agency and before that a media barrister.

He has also held trustee and advisory positions in the charitable and tech sectors, including as Chair of Westminster Citizens Advice, and is an accredited mediator.



**Bronagh McCloskey**

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Industry Vice-Chair

Bronagh McCloskey is Head of Public Affairs and Regulatory Policy at TalkTalk, where she works with Government and industry stakeholders on public policy issues. Her experience includes working on telecommunications infrastructure projects and online safety initiatives.

Prior to joining TalkTalk, she worked in a consultancy providing communications and policy advice to businesses and charities, where she completed a number of secondments. She began her career working in Parliament.

# Our Board of Trustees



**Andrew Campling**

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Independent Trustee

Andrew Campling is passionate about social justice and lifelong learning. He has over thirty years of experience in a wide range of increasingly senior roles in technology, marketing, stakeholder management and public policy, coupled with significant leadership experience. He has managed large, distributed teams of professionals, bringing with him considerable experience in team creation, team down-sizing, coaching and culture change.

In addition to his support of the IWF, Andrew runs 419 Consulting Ltd, a public policy and public affairs consultancy focused on the tech and telecoms sectors, working with clients around the world on a range of marketing and policy-related projects. Andrew is also involved in the development of internet standards and internet governance, with much of his current activity in this area captured in blogs and podcasts on his [company website](#).



**Sanjit Gill**

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Industry Trustee

Sanjit is the Head of Public Policy for the UK and Ireland at Snap Inc. She is a former civil servant where she spent over 12 years at the Home Office working closely with Ministers on a range of public policies, including online harms, migration and digital policing. Sanjit is a graduate of Law from Keele University.



# Our Board of Trustees



**Terry Downing**

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Independent Trustee

Terry has over 30 years' experience in the international media and technology sectors, holding C-suite level roles in both publicly and privately owned businesses.

Currently, Terry is the Group CFO for a fintech start-up, Centtrip Ltd, and a founding partner and investor in a sports and media focused investment fund. Prior to this, Terry held senior executive roles with FOX, Warner Bros and Chime Communications.

Terry has held a large number of board roles including being the Audit Chair and NED for the Wandsworth NHS where he completed two terms.

Terry is a graduate of Massey University in New Zealand and qualified with Deloitte.



**Sherry Malik**

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Independent Trustee

Sherry Malik is passionate about social care and social justice. Her signature strength is in enabling change and transformation, working with individuals, organisations, boards and partnerships. She has over 30 years of experience of leading and managing a diverse portfolio in large complex, political settings in public (local and central government and the NHS), voluntary and commercial settings, both in executive and non-executive roles.

Her former executive roles include the Director of Children's Services at the NSPCC, Director of Children and Adult Services at LB Hounslow and executive roles at Cafcass and the General Social Care Council. She is currently Chair of Nottingham CityCare Partnership, a non-executive Director of Dimensions UK, a Trustee of the Social Awards and a Staff College Associate, providing coaching, mentoring and leadership development.

From the need to give every child a great start in life to promoting independence and community resilience, Sherry is committed to working creatively within professional and community systems to find solutions.

# Our Board of Trustees



**Simon Staffell**

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Industry Trustee

Dr Simon Staffell is UK Government Affairs Director at Microsoft, where he works on a broad range of technology policy issues. He is also a fellow at RUSI and a visiting Research Fellow at Kings College London.

Simon previously served in the UK government, holding senior appointments in the Foreign and Commonwealth Office, Home Office and Cabinet Office, and postings in Cairo and Washington DC.

Simon's PhD in politics at Sheffield University, awarded in 2010, focused on Terrorist Use of the Internet. He was previously an Adjunct Professor at Georgetown University in Washington DC.

Prior to joining government, Simon was a teacher.



**Nick Newman**

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Independent Trustee

Nick took early retirement in 2022 from PA Consulting where he led the company's Homeland Security business, focusing on investigatory powers, counterterrorism, de-radicalisation, serious & organised crime, and online harms. His teams focused on technology-led business transformation, to enable the lawful acquisition and exploitation of digital data. He now manages a rural estate in Northumberland and has a portfolio of voluntary roles, including with the Prince's Trust and York Community Consulting.

Previously, Nick served 20 years in the Royal Air Force with operations in Belize, the Middle East (First Gulf War), the United States (post 9/11) and Sierra Leone, plus international postings to Germany and India. He is a post-graduate in International Relations from the University of Cambridge.

# Our Board of Trustees



**Rachel Yeomans**

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Independent Trustee

Rachel Yeomans is Global Head of Communications at strategic advisory firm Hakluyt.

