

OXFAM NOVIB ANNUAL ACCOUNTS

2017-2018



OXFAM
Novib

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In line with Oxfam International, our reporting period covers the fiscal year April 1, 2017 to March 31, 2018. The Annual Report and Annual Accounts are available online at oxfamnovib.nl/jaarverslag.

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DIRECTORS' REPORT



1.1 GENERAL INFORMATION

Oxfam Novib is a member of the Oxfam network and a worldwide development organization that mobilizes the power of people to fight poverty. Around the globe, we work to find practical, innovative ways for people to lift themselves out of poverty and thrive.

In the past fifteen years alone, global extreme poverty has been cut in half. Billions of people are standing up to injustice, the trauma of war, and complex problems like climate change and economic inequality. But there is much more to be done. That is why Oxfam Novib exists: to tackle the injustices that cause and perpetuate poverty. We work to make the world safer and fairer for everyone. We exist to defeat poverty.

Our vision

A just world, without poverty. That is our vision. We want a world where people are valued and treated equally, enjoy their rights as full citizens, and can influence decisions affecting their lives.

Our values

When people's basic rights are respected, we can rid the world of poverty and injustice. This is what we stand for:

- **Empowerment**
Everyone, from our staff and supporters to people living in poverty, should feel they can be a catalyst for change.
- **Inclusiveness**
We seek out partnerships and embrace inclusive decision-making. We believe everyone has a contribution to make, regardless of visible and invisible differences.
- **Accountability**
We take full responsibility for our actions and are committed to the highest standards of integrity. We will also hold others – individuals as well as companies and governments – fully accountable for their actions.

Our approach

Oxfam's approach is rights-based. We believe sustainable development is about cooperating with people, enabling them to get what they need, because they are entitled to. That is why we help people around the world to stand up for their rights.

We use a combination of rights-based sustainable development programs, campaigns, advocacy, and humanitarian assistance in disasters and conflicts, while putting gender justice at the heart of all our programs. We challenge the structural causes of the injustice of poverty, and work with allies and partners locally and globally.

Together we tackle the root causes of poverty.

- **We overcome inequality**
 - We challenge the concentration of wealth and power in the hands of the few.
 - We fight to ensure that the wealthy pay their fair share of taxes, and that governments use that money to provide quality public health and education for everyone.
 - We campaign to change the systems that keep people trapped in the injustice of poverty.
- **We save lives**
 - We support communities to be better prepared to cope with shocks and uncertainties.
 - We work quickly to meet peoples' essential needs when disaster strikes, and we ensure the most vulnerable are kept safe from harm.
 - We partner with local humanitarian actors who play a leading role before, during, and after crises.
- **We defeat hunger**
 - We believe in a future where everyone has enough to eat and a fair chance to provide for their families.
 - We help people to build livelihoods that are more secure against the impact of climate change or sudden market shifts, which hit poor people hardest.

- We work with people to protect their land rights and make sure they can continue to grow the crops they depend on.
- We help people get a fairer deal for their work.

- **We create opportunity**

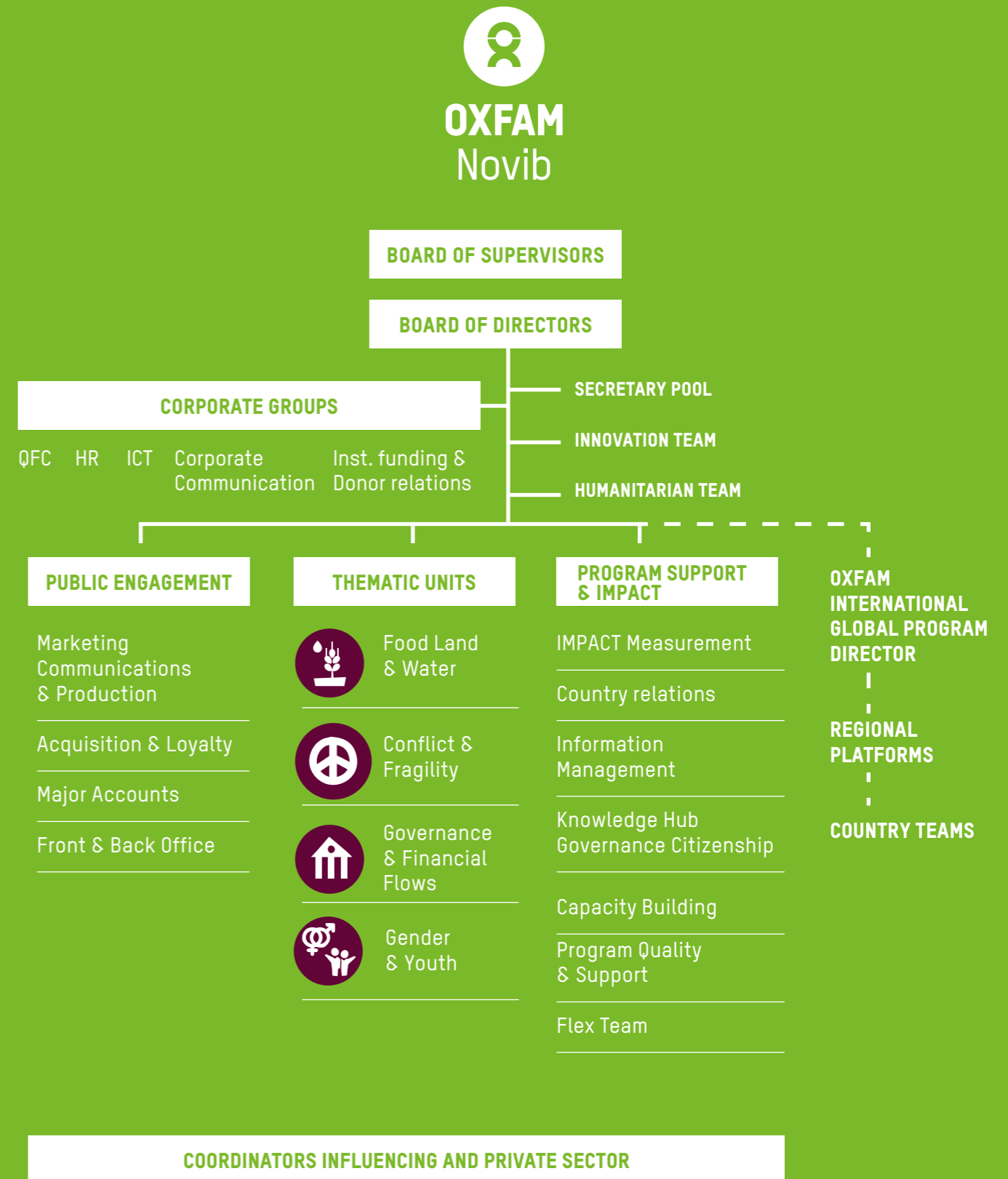
- We champion people, especially women and youth, so that they can take their places as full and equal members in their communities and influence others to respect that.
- We advocate for the right of women and youth to have full control over their bodies, income, and the decisions that affect their lives.
- We support organizations where women have an equal role in leadership.
- We see a world where all of us exercise our right to a life free from fear and violence.

