

Trustees' Annual Report & Accounts

For the year ended 31 March 2025



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Working together
to stop child sexual
abuse online

iwf.org.uk

Reference & Administrative Details

Charity Registration Number

1112398

Company Registration Number

03426366

Chief Executive Officer

Kerry Smith

From 18 August 2025

Derek Ray-Hill (Interim)

11 September 2024 to 17 August 2025

Susan Hargreaves

Resigned 31st July 2024

Senior Management Personnel

- Ms K Smith
- Ms E Hardy
- Mr C Hughes
- Mr D Sexton
- Mr M Durham
Appointed 1 May 2025
- Ms R Roxburgh
Appointed 1 April 2025
- Ms S Hargreaves
Resigned 31 July 2024
- Ms H Kempster
Resigned 28 February 2025

**Visit our website to learn more
about our [Executive Team](#)¹
and read their bios.**

Board of Trustees

- Henry Adams
Appointed 22 September 2025
- Catherine Brown (Chair)
- Andrew Campling
- Mary Beth Christie
Appointed 22 September 2025
- Alexander Evans
- Sanjit Gill
Appointed 29 April 2024
- Sherry Malik
- Bronagh McCloskey
- Nick Newman
- Rachel Yeoman
- Simon Staffel
Resigned 25 September 2025
- Sinead Coogan Jobes
Term ended 29 April 2024
- Giles Crown
Term ended 31 August 2025
- Terry Downing
Term ended 3 December 2024

**Visit our website to learn more
about our [Board of Trustees](#)² and
read their bios.**

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

Flagstone Group Limited
1st Floor, Clare Ville House
26-27 Oxendon Street
London
SW1Y 4EL

1. <https://www.iwf.org.uk/about-us/who-we-are/our-executive-team/>

2. <https://www.iwf.org.uk/about-us/who-we-are/governance/our-board-of-trustees/>

Trustees' Annual Report

(including directors' report and strategic report)

Chair's Statement

Over the last 12 months we saw the scale and complexity of the problem we are grappling with continue to escalate.

We are finding and removing more webpages showing images and recordings of child sexual abuse than ever before, involving younger children. We're also facing growing challenges from numerous sources, including AI-generated images and the increasing use of end-to-end encrypted services which prevent platform moderators, law enforcement and safeguarding charities from identifying, blocking or removing criminal content. Following our work in this area, the UK Government's Home Secretary has announced a raft of new landmark legislation designed to curb the rise of child sexual abuse material generated by AI.

It's only by working collaboratively with our Members, governments and regulators worldwide that we can disrupt the system of online exploitation and abuse. To increase our impact, we're making more of our services accessible to more of our Members and non-Members, and are extremely grateful for the Public Interest Registry's sponsorship, which enables smaller domain registries to ensure their portfolio of top-level domains is not being abused.

We have made sure that our insights inform international policy by organising a joint event with Microsoft in Brussels on Uniting for a Safer Online Experience. We have also visited our US and Canadian equivalents, NCMEC and C3P, to discuss further opportunities for us to work together to scale up our collective impact.

As the UK regulator, Ofcom presses on with implementing the Online Safety Act, we're pleased that it

has set out positive measures for services to undertake to detect and remove known child sexual abuse online. However, given the scale of the problem, we will continue to call on Ofcom and the UK government to be more ambitious.

For the Executive Team, this has been a time of significant change. I'd like to recognise the central contributions of Susie Hargreaves OBE, who stepped down in July 2024 after 13 successful years as CEO, and of Heidi Kempster, COO and Deputy CEO who moved on in February 2025 after 11 years of service. Derek Ray-Hill provided invaluable leadership to the team as Interim CEO ahead of the appointment of a new permanent CEO, Kerry Smith, who took the reins in August 2025.

Meanwhile, our diverse Board, with its wide range of expertise in industry, technology, law, child protection, communications and public relations, is well placed to support the IWF as we move forward. I would like to thank them, as well as our colleague team, for all their work this year.

We're doing great work, but there's still so much more to do. Next year, I expect us to increase our membership and build more and stronger partnerships so that we can intensify our collective impact and protect more children from being victimised online.

Thank you for your support this year. We look forward to making even bigger impacts together in the year ahead.



Catherine Brown

Chief Executive's Statement

I stepped into the role of permanent CEO of the Internet Watch Foundation (IWF) on 18 August 2025, picking up from Derek Ray-Hill who had been our Interim CEO since September 2024.