She was previously Director of Global Strategic Communications at the Tony Blair Institute for Global Change, and before that held a number of senior communications roles in the UK government, including in 10 Downing Street.

Rachel also serves on the Advisory Board of Smart Thinking, a professional body for think tanks.



**Alexander Evans**

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Co-opted Trustee

Alexander Evans is a Professor in Practice at the London School of Economics where he teaches technology and public policy.

He brings executive and non-executive board experience from roles in the UK and US governments, the United Nations, think tanks and academia.

A career diplomat, his roles have included Director Cyber in the Foreign Office and Strategy Director in the Cabinet Office, as well as working in 10 Downing Street.

Alexander is also a Trustee of the International Longevity Centre and on the advisory council of the British Library and Wilton Park.

## Opinion

We have audited the financial statements of Internet Watch Foundation (the 'charitable company') for the year ended 31 March 2024 which comprise the Statement of Financial activities, the Balance Sheet, The Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2024, 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.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs

(UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

## Other information

The other information comprises

the information included in the trustees' annual report, other than the financial statements and our auditor's report thereon.

The trustees are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the trustees' report (incorporating the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In the light of our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report included in the trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

### **Responsibilities of Trustees**

As explained more fully in the trustees' responsibilities statement on page 22 the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material

misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We gained an understanding of the legal and regulatory framework applicable to the charitable company and how it operates and considered the risk of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations. This included those regulations directly related to the financial statements. In relation to the charity this included GDPR, health and safety, employment law and financial reporting.

## Auditor's responsibilities for the audit of the financial statements (continued)

We communicated the identified laws and regulations with the audit team and remained alert to any indications of non-compliance throughout the audit. We carried out specific procedures to address the risks identified. These included the following:

- agreeing the financial statement disclosures to underlying supporting documentation.
- assessing compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiries of management including those responsible for key regulations;
- enquires of management about GDPR compliance and reviewing register of any GDPR breaches in the year;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reviewing minutes of Trustee Board meetings, minutes of Audit Committee meetings and correspondence with the Charity Commission;
- in addressing the risk of management override of controls, we carried out testing of journal entries and other adjustments for appropriateness, and

- reviewing the risk management processes and mitigating actions in place.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance.

The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website: [frc.org.uk/library/standards-codes-policy/audit-assurance-and-ethics/auditors-responsibilities-for-the-audit/](https://www.frc.org.uk/library/standards-codes-policy/audit-assurance-and-ethics/auditors-responsibilities-for-the-audit/). This description forms part of our auditor's report.

### Use of this Report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by

law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



**Shaun Jordan ACA**  
*Senior Statutory Auditor*

for and on behalf of  
**PRICE BAILEY LLP**  
Chartered Accountants  
Statutory Auditors  
Tennyson House  
Cambridge Business Park  
Cambridge  
CB4 0WZ

Date: 15 November 2024



# Statement of Financial Activities



Statement Of Financial Activities (Including Income and Expenditure Account) For the year ended 31 March 2024

	Note	Unrestricted £	Restricted £	2024 Total £	2023 Total £
<b>Income</b>					
Donations	2	444,012	-	444,012	19,142
Charitable activities	3	4,676,047	1,598,098	6,274,145	5,924,202
Other trading activities	4	34,233	-	34,233	11,990
Investment income	5	198,568	-	198,568	56,658
<b>Total income</b>		<b>5,352,860</b>	<b>1,598,098</b>	<b>6,950,958</b>	<b>6,011,992</b>
<b>Expenditure</b>					
Charitable expenditure:	6	(4,487,610)	(1,658,035)	(6,145,645)	(4,913,399)
<b>Total expenditure</b>		<b>(4,487,610)</b>	<b>(1,658,035)</b>	<b>(6,145,645)</b>	<b>(4,913,399)</b>
Net Gain / (Loss) on investments		55,771	-	55,771	(50,130)
<b>Net income/ (expenditure) in the year</b>		<b>921,021</b>	<b>(59,937)</b>	<b>861,084</b>	<b>1,048,463</b>
Transfers between funds					
Transfers between unrestricted & restricted	18a	(82,677)	82,677	-	-
Transfers from designated to restricted	18b	-	-	-	-
<b>Net movement in funds</b>		<b>838,344</b>	<b>22,740</b>	<b>861,084</b>	<b>1,048,463</b>
<b>Reconciliation of funds:</b>					
Total funds brought forward		5,505,413	(47,888)	5,457,525	4,409,062
<b>Total funds carried forward</b>		<b>6,343,757</b>	<b>(25,148)</b>	<b>6,318,609</b>	<b>5,457,525</b>

All amounts relate to continuing activities of the company.