Our goals

Oxfam Novib contributes to Oxfam's six strategic change goals as stated in the Oxfam Strategic Plan 2013-2019, 'The Power of People Against Poverty.'

- **The right to be heard**
More people will exercise civil and political rights to influence decision-makers and hold them accountable.
- **Advancing gender justice**
More women will claim and advance their right to lead, and violence against women will be significantly less socially-acceptable and prevalent.
- **Saving lives – now and in the future**
Fewer people will die or suffer as a result of natural disasters and conflict. Those most at risk will have exercised their right to have clean water, food, sanitation, and other fundamental needs met. More people will be free from violence and coercion, and better able to take control of their own lives in dignity.
- **Sustainable food**
People who live in rural poverty will enjoy greater food security, income, prosperity, and resilience through significantly more equitable and sustainable food systems.
- **Fair sharing of natural resources**
The world's most marginalized people

OUR ORGANIZATION



will be significantly more prosperous and resilient, despite climate stress and rising competition for land, water, food, and energy sources.

- **Financing for development and universal essential services**

There will be higher quality and increased quantity of financial flows that target poverty and inequality.

Legal and organizational structure

Oxfam Novib is a Foundation (in Dutch: Stichting) registered with the Chamber of Commerce (Kamer van Koophandel or KvK) in The Hague under number 27108436.

Organization chart

In 2016–17 Oxfam Novib developed a new, lean organizational structure, which was further implemented and refined (i.e. minor changes were made) in the past year.

Oxfam Novib is an Executing Affiliate in thirteen countries, where the organization provides the necessary legal commitments, operational services, management support and systems to enable Oxfam to deliver effective programs. These countries are: Afghanistan, Burundi, Cambodia, Egypt, Mozambique, Niger, Nigeria, Occupied Palestinian Territory and Israel (OPTI), Somalia, Tunisia, Turkey, Uganda and Vietnam.

One Oxfam

Oxfam Novib is an affiliate of the Oxfam confederation, in which 20 likeminded organizations join forces to defeat poverty and injustice. The confederation is active in more than 90 countries. Oxfam builds on the strengths of each affiliate to seek maximum impact and a truly global reach. In accordance with the Oxfam 2020 plan, the confederation is nearing completion of the One Oxfam initiative, which means we are becoming a stronger Oxfam, with more affiliates in the global South; a confederation that is sustainable, accountable, and relevant in every country in which we work. Improving the collaboration will also enhance our efficiency, cost effectiveness, impact, and ability to influence.

In each country there is a single Oxfam program strategy, program, and budget as well as a single country team. Oxfam Regional Platforms, led by an Oxfam regional director, provide strategic leadership, deliver regional impact and facilitate connections between practitioners. Affiliates engage with countries and regions as Partner Affiliates, providing thematic and capacity building support; some act as Executing Affiliates that provide back office support. In 2017–18 Oxfam moved forward helping organizations in Turkey and Colombia to prepare to join the confederation. By the end of the reporting year, all regional directors had been recruited, and regional platforms were installed. For most countries, line management responsibilities have by now shifted from affiliates to Oxfam International.

Oxfam projects

Oxfam Novib collaborates in several Oxfam International projects, in order to further develop the confederation and strengthen our Executing Affiliate role. In 2017–18 Oxfam Novib staff contributed time and energy to these activities on a structural basis through the implementation of several joint projects in collaboration with the confederation HR units. Among other things, these involve, the digitalization of HR in the country offices, developing the HR collaboration between The Hague and the country offices through workshops and training, and introducing the National Staff Terms and Conditions (NSTCs) in the country offices where Oxfam Novib is Executing Affiliate, with the aim of bringing a high standard of working conditions to every office.

Looking back

In our previous Annual Accounts (2016–17) we reported on a year of recovery and finalizing the new organization’s structure and way of working. In 2017–18 Oxfam Novib continued to develop and optimize our business processes with an emphasis on the importance of transparency, accountability, and integrity. Special attention was paid

to projects and activities that further embedded the project organization. Our project ‘Embedding Integrity Management’, set up in 2016, spiked to the top of our priority list in February 2018. On this date, the British newspaper The Times reported on a case of sexual misconduct by Oxfam Great Britain aid workers in Haiti, which occurred during the aid operation following the 2011 earthquake. The story was picked up by many other media outlets and developed into a leading news story, with several new revelations of sexual misconduct in the aid sector. In response, Oxfam apologized for the wrongs of its former colleagues in Haiti, and announced a series of additional measures to root out misconduct in its programs and offices, including a worldwide comprehensive plan of action to strengthen safeguarding systems.

1.2 ACTIVITIES AND FINANCIAL POSITION

1.2.1 Core activities

Oxfam Novib is organized according to the following major themes: Governance and Financial Flows, Food, Land and Water, Gender, Youth, Conflict and Fragility, and humanitarian work.

1. Governance and Financial Flows

We support civil society organizations in empowering citizens to hold governments and the private sector to account, including protecting and widening the space for civic actions. We influence governments and international institutions to tackle tax evasion and avoidance. We encourage them to increase the transparency and accountability of their budgets, and to ensure reliable fiscal policies. We engage them in enhancing development aid and innovative finance. We advocate for governments, international institutions, and the private sector to ensure an inclusive, sustainable, and stable financial sector; a sector that works in the public interest and that serves smallholders and people living in poverty with adequate financial services.

2. Food, Land and Water

We support people living in poverty in their efforts to claim their right to food, land and water. In the long term this results in a more just food system, one which sustainably addresses the needs and aspirations of smallholders, agricultural workers, and vulnerable communities. We develop and implement a food justice campaign – GROW – addressing the unequal division of profit in international value chains, we work on specific value chain rights and the position of small-scale farmers (palm oil, rice, aquaculture) and work on land rights and water governance; and have a special program on the potential of traditional seeds in tackling food security and climate change.

3. Gender

We work towards changing the attitude of tolerance for gender discrimination. We challenge social norms and values that, even in the 21st century, try to legitimize and even promote the use of violence against women and girls; rules and structures that excuse the violation of their sexual and reproductive rights, and limit their full participation in political and income-generating activities. Together with our partners, we provide women and girls with opportunities to mobilize and raise their voices, to develop their leadership, to influence and participate in decision-making spaces, and to create sustainable economic opportunities in local markets using household methodologies.

4. Youth

We aim to work jointly with young people to challenge the barriers that prevent them from enjoying their rights. Ensuring that the next generation is educated and healthy, can earn a living as employees or as entrepreneurs, and awareness of the importance of developing leaders and movements for active citizens at a young age are crucial factors in the global fight against inequality and injustice. Harnessing the energy and strength of young people and working with this target group is core to Oxfam

Novib’s goal of creating transformational change. Furthermore, we strive to enable young people to participate in society and have an effective voice in decision-making processes which affect them, including in our own projects.

5. Conflict and Fragility

Our work on conflict and fragility takes a long-term approach that seeks to address the underlying root causes of conflict, such as structural inequality, marginalization, and lack of access to natural resources. We seek to create inclusive security for all, with an emphasis on the inclusion of women and marginalized groups.

