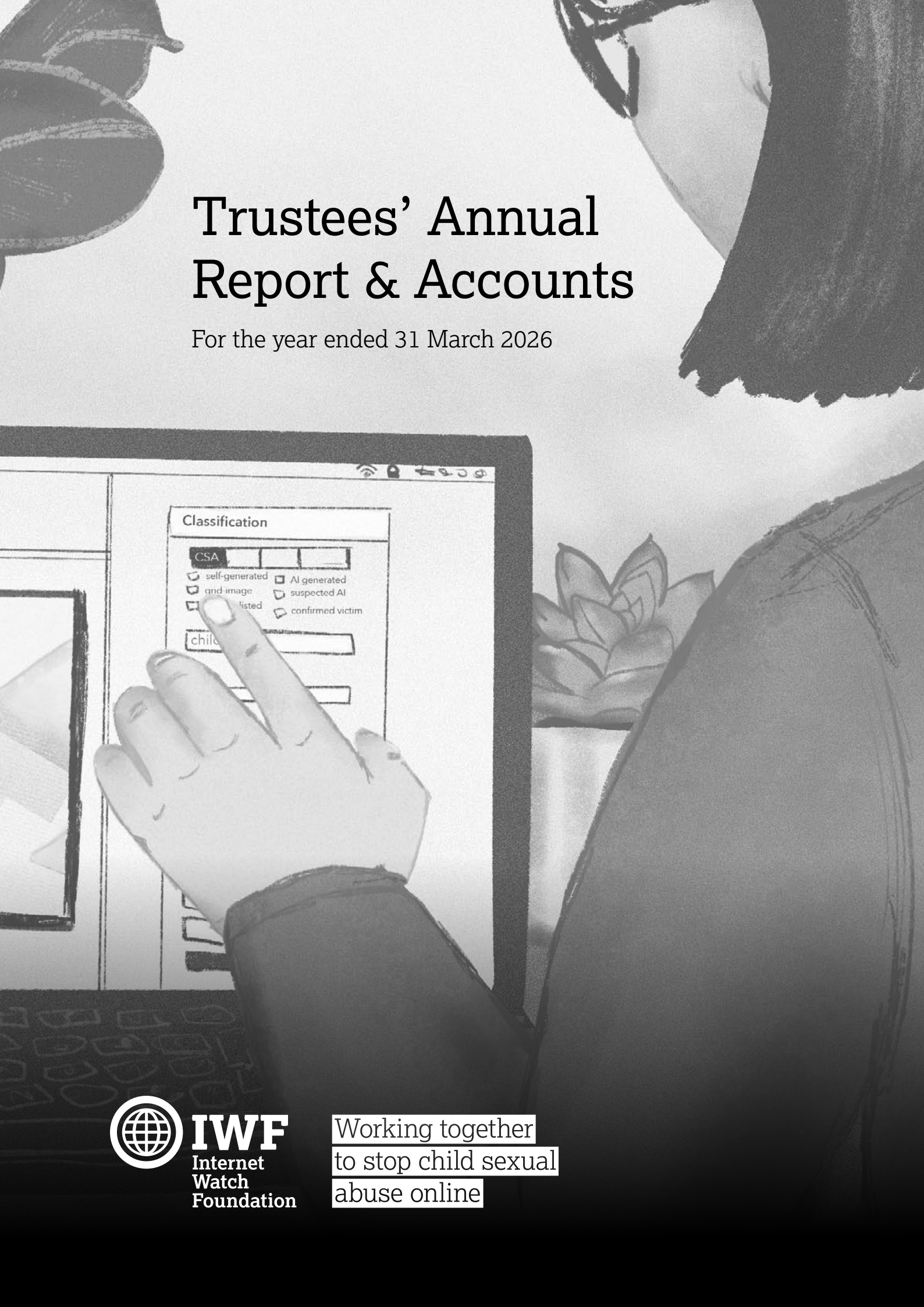
Trustees' Annual Report & Accounts

For the year ended 31 March 2026



IWF
Internet Watch Foundation

Working together to stop child sexual abuse online

Contents

3	Reference & Administrative Details
	Trustees' Annual Report
4	CEO & Chair Statement
5	IWF as a catalyst
6	Impact and Achievements
8	Trustees' Report
9	Financial Review
11	Structure, Governance & Management
14	Independent Auditors' Report to the Members & Trustees' of the IWF
	Financial Statements
18	Statement of Financial Activities
19	Company Balance Sheet
20	Statement of Cash Flows
21-34	Notes to the Financial Statements



IWF
Internet Watch Foundation

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

Senior Management Personnel

- Ms K Smith
- Ms E Hardy
- Mr C Hughes
- Mr D Sexton
- Mr M Durham
  Appointed 1 May 2025, resigned 31 March 2026
- Ms R Roxburgh
  Appointed 1 April 2025, resigned 31 March 2026
- Mr G Holmes
  Appointed 13 April 2026
- Ms L Ryder
  Appointed 19 March 2026

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
- Giles Crown
  Resigned 31 August 2025
- Alexander Evans
- Sanjit Gill
  Resigned 19 May 2026
- Sherry Malik
- Bronagh McCloskey
- Nick Newman
- Thomas Newton
  Appointed 2 December 2025
- Rebecca Portnoff
  Appointed 5 January 2026
- Simon Staffell
  Resigned 25 September 2025
- Rachel Yeomans

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

Principal/ Registered Office
Canopy House
296 Science Park
Milton Road
Cambridge
CB4 0WD

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

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)



Chief Executive's & Chair Statement

This year marks 30 years since the Internet Watch Foundation received its first report of online child sexual abuse imagery.