This report covers an historic period of transformation both within the IWF and externally. During which, under Derek's tenure, the IWF successfully delivered a change programme to ensure stability and future impact through a period of leadership transition.

In the UK, the Online Safety Act has been implemented by Ofcom after many years in the making. It's a world-first in many ways and it has enabled us to expand our work and impact. To support companies in complying with the Act, we prioritised the development of Image Intercept. This new service lets smaller companies and startup platforms use our child sexual abuse hash list, even when they do not have the capacity to adopt full IWF Member services. It's a service that was offered, for the first time, to smaller companies completely free. Tested in April 2025, the tool was designed with easy-of-use in mind for small and medium sized companies, providing real-time analytics on successful detection and removal.

Rightly, online criminality and harms affecting children have dominated both the news and public policy agendas. In the US we have seen an increasing trend towards deregulation; in Europe there is an ongoing debate on the balance between privacy rights and the prevention of harmful digital content, including images of child sexual abuse; and in Australia we saw the introduction of a ban on social media for under 16s. In

response, we have taken seriously our responsibility as one of the few experts in the field of online child sexual abuse and exploitation with access to real-time data, and used this expertise to inform and strengthen global efforts to protect children. We have strengthened our ability to provide robust information and share meaningful knowledge on what works and where future threats are emerging, ensuring we can influence policy development more effectively, informed by our Members and stakeholders.

Unfortunately, criminals and their tactics are also developing quickly, with new technologies being abused by those looking to harm and exploit children. This is why partnerships with our Members, law enforcement, sector colleagues, including NCMEC in the USA, C3P in Canada, and our international portal partners, will continue to be invested in as a means to substantively increase impact. Not least to advocate for robust safety by design in the rapidly evolving field of AI-driven tools and applications. We are also proud of the partnerships we have with others who also share our mission such as NSPCC with whom our Report Remove service is a critical tool to enable children to have agency over their own images.

It's a privilege to take the helm of such a trailblazing organisation which clearly has a leading role to play at this moment of such global change, and which has an abundance of appetite and energy to make huge progress on preventing online child sexual abuse and exploitation. I give huge thanks to Derek Ray-Hill for his stewardship of IWF during the

leadership transition, and I thank our brilliant team, supportive Members and our long-standing partners around the World for their time and commitment.

We are determined to ensure that over the coming decade we continue to play a pivotal role in ending online child sexual abuse and exploitation, while sitting at the frontline of exponential change. It is through partnerships with our Members, regulators, sector colleagues and children and young people themselves, that we will be able to successfully tackle the spread of online child sexual abuse and exploitation. Thank you for all of your support and work to date.

Without you our successes wouldn't be possible, and I look forward to working with you to rapidly build the change we all want to see: a digital world free from child sexual abuse and exploitation.



Kerry Smith

Impact and Achievements

We regularly publish data to communicate the state of child sexual abuse imagery online. And in all these numbers, we remember that there are real child victims and survivors who have been abused.

Our analysts and assessors have worked tirelessly to identify, disrupt and remove child sexual abuse images and videos online.

We've found, and worked to remove, more instances of child sexual abuse imagery on URLs than ever before.

In the 2024 calendar year:

424,047 reports were assessed by the IWF during the year (an 8% increase on the previous year), equating to one report every 74 seconds:

- 424,031 were reports of URLs or from child reporting services.
- 16 were reports of newsgroups.
- 267,788 (63%) came from the proactive work of our analysts.

291,273 reports were confirmed to either contain criminal imagery of child sexual abuse, link to this criminal imagery or were found advertising it (a 6% increase on the previous year) meaning that every 108 seconds we assessed a report that showed at least one child being sexually abused.

- 290,637 were URLs.
- 636 were reports received from our child reporting services.
- 91% of the reports assessed as criminal were found to contain 'self-generated' imagery.
- 94% of these 'self-generated' reports showed only girls.

Every report to the IWF represents either a single URL or a direct report via our child reporting services (Report Remove and Meri Trustline).

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

We've increased the ability of our Members to identify, disrupt and remove child sexual abuse images and videos online – by growing our list of digital fingerprints to more than 2.8 million.

In addition to our work removing the images on URLs, we use IntelliGrade, our bespoke grading and hashing software, to enable us to perform an image level assessment of images and videos.

This also creates a hash of the image or video. A hash is a type of digital fingerprint created using a mathematical algorithm that identifies a picture of confirmed child sexual abuse. Each hash is completely unique. Once an image has been hashed, it enables us to share these with industry and law enforcement, eliminating the need to view the criminal imagery. Hashes are quickly recognised; this means thousands of criminal pictures can be blocked from ever being uploaded to the internet in the first place. The IWF began hashing child sexual abuse images in 2015.