6. Humanitarian work

We work closely with our partners – in collaboration with other Oxfam organizations – to deliver specialized and efficient emergency response. Our expertise covers two broad themes: emergency food security and livelihoods (EFSL), and water, sanitation and hygiene (WASH). Operating independently, without influence from any interest groups, we design and implement programs that are sensitive to existing tensions and violence. We make communities more resilient to future crises. To strengthen their ability to cope, we routinely incorporate disaster preparedness into our development work. We also take a long-term view of rebuilding when providing emergency aid immediately after a crisis. We aim to strengthen and empower local organizations so that they have an in-depth understanding of the needs of affected communities and are more prominently represented at an international level.

1.2.2 Key financials

The fiscal year 2017–18 was financially a successful year. The net result was negative €5.8 million which is €1.7 million lower than the budgeted amount of negative €4.1 million and €2.8 million lower than last financial year. However, the net result was significantly affected by the negative foreign exchange results which amounted to €3.5 million. Out of the amount of €3.5 million, €0.8

million was unrealized, €0.4 million was realized and €2.3 million related to the Oxfam Novib microfinance portfolio. The net results of the microfinance portfolio are financed by the loan reserve therefore the negative foreign exchange result of €2.3 million does not affect the fundraising operations of the organization.

With the negative effect of €3.5 million excluded, the net result of Oxfam Novib would have been negative €2.3 million, which is €1.8 million higher than the budgeted amount.

The total income from fundraising activities in 2017–18 not only exceeded the budgeted amount by €23.3 million but was in fact up compared to last year (an increase of €19.4 million). The additional income was spent mainly on the organization’s structural poverty alleviation goals. The expenditure on goals was €23.6 million higher than budgeted and €19.0 million higher than the previous year. The management and administration costs remained constant with a slight increase (up by €109 thousand compared to the budgeted amount and down by €64 thousand compared to the previous year). The costs of generating income were €0.7 million lower than the budgeted amount and €0.2 million higher than in the previous year. The balance of financial income and expenditure was €2.0 million lower than budgeted and €3.1 million lower compared to the previous year.

In addition, by the end of the financial year 2017–18 Oxfam Novib had sufficient cash and cash equivalents to cover its current debts and project obligations. The level of the contingency reserve (€16.0 million) remained well within the desirable range of €13 million to €20 million (see 3.1 ‘Consolidated balance sheet as at March 31 after appropriation of net result’ and 3.6.6 ‘Notes to the reserves and funds’). Although the level of the contingency reserve did not drop below the desirable minimum in the financial year 2017–18, a decline is expected in the following years as a

result of the anticipated income decrease due to the Haiti incident. The Board of Directors adopted several mitigating measures in the final multiannual budget 2018-2023, including a reduction in operational costs and investments in the countries where Oxfam Novib contributes as a Partner Affiliate. However, these measures do not fully compensate the effect of the income drop therefore additional mitigation through the use of contingency reserve is expected to be required. Due to the fact that at the end of 2017-18 the level of the contingency reserve is €3.0 million above the desirable minimum, we believe that the organization is well prepared for taking these mitigating measures. In addition, Oxfam Novib plans to increase the level of investments in direct fundraising in the next years. Consequently, we expect to increase the income base and be able to start rebuilding the contingency reserve within the next three-year period. This shows that the organization is well prepared to continue its operations in the next financial years, retaining its healthy financial position, with no need of additional external funding in the form of loans from third parties.

1.2.3 Fundraising

We are very grateful for the ongoing commitment of the many supporters who have stood with us in good times and bad times. They have shown their appreciation for our important work aimed at the poor and extreme poor all over the world. Even during and after the publicity surrounding the Haiti safeguarding incident, the vast majority of our private donors continued to support us.

We started our fiscal year with a steady growth in income and supporter numbers. At the end of our fiscal year 331 thousand people were supporting our work financially, which is a growth of 1.2 percent compared to 2016-17. This growth was lower than initially expected due to the Haiti incident. For more details on the number of donors refer to section 3.7.1 Income from private individuals.

Online media presence

In response to social media trends, we have revised our strategy to diversify our presence across different social channels. This strategy, which will be implemented next year, should make us be less dependent on Facebook for both online outreach and lead generation.

Last year was marked by some major improvements in our online infrastructure which improved our ability to communicate Oxfam Novib's results to our supporter base.

Inspire and connect with supporters

Supported by a new branding strategy, Oxfam Novib continued to inspire and connect to both existing and potential private donors.

To diversify our income channels and raise our brand awareness, we developed and tested several strategies. Though the initial results were encouraging, we unfortunately had to postpone further testing due to the Haiti Incident. We also ran some small-scale pilots to turn engaged supporters into donors, which we will follow up in the coming year.

Legacies and bequests

In 2017-18 we had more personal conversations than ever before with our supporters on the subject of ending poverty through making a bequest. As a result, we received 41 legacy gifts, and many more people pledged to leave a legacy gift to Oxfam Novib, for which we are immensely grateful.

Major donors and private donations

Private individuals, family foundations and other organizations contribute to Oxfam Novib's mission in a special and substantial way. Some of these donors have a Personal Fund, which Oxfam Novib manages for them. In 2017-18 we increased our network and engaged a number of new major donors. In 2017-18 the possibility of supporting specific projects was introduced to major donors; their money will be entirely spent on the project of their choice, while Oxfam Novib will inform the donors of the results once a year.

Entrepreneurs for entrepreneurs

In 2017-18 Oxfam Novib organized regular meetings to enable our business ambassadors to inspire and learn from each other and learn more about the organization's work.

In October 2017, six business ambassadors travelled to Vietnam with Oxfam Novib to see the impact of our microfinance work with their own eyes. "A loan and coaching can help companies forward and have a huge impact on their environment", one business ambassador concluded.

Supporter contacts

In line with our multi-year strategy, we have continued to develop the infrastructure needed to place our donors at the heart of our fundraising.

In 2017-18, Oxfam Novib's ability to respond to an extraordinary supporter contacts situation was tested, when the Haiti misconduct received extensive media attention.

In 2017-18 Oxfam Novib handled nearly 76 thousand communications. This significant increase on the previous year is directly related to the news about Haiti in February 2018. To handle this significantly larger workload and still respond to our donors in a timely manner, we called upon support both internally and externally.

1.2.4 Policies

Investment policy

Oxfam Novib's investment activities relate to our mission to end injustice and poverty. In order to realize this mission, the organization invests in Oxfam Novib Fund which is managed by Triple Jump BV on behalf of Oxfam Novib. The Fund provides funding to microfinance institutions in order to support access to finance for the poorest, because they have no access to the official banking system. By way of an exception Oxfam Novib also made equity investments in the past (see 3.6.2 'Financial assets').