Three decades on, the scale of online child sexual abuse and exploitation has reached unprecedented levels. In 2025, we identified more child sexual abuse material online than ever before, alongside a rapid increase in AI-generated abuse and increasingly sophisticated methods used by offenders to exploit weaknesses in the digital ecosystem.

The challenge is evolving rapidly, but so is our response.

Over the past year, we have strengthened the foundations that will enable us to deliver even greater impact. We have settled into our new headquarters at Cambridge Science Park and are preparing to launch an ambitious new strategy that will expand our global reach, accelerate innovation and deepen collaboration with governments, industry and civil society.

Our evidence continues to reveal how children are being harmed in new and changing ways. Girls remain disproportionately represented in child sexual abuse imagery, while older teenage boys are increasingly targeted through coercion and financially motivated sextortion. These are not isolated issues – they reflect a wider failure to design online services with children's safety at their core.

Protecting children requires collective action. During the year, we helped shape stronger policy responses to online child sexual abuse, including measures to tackle AI-generated abuse material, while continuing to press for more ambitious regulation in the UK, Europe and beyond. We also launched Image Intercept, giving smaller platforms free access to our world-leading hash list so they can detect and remove known child sexual abuse material, regardless of their size or resources.

None of this would be possible without the commitment of our Members, funders, partners and supporters. Your investment enables us to identify and remove harmful content, develop innovative technologies, influence policy and help create a safer internet for children around the world.

We are also grateful to our dedicated and professional staff who work closely with sister hotlines and partner agencies around the world, with whom we share intelligence and an increasingly urgent determination to act.

Looking ahead, 2026 will see the launch of our new strategy and Global Innovation Hub, accelerating the development of technology and partnerships that can deliver lasting impact for children worldwide.

While the challenge has never been greater, neither has our understanding of what works. Together, we have an opportunity to prevent abuse, disrupt offenders and build a safer digital world for every child.

Thank you for your continued partnership and support.



Kerry Smith & Catherine Brown
CEO Independent Chair

IWF as a catalyst

Accelerating the global response to online child sexual abuse

Online child sexual abuse and exploitation is complex, fast-changing and global – but it is not inevitable.

No single organisation can end it alone. Our ambition is therefore not simply to do more ourselves, but to use IWF's unique position to accelerate action across the whole online ecosystem.

Every day, our analysts build an unparalleled body of evidence about how child sexual abuse material is created, shared and monetised online. Combined with our technology, trusted relationships and three decades of specialist expertise, this gives us the power to identify emerging threats, expose weaknesses in the system and help others act.

Our 2026-2029 strategy will build on these foundations, establishing IWF as a global catalyst for systemic change.

We will:

- **expand the disruption** of online child sexual abuse material, preventing it from being shared and re-shared;
- **enable system-wide solutions** by putting trusted data, intelligence and technology into the hands of those able to make a difference;
- **drive greater accountability** across the online ecosystem, from internet infrastructure and mobile networks to content-hosting services and social platforms; and
- **provide authoritative evidence** of emerging trends and threats, enabling faster and better-informed decisions around the world.

Being a catalyst means creating a multiplier-effect, turning evidence into action and individual interventions into change at scale. It means bringing together the right combination of technology companies, governments, regulators, funders and civil society organisations – and moving them from shared concern to collective action.

Our **Members** will be central to this ambition, as partners in developing and delivering solutions. We will also invest in our people, technology and Global Innovation Hub; strengthen our international reach and influence; and build a more diverse and sustainable funding base.

For our **funders and partners,** this creates a powerful multiplier effect. Supporting IWF strengthens not only our ability to find and remove abusive material, but the capacity of the wider system to prevent it, disrupt it and respond more effectively.

Together, we can turn greater knowledge into greater action – and create an online world in which children are better protected from sexual abuse and exploitation.

Impact and Achievements

Every number in this report represents a real child. Behind each statistic is a victim or survivor whose abuse we have worked to find, disrupt and remove, and whose safety and dignity we hold in mind every time we publish this data.

This is difficult, painstaking work, and our analysts and assessors carry it out with extraordinary care and commitment, day after day, to identify, disrupt and remove child sexual abuse images and videos online.

We've found and removed more child sexual abuse imagery online than ever before.

In the 2025 calendar year:

- 451,210 reports were assessed by the IWF during the year (a 6% increase on the previous year), equating to one report every 70 seconds:
- 449,549 were reports of URLs and 2,078 were reports from our child reporting services.
- 34 were reports of newsgroups.
- 287,273 (64%) came from the proactive work of our analysts.