In the year we reviewed 1,264,393 images and videos of which 734,048 were assessed to be criminal. By the end of 2024, we had accumulated 2,883,015 individual hashes of criminal imagery which includes 122,487 videos.

We've supported UK hosting companies to keep child sexual abuse material off UK-based servers.

In 2024, of the 291,273 reports that displayed child sexual abuse imagery:

- Just 987 were hosted in the UK which is 0.34% of all actioned reports globally.

Impact and Achievements

We've developed new technology and recording systems to deepen our understanding of the issue.

In 2024, we developed the technology (funded by Nominet) to allow us to count thousands of additional child victims of sexual abuse for the first time. Thanks to the new 'Multichild' feature in our IntelliGrade system, we have recorded 70,898 children who would otherwise have been 'invisible'.

We've met audiences where they are with education and information to help them protect themselves and those they care for.

In 2024 we developed and launched four major campaigns: Think Before You Share, Report Remove, and resources focused on AI and financially motivated sexual extortion, often called 'sextortion'.

We've shared our insights with the international policy community to inform relevant legislation to prevent child sexual abuse imagery.

We teamed up with Microsoft to run a joint event in Brussels on Uniting for a Safer Online Experience.

We've secured measures in the UK's Crime and Policing Bill to criminalise AI models used to make child sexual abuse images

The UK's Safeguarding and Violence Against Women and Girls Minister Jess Phillips, said: "I give credit to the Internet Watch Foundation and NSPCC, which have campaigned fiercely over the years for these measures to become law. They have been trying to sound the alarm on AI imagery, which uses real children and has real-world consequences. It is very easy for people to think that because an image is not of a real child, it does not cause real problems. Those organisations have been sounding the alarm, so I give credit to them."

Trustees' Report

The Trustees present their report and the audited financial statements of the charity for the year ended 31 March 2025. 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.

Mission

To detect, disrupt, remove, and prevent online child sexual abuse material using our expertise and resources as effectively as possible.

Main Activities

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 UK and international partners to:

- Disrupt the availability of child sexual abuse content hosted anywhere in the world.
- Protect child 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.

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, services and tactics to disrupt and remove illegal content.
- Research, analyse and disseminate relevant trends data.
- 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 focus of our strategy has been to deliver excellence in our core operations, particularly the Hotline and in the technical services we deliver.

Financial Review

Following several years of financial surplus and reserves building, trustees initiated an investment programme during 2024/25 to reshape the organisation in response to the challenges of implementing the UK's Online Safety Act. The programme is scheduled to run until 2026 and will use previously designated funds to finance the development of new services and reporting systems, internal restructuring, and the relocation of IWF's main office from Vision Park Histon to larger and newly refurbished premises on Cambridge Science Park during the winter of 2025/26.

Income

Total 24/25 income of £7,050k (2023/24: £6,951k) was £99k (1.4%) higher.

- Income from charitable activities (predominately membership subscriptions and grant revenues) increased by £362k (5.8%) to £6,636k (2023/24: £6,274k), in line with growth of membership numbers from 205 to 210. Significant grants were received from Nominet (£795k) and UK Home Office (£526k)
- However, donations declined by £272k (61.3%) to £172k (2023/24: £444k), as gifts-in-kind reverted to a lower level following prior year's donation of Microsoft licences.

Expenditure

Total 2024/25 expenditure was £1,028k (16.7%) higher at £7,174k (2023/24: £6,146k).

- Staff costs (see note 9 to the financial statements) increased by £715k (19.7%) to £4,351k (2023/24: 3,636k) driven by higher staffing levels, salary

inflation and organisational restructuring costs.

- Non staff costs were £313k (12.5%) higher at £2,823k (2023/24: £2,510k) as spending progressed on the premises and scale up related projects identified during 2023/24, using the designated funds established for those purposes.

Allowing for an investment gain of £29k (£2023/24: £56k), IWF's net expenditure for the year was £96k (2023/24: net income of £861k), reducing net assets on 31st March 2025 to £6,223k (31st March 2024: £6,319k)

Funds Summary

IWF's closing net assets were represented by unrestricted funds of £6,309k (31st March 2024: £6,344k) together with a deficit on restricted funds of £86k (31st March 2024: deficit of £25k) which the trustees are confident will be recovered from future income.