Oxfam Novib has set a number of investment criteria which allow it to

maximize mission-related objectives while at the same time managing the financial risks resulting from these investment activities. The investment criteria set targets on the following aspects, amongst others:

- A single microfinance institution (MFI) is eligible for a maximum of 7.5 percent of the total Oxfam Novib fund (ONF) microfinance portfolio.
- Investments in any single local currency may not exceed 7.5 percent of ONF's total microfinance portfolio (except in the case of XOF, where up to 10 percent is permitted).
- Un-hedged local currencies may not account for more than 30 percent of ONF's total microfinance portfolio.
- The total investment in subordinated debt is limited to 15 percent.
- The total indirect investments in holdings may not exceed 15 percent of the total microfinance portfolio.

The investment criteria are laid down in the contract between Oxfam Novib and Triple Jump BV. In addition, the criteria are measured and monitored via quarterly portfolio and management reports.

The foreign exchange risk on loans granted (for microfinance in developing countries) is hedged by means of forward exchange contracts. In order to avoid any currency risk to our beneficiaries, such contracts always match the duration and amount of the long-term microfinance contract, except where there is no market for forward exchange contracts in the local currency. However, in accordance with the investment criteria mentioned above, the total un-hedged FX exposure may not exceed 30 percent of the total investment portfolio.

Policy on the size and the function of reserves and funds

In accordance with the Dutch Accounting Standard for Fundraising organizations (RJ 650), Oxfam Novib's equity is divided into reserves and funds:

- Within the reserves, a distinction is made between the contingency

reserve and the earmarked reserves. The earmarked reserves are intended for purposes that have been approved by the Board of Directors and the Board of Supervisors.

- The funds are resources that are tied to particular purposes by third parties

Contingency reserve

The contingency reserve exists to ensure that the organization is able to meet its obligations in the future. This reserve is intended to guarantee the continuity of the organization. In line with the model developed, the desirable size of the contingency reserve has been calculated on the basis of an estimate of the income flow insecurity and cost flexibility. The Directive for the Financial Management of Charities (*Richtlijn Financieel Beheer Goede Doelen*) was taken into account in making the calculation. This calculation indicates a desirable minimum size of €13 million and a maximum size of €20 million.

Earmarked reserve for Oxfam Novib projects

The 'earmarked reserve for Oxfam Novib projects' consists of the part of the unrestricted net assets comprising the funds earmarked in any year – from the income from direct fundraising, from the Dutch Postcode Lottery, and from the net income of the publishing house – for program development, program implementation and innovation. Approved grants to be disbursed from these funds to partner organizations and own project implementation are recognized in the statement of income and expenditure and charged to this earmarked reserve.

Earmarked reserve for loans and guarantees

The earmarked reserve for loans and guarantees comprises two elements. The first element consists of all funds intended for the provision of loans and investments in the Triple Jump Innovation Fund. When a loan is repaid, a corresponding amount is added to the earmarked reserve for loans and guarantees and withdrawn from the earmarked fund for loans to partner

organizations. Conversely, when a loan is disbursed, the corresponding amount is withdrawn from the earmarked reserve for loans and guarantees and added to the earmarked fund for loans to partner organizations.

The second element of this reserve consists of the value of the participating interests held in TCX, ASN-Novib Fund, Oikocredit, Triple Jump, and Impact Investments, which have been financed from Oxfam Novib's own resources. These participating interests are held in order to enable the organization to carry out its lending activities as effectively as possible.

Earmarked reserve for hypo tax

Staff members who work abroad and who are non-Dutch residents or of non-Dutch origin are subject to 'hypo tax': an amount is withheld from their gross monthly salaries which is equal to the wage tax that Oxfam Novib would be required to withhold if the staff member in question were resident in the Netherlands for tax purposes. Oxfam Novib adds the hypo tax withheld to a provision and uses the funds in question to pay any wage tax or equivalent tax due in respect of the staff members working abroad. During the financial year 2017-18 it was decided to release this reserve to the contingency reserve. Any future need to respond to wage or equivalent tax will be withdrawn from the hypo tax provision or contingency reserve.

Earmarked reserve for management and administration costs

The 'earmarked reserve for management and administration costs' (the 'ICR reserve') is used to finance operational support costs. The level of this earmarked reserve is determined with due regard for internal guidelines designed to guarantee the continuity of the project cycle.

1.2.5 Risk and uncertainty

Oxfam Novib works in a complex, multi-level and dynamic environment. It is therefore of paramount importance to identify risks on different levels within the organization and manage

them adequately. Risk management, throughout the organization, is therefore considered a high priority. Oxfam Novib has integrated risk management at all organizational levels, as well as in our relationships with our partner organizations. Our risk approach is based on the internationally recognized management model for risk management, COSO (Committee of Sponsoring Organizations) and on the risk management policy of the Oxfam confederation.

Risks at confederation level: One Oxfam

The financial year 2017-18 is our first year of operation after the transition to the Oxfam 2020 model, working as One Oxfam in country offices. This model strengthens the way we work together on our common mission, but also brings with it an interdependency risk that requires careful management.

Within the One Oxfam model, Oxfam Novib acts as Executing Affiliate in thirteen country offices, providing back office services. In the countries in which we are active only as a Partner Affiliate, other Oxfam affiliates provide these services (upon which we rely). Line management in all country offices is done by Oxfam International.

Close cooperation within the confederation is needed to mitigate the risks of interdependency, as well as a clear framework on roles and responsibilities and on how, as a confederation, we are working together to prevent risk areas from materializing and to mitigate them.

Risks at the organizational level: The Risk Register

Oxfam Novib's Risk Register identifies potential internal and external risks, classifies these risks and defines and monitors mitigation measures. Our risk register is alternately renewed and updated every six months, on issues such as the progress of the (renewed) mitigation measures. Both renewal and update are carried out in close consultation with the management team

and the Board of Directors, before being submitted to (the financial committee of) the Board of Supervisors. Based on the risks mentioned in the risk registers, we determine mitigation measures which are monitored through the Balanced Score Card and through the annual update of the register. In some cases, we create internal project teams to deal with these risks.

One of the important vulnerabilities that the Haiti-incident has thrown into sharp relief, is the risk we have as Oxfam Novib in relation to the Oxfam brand. The different Oxfam affiliates have been increasingly working together to achieve our mission, which means that there is also a shared brand risk; this again stresses the importance of a mutual risk framework.

Risks at the country level: control framework

We also provide a control framework in the countries in which Oxfam Novib is an Executing Affiliate; all of these country offices have separate risk profiles (including financial risk profiles). Wherever and whenever needed, Oxfam Novib supports its country offices from the office in The Hague. We minimize risks by providing support and training, as well as through a solid control framework. Furthermore, all main risk areas are tested and checked regularly through the internal audits. When audits prove that risks are not managed and mitigated well enough, we draft an action plan, provide support, and plan a follow-up.

Risks at the project level: partner assessments

Risks within the projects we execute are managed throughout the entire process. The Oxfam Novib Project Cycle describes our ways of working and the checks and balances we have implemented.