311,610 reports were confirmed to contain, link to or advertise criminal child sexual abuse imagery (a 7% increase on the previous year). This equates to one confirmed report of child sexual abuse every 101 seconds.

- 310,437 were URLs.
- 1,261 were reports received from our child reporting services, and 11 were newsgroups.
- 77% of the victims shown in child sexual abuse images were girls, rising to 97% in AI-generated imagery.
- 63,044 teenagers aged 14–17 appeared in 56,179 child sexual abuse images, with one third of this imagery being 'self-generated'.

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 images or videos showing the sexual abuse of a child.

We've grown our Hash List to more than 3.2 million – helping our Members find and block child sexual abuse images and videos.

We also use our bespoke grading and hashing software, IntelliGrade, to perform an assessment of images and videos. When imagery is assessed as child sexual abuse, a hash is created for it. A hash is a unique digital fingerprint created from a file, such as an image or video, using a mathematical algorithm. When a file is 'hashed', the algorithm converts its data into a fixed-length string of letters and numbers.

Our hashes are shared with industry and law enforcement. This allows them to automatically detect, and block previously identified child sexual abuse imagery by matching uploads against our database of known hash values; without ever needing to see, view or store the original content. The IWF began hashing child sexual abuse images in 2015.

In 2025, we added 317,101 new criminal images and videos to our Hash List, bringing our total number of individual hashes to 3,224,085. Through our Image Intercept pilot, 12,607,541 items were reviewed against our Hash List on participating platforms, with 16,339 matched to known child sexual abuse material and blocked at the point of upload.

We've worked with UK hosting companies to keep child sexual abuse material off UK servers.

In 2025, of the 310,437 URLs confirmed to display child sexual abuse imagery:

- Just 951 were hosted in the UK, which is 0.30% of all actioned URLs globally. We issued 164 takedown notices to UK hosting companies, with 88% of content removed within 24 hours – the fastest in just one minute.

We've built new technology that reveals the true number of children in the imagery we find.

In 2025, our 'Multichild' capability in IntelliGrade (funded by Nominet) recorded 370,001 children in the images and videos we assessed. This accounts for 39,203 children who were identified solely by this new capability, and would otherwise have been 'invisible'.

We also introduced a new exploitative category, identifying more than 72,000 images in just over two months.

We've tracked and exposed the alarming rise of AI-generated child sexual abuse imagery.

In 2025, our analysts confirmed 63,682 videos containing child sexual abuse material. Of these, 3,443 were AI-generated – a more than 260-fold increase on 2024, when just 13 videos were identified.

65% of all AI-generated child sexual abuse videos were assessed as Category A, compared to 43% involving real children.

Our analysts assessed 4,586 AI-generated child sexual abuse images. Girls continued to be the most frequently depicted sex in this

Impact and Achievements

imagery, accounting for 97% of all cases this year.

Our data and research on this fast-emerging threat are being used by policymakers, law enforcement and the technology industry to strengthen regulation and build safeguards into AI products before harm occurs.

In March 2026, we published our third AI research report, 'Harm without limits: AI child sexual abuse material through the eyes of our Analysts', revealing that 8,029 AI-generated images and videos were assessed as showing realistic child sexual abuse in 2025 – a 14% increase on the previous year – alongside polling showing more than four in five UK adults want the Government to regulate AI systems so they are safe by design.

We've built partnerships that fund, strengthen and multiply our impact.

Behind every achievement in these pages stands a partnership. The Home Office's renewed support for our CAID Taskforce sustained the specialist assessment work that grows our Hash List, while the Oak Foundation's renewed multi-year commitment underpinned our campaign, policy and advocacy successes. Safe Online commissioned an independent evaluation of our 53 international Reporting Portals, whose findings will shape our new international strategy and inform child sexual abuse material is removed rapidly around the world. A donation from OnlyFans enabled us to establish a dedicated Data & Insights Taskforce, turning the data produced by our analysts into faster insights and more impactful action, and Nominet's continued investment in our technology made innovations such as the Multichild capability possible. Disney, with advertising support from TikTok, Snapchat and X, powered Think Before You Share to reach more than 59 million people.

Increasingly, our partners contribute strategic and technical expertise as well as funding: mission-aligned collaborations that multiply the impact of everything we do.

We've reached millions of young people and parents with practical education on the platforms they use every day.

In 2025, our Think Before You Share campaign reached more than 59 million people - a 72% increase in engagement on the previous phase. In an independent academic evaluation by the International Policing and Public Protection Research Institute (IPPPRI) at Anglia Ruskin University, the campaign was also shown to shift behaviour around the sharing of nudes amongst teenagers.

Our child reporting services saw a notable increase in uptake with 1,894 reports received via Report Remove – a 66% increase from 2024, and 184 reports received via Meri Trustline – a 12-fold increase from 2024.

In partnership with the National Crime Agency, we also launched a new suite of guidance resources to help professionals respond to AI-generated child sexual abuse material.

We've used our data and expertise to shape laws and regulation in the UK and around the world.