The Statement of Financial Activities includes all gains and losses recognised in the year.

The attached notes on pages **36 to 48** form part of these financial statements.

# Company Balance Sheet



Internet Watch Foundation | Registered Company Number: 03426366  
Company Balance Sheet for the year ended 31 March 2024

	<b>Note</b>	<b>2024</b> £	<b>2023</b> £
<b>Fixed Assets</b>			
Tangible assets	12	571,594	455,412
Investments	14	1,098,123	1,028,926
<b>Total Fixed Assets</b>		<u>1,669,717</u>	<u>1,484,338</u>
<b>Current Assets</b>			
Debtors	15	1,570,362	1,398,940
Cash at bank and in hand		6,498,212	6,049,044
<b>Total Current Assets</b>		<u>8,068,574</u>	<u>7,447,984</u>
<b>Liabilities</b>			
Creditors: amounts falling due within one year	16	(3,419,682)	(3,474,797)
<b>Net Current Assets</b>		<u>4,648,892</u>	<u>3,973,187</u>
<b>Total Net Assets</b>		<u><u>6,318,609</u></u>	<u><u>5,457,525</u></u>
<b>Funds Of The Charity:</b>			
Unrestricted funds:			
General funds	18	6,343,757	5,505,413
Restricted funds	18	(25,148)	(47,888)
		<u>6,318,609</u>	<u>5,457,525</u>

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The attached notes on pages **36 to 48** form part of these financial statements.

The financial statements were approved by the Board of Trustees on 15 October 2024 and signed on their behalf by:

A handwritten signature in black ink, appearing to be 'Catherine Brown', written over a horizontal line.

**Catherine Brown**  
Independent Chair

# Statement of Cash Flows



Internet Watch Foundation | Registered Company Number: 03426366  
Statements of Cash Flows for the year ended 31 March 2024

	Note	2024 £	2023 £
<b>Cash Flows from Operating Activities</b>			
Net cash provided by operating activities	20	664,759	2,430,019
<b>Cash Flows from Investing Activities</b>			
Dividends and interest from investment		21,390	13,470
Purchase of investments		(256,571)	(750,616)
Investment disposal proceeds		244,127	317,849
Purchase of property, plant and equipment		(401,715)	(417,563)
Bank interest received		177,178	43,188
<b>Change in cash and cash equivalents in the reporting period</b>		449,168	1,636,347
Cash and cash equivalents at the beginning of the reporting period		6,049,044	4,412,696
<b>Cash and cash equivalents at the end of the reporting period</b>	21	6,498,212	6,049,044

The attached notes on pages **36 to 48** form part of these financial statements.

## 1. Accounting policies

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

### a) Basis of preparation and consolidation

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 2019) - (Charities SORP (FRS 102)) and the Companies Act 2006. The financial statements are prepared on a going concern basis and are presented in sterling, which is the functional currency of the charity.

These financial statements are rounded to the nearest £.

The charity 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 notes.

The financial statements were not consolidated with the charity's subsidiary, Internet Watch Limited on the basis of materiality and significance, further detailed in note 13.

### b) Going Concern

After making appropriate enquiries, the Trustees have a reasonable expectation that

the charitable 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.

### c) Legal status of the Charity

The charitable company number and registered office address are included on the reference and administration page of these accounts. There is no share capital as the charity is limited by guarantee. Each member has guaranteed an amount, not exceeding £1, towards the charity's liabilities in the event of a winding up, provided that a member has not ceased to be a member one year prior to any winding up order. The charity is registered in the United Kingdom (England and Wales).

### d) Fund accounting

Unrestricted funds 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.

Designated funds are unrestricted funds of the charity which the Trustees have decided at their discretion to set aside to use for a specific purpose. The aim and purpose of each designated fund is set out in the notes to the financial statements.

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 cost 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.

### e) Income

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the items of income have been met, it is probable that the income will be received and the amount can be measured reliably.

Subscription fee income represents amounts receivable based upon the services provided. When their economic benefit is probable, it can be measured reliably and the charity has control over the item.

Voluntary income – donations are accounted for as received. Gifts in kind to the charity are included at the value specified by the donor or, if this is not available, at estimated cost to the charity. Donated facilities and donated professional services are recognised in income at their fair value.

Fair value is determined on the basis of the value of the gift to the charity. For example the amount the charity would be willing to pay in the open market for such facilities and services. A corresponding amount is recognised in expenditure.