Designations of unrestricted funds

In previous years, trustees designated some of IWF's unrestricted funds to support future spending on i) technical/IT development projects (Technical Fund); ii) relocation of its main office (Premises Fund); and iii) expansion plans (Scaling Up Fund). As set out in note 18a to the financial statements, unspent designations on 31st March 2025 totalled £896k (2024: £1,350k).

General funds

Reported general funds (total unrestricted reserves less designated funds) on 31st March 2025 were £5,413k (2024: £4,994k). This represents 113% (2024: 105%) of IWF's general funds target of £4,772k, a policy benchmark designed to maintain adequate

but not excessive reserves against the risk of unexpected changes in income or operations, fluctuations in cash flow and the timescales and commitments in the event of winding up our operations. The target is an estimate of the funds required to run the Hotline and associated essential support activities for 12 months.

In July 2025 the trustees designated a new Tangible Fixed Asset (TFA) Fund equivalent to the net book value of tangible fixed assets. In line with Charity Commission Guidance CC19 (Charity Reserves: building resilience) this fund will in future be excluded from the value of general funds as tangible fixed assets aren't considered freely available to be spent on the charity's purposes. If the TFA fund had been in place on 31st March 2025, IWF's reported general funds would have represented 102% (2024: 93%) of IWF's general funds target.

Investments

IWF's objective is to maintain the value of its investments after inflation. The portfolio's value on 31st March 2025 was £2,424k (2024: £1,098k). During the year, trustees invested surplus cash into the portfolio via CAF's Flagstone Deposit Fund, an interest earning money market investment with a value on 31st March 2025 of £1,285k. The remainder of the portfolio continues to be managed on IWF's behalf by Rathbones under its Cautious Growth strategy, the key parameters of which 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.

Financial Review

The total average annual return on investment since inception is 3% against a target of 6%.

Fundraising

IWF understands its duty to protect the public, including vulnerable people, from unreasonably intrusive or persistent fundraising approaches and undue pressure to donate. Other than a Donate button on its public website IWF does not campaign publicly to raise funds, 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.

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 originally adopted on 16 December 2004, and periodically updated since then, most recently on 27 January 2022.

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 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.

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.

Induction, training and vetting 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.

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

Organisational structure and decision making

During the period under review the Board of Trustees was supported by two subcommittees: the Finance and Risk Committee and the Capabilities and Change Committee. Neither committee had

any delegated powers but each met regularly to understand key issues in more detail and to assist Board decision making by making recommendations.

Remuneration of key management personnel

IWF's key management personnel are listed on page 3 of this report. 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. The Chair was however remunerated for their role and further details can be found in note 9 of these accounts.

Related party relationships

Trustees regularly review the organisation's activities and relationships, and no related parties have been identified. IWF cooperates with a wide array of UK and international organisations to deliver its mission, including from the charity and technology sector, UK internet industry, law enforcement agencies, government departments, and other non-profit organisations.

Risk management

The trustees acknowledge responsibility for ensuring that IWF has effective systems in place to identify, assess, and manage risks that may impact the achievement of its objectives.

Structure, Governance & Management

The principal risks IWF faces are:

- **Service Delivery:** Risks associated with the effectiveness of the services IWF provides in detecting and removing child sexual abuse materials are managed with strong operational quality assurance processes; continuous technical development to counter the threat posed by encryption technologies; and regular engagement with governments to shape the regulatory and legal environment in which all internet users operate
- **Cybersecurity and Data Protection:** As a technology-based charity, IWF is exposed to risks related to data breaches, system vulnerabilities, and compliance with GDPR. Mitigation measures include regular penetration testing, staff training, and robust data governance policies.
- **Funding and Financial Sustainability:** The charity remains vigilant to risks arising from reliance on key funders and the existence of economic uncertainties, and the Board seeks to diversify income streams as far as possible and maintain reserves in line with our reserves policy to ensure operational continuity.
- **Reputational Risk:** Given public interest in and awareness of our work, reputational damage from misinformed or adverse media coverage is a key concern. We have crisis communication protocols in place and closely monitor public engagement.

- **Regulatory Compliance:**

Trustees monitor changes in charity law, digital regulation, and safeguarding requirements to ensure ongoing compliance. Trustees receive regular updates and training on governance and regulatory matters.

The trustees confirm that appropriate systems are in place to manage these risks and that they are satisfied with the effectiveness of the controls and mitigation strategies. The risk register is reviewed quarterly by both Finance & Risk Committee and the full Board.

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 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.

Structure, Governance & Management

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.