Our data and analysis were featured across leading global media outlets including the BBC, Le Monde, Der Spiegel, Channel 4, Euronews, The Guardian and Reuters, and we continued to work with EU institutions, member states, civil society and technology companies to press for the adoption of the EU Child Sexual Abuse Regulation and recast Directive.

In the UK, we formalised a landmark partnership with Ofcom through a new Memorandum of Understanding, providing the data and expertise the regulator needs to drive compliance with the Online Safety Act.

We've campaigned to stop child sexual abuse imagery before it is ever created or shared.

Our upload prevention campaign showed how known child sexual abuse images and videos can be blocked in end-to-end encrypted messaging services before they are sent – without breaking encryption or compromising user privacy. Polling we commissioned found that 92% of UK adults are concerned about the sharing of child sexual abuse imagery through encrypted messaging, and 88% agree the Government should require companies to use upload prevention.

We also campaigned for measures in the Crime and Policing Bill to criminalise AI models used to create child sexual abuse images, and to ban AI 'nudification' apps – informed by our data showing that 19% of confirmed reports to Report Remove involved imagery that had been digitally altered or manipulated. In December 2025, the Government announced plans to ban 'nudification' apps and to encourage on-device protections for children, and by the end of the year the Bill – including the measures we have long campaigned for – was progressing through Parliament. The then Minister for Safeguarding and Violence Against Women and Girls, Jess Phillips MP, wrote the political foreword to our 2025 Annual Data & Insights Report. She said: *"These [AI] tools have no place in our society, and we must continue to go further to protect those who are most vulnerable in society."*

Trustees' Report

The Trustees present their report and the audited financial statements of the charity for the year ended 31 March 2026. 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

Our mission is to stop the global spread of online child sexual abuse and exploitation (CSAE) through maximum disruption. We detect, assess, remove and block the spread of online CSAE material, guided by evidence and insight, including the voices of survivors. Through partnerships with industry and beyond, and by driving strengthened regulation, we are a catalyst for change.

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 partners to remove images of child sexual abuse as quickly as possible and prevent them from being spread further. This includes our work with industry partners worldwide and child-focussed work such as our partnership with Childline on Report Remove, a service to help young people report sexual images of themselves and get them removed from the internet.
- 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

The investment programme commenced in 2024/25 to reshape the organisation continued in 2025/26. The programme continued to use funds, including those previously designated, to finance the development of a new strategy and the relocation of IWF's main office from Vision Park Histon to larger and newly refurbished premises on Cambridge Science Park in March 2026.

Income

Total 2025/26 income of £7,725k (2024/25: £7,050k) was £675k (9.6%) higher.

- Income from charitable activities (predominately membership subscriptions) increased by £681k (13.4%) to £5,754k (2024/25: £5,073k).
- Significant grants were received from the UK Home Office (£610k) and Oak Foundation (£228k).
- Donations increased by £151k (87.8%) to £323k (2024/25: £172k), due to a significant increase in gifts in kind including social media advertising credits.

Expenditure

Total 2025/26 expenditure was £1,529k (21.3%) higher at £8,703k (2024/25: £7,174k).

- Staff costs (see note 9 to the financial statements) increased by £661k (15.2%) to £5,012k (2024/25: £4,351k) driven by higher staffing levels, salary inflation and an increase in employers' national insurance.
- Non staff costs were £868k (30.1%) higher at £3,691k (2024/25: £2,823k) as the relocation to new offices on Cambridge Science Park concluded in March 2026, using in part the designated funds established for those purposes.

Allowing for an investment gain of £99k (£2024/25: £29k), IWF's net expenditure for the year was £879k (2024/25: net expenditure of £96k), reducing net assets on 31st March 2026 to £5,344k (31st March 2025: £6,223k).

Funds Summary

IWF's closing net assets were represented by unrestricted funds of £5,344k (31st March 2025: £6,308k). At 31 March 2025 there was a deficit on restricted funds of £86k which was recovered in 2025/26.

The reduction in unrestricted funds was the result of the planned investment in the office relocation and other strategic development work.

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). The balance on these funds at 31 March 2025 was £895k. As set out in note 19a to the financial statements these funds were all spent or released back to unrestricted funds during the year.

General funds

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 is excluded from the value of general funds as tangible fixed assets aren't considered freely available to be spent on the charity's purposes. The value of general funds on 31st March 2026 were £4,370k. If the TFA fund had been in place on 31st March 2025, IWF's reported general funds would have been £4,858k.

The IWF policy benchmark for reserves is to manage them within a band of £4.3m to £5.3m 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 central point of this target band (£4.8m) is an estimate of the funds required to run the Hotline and associated essential support activities for 12 months.

Funds on 31 March 2026 were therefore within the target range.

Investments

The value of the investment portfolio on 31st March 2026 was £1,360k (2025:£2,424k) following a decision by Trustees to liquidate the investment portfolio actively managed on IWF's behalf by Rathbones during the year. A gain of £99k was realised on liquidation of the fund and the total funds transferred to a COIF deposit account pending future reinvestment.