When a (local) partner organization implements a project, a financial and governance risk assessment is carried out as part of the assessment of this partner. A uniform risk assessment

method, 'Risk Assessment Method Oxfam Novib' (RAMON) is mandatory whenever we take on a new partner organization. In addition, an annual update of the findings is obligatory. We manage risks regarding our partners through this tool and through periodical reporting and field visits. As our country offices manage our local partners, potential risks are carefully managed from the country itself. Payments to partner organizations are made only when all contractual conditions have been fulfilled.

The RAMON method is used within the countries in which Oxfam Novib is acting as an Executing Affiliate. In the countries in which we are a Partner Affiliate, we rely on the methodology of other affiliates to cover the risk when taking on a new partner.

Risks at the personal level: security and safety

As we work in high-risk, conflict-sensitive and fragile areas, the safety of our employees is paramount. Oxfam Novib provides mandatory security training for all travelling employees, a global toolkit for security management, security briefings in-country and constant monitoring of the security situation in designated areas. If a security situation prevents our staff working safely, our projects continue to be closely monitored from another location.

In order to ensure a safe working environment for all Oxfam Novib employees, the organization complies with an anti-bullying and anti-harassment policy in addition to the Code of Conduct. Oxfam Novib also provides in-house confidential counselors and initiated a new Speak-Up protocol as of March 2018. Following the Haiti case, Oxfam launched a worldwide comprehensive plan of action to strengthen its safeguarding measures.

Risk at privacy level: GDPR and data privacy

As a rights-based organization, Oxfam Novib is committed to taking care with the use and processing of personal

data belonging to the people and organizations with which we work. People have the right to access to their personal data and the right to rectify these. The General Data Protection Regulation (GDPR) is a new EU directive which replaced the previous data protection directive on May 25, 2018. The GDPR requires personal data to be processed lawfully, fairly and in a transparent manner. In order to ensure that it was prepared for this change in the law, Oxfam Novib launched an internal GPDR project and adopted the ten-step approach promoted by the Dutch Supervisor (Autoriteit Persoonsgegevens). Following an assessment of the processing activities across the organization, we created a data processing register (one of the key requirements under the GDPR). We raised awareness and built capacities on the new legislation, ensured the user-friendliness of our websites and updated our privacy statements. As part of our internal awareness-raising, we developed an online course that was followed by all staff prior to May 25, 2018. We are determined to make the fundamental right to respect for privacy an integral part of how we work with information about people.

The measures Oxfam Novib has taken to mitigate the risks mentioned in this section are sufficient. In addition, the levels of the reserves are sufficient to absorb the financial consequences related to these risks.

1.3 INFORMATION ABOUT THE BOARD OF DIRECTORS

The Directors of Oxfam Novib are appointed following a formal and transparent procedure. Vacancies on the Board of Directors are published internally and externally. According to this formal procedure, the members of the Remuneration Committee of the Board of Supervisors work with the Executive Director to select the most suitable candidate. A formal 'voorgenomen besluit ter benoeming' is submitted to the Works

Council for advice. Oxfam Novib adheres to the Advisory Scheme for the Remuneration of Directors of Charity Organizations of Goede Doelen Nederland (the Association of Fundraising Organizations) and the SBF Code of Good Charity Governance (replaces the Wijffels code). The 'Remuneration Policy for the Board of Directors' is based on the criteria of this Scheme and on the Code relating to remuneration, job grading, and maximum salary for directors.

In the 2017-18 financial year there were changes in the composition of the Board of Directors of Oxfam Novib. Ms. van der Woude completed her assignment as the Director of the International Department as the country offices transitioned to the One Oxfam model. Mr. van der Lee stepped down as the Director Programs and Campaigns and was replaced by Mr. Meijers, appointed as Director Programs and Campaigns.

In September 2017, Farah Karimi announced that she would be leaving the organization by October 1, 2018 at the latest. The Board of Supervisors has started the process of recruiting a new Executive Director, who will remain responsible for Public Engagement, Corporate Communications, and Innovation.

For more information refer to 1.1 'General Information' and for remuneration details refer to 3.7.9.2 'Salary and emoluments paid to directors'.

Composition of the Board of Directors

Farah Karimi (1960)

Ms. Karimi started as Executive Director on February 1, 2008. She was reappointed to this position by the Board of Supervisors in February 2016. As Executive Director and Chair of the Board of Directors, Ms. Karimi has final responsibility for the strategic direction and organizational development of Oxfam Novib. She is also the responsible director for the Public Engagement and Corporate Communication units, the

Oxfam Novib Innovation Star and is Chair of Oxfam Sweden. She is also Chair of the Executive Board of the Oxfam Novib Fund. Within Oxfam International, Ms. Karimi is a member of the Executive Board, the Executive Board Operational Committee, the Executive Board Long Term Development and Knowledge Committee, the Executive Board, and the Executive Board Finance, Risk and Audit Committee. She also participates in the Humanitarian Committee. Ms. Karimi represents Oxfam Novib on the Board of the Foundation of Cooperating Aid Organizations (SHO, the Dutch umbrella organization for emergency appeals).

In September 2017, Farah Karimi announced that she would be leaving the organization by October 1, 2018 at the latest. Farah Karimi has led Oxfam Novib for ten years, during which the organization, as part of Oxfam International, has grown into a movement of people fighting poverty, inequality, and injustice, with worldwide influence.

Arnold Galavazi (1956)

Mr. Galavazi was appointed as Director of Operations in September 2014 and as such is responsible for the Quality, Finance & Control, Human Resources, ICT, Institutional Funding and Donor Relations and Facility Services units. Mr. Galavazi holds consultation meetings with the Works Council and negotiates with the union on the collective labour agreement on behalf of the Board of Directors. Mr. Galavazi also chairs the Value Board, which oversees and defines investment thresholds, and evaluates, prioritizes, and selects new investments for the Board of Directors' approval. Within the Oxfam International confederation, he is a member of the Executing Affiliate Working Group. In April 2017, Arnold Galavazi announced that he will not be seeking a second term as a Director of Operations. He will be leaving the organization by September 1, 2018. Arnold Galavazi has tirelessly worked and dedicated himself throughout the last four years. Mr.

Galavazi contributed tremendously to the change to project organization objective.

Ton Meijers (1958)

Mr. Meijers started as Director of Programs and Campaigns in September 2017. He is the responsible director for the Thematic Units, the Program, Support & Impact unit, and the Humanitarian Team. Since Mr. Meijers first joined Oxfam Novib in 1994 he has held various positions, including those of Program Officer West Africa, Regional Manager East Asia, Head of the Knowledge & Program Management Department and Manager of the Program Support & Impact Unit. Mr. Meijers is also a member of the Value Board. Within Oxfam International, he is a member of the Influencing Platform and the Long-Term Development & Knowledge Platform. Furthermore, Mr. Meijers represents Oxfam Novib in the Dutch Relief Alliance.

1.4 OUTLOOK

For the coming period Oxfam Novib will continue delivering on our mission, programs and campaigns, showing that we are worthy of the trust of our public. We are investing heavily in safeguarding our programs and becoming a global leader in protecting people against abuses of trust and of power. We will ensure to make more visible that we are reliably, competently, and honestly committed to the highest standard of integrity. These topics will also be amongst the main focus points of the upcoming Oxfam confederation strategic planning review, in which Oxfam Novib will participate.