Grants – Grants are included as income when they meet the SORP criteria for income recognition.

Income from trading activities includes income earned from

activities to raise funds for the charity. Income is received in exchange for supplying goods and services in order to raise funds and is recognised when entitlement has occurred.

The charity receives government grants in order to pursue its charitable objects and minimise criminal content on the internet. Income from government and other grants are recognised at fair value when the charity has entitlement after any performance conditions have been met, it is probable that the income will be received and the amount can be measured reliably. If entitlement is not met then these amounts are deferred.

## **f) Expenditure**

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. All expenditure is accounted for on an accruals basis.

Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with use of the resources.

## **g) Tangible fixed assets and depreciation**

All assets costing more than £1,000 are capitalised at their historical cost when purchased.

Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated off the cost

on a straight line basis over their expected useful economic lives as follows:

- Leasehold improvements  
- over the life of the lease
- Office equipment  
- 33.33% straight line
- Computer equipment  
- 33.33%-40% straight line

Assets are reviewed for any indications of impairment at each balance sheet date.

## **h) Investments**

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. The statement of financial activities includes the net gains and losses arising on revaluation and disposals throughout the year. The charity does not enter into put options, derivatives or other complex financial instruments. The main form of financial risk faced by the charity is that of volatility in equity markets and investment markets due to wider economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning equities and within particular sectors or sub sectors.

Investments in subsidiaries are measured at cost less provision for impairment.

## **i) Debtors**

Trade and other debtors are recognised at the settlement amount due after any trade

discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due. Accrued income and tax recoverable is included at the best estimate of the amounts receivable at the balance sheet date.

## **j) Cash at bank and In hand**

Cash at bank and cash 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.

## **k) Creditors**

Creditors are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors are normally recognised at their settlement amount after allowing for any trade discounts due. Concessionary loans received at below market rates are received in order to further the charitable objects of the organisation and are therefore included at the amount received and are not discounted.

## **l) 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. Fixed assets are recorded at depreciated

historical cost. All other assets and liabilities are recorded at cost which is their fair value and investments are recorded at the closing market value and details of unrealised gains and losses are included within note 14.

#### **m) Pensions**

Employees of the charity are entitled to join a defined contribution pension scheme. The charity contribution is restricted to the contributions disclosed in note 10.

#### **n) Operating leases**

Operating leases are recognised over the period of which the lease falls due.

#### **o) Foreign Currencies**

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

#### **p) Taxation**

The company is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the company is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

<b>2. Donations</b>	<b>2024</b>	<b>2023</b>
	<b>£</b>	<b>£</b>
Donations & gifts in kind	444,012	19,142
	<u>444,012</u>	<u>19,142</u>

*All donations received in 2024 and 2023 relate to unrestricted funds.*



# Notes to the Financial Statements



Internet Watch Foundation | Registered Company Number: 03426366  
Notes to the Financial Statements for the year ended 31 March 2024

<b>3. Income from Charitable Activities</b>	<b>2024</b>	<b>2023</b>
	<b>£</b>	<b>£</b>
Subscription fee income	4,447,620	4,001,524
EU grant income	-	29,470
Protech grant income	73,840	1,639
Nominet grant income	231,759	428,451
EVAC Chatbot grant income	138,851	210,379
Thorn grant income	-	214,073
Strategic partnerships	209,204	109,045
HO	370,000	384,116
Nominet UKSIC	551,852	519,241
Oak grant income	214,370	-
Childhood grant income	17,426	-
Miscellaneous income	19,223	11,000
Portals	-	15,264
	<u>6,274,145</u>	<u>5,924,202</u>

*Income from charitable activities was £6,274,145 (2023 - £5,924,202) of which £1,598,098 (2023 - £1,835,307) was attributable to restricted and £4,676,047 (2023 - £4,088,896) was attributable to unrestricted funds.*

<b>4. Other trading activities</b>	<b>2024</b>	<b>2023</b>
	<b>£</b>	<b>£</b>
Project contributions	34,233	11,990
	<u>34,233</u>	<u>11,990</u>

*All trading income received in 2024 and 2023 relates to unrestricted funds.*

## 5. Investment Income

	<b>2024</b>	<b>2023</b>
	<b>£</b>	<b>£</b>
Bank interest	198,568	56,658
	<u>198,568</u>	<u>56,658</u>

*All investment income received in 2024 and 2023 relates to unrestricted funds.*

# Notes to the Financial Statements



Internet Watch Foundation | Registered Company Number: 03426366  
Notes to the Financial Statements for the year ended 31 March 2024