The decision to liquidate these funds was based on the relative costs of active management of funds set against the returns when compared to tracker funds.

The sum invested at on 31st March 2026 therefore represents surplus cash invested via CAF's Flagstone Deposit Fund. The value of this Fund on 31 March 2025 was £1,285k.

Financial Review

Funds are held in Flagstone based on a range of maturity dates to maximise interest received but retain flexibility.

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 the 1 December 2025.

The Board

We are governed by a Board of not less than seven and no more than fifteen Trustees who are led by an Independent Chair. The Board includes Member Trustees of which the minimum number is three and a majority of independent Trustees. The Board may also co-opt additional persons providing that the co-opting of any individual as a Trustee would not cause the total number of co-opted Trustees to exceed three or one third of the total number of Trustees, whichever is the greater.

Changes to the Board membership during the year are documented at the beginning of the Report.

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

No Trustee may serve for a cumulative period of more than nine years.

Method of appointment or election of Trustees

Independent Board members are appointed by the Board through a fair selection procedure managed by committee. 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 a committee. The Chair may serve for a period of three years and shall then retire but is eligible for re-appointment for a further period of three years.

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 three subcommittees:

- Finance and Risk
- People
- Data, Tech and Innovation

The latter two first met in early 2026. No committee had any delegated powers but each met 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.

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 8 of these accounts.

Related party relationships

Trustees regularly review the organisation's activities and relationships. 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. Any relevant transactions with related parties are disclosed in note 20 to the accounts.

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.

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 AI and encryption technologies; and regular engagement

Structure, Governance & Management

with governments to shape the regulatory and legal environment in which technology companies and 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. Risk is discussed regularly by committees 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.

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.

Structure, Governance & Management

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 6 October 2026 and signed on its behalf by:



Catherine Brown (Oct 23, 2026, 11:44am)

Catherine Brown

Independent Chair

Auditors' Report

Independent Auditors' Report to the Members
of Internet Watch Foundation for the year ended 31 March 2026

Opinion

We have audited the financial statements of Internet Watch Foundation (the 'charitable company') for the year ended 31 March 2026 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 2026, 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.

Auditors' Report Continued

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/. 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.



Suzanne Goldsmith FCA
Senior Statutory Auditor

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

Date: 28 October 2026

Financial Statements



Statement of Financial Activities

Statement Of Financial Activities (Including Income and Expenditure Account) For the year ended 31 March 2026

	Note	Unrestricted - General Funds £	Unrestricted - Designated	Restricted £	2026 Total £	2025 Restated £
Income						
Donations	2a	322,879	-	-	322,879	171,736
Grant income	2b	-	-	1,377,787	1,377,787	1,563,362
Charitable activities	3	5,753,903	-	-	5,753,903	5,072,659
Other trading activities	4	15,184	-	-	15,184	26,480
Investment income	5	255,270	-	-	255,270	215,442
Total income		6,347,236	-	1,377,787	7,725,023	7,049,679
Expenditure						
Raising funds	6	(242,672)	-	-	(242,672)	(183,946)
Charitable expenditure:						
Minimise criminal internet content	6	(6,586,986)	(575,357)	(1,298,058)	(8,460,401)	(6,990,144)
Total expenditure		(6,829,658)	(575,357)	(1,298,058)	(8,703,073)	(7,174,090)
Net Gain on investments		99,052	-	-	99,052	28,911
Net income/ (expenditure) in the year		(383,370)	(575,357)	79,729	(878,998)	(95,500)
Transfers between funds	19a	314,328	(320,261)	5,933	-	-
Net movement in funds		(69,042)	(895,618)	85,662	(878,998)	(95,500)
Reconciliation of funds:						
Total funds brought forward		5,413,153	895,618	(85,662)	6,223,109	6,318,609
Total funds carried forward		5,344,111	-	-	5,344,111	6,223,109

Comparative figures have been restated to conform with the current year's presentation. Income has been further analysed between donations and grants, and certain expenditure previously reported within charitable activities has been reclassified as raising funds expenditure. These reclassifications have no impact on total income, total expenditure, net movement in funds or total funds. 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 34** 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 2026

	Note	2026	2025
		£	£
Fixed Assets			
Tangible assets	12	974,086	554,783
Investments	14	1,359,697	2,424,262
Total Fixed Assets		2,333,783	2,979,045
Current Assets			
Debtors	15	1,753,369	2,071,779
Cash at bank and in hand		6,099,160	5,161,471
Total Current Assets		7,852,529	7,233,250
Liabilities			
Creditors: amounts falling due within one year	16	(4,591,201)	(3,989,186)
Provisions for liabilities	17	(251,000)	-
Net Current Assets		3,010,328	3,244,064
Total Net Assets		5,344,111	6,223,109
Funds Of The Charity:			
Unrestricted General Funds - free reserves	19a	4,370,025	4,858,370
Unrestricted General Funds - fixed assets fund	19a	974,086	554,783
Restricted Funds	19a	-	(85,662)
Unrestricted Funds - designated	19a	-	895,618
		5,344,111	6,223,109

The attached notes on pages **21 to 34** form part of these financial statements.