In the next financial year we encourage our public to follow on our projects, such as the Climate Change Combating, Sowing Diversity and Harvesting Security program, supported by the Swedish International Development Cooperation Agency (Sida), which is having a major positive impact on the lives of women farmers in Asia, Africa, and Latin America. The IKEA Foundation-backed Empower Youth for Work program, is as well making (and will continue making) a remarkable difference in the lives of young people from Bangladesh to Pakistan.

Alongside these areas, Oxfam Novib will have a change of leadership in the 2018-19 fiscal year, when our Director of Corporate Groups, Arnold Galavazi, and our Executive Director, Farah Karimi, hand over the management of the organization to new leaders.

The final budget approved by the Board of Directors and Board of Supervisors in April 2018 assumes a net positive result of € 1 million for the fiscal year 2018-19.

The total income budgeted for the fiscal year 2018-19 is €0.9 million lower compared to the budget published in the previous Annual Account. The restricted income from institutional donors is €1.1 million higher compared to the previous budget while the unrestricted income is €2.0 million lower. The lower unrestricted income is mainly related to the expected drop of the direct fundraising income in The Netherlands (a decrease of €3.6 million compared to the multi annual budget published in the previous Annual

Account), due to both reduction of the number of existing donors as well as lower rate of increase of new supporters. This is a direct consequence of the Haiti incident. This is partly compensated by higher other unrestricted income (an increase of €1.6 million), mainly related to ICR income.

To compensate for the Haiti incident related income drop of €3.6 million, the Board of Directors took a decision to use the funds set aside in the reserves in the previous years to the amount of €2.6 million (of which €1.4 million from the contingency reserve and €1.2 million from the project reserve). The remaining amount was taken as a reduction in the operational costs and investments in the countries where Oxfam Novib acts as a Partner Affiliate.

By the end of the fiscal year 2017-18 the level of the contingency reserve (€16 million) is well above the desirable minimum of €13 million and the withdrawal from the project reserve did not exceed the budgeted amount. In addition, Oxfam Novib plans to increase the level of investments in direct fundraising in the next years therefore the Haiti related income drop is considered incidental. Due to these reasons the choices made for the mitigating measures are considered responsible and sustainable and we believe that the organization is well prepared to continue delivering its mission in the future.

MULTI ANNUAL BUDGET 2018-2023

	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23
Amounts in thousands of Euros					
INCOME					
Income from private individuals	20,702	22,038	22,961	23,991	25,081
Income from companies	33,644	26,971	22,035	22,817	23,409
Income from lottery organisations	15,200	16,900	18,700	18,800	19,000
Income from government subsidies	81,770	77,363	78,361	80,163	81,868
Income from affiliated non-profit organisations	29,930	31,370	34,277	35,468	36,776
Income from other non-profit organisations	0	0	0	0	0
Income from delivery of products / services	4,608	4,608	2,984	1,359	1,359
Other income	0	0	0	0	0
Income from fundraising activities	185,854	179,248	179,317	182,599	187,492
EXPENDITURE					
Food, Land and Water	43,041	41,558	41,233	41,630	42,432
Financial flows and Governance	43,155	41,672	41,288	41,626	42,428
Conflict and Fragility	41,508	40,022	39,796	40,292	41,090
Gender and Youth	37,399	35,913	35,774	36,358	37,156
Emergency	1,959	1,809	1,218	1,227	1,237
Public Engagement	7,827	8,462	8,756	8,783	9,025
Expenditure on goal 'structural poverty alleviation'	174,890	169,437	168,064	169,917	173,369
Direct fundraising	6,243	7,227	7,645	7,524	7,839
Third-party campaigns	478	480	482	484	485
Securing government grants	1,563	1,570	1,587	1,605	1,623
Costs of generating income	8,284	9,276	9,714	9,613	9,948
Management and administration costs	2,440	2,499	2,549	2,573	2,619
Expenditure from fundraising activities	185,614	181,212	180,327	182,102	185,937
Balance of financial income and expenses	796	1,114	1,170	1,227	1,285
NET RESULT	1,036	(849)	161	1,724	2,841
APPROPRIATION OF NET RESULT					
Added / charged to: contingency reserve	(1,412)	(1,916)	(1,387)	114	1,166
Added / charged to: project reserve	(1,192)	(800)	(800)	(800)	(800)
Added / charged to: other earmarked reserves	4,559	2,827	3,356	3,468	3,583
Added / charged to: funds	(919)	(960)	(1,008)	(1,058)	(1,108)
NET RESULT	1,036	(849)	161	1,724	2,841

BOARD OF SUPERVISORS' REPORT



The Board of Supervisors has a supervisory role at Oxfam Novib and functions as the employer and a sounding board for the Board of Directors. The Board of Supervisors upholds the principles of the Code of Good Governance for Charities and acts accordingly. The Board of Supervisors exercises its supervisory role beforehand as well as retroactively.

The mandate and tasks of the Board of Supervisors are laid down in statutes and further detailed in a regulation. Members of the Board of Supervisors are recruited on the basis of an agreed profile and through open advertisement.

The Board of Directors of Oxfam Novib consists of an Executive Director and two Directors. The Directors are primarily responsible for the realization of the statutory objectives and take the necessary decisions to this end.

In 2017-18, the Board of Supervisors met five times for the regular face-to-face meetings and held a strategy day together with the Board of Directors. The Supervisors, and the Chair in particular, also regularly act as a sparring partner and sounding board for the Board of Directors. In addition, board members commonly join meetings with stakeholders and events organized by Oxfam Novib.

Composition of the Board of Supervisors

The Board of Supervisors has six members and is chaired by Hanzo van Beusekom. At the time of writing, the Board of Supervisors was in the process of recruiting new members. The maximum period of tenure of the current Chair expires on January 1, 2019. Kees Tukker does not seek reappointment for third term, as he wishes to dedicate his time to his writing. Moreover, the Board of Supervisors wishes to recruit a seventh member. The statutes prescribe that the Board of Supervisors consists of three to seven members.

Hanzo van Beusekom (1972)

Mr. van Beusekom was first appointed in January 2010, with a maximum period of tenure ending in January 2019. He has been Chair of the Board of Supervisors since October 2013. Mr. van Beusekom is a member of the remuneration committee. As Chair of Oxfam Novib's Board of Supervisors, he is also a member of the Board of Supervisors of Oxfam International, and has been elected Chair of the Governance Committee of Oxfam International. Mr. van Beusekom is a partner at Clear Conduct, a specialized strategic consulting firm on regulatory practice, risk management, and business conduct. He is a senior consultant with the World Bank aiming to improve financial inclusion, a visiting lecturer at several universities, and serves as a board member at sSSIO.

Joyeeta Gupta (1964)

Ms. Gupta was first appointed in November 2012, with a maximum period of tenure ending in 2020.