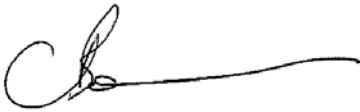
Auditors

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 was approved by the Board on 14th October 2025 and signed on its behalf by:

A handwritten signature in black ink, appearing to be 'Catherine Brown', with a long horizontal flourish extending to the right.

Catherine Brown

Independent Chair

Opinion

We have audited the financial statements of Internet Watch Foundation (the 'charitable company') for the year ended 31 March 2025 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 2025, 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 strategic report and directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' report (incorporating the strategic report and 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 strategic report and the directors' 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.

Responsibilities of Trustees

As explained more fully in the trustees' responsibilities statement on page 12 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: 23 October 2025

Financial Statements



Statement of Financial Activities



Statement Of Financial Activities (Including Income and Expenditure Account) For the year ended 31 March 2025

					2025	2024
	Note	Unrestricted - General Funds £	Unrestricted - Designated	Restricted £	Total £	Total £
Income						
Donations	2	171,736	-	-	171,736	444,012
Charitable activities	3	5,072,660	-	1,563,361	6,636,021	6,274,145
Other trading activities	4	26,480	-	-	26,480	34,233
Investment income	5	215,442	-	-	215,442	198,568
Total income		5,486,318	-	1,563,361	7,049,679	6,950,958
Expenditure						
Charitable expenditure:	6	(5,029,278)	(454,382)	(1,690,430)	(7,174,090)	(6,145,645)
Total expenditure		(5,029,278)	(454,382)	(1,690,430)	(7,174,090)	(6,145,645)
Net Gain on investments		28,911	-	-	28,911	55,771
Net income/ (expenditure) in the year		485,951	(454,382)	(127,069)	(95,500)	861,084
Transfers between funds						
Transfers between unrestricted & restricted	18a	(66,555)	-	66,555	-	-
Transfers from designated to restricted	18b	-	-	-	-	-
Net movement in funds		419,396	(454,382)	(60,514)	(95,500)	861,084
Reconciliation of funds:						
Total funds brought forward		4,993,757	1,350,000	(25,148)	6,318,609	5,457,525
Total funds carried forward		5,413,153	895,618	(85,662)	6,223,109	6,318,609

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 **21 to 33** 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 2025

	Note	2025 £	2024 £
Fixed Assets			
Tangible assets	12	554,783	571,594
Investments	14	2,424,262	1,098,123
Total Fixed Assets		<u>2,979,045</u>	<u>1,669,717</u>
Current Assets			
Debtors	15	2,071,779	1,570,362
Cash at bank and in hand		5,161,471	6,498,212
Total Current Assets		<u>7,233,250</u>	<u>8,068,574</u>
Liabilities			
Creditors: amounts falling due within one year	16	(3,989,186)	(3,419,682)
Net Current Assets		<u>3,244,068</u>	<u>4,648,892</u>
Total Net Assets		<u><u>6,223,109</u></u>	<u><u>6,318,609</u></u>
Funds Of The Charity:			
Unrestricted General Funds - free reserves	18	4,858,370	4,993,757
Unrestricted General Funds - fixed assets	18	554,783	-
Unrestricted Funds - designated	18	895,618	1,350,000
Restricted funds	18	(85,662)	(25,148)
		<u><u>6,223,109</u></u>	<u><u>6,318,609</u></u>

The attached notes on pages **21 to 33** form part of these financial statements.

The financial statements were approved by the Board of Trustees on 14th October 2025 and signed on their behalf by:

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 2025

	Note	2025 £	2024 £
Cash Flows from Operating Activities			
Net cash provided by operating activities	20	47,642	664,759
Cash Flows from Investing Activities			
Dividends and interest from investment		22,055	21,390
Purchase of investments		(1,556,286)	(256,571)
Investment disposal proceeds		259,654	244,127
Purchase of property, plant and equipment		(303,193)	(401,715)
Bank interest received		193,387	177,178
Change in cash and cash equivalents in the reporting period		(1,336,741)	449,168
Cash and cash equivalents at the beginning of the reporting period		6,498,212	6,049,044
Cash and cash equivalents at the end of the reporting period	21	<u>5,161,471</u>	<u>6,498,212</u>

The attached notes on pages **21 to 33** 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
- 20%-33.33% 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.
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2. Donations	2025	2024
	£	£
Donations & gifts in kind	171,736	444,012
	<u>171,736</u>	<u>444,012</u>

All donations received in 2025 and 2024 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 2025