The financial statements were approved by the Board of Trustees on 6th October 2026 and signed on their behalf by:

Catherine Brown

Catherine Brown (Oct 23, 2026, 11:44am)

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 2026

	Note	2026	2025
		£	£
Cash Flows from Operating Activities			
Net cash provided by operating activities	21	275,136	47,642
Cash Flows from Investing Activities			
Dividends and interest from investment		17,730	22,055
Purchase of investments		(74,446)	(1,556,286)
Investment disposal proceeds		1,238,063	259,654
Purchase of property, plant and equipment		(756,334)	(303,193)
Bank interest received		237,540	193,387
Change in cash and cash equivalents in the reporting period		937,689	(1,336,741)
Cash and cash equivalents at the beginning of the reporting period		5,161,471	6,498,212
Cash and cash equivalents at the end of the reporting period	22	6,099,160	5,161,471

The attached notes on pages **21 to 34** form part of these financial statements.

Notes to the 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 1January 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) Provisions

Provisions are recognised when the charity has an obligation at the balance sheet date as a result of a past event, it is probable that an outflow of economic benefits will be required in settlement and the amount can be reliably estimated.

m) 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.

n) 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.

o) Operating leases

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

p) 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.

q) 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.

2a. Donations	2026	2025
	£	£
Donations & gifts in kind	322,879	171,736
	437,879	171,736

All donations received in 2026 and 2025 relate to unrestricted funds.

2b. Grant income	2026
	£
Protech grant income	141,115
EVAC Chatbot grant income	59,357
Data & insights	250,000
Home Office	610,315
Oak grant income	228,000
NCA grant income	80,000
ECHO hub grant income	9,000
	1,377,787

	2025
	£
Nominet grant income	226,352
EVAC Chatbot grant income	76,109
Home Office	526,315
Nominet UKSIC	568,707
Oak grant income	153,130
Qualcomm grant income	12,749
	1,563,362

All grant income in 2026 and 2025 relates to restricted funds. Included within grant income are government grants of £831,431 (2025: £526,315), comprising Home Office funding of £610,315 (2025: £526,315), Protech funding of £141,115 (2025: £nil) and National Crime Agency funding of £80,000 (2025: £nil). The grants were received to support the charity's work in tackling online child sexual abuse and developing educational resources. At 31 March 2026, all conditions relating to grant income recognised in the financial statements had been fulfilled.

3. Income from Charitable Activities	Unrestricted 2026 £	Unrestricted 2025 £
Subscription fee income	5,404,246	4,861,755
Other Membership income	349,657	210,904
	5,753,903	5,072,659

4. Other trading activities	Unrestricted 2026 £	Unrestricted 2025 £
Project contributions	15,184	26,480
	15,184	26,480

5. Investment Income	Unrestricted 2026 £	Unrestricted 2025 £
Bank interest and dividends	255,270	215,442
	255,270	215,442

6a. Analysis of expenditure by activity (2026)	Direct Costs £	Support Costs £	2026 Costs £
Charitable activities:			
Minimise criminal internet content	6,615,659	1,844,742	8,460,401
Raising funds	152,109	90,563	242,672
	6,767,768	1,935,305	8,703,073

6b. Analysis of expenditure by activity (2025)	Direct Costs £	Support Costs £	2025 Costs £
Charitable activities:			
Minimise criminal internet content	4,410,936	2,579,208	6,990,144
Raising funds	142,499	41,447	183,946
	4,553,435	2,620,655	7,174,090

Included within expenditure above is £6,829,658 (2025: £5,029,278) in relation to unrestricted funds, £575,357 (2025: £454,382) in relation to designated funds and £1,298,058 (2025: £1,690,430) in relation to restricted funds.

7. Analysis of support costs	2026 £	2025 £
Finance and legal	320,393	205,687
Staff and related costs	730,052	1,553,059
IT	41,081	164,518
Premises	446,013	210,887
General office costs	45,908	352,380
Other	266,501	73,343
Governance (note 8)	85,357	60,781
	1,935,305	2,620,655

Support costs have been allocated to activities based on an analysis of the relevant cost drivers and staff costs have been allocated based upon time spent on each activity.

8. Analysis of governance costs	2026 £	2025 £
Audit fees	11,915	11,250
Accountancy fees paid to auditor	2,750	6,150
Chair fees	30,000	30,000
Board expenses	6,009	9,992
Board strategy day	6,439	3,389
Trustee recruitment and training	28,244	-
	85,357	60,781

9. Analysis of staff costs and key management personnel	2026	2025
	£	£
Wages and salaries	3,969,090	3,496,671
Social security costs	517,189	379,721
Pension	525,620	474,260
	5,011,899	4,350,652

In accordance with Section 6 of the Memorandum of Association of Internet Watch Foundation, the Chair received £30,000 (2025: £30,000) during the year in respect of her 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 (2025: Nil) Trustees were paid in respect of their duties.

In 2026, 5 Trustees (2025 – 8) received reimbursements of expenses for travel and subsistence amounting to £6,009 (2025: £9,992).