6a. Analysis of expenditure by activity	Direct Costs £	Support Costs £	2024 Costs £
<b>Charitable activities:</b>			
Minimise criminal internet content	3,878,614	2,267,031	6,145,645
	<u>3,878,614</u>	<u>2,267,031</u>	<u>6,145,645</u>

6b. Analysis of expenditure by activity	Direct Costs £	Support Costs £	2023 Costs £
<b>Charitable activities:</b>			
Minimise criminal internet content	3,199,046	1,714,353	4,913,399
	<u>3,199,046</u>	<u>1,714,353</u>	<u>4,913,399</u>

Included within expenditure above is £4,487,610 (2023: £2,503,694) in relation to unrestricted funds and £1,658,035 (2023: £2,409,705) in relation to restricted funds.

7. Analysis of support costs	2024 £	2023 £
Finance and legal	166,840	40,106
Human resources	1,280,279	1,171,402
IT	151,082	120,409
Premises	222,180	162,533
General office costs	317,582	160,654
Other	41,037	10,407
Governance (note 8)	88,031	48,842
	<u>2,267,031</u>	<u>1,714,353</u>

Support costs have been allocated to activities as a fixed percentage basis consistent with use of the resources and staff costs have been allocated based upon time spent on each activity.

8. Analysis of governance costs	2024 £	2023 £
Audit fees	9,650	8,800
Accountancy fees paid to auditor	3,580	2,475
Chair fees	34,125	32,025
Board expenses	4,947	966
Board strategy day	4,770	3,948
Trustee recruitment and training	30,959	628
	<u>88,031</u>	<u>48,842</u>

# Notes to the Financial Statements



Internet Watch Foundation | Registered Company Number: 03426366  
Notes to the Financial Statements for the year ended 31 March 2024

9. Analysis of staff costs and key management personnel	2024	2023
	£	£
Wages and salaries	2,896,828	2,569,181
Social security costs	313,615	287,660
Pension	425,149	345,127
	<u>3,635,592</u>	<u>3,201,968</u>

In accordance with Section 6 of the Memorandum of Association of Internet Watch Foundation, the Chair received £34,125 (2023: £32,025) during the year in respect of their duties in office. This sum is included within governance costs.

Section 6 of the Memorandum of Association of Internet Watch Foundation permits payments to a maximum of 3 Trustees attending each board meeting. During the year, other than the Chair, a total of £Nil (2023: Nil) Trustees were paid in respect of their duties and these amounted to a total of £Nil (2023: £Nil).

In 2024, 8 Trustees (2023 – 7) received reimbursements of expenses for travel and subsistence amounting to £4,947 (2023: £966).

The charity considers its key management personnel to comprise of 9 people. During the year, the total employment benefits of these 12 key management personnel, including social security and pension was £1,324,059 (2023: £928,179).

The average monthly head count was as follows:

	2024	2023
	Number	Number
Charitable activities	<u>70</u>	<u>67</u>

The number of employees whose total employee benefits excluding pension contributions earning over £60,000, classified within bands of £10,000 is as follows:

	2024	2023
	Number	Number
£60,000 - £70,000	2	3
£70,001 - £80,000	4	2
£80,001 - £90,000	-	1
£90,001 - £100,000	3	-
£100,001 - £110,000	-	2
£110,001 - £120,000	1	-
£120,000 - £130,000	-	1
£130,000 - £140,000	1	-
£140,000 - £150,000	<u>1</u>	<u>-</u>
	<u>12</u>	<u>9</u>

£14,773 (2023 - £14,510) was paid into a defined contribution pension scheme on behalf of the above highest paid employee.

## 10. Pension costs

The charity operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the charitable company in an independently administered fund. Contributions payable by Internet Watch Foundation amounted to £425,149 (2023: £345,127). There were Nil outstanding contributions payable to the pension fund at the balance sheet date (2023: £Nil).