3. Income from Charitable Activities	2025	2024
	£	£
Subscription fee income	4,861,755	4,447,620
Protech grant income	-	73,840
Nominet grant income	226,352	231,759
End Violence Against Children Chatbot grant income	76,109	138,851
Strategic partnerships	210,904	209,204
UK Home Office grant income	526,315	370,000
Nominet UK Safer Internet Centre	568,707	551,852
Oak Foundation grant income	153,130	214,370
Childhood grant income	-	17,426
Miscellaneous income	-	19,223
Qualcomm grant income	12,749	-
	<u>6,636,021</u>	<u>6,274,145</u>

Income from charitable activities was £6,636,021 (2024 - £6,274,145) of which £1,563,361 (2024 - £1,598,098) was attributable to restricted and £5,072,660 (2024 - £4,676,047) was attributable to unrestricted funds.

4. Other trading activities	2025	2024
	£	£
Project contributions	26,480	34,233
	<u>26,480</u>	<u>34,233</u>

All trading income received in 2025 and 2024 relates to unrestricted funds.

5. Investment Income	2025	2024
	£	£
Bank interest and dividends	215,442	198,568
	<u>215,442</u>	<u>198,568</u>

All investment income received in 2025 and 2024 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 2025

6a. Analysis of expenditure by activity (2025)	Direct Costs £	Support Costs £	2025 Costs £
Charitable activities:			
Minimise criminal internet content	4,553,435	2,620,655	7,174,090
	<u>4,553,435</u>	<u>2,620,655</u>	<u>7,174,090</u>

6b. Analysis of expenditure by activity (2024)	Direct Costs £	Support Costs £	2024 Costs £
Charitable activities:			
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>

Included within expenditure above is £5,029,278 (2024: £4,487,610) in relation to unrestricted funds, £454,382 (2024: £nil) in relation to designated funds and £1,690,430 (2024: £1,658,035) in relation to restricted funds.

7. Analysis of support costs	2025 £	2024 £
Finance and legal	205,687	166,840
Staff and related costs	1,553,059	1,280,279
IT	164,518	151,082
Premises	210,887	222,180
General office costs	352,380	317,582
Other	73,343	41,037
Governance (note 8)	60,781	88,031
	<u>2,620,655</u>	<u>2,267,031</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	2025 £	2024 £
Audit fees	11,250	9,650
Accountancy fees paid to auditor	6,150	3,580
Chair fees	30,000	34,125
Board expenses	9,992	4,947
Board strategy day	3,389	4,770
Trustee recruitment and training	-	30,959
	<u>60,781</u>	<u>88,031</u>

Notes to the Financial Statements



Internet Watch Foundation | Registered Company Number: 03426366
Notes to the Financial Statements for the year ended 31 March 2025

9. Analysis of staff costs and key management personnel	2025	2024
	£	£
Wages and salaries	3,496,671	2,896,828
Social security costs	379,721	313,615
Pension	474,260	425,149
	<u>4,350,652</u>	<u>3,635,592</u>

In accordance with Section 6 of the Memorandum of Association of Internet Watch Foundation, the Chair received £30,000 (2024: £34,125) 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 (2024: £nil) Trustees were paid in respect of their duties and these amounted to a total of £nil (2024: £nil).

In 2025, 8 Trustees (2024 – 8) received reimbursements of expenses for travel and subsistence amounting to £9,992 (2024: £4,947).

The charity considers its key management personnel to comprise of 15 people. During the year, the total employment benefits of these 15 key management personnel, including social security and pension was £1,720,791 (2024: £1,324,059).

The average monthly head count was as follows:

	2025	2024
	Number	Number
Charitable activities	<u>75</u>	<u>70</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:

	2025	2024
	Number	Number
£60,000 - £70,000	2	2
£70,001 - £80,000	2	4
£80,001 - £90,000	2	-
£90,001 - £100,000	2	3
£100,001 - £110,000	1	-
£110,001 - £120,000	-	1
£120,000 - £130,000	3	-
£130,000 - £140,000	1	1
£140,000 - £150,000	-	1
£230,000 - £240,000	<u>2</u>	<u>-</u>
	<u>15</u>	<u>12</u>

£17,500 (2024: £14,773) was paid into a defined contribution pension scheme on behalf of the above highest paid employee.

During the year, termination payments were made to two members of staff totalling £255,454 (2024: £nil). These were approved by the Board of Trustees where required, and included in the table directly above.

Notes to the Financial Statements



Internet Watch Foundation | Registered Company Number: 03426366
Notes to the Financial Statements for the year ended 31 March 2025

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 £474,260 (2024: £425,149). There were £nil outstanding contributions payable to the pension fund at the balance sheet date (2024: £nil).