The considers its key management personnel to comprise those listed on page 3. During the year, the total employment benefits of those who served as key management personnel, including social security and pension was £926,752 (2025: £1,720,791).

The average monthly head count was as follows:	2026	2025
	Number	Number
Charitable activities	85	75

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

	2026	2025
	Number	Number
£60,000 - £70,000	2	2
£70,001 - £80,000	7	2
£80,001 - £90,000	3	2
£90,001 - £100,000	3	2
£100,001 - £110,000	2	1
£110,001 - £120,000	-	-
£120,000 - £130,000	1	3
£130,000 - £140,000	-	1
£140,000 - £150,000	-	-
£230,000 - £240,000	-	2
	18	15

£11,251 (2025: £17,500) was paid into a defined contribution pension scheme on behalf of the above highest paid employee.

During the year, termination payments were made to members of staff totalling £144,493 (2025: £255,454). These were approved by the Board of Trustees where required. All payments were made in accordance with appropriate legal advice and were approved by the trustees as being in the best interests of the charity.

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 £525,620 (2025: £474,260). There were £Nil outstanding contributions payable to the pension fund at the balance sheet date (2025: £Nil).

11. Net income

	2026 £	2025 £
Net income is stated after charging:		
Depreciation of charitable assets owned by group	336,455	320,004
Loss on disposal of fixed assets	575	-
Auditors remuneration:		
- for audit services	11,915	11,250
- for non-audit services	2,750	6,150
Operating lease costs for land and buildings	365,064	339,298
Operating lease costs for equipment	3,921	3,921

12. Tangible fixed assets

	Leasehold Improvements £	Office Equipment £	Computer Equipment £	Cycle Equipment £	Total £
Cost:					
At 31 March 2025	683,338	78,319	667,947	-	1,429,604
Additions	586,985	-	166,933	2,416	756,334
Disposals	(214,060)	(32,366)	(63,207)	-	(309,633)
At 31 March 2026	1,056,263	45,953	771,673	2,416	1,876,305
Depreciation:					
At 31 March 2025	523,622	54,800	296,399	-	874,821
Charge for the year	169,627	10,984	154,632	1,212	336,455
Disposals	(234,077)	(20,021)	(54,959)	-	(309,057)
At 31 March 2026	459,172	45,763	396,072	1,212	902,219
Net book value:					
At 31 March 2025	159,716	23,519	371,548	-	554,783
At 31 March 2026	597,091	190	375,601	1,204	974,086

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 £2 net assets (2025: £2).

Within the charitable company balance sheet, the investment in the subsidiary is held at a cost of £2 (2025: £2).

14. Investments

	2026	2025
Investment in dormant subsidiary company at cost	2	2
Investment portfolio	-	1,139,011
Flagstone account	1,359,695	1,285,249
Net assets	1,359,697	2,424,262

	2026 Total £	2025 Total £
Investment portfolio		
Market value at 1 April	1,139,011	1,098,123
Additions	-	271,037
Disposal proceeds	(1,238,063)	(259,654)
Net investment (losses) / gains	99,052	28,911
Cash movement	-	594
Market value at 31 March	-	1,139,011
Historical cost	1,139,011	1,098,123

Analysed as follows:

	2026 £	2025 £
UK Fixed Interest Securities	-	378,021
Quoted UK Equities	-	270,629
Quoted Overseas Equities	-	310,735
Alternative markets	-	161,016
Cash	-	18,610
	-	1,139,011

The investment portfolio has not been allocated across the securities and equities listed above, as the balance was nil at the year end.

15. Debtors	2026	2025
	£	£
Trade debtors	1,090,746	1,253,327
Prepayments and accrued income	589,959	818,452
Other debtors	72,664	-
	1,753,369	2,071,779

16. Creditors: amounts falling due within one year	2026	2025
	£	£
Trade creditors	250,542	114,835
Other tax and social security	96,389	269,263
Accruals and deferred income	4,129,237	3,577,263
Other creditors	115,033	27,825
	4,591,201	3,989,186

Deferred income	2026	2025
	£	£
Deferred income at 1 April	3,411,500	2,899,038
Income deferred during the year	3,558,453	3,411,500
Amounts released from previous years	(3,411,500)	(2,899,038)
Deferred income at 31 March	3,558,453	3,411,500

Deferred income relates to subscriptions, license fees and grant income.

17. Provisions	Employment-related Taxation	Lease Restorations	Total
At 1 April 2025	-	-	-
Provided during the year	101,000	150,000	251,000
Utilised during the year	-	-	-
Released during the year	-	-	-
At 31 March 2026	101,000	150,000	251,000

Included within provisions at 31 March 2026 are: 1) A provision for estimated employment tax obligations relating to prior periods. 2) A lease restoration provision in respect of the charity's leased premises at 296 Science Park, representing management's best estimate of the costs required to meet the charity's contractual obligations under the lease agreement.