# Notes to the Financial Statements



Internet Watch Foundation | Registered Company Number: 03426366  
Notes to the Financial Statements for the year ended 31 March 2024

<b>11. Net income</b>	<b>2024</b>	<b>2023</b>
	<b>£</b>	<b>£</b>
Net income is stated after charging:		
Depreciation of charitable assets owned by group	285,533	87,240
Loss on disposal of fixed assets	-	204
Auditors remuneration:		
- for audit services	9,650	8,800
- for non-audit services	3,580	2,475
Operating lease costs for land and buildings	279,831	251,988
Operating lease costs for equipment	<u>4,429</u>	<u>4,097</u>

## 12. Tangible fixed assets

	Leasehold Improvements	Office Equipment	Computer Equipment	Cycle Equipment	Total
	£	£	£	£	£
Cost:					
At 31 March 2023	338,761	113,917	655,283	-	1,107,961
Additions	324,438	1,375	74,458	1,444	401,715
Disposals	-	-	-	-	-
At 31 March 2024	<u>663,199</u>	<u>115,292</u>	<u>729,741</u>	<u>1,444</u>	<u>1,509,676</u>
Depreciation:					
At 31 March 2023	252,921	43,614	356,014	-	652,549
Charge for the year	118,282	30,132	136,316	803	285,533
Disposals	-	-	-	-	-
At 31 March 2024	<u>371,203</u>	<u>73,746</u>	<u>492,330</u>	<u>803</u>	<u>938,082</u>
Net book value:					
At 31 March 2023	85,840	70,303	299,269	-	455,412
At 31 March 2024	<u>291,996</u>	<u>41,546</u>	<u>237,411</u>	<u>641</u>	<u>571,594</u>

# Notes to the Financial Statements



Internet Watch Foundation | Registered Company Number: 03426366  
Notes to the Financial Statements for the year ended 31 March 2024

## 13. Investment in Trading Subsidiary

Internet Watch Limited is incorporated in England and Wales (company number 03257468) and is a wholly owned subsidiary of Internet Watch Foundation (company number 03426366). The company has been dormant since 2017 and has £nil net assets (2023: £nil).

Within the charitable company balance sheet, the investment in the subsidiary is held at a cost of £2 (2023: £2).

## 14. Investments

	2024	2023
Investment in dormant subsidiary company at cost	2	2
Investment portfolio	<u>1,098,121</u>	<u>1,028,924</u>
Net assets	<u><u>1,098,123</u></u>	<u><u>1,028,926</u></u>
	<b>2024</b>	<b>2023</b>
	<b>Total</b>	<b>Total</b>
	<b>£</b>	<b>£</b>
<b>Investment portfolio</b>		
Market value at 1 April	1,028,924	1,073,239
Additions	256,571	750,616
Disposal proceeds	(244,127)	(317,849)
Net investment (losses) / gains	55,771	(50,130)
Cash movement	<u>984</u>	<u>(426,952)</u>
Market value at 31 March	<u><u>1,098,123</u></u>	<u><u>1,028,924</u></u>
Historical cost	1,029,756	1,019,749
Analysed as follows:		
	<b>2024</b>	<b>2023</b>
	<b>£</b>	<b>£</b>
UK Fixed Interest Securities	375,674	313,412
Quoted UK Equities	270,437	234,100
Quoted Overseas Equities	289,338	241,118
Alternative markets	144,658	223,262
Cash	18,016	17,032
	<u><u>1,098,123</u></u>	<u><u>1,028,924</u></u>

# Notes to the Financial Statements



Internet Watch Foundation | Registered Company Number: 03426366  
Notes to the Financial Statements for the year ended 31 March 2024

<b>15. Debtors</b>	<b>2024</b>	<b>2023</b>
	<b>£</b>	<b>£</b>
Trade debtors	850,536	904,690
Prepayments and accrued income	719,826	494,250
	<u>1,570,362</u>	<u>1,398,940</u>

<b>16. Creditors: amounts falling due within one year</b>	<b>2024</b>	<b>2023</b>
	<b>£</b>	<b>£</b>
Trade creditors	209,714	147,248
Other tax and social security	115,014	104,119
Accruals and deferred income	3,094,954	3,223,430
	<u>3,419,682</u>	<u>3,474,797</u>

<b>Deferred income</b>	<b>2024</b>	<b>2023</b>
	<b>£</b>	<b>£</b>
Deferred income at 1 April	3,032,487	2,196,212
Income deferred during the year	2,899,038	3,032,487
Amounts released from previous years	(3,032,487)	(2,196,212)
Deferred income at 31 March	<u>2,899,038</u>	<u>3,032,487</u>

*Deferred income relates to subscriptions and license fees.*



# Notes to the Financial Statements



Internet Watch Foundation | Registered Company Number: 03426366  
Notes to the Financial Statements for the year ended 31 March 2024

## 17. Leases

Total future minimum lease payments under non-cancellable operating leases are as follows

	Land and buildings 2024 £	2023 £	Equipment 2024 £	Equipment 2023 £
No later than one year	339,298	174,667	3,921	672
Later than one year and no later than five years	395,536	734,784	15,704	-
	734,834	909,451	19,625	672