11. Net income	2025 £	2024 £
Net income is stated after charging:		
Depreciation of charitable assets owned by group	320,004	285,533
Loss on disposal of fixed assets	-	-
Auditors remuneration:		
- for audit services	11,250	9,650
- for non-audit services	6,150	3,580
Operating lease costs for land and buildings	339,298	279,831
Operating lease costs for equipment	<u>3,921</u>	<u>4,429</u>

12. Tangible fixed assets

	Leasehold Improvements £	Office Equipment £	Computer Equipment £	Cycle Equipment £	Total £
Cost:					
At 31 March 2024	663,199	115,292	729,741	1,444	1,509,676
Additions	29,486	-	273,707	-	303,193
Disposals	(9,347)	(36,973)	(335,501)	(1,444)	(383,265)
At 31 March 2025	<u>683,338</u>	<u>78,319</u>	<u>667,947</u>	<u>-</u>	<u>1,429,604</u>
Depreciation:					
At 31 March 2024	371,203	73,746	492,330	803	938,082
Charge for the year	161,766	18,027	139,570	641	320,004
Disposals	(9,347)	(36,973)	(335,501)	(1,444)	(383,265)
At 31 March 2025	<u>523,622</u>	<u>54,800</u>	<u>296,399</u>	<u>-</u>	<u>874,821</u>
Net book value:					
At 31 March 2024	291,996	41,546	237,411	641	571,594
At 31 March 2025	<u>159,716</u>	<u>23,519</u>	<u>371,548</u>	<u>-</u>	<u>554,783</u>

Notes to the Financial Statements



Internet Watch Foundation | Registered Company Number: 03426366
Notes to the Financial Statements for the year ended 31 March 2025

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 (2024: £nil).

Within the charitable company balance sheet, the investment in the subsidiary is held at a cost of £2 (2024: £2).

14. Investments

	2025	2024
Investment in dormant subsidiary company at cost	2	2
Investment portfolio	1,139,011	1,098,121
Flagstone account	1,285,249	-
Net assets	<u>2,424,262</u>	<u>1,098,123</u>
	2025	2024
	Total	Total
	£	£
Investment portfolio		
Market value at 1 April	1,098,123	1,028,924
Additions	271,037	256,571
Disposal proceeds	(259,654)	(244,127)
Net investment (losses) / gains	28,911	55,771
Cash movement	594	984
Market value at 31 March	<u>1,139,011</u>	<u>1,098,123</u>
Historical cost	1,098,123	1,029,756
Analysed as follows:		
	2025	2024
	£	£
UK Fixed Interest Securities	378,021	375,674
Quoted UK Equities	270,629	270,437
Quoted Overseas Equities	310,735	289,338
Alternative markets	161,016	144,658
Cash	18,610	18,016
	<u>1,139,011</u>	<u>1,098,123</u>

Notes to the Financial Statements



Internet Watch Foundation | Registered Company Number: 03426366
Notes to the Financial Statements for the year ended 31 March 2025

15. Debtors	2025	2024
	£	£
Trade debtors	1,253,327	850,536
Prepayments and accrued income	818,452	719,826
	<u>2,071,779</u>	<u>1,570,362</u>
16. Creditors: amounts falling due within one year	2025	2024
	£	£
Trade creditors	114,835	209,714
Other tax and social security	269,263	115,014
Accruals and deferred income	3,577,263	3,094,954
Creditors	<u>27,825</u>	<u>-</u>
	<u>3,989,186</u>	<u>3,419,682</u>
Deferred income	2025	2024
	£	£
Deferred income at 1 April	2,899,038	3,032,487
Income deferred during the year	3,411,500	2,899,038
Amounts released from previous years	(2,899,038)	(3,032,487)
Deferred income at 31 March	<u>3,411,500</u>	<u>2,899,038</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 2025

17. Leases

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

	Land and buildings	Equipment	Equipment
	2025	2024	2025
	£	£	£
No later than one year	365,064	339,298	3,921
Later than one year and no later than five years	2,388,991	395,536	12,455
Later than five years	3,211,600	-	-
	5,965,655	734,834	16,376
			19,625