18. Leases

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

	Land and buildings 2026 £	Land and buildings 2025 £	Equipment 2026 £	Equipment 2025 £
No later than one year	551,994	365,064	3,431	3,921
Later than one year and no later than five years	2,408,700	2,388,991	6,396	12,455
Later than five years	2,609,425	3,211,600	-	-
	5,570,119	5,965,655	9,827	16,376

19a. Funds analysis - current year

	Balance at 01/04/2025 £	Income £	Expenditure £	Transfers £	Gains / (Losses) £	Balance at 31/03/2026 £
Unrestricted funds						
Unrestricted funds - free reserves	4,858,370	6,347,236	(6,829,658)	(104,975)	99,052	4,370,025
Unrestricted funds - fixed assets fund	554,783	-	-	419,303	-	974,086
Total general funds	5,413,153	6,347,236	(6,829,658)	314,328	99,052	5,344,111
Designated funds						
Technical fund	350,000	-	(29,739)	(320,261)	-	-
Premises fund	429,178	-	(429,178)	-	-	-
Scaling Up fund	116,440	-	(116,440)	-	-	-
Total designated funds	895,618	-	(575,357)	(320,261)	-	-
Total unrestricted funds	6,308,771	6,347,236	(7,405,015)	(5,933)	99,052	5,344,111
Restricted funds						
EU ProTech	(85,662)	141,115	(34,713)	(20,740)	-	-
UK Home Office	-	466,315	(485,697)	19,382	-	-
Echo project	-	9,000	(9,000)	-	-	-
National Crime Agency	-	80,000	(80,000)	-	-	-
Oak Foundation 2	-	228,000	(232,735)	4,735	-	-
Data Insights and Research	-	250,000	(250,000)	-	-	-
End Violence Against Children Chatbot	-	59,357	(61,913)	2,556	-	-
UK Home Office Report Remove	-	144,000	(144,000)	-	-	-
Total restricted funds	(85,662)	1,377,787	(1,298,058)	5,933	-	-
Total funds	6,223,109	7,725,023	(8,703,073)	-	99,052	5,344,111

19b. Funds analysis - prior 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	-	-70,822.00	-	-	429,178
Scaling Up fund	500,000.00	-	-383,560.00	-	-	116,440
Total designated funds	1,350,000	-	-454,382.00	-	-	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)	-	-	-
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

19c. Funds analysis - description of funds

Restricted funds

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.

UK Home Office Report Remove – These funds represent a grant from the Home Office to support the Report Remove service run in conjunction with NSPCC Childline.

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. The project concluded during the year and a transfer was made from unrestricted funds to ensure the grant fund does not go into deficit.

National Crime Agency - These funds represent a grant to support a campaign to co-create a preventative education resource for parents/carers and education professionals focused on how AI can be misused to create and share child sexual abuse material.

Insights and Research – These funds represent grant funding received to support the use of data in the IWF Hotline and with external parties.

Nominet Technical Projects – 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.

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 behaviour.

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.

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).

Oak Foundation 2 – These funds represent a grant from the Oak Foundation in respect of the creation of impactful campaigns to educate target audiences about how to stay safe online and to work to secure legislative change in the UK and EU which better protects children online and raises the bar for internet companies' trust and safety efforts.

Unrestricted funds

Technical Fund – These funds represent a designated fund generated to meet future technical IT developments and requirements. In addition to supporting revenue expenditure, £120,261 was transferred to fund capital expenditure, and the Board agreed in March 2026 to release the remaining £200,000 back to unrestricted funds.

Premises Fund – These funds represent a designated fund generated to meet future changing demands of business accommodation. This fund was applied in the year to support the relocation of the IWF office following the termination of the lease on the previous offices as part of the landlord's plans to redevelop the wider site.

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

Transfers

During the year, £66,555 was transferred from unrestricted funds to restricted funds to reflect expenditure incurred on activities originally funded from unrestricted reserves pending receipt of grant funding. The transfer was approved by the trustees and is consistent with the restrictions attaching to the funds.

20. 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 £1,330 to £96,000. Some Trustees also work for Member companies but do not have any direct influence on transactions undertaken with Internet Watch Foundation.

The Chair received £30,000 (2025: £30,000) during the year in respect of her duties in office.

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

21. Reconciliation of net expenditure to net cash flows from operating activities

	2026 £	2025 £
Net (expenditure)/income for the reporting period (as per the statement of financial activities)	(878,427)	(95,500)
Adjustments for:		
Depreciation charges	336,455	320,001
Loss on disposal of fixed assets	576	-
(Gains) / Losses on investments	(99,052)	(28,911)
Decrease/ (Increase) in debtors	318,410	(501,416)
Increase / (Decrease) in creditors	853,015	569,504
Bank interest received	(237,540)	(193,387)
Dividends received from investments	(17,730)	(22,055)
Investment cash account movement	-	(594)
Net cash provided by operating activities	275,136	47,642

22. Net Debt Reconciliation

	Balance at 31/03/2025	Cash Movement	Balance at 31/03/2026
Cash in hand	5,161,471	937,689	6,099,160
Total cash and cash equivalents	5,161,471	937,689	6,099,160

IWF
Internet
Watch
Foundation

Working together
to stop child sexual
abuse online

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