## 18a. Funds analysis - current year

	Balance at 01/04/2023 £	Income £	Expenditure £	Transfers £	Gains / (Losses) £	Balance at 31/03/2024 £
<b>Unrestricted funds</b>						
General funds	4,805,413	5,352,860	(4,487,610)	(732,677)	55,771	4,993,757
<b>Total general funds</b>	4,805,413	5,352,860	(4,487,610)	(732,677)	55,771	4,993,757
<b>Designated funds</b>						
Technical fund	350,000	-	-	-	-	350,000
Premises fund	350,000	-	-	150,000	-	500,000
Project Change fund	-	-	-	500,000	-	500,000
<b>Total designated funds</b>	700,000	-	-	650,000	-	1,350,000
<b>Total unrestricted funds</b>	5,505,413	5,352,860	(4,487,610)	(82,677)	55,771	6,343,757
<b>Restricted funds</b>						
Nominet Technical Project	-	231,759	(231,759)	-	-	-
Nominet UKSIC	-	551,852	(563,906)	12,054	-	-
EVAC Chatbot	-	138,851	(163,686)	24,835	-	-
Home Office	-	370,000	(415,788)	45,788	-	-
Childhood	-	17,426	(17,426)	-	-	-
EU ProTech	(6,017)	73,839	(91,317)	-	-	(23,495)
Oak Foundation	(41,871)	214,371	(174,153)	-	-	(1,653)
Miscellaneous	-	-	-	-	-	-
<b>Total restricted funds</b>	(47,888)	1,598,098	(1,658,035)	82,677	-	(25,148)
<b>Total funds</b>	5,457,525	6,950,958	(6,145,645)	-	55,771	6,318,609

# Notes to the Financial Statements



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## 18b. Funds analysis - prior year

	Balance at 01/04/2022 £	Income £	Expenditure £	Transfers £	Gains / (Losses)	Balance at 31/03/2023 £
<b>Unrestricted funds</b>						
General funds	3,272,554	4,176,686	(2,503,694)	(90,003)	(50,130)	4,805,413
<b>Total general funds</b>	<b>3,272,554</b>	<b>4,176,686</b>	<b>(2,503,694)</b>	<b>(90,003)</b>	<b>(50,130)</b>	<b>4,805,413</b>
<b>Designated funds</b>						
Technical fund	500,000	-	-	(150,000)	-	350,000
Premises fund	500,000	-	-	(150,000)	-	350,000
<b>Total designated funds</b>	<b>1,000,000</b>	<b>-</b>	<b>-</b>	<b>(300,000)</b>	<b>-</b>	<b>700,000</b>
<b>Total unrestricted funds</b>	<b>4,272,554</b>	<b>4,176,686</b>	<b>(2,503,694)</b>	<b>(390,003)</b>	<b>(50,130)</b>	<b>5,505,413</b>
<b>Restricted funds</b>						
EU SIC UK VI	-	29,470	-	(29,470)	-	-
Nominet Technical Project 1	-	136,562	(139,579)	3,017	-	-
Nominet Technical Project 2	-	291,889	(291,889)	-	-	-
Thorn	136,508	214,073	(354,139)	3,558	-	-
EVAC Chatbot	-	210,379	(210,379)	-	-	-
Home Office	-	384,116	(398,213)	14,097	-	-
EU ProTech	-	1,639	(7,656)	-	-	(6,017)
UKSIC Nominet Core	-	519,241	(917,242)	398,001	-	-
UKSIC Nominet Enhancements	-	11,000	(11,800)	800	-	-
Oak Foundation	-	-	(41,871)	-	-	(41,871)
Miscellaneous	-	36,937	(36,937)	-	-	-
<b>Total restricted funds</b>	<b>136,508</b>	<b>1,835,306</b>	<b>(2,409,705)</b>	<b>390,003</b>	<b>-</b>	<b>(47,888)</b>
<b>Total funds</b>	<b>4,409,062</b>	<b>6,011,992</b>	<b>(4,913,399)</b>	<b>-</b>	<b>(50,130)</b>	<b>5,457,525</b>

## 18c. Funds analysis - description of funds

### Restricted funds

**EU SIC UK V1** – The funds represent a grant from the European Union in respect of assistance in meeting the costs of running the Hotline. There are no unfulfilled conditions relating to amounts recognized during the year.

**Nominet Technical Projects 1 and 2** – These funds represent a grant from Nominet in respect of developing technologies to assist IWF in the detection and removal of child sexual abuse material. A transfer was made from unrestricted funds to ensure that the grant fund does not go into deficit.