18a. Funds analysis - current year

	Balance at 01/04/2024	Income	Expenditure	Transfers	Gains / (Losses)	Balance at 31/03/2025
	£	£	£	£	£	£
Unrestricted funds						
Unrestricted funds - free reserves	4,993,757	5,486,318	(5,029,278)	(621,338)	28,911	4,858,370
Unrestricted funds - fixed assets fund	-	-	-	554,783	-	554,783
Total general funds	4,993,757	5,486,318	(5,029,278)	(66,555)	28,911	5,413,153
Designated funds						
Technical fund	350,000	-	-	-	-	350,000
Premises fund	500,000	-	(70,822)	-	-	429,178
Scaling Up fund	500,000	-	(383,560)	-	-	116,440
Total designated funds	1,350,000	-	(454,382)	-	-	895,618
Total unrestricted funds	6,343,757	5,486,318	(5,483,660)	(66,555)	28,911	6,308,771
Restricted funds						
Technical Project	-	226,351	(227,004)	653	-	-
Nominet UK Safer Internet Centre	-	568,707	(593,101)	24,394	-	-
End Violence Against Children Chatbot	-	76,109	(76,109)	-	-	-
UK Home Office	-	526,315	(526,315)	-	-	-
EU ProTech	(23,495)	-	(85,663)	23,496	-	(85,662)
Oak Foundation	(1,653)	153,130	(170,609)	19,132	-	-
Qualcomm		12,749	(11,629)	(1,120)		-
Total restricted funds	(25,148)	1,563,361	(1,690,430)	66,555	-	(85,662)
Total funds	6,318,609	7,049,679	(7,174,090)	-	28,911	6,223,109

Notes to the Financial Statements



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18b. Funds analysis - prior year

	Balance at 01/04/2023 £	Income £	Expenditure £	Transfers £	Gains / (Losses)	Balance at 31/03/2024 £
Unrestricted funds						
General funds	4,805,413	5,352,860	(4,487,610)	(732,677)	55,771	4,993,757
Total general funds	4,805,413	5,352,860	(4,487,610)	(732,677)	55,771	4,993,757
Designated funds						
Technical fund	350,000	-	-	-	-	350,000
Premises fund	350,000	-	-	150,000	-	500,000
Scaling Up fund	-	-	-	500,000	-	500,000
Total designated funds	700,000	-	-	650,000	-	1,350,000
Total unrestricted funds	5,505,413	5,352,860	(4,487,610)	(82,677)	55,771	6,343,757
Restricted funds						
Technical Project	-	231,759	(231,759)	-	-	-
Nominet UK Safer Internet Centre	-	551,852	(563,906)	12,054	-	-
End Violence Against Children Chatbot	-	138,851	(163,686)	24,835	-	-
UK 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)
Total restricted funds	(47,888)	1,598,098	(1,658,035)	82,677	-	(25,148)
Total funds	5,457,525	6,950,958	(6,145,645)	-	55,771	6,318,609

18c. Funds analysis - description of funds

Restricted funds

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.

Nominet UK Safer Internet Centre (UKSIC)

– 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.

End Violence Against Children

(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.

UK 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.

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).

Qualcomm – These funds represent a grant from Qualcomm as a contribution towards new and existing evidence-based research, with the aim of reducing the production and distribution of self-generated child sexual abuse material.

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.

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

Notes to the Financial Statements



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19. Related party transactions

IWF works in partnership with international technology industries, law enforcement agencies, governments and hotlines to minimise the availability of specific illegal content found online. Member companies subscribe to IWF services at levels ranging from £1,250 to £90,500. Some Trustees also work for Members have no direct influence on transactions undertaken with Internet Watch Foundation.

The Chair received £30,000 (2024: £34,125) 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

	2025 £	2024 £
Net (expenditure)/income for the reporting period (as per the statement of financial activities)	(95,500)	861,084
Adjustments for:		
Depreciation charges	320,001	285,533
Loss on disposal of fixed assets	-	-
(Gains) / Losses on investments	(28,911)	(55,771)
(Increase) in debtors	(501,416)	(171,420)
Increase / (Decrease) in creditors	569,504	(55,115)
Bank interest received	(193,387)	(177,178)
Dividends received from investments	(22,055)	(21,390)
Investment cash account movement	(594)	(984)
Net cash provided by operating activities	47,642	664,759

21. Net Debt Reconciliation

	Balance at 31/03/2024	Cash Movement	Balance at 31/03/2025
Cash in hand	6,498,212	(1,336,741)	5,161,471
Investments - short term deposits	-	-	-
Total cash and cash equivalents	6,498,212	(51,492)	6,446,720

22. Capital commitments

Total capital commitments are as follows:

	2025 £	2024 £
	-	-

23. Post Balance Sheet Events

There are no post balance sheet events to disclose.



IWF
Internet
Watch
Foundation

Working together
to stop child sexual
abuse online

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