Ms. Gupta is Professor of Environment and Development in the Global South at the University of Amsterdam (UvA) Faculty of Social and Behavioural Sciences, and at the UNESCO-IHE Institute for Water Education in Delft. Her other positions include that of Vice-Chair of the Committee on Development Cooperation and membership of the Advisory Council on International Affairs. She is presently Co-Chair of the UN Environment's Global Environmental Outlook.

Kees Tukker (1955)

Mr. Tukker was first appointed in November 2012, with a maximum period of tenure until 2020. He is a member of the financial committee of the Board of Supervisors.

As an independent consultant and advisor, Mr. Tukker has worked for organizations in the media and in mental health care. As a media professional he has held several leading positions in major public broadcasting organizations. He is also working on several books, one of them being The Food Commissioner. This factual story about a leading figure in the Dutch food supply system during Word-War II will be published in the fall of 2018.

Peter Verbaas (1959)

Mr. Verbaas was first appointed in November 2012. His maximum period of tenure will end in 2021. He is Chair of the Financial Committee.

Mr. Verbaas is a partner at Charistar, a not-for-profit consultancy for impact with clients in the charity sector, culture, education, and sports. His other positions include a non-executive position at VU Medisch Centrum Fonds, and membership of the Non-Executive Board of ASN Beleggingsbeheer. He teaches at Nyenrode University and the Center for Private Wealth Management.

Jan van Zijl (1952)

Mr. van Zijl was appointed in June 2015, with a maximum period of tenure ending in 2024. He was appointed on the recommendation of the Works Council.

Mr. Van Zijl is a former Member of Parliament. He is also a previous Chair of the MBO Council and of the Cooperation Organisation for Vocational Education, Training, and the Labour Market. Until January 2017, Mr. van Zijl was Chair of the Dutch Council for Refugees (Vluchtelingenwerk), and he is Vice-President of the pension fund ABP. His other positions include that of Chair of the Foundation Learning from Each Other (an NGO in Peru), membership of the Advisory Board of Foundation Institute Gak Fund, and Chair of World Skills Netherlands.

Laurien Koster (1950)

Ms. Koster was appointed in June 2015, with a maximum period of tenure ending in 2024. She has been Chair of the Remuneration Committee since June 2015.

As of 2017, Ms. Koster is the independent Chair of the Children's Rights Collective (KRC), a coalition of NGOs. Until 2015, Ms. Koster was Chair of the Netherlands Institute for Human Rights and of its predecessor, the Equal Treatment Commission. Laurien Koster's prior experience includes being President of the Court in Alkmaar and more than 32 years as a judge and a lawyer.

The Board of Supervisors as a sounding board

The Board of Supervisors is regularly informed about and consulted on major changes and important strategic choices relating to organizational development, operations, finances, the strategic direction of Oxfam Novib and decisions relating to Oxfam International. Recurring topics include the 'Oxfam 2020' transition process, working as a project organization, major projects, strategic policy choices of the organization, innovation and the integrity project.

The Board of Supervisors in its supervisory role

In its supervisory role, the Board of Supervisors approved the Board of Directors' Balanced Scorecards, the 2016-17 Annual Accounts and Board Report, the 2017-18 Oxfam Novib Annual Report and Annual Accounts, and the 2018-19 Annual Plan and Budget. The 2016-17 Annual Report on Internal Audits and the Annual Report on possible fraud and irregularities were also discussed with the Board of Supervisors.

The financial committee, a subcommittee of the Board of Supervisors, prepares advice for the Board of Supervisors on the annual accounts, the budget, and the financial reports. The committee members also monitor major projects, the follow-up of points raised in internal and external audits, recommendations in the auditor's management letter and the updating of the Risk Register.

The Board of Supervisors is kept informed by the Board of Directors as well as the Works Council, and through staff presentations on Oxfam Novib's various fields of activity. The Board of Supervisors also keeps abreast through the members' individual contacts within the organization and via participation in events and activities.

The Board of Supervisors as an employer

A second subcommittee of the Board of Supervisors is the remuneration committee, as the Board of Supervisors also serves as the employer of the Board of Directors. The members of this

committee conduct performance reviews with the members of Board of Directors. In 2017, the committee recruited a new Director of Program and Campaigns, Ton Meijers. Due to the announced departure of Farah Karimi as Executive Director, the remuneration committee has taken up the recruitment process to find a new Executive Director of Oxfam Novib.

Oxfam International

The Oxfam International Board of Supervisors holds at least one face-to-face meeting each year. As mentioned, the Chair of Oxfam Novib's Board of Supervisors participates in these meetings on behalf of the organization. Among other things, the Oxfam International Board of Supervisors reviews and adopts proposals for confederation development, operational plans, budget, and governance in its meetings. As our Chair was unable to attend the March 2018 meeting, Board of Supervisors member Peter Verbaas attended this meeting in his place.

Compensation

Members of the Board of Supervisors perform their duties unremunerated. Costs of travel and accommodation made in the execution of their function are reimbursed, based on a regulation applicable to all Oxfam Novib staff members and volunteers of Oxfam Novib. A total of €2 thousand was paid out in reimbursements in 2017-18.

Closing remarks

The Board of Supervisors would like to thank our member Kees Tukker for his diligent service and excellent insights over the last six years.

The Board of Supervisors would like to take this opportunity to thank all Oxfam Novib staff members for their outstanding work in the past year. We should not forget all the excellent work we accomplish, and that Oxfam Novib has a positive impact on the lives of so many. We are currently going through difficult times, as a result of the deplorable actions of a few staff members within the confederation. We trust that Oxfam Novib will overcome the difficulties and will emerge better and stronger.

Hanzo van Beusekom

Chair Board of Supervisors Oxfam Novib

CONSOLIDATED FINANCIAL STATEMENTS

3.1 CONSOLIDATED BALANCE SHEET AS AT MARCH 31 AFTER APPROPRIATION OF NET RESULT

Amounts in thousands of Euros	FY 2017-18	FY 2016-17
ASSETS		
Tangible fixed assets	7,566	8,277
Financial fixed assets	55,899	54,970
Inventories	19	40
Receivables from governments		
Long-term	6,200	3,667
Current	11,514	6,810
	17,714	10,478
Receivables	45,059	33,612
Cash and cash equivalents	71,876	84,315
TOTAL	198,133	191,693
LIABILITIES		
Reserves and funds		
Reserves		
Contingency reserve	16,033	15,079
Earmarked reserves	42,533	51,288
	58,566	66,366
Funds	47,156	45,159
	105,722	111,526
Provisions	2,743	3,544
Debts		
Long-term	648	1,086
Current	15,660	15,905
Prepayments from donor organizations	0	0
	16,307	16,990
Project liabilities		
Long-term	25,676	20,871
Current	47,685	38,761
	73,361	59,633
TOTAL	198,133	191,693