**Thorn** – These funds represent a grant from Thorn to employ a dedicated taskforce to undertake the hashing of two million images in the UK Home Office owned Child Sexual Abuse Database (CAID). A transfer was made from unrestricted funds to ensure that the Thorn grant did not go into deficit. There are no unfulfilled conditions relating to amounts recognized in the year.

**EVAC Chatbot** – These funds represent a grant from the End Violence Against Children Fund to support the development of a chatbot aimed at internet users at risk of viewing CSAM. This project is a partnership between IWF and The Lucy Faithful Foundation. The chatbot will engage individuals searching for CSAM online and encourage them to seek help to change their behavior.

**Home Office** – These funds represent a grant from the Home Office to undertake the hashing of images in the UK Home Office

owned Child Sexual Abuse Database (CAID). A transfer was made from unrestricted funds to ensure the grant did not go into deficit.

**EU Protech** – These funds represent a grant from the European Union's Internal Security Fund (ISF), where IWF is working as part of a consortium to prevent and reduce child sexual abuse material use through on-device technology.

**UKSIC Nominet** – These funds represent a grant from Nominet in respect of assistance in meeting the costs of running the Hotline, as part of the UKSIC. A transfer was made from unrestricted funds to ensure that the Nominet UKSIC grant funds did not go into deficit. There are no unfulfilled conditions relating to amounts recognized in the year.

**Oak Foundation** – These funds represent a grant from the Oak Foundation in respect of developing an evidence base of new and existing research to reduce production and distribution of self-generated child sexual abuse material. This project is a partnership between IWF and the Policing Institute for the Eastern Region (PIER).

**EU SIC UK VI Childnet** – These funds represent a grant from the European Union in respect of assistance in meeting UK Safer Internet Day and supporting schools to ensure that all children are educated around online safety.

**DCMS** – The funds represent a grant from DCMS for child online safety work relating to the UKSIC, specifically to assist in the mission to promote the safe and responsible use of technology for young people.

**UNICEF Grant** – These funds represent a grant from United Nations International Children's Emergency Fund in respect of the End Violence Against Children grant.

**Childhood** – These funds represent a grant to be used on the Chatbot Evaluation project.

### Designated funds

**Technical Fund** – These funds represent a designated fund generated to meet future technical IT developments and requirements.

**Premises Fund** – These funds represent a designated fund generated to meet future changing demands of business accommodation.

**Project Change Fund** – These funds represent a designated fund generated to meet future changing demands in IWF's expansion.

# Notes to the Financial Statements



Internet Watch Foundation | Registered Company Number: 03426366  
Notes to the Financial Statements for the year ended 31 March 2024

## 19. Related party transactions

Internet Watch Foundation works in partnership with the UK internet industry, police, government departments and Hotlines in other countries in order to minimise the availability of specific illegal content found online. Member companies subscribe to the Internet Watch Foundation with subscription levels ranging from £1,000 to in excess of £84,000. Some Trustees also work for Member companies but do not have any direct influence on transactions undertaken with Internet Watch Foundation.

The Chair received £34,125 (2023: £32,025) during the year in respect of their duties in office.

There were no other related party transactions in the year other than those described in note 9.

## 20. Reconciliation of net expenditure to net cash flows from operating activities

	2024 £	2023 £
<b>Net income/ (expenditure) for the reporting period (as per the statement of financial activities)</b>	<b>861,084</b>	<b>1,048,463</b>
<b>Adjustments for:</b>		
Depreciation charges	285,533	87,240
Loss on disposal of fixed assets	-	204
(Gains) / Losses on investments	(55,771)	50,130
(Increase) / Decrease in debtors	(171,420)	(169,450)
(Decrease) / Increase in creditors	(55,115)	1,043,138
Bank interest received	(177,178)	(43,188)
Dividends received from investments	(21,390)	(13,470)
Cash account movement	(984)	426,952
<b>Net cash provided by operating activities</b>	<b>664,759</b>	<b>2,430,019</b>

## 21. Net Debt Reconciliation

	Balance at 31/03/2023	Cash Movement	Balance at 31/03/2024
Cash in hand	6,049,044	449,168	6,498,212
Investments - short term deposits	-	-	-
<b>Total cash and cash equivalents</b>	<b>6,049,044</b>	<b>449,168</b>	<b>6,498,212</b>

## 22. Capital commitments

Total capital commitments are as follows:	2024 £	2023 £
	-	240,706



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