3.2 CONSOLIDATED STATEMENT OF INCOME AND EXPENDITURE

Amounts in thousands of Euros

	FY 2017-18	BUDGET 2017-18	FY 2016-17
INCOME			
Income from private individuals	23,703	23,864	23,037
Income from companies	19,018	38,811	35,491
Income from lottery organisations	15,997	13,500	13,500
Income from government subsidies	81,036	67,628	79,951
Income from affiliated non-profit organisations	49,144	26,669	18,933
Income from other non-profit organisations	2,700	303	1,989
Income raised	191,597	170,776	172,901
Income from delivery of products / services	3,819	1,359	3,086
Other income	5	0	25
Income from fundraising activities	195,421	172,135	176,012
EXPENDITURE			
Food, Land and Water	40,518	36,775	36,993
Financial flows and Governance	52,856	45,517	49,626
Conflict and Fragility	12,648	11,847	13,576
Gender and Youth	16,248	13,700	13,281
Emergency	58,326	49,752	48,587
Public Engagement	8,204	7,653	7,745
Expenditure on goal 'structural poverty' alleviation	188,799	165,245	169,809
Direct fundraising	6,929	7,487	6,965
Third-party campaigns	461	517	392
Securing government grants	1,706	1,767	1,565
Costs of generating income	9,096	9,770	8,922
Management and administration costs	2,234	2,125	2,298
Expenditure from fundraising activities	200,129	177,140	181,029
Balance of financial income and expenses	(1,097)	903	2,001
NET RESULT	(5,804)	(4,102)	(3,015)
APPROPRIATION OF NET RESULT			
Added / charged to: contingency reserve	955	182	(2,107)
Added / charged to: project reserve	(7,977)	(7,977)	(9,164)
Added / charged to: other earmarked reserves	(778)	4,569	9,288
Added / charged to: funds	1,996	(876)	(1,032)
NET RESULT	(5,804)	(4,102)	(3,015)

3.3 CONSOLIDATED CASH FLOW STATEMENT

Amounts in thousands of Euros

	FY 2017-18	FY 2016-17
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating result	(5,804)	(3,014)
Adjustments for:		
Amortization and depreciation	1,267	1,492
Changes to allowance for bad debts	240	634
Stock dividend/movements in value of participating interests	(691)	(601)
Movements in provisions	(801)	(649)
	16	877
Changes in working capital:		
Inventories	21	7
Receivables from governments	(7,236)	2,985
Receivables	(9,571)	(12,391)
Liabilities	(2,686)	(7,747)
Project liabilities	13,728	22,286
	(5,744)	5,140
Cash generated from operations:	(11,533)	3,002
Interest received	127	38
Dividends received	0	0
Interest paid	0	0
Income tax expense	0	0
Net cash generated from operating activities	(11,405)	3,041
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of tangible assets	(718)	(1,435)
Acquisition of investment property	0	(211)
Committed loans	(15,795)	(8,368)
Disposal of property, plant and equipment (PPE)	161	1,145
Disposal of investment property	0	0
Repayment on loans	12,001	9,260
Write-off of loans	72	0
Net cash used in investing activities	(4,279)	391
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares	0	0
Purchase of treasury shares	0	0
Dividends paid	0	0
Proceeds from borrowings	0	0
Repayments of borrowings	190	77
Net cash used in investing activities	190	77
NET CASH FLOWS	(15,494)	3,508
Exchange gains / (losses) on cash and cash equivalents	3,056	(813)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	(12,439)	2,695
Cash and cash equivalents at the end of the financial year	71,876	84,315
Cash and cash equivalents at the beginning of the financial year	84,315	81,619
NET MOVEMENT IN CASH AND CASH EQUIVALENTS	(12,439)	2,696

3.4 ACCOUNTING POLICIES FOR THE VALUATION OF ASSETS AND LIABILITIES

3.4.1 General

Oxfam Novib's activities focus on realizing a just world without poverty through direct poverty reduction by reinforcing the capacity of plural and democratic organizations to pursue fairer power relations, lobbying and advocacy and increasing the knowledge and innovation management.

Oxfam Novib's postal address is P.O. Box 30919, 2500 GX The Hague.

Oxfam Novib is a member of the Oxfam network and a worldwide development organization that mobilizes the power of people to fight poverty. Around the globe, we work to find practical, innovative ways for people to lift themselves out of poverty and thrive.

The financial statements have been prepared in accordance with the Dutch Accounting Standard for Fundraising organizations (RJ 650) published by the Dutch Accounting Standards Board. This guideline requires costs to be allocated to the achievement of the organization's goals (food, land and water; financial flows and governance; conflict and fragility; gender and youth; humanitarian; public information and engagement); costs of generating income, further disaggregated into costs of direct fundraising, expenditure on joint campaigns, expenditure on third-party campaigns and costs of securing government grants; and management and administration costs.

In 2016 there was an amendment to the RJ650 applicable to reporting periods starting on or after January 1, 2017. This change has been applied to these financial statements.

All items listed in the financial statements take into account the currencies of the economic environments in which Oxfam Novib operates (the functional currencies). The financial statements are stated in euros, being both the functional and the presentation currency of Oxfam Novib. These financial statements cover the period from April 1, 2017 through March 31, 2018.

3.4.2 Consolidation

The Oxfam Sweden foundation is a foundation registered under the name 'Insamlingsstiftelsen Oxfam Sverige'. Oxfam Sweden has its headquarters in Stockholm. The foundation is dedicated to raising awareness of people who are living in poverty and suffering from injustice. The foundation involves citizens by bringing them together and mobilizing them through campaigns and fundraising for projects and programs run by Oxfam.

The Board of Directors of Oxfam Sweden is the organization's highest decision-making body and consists of seven members:

- Chair: F. Karimi
- Board member: T. van der Lee (resigned during the year)
- Board member: C. Daun Wennborg
- Board member: P. Vanags
- Board member: A. Ochani
- Board member: M. Palm-Jensen
- Board member: S. Arkelsten

Oxfam Novib has no equity interest in Oxfam Sweden. The consolidation is done on the basis of Oxfam Novib's significant influence over Oxfam Sweden. Oxfam Sweden is fully included in Oxfam Novib's consolidated financial statements.

3.4.3 Tangible fixed assets

Tangible fixed assets are carried at historical cost less accumulative depreciation through their estimated useful life. Depreciation in the first year of an asset's life is calculated on

a time-weighted basis. No provision is made for the future costs of large-scale maintenance on buildings. Any maintenance costs are taken to the statement of income and expenditure. Tangible fixed assets are depreciated as follows:

- buildings: depending on the type (*)
- furniture, fixtures, and equipment: 6-10 equal annual installments
- plant and equipment: depending on the type (*)
- vehicles: 3-5 equal annual installments
- Information systems: 7 equal annual installments

3.4.4 Financial fixed assets

The asset items under this heading are valued as follows:

- participating interest in Triple Jump: at net asset value;
- ASN-Novib Fund: at net asset value;
- participating interest in TCX: at net asset value;
- participating interest in Impact Investments: at net asset value;
- loans, deposits for guarantees, Innovation Fund: at amortized cost (translated into euros at the rates of exchange ruling at the balance sheet date, if denominated in a foreign currency).

The foreign exchange risk on loans granted (microfinance loans in developing countries) is hedged by means of forward exchange contracts, except where there is no market for forward exchange contracts in the local currency. In accordance with Guideline 290, the forward exchange contracts are stated at fair value.

3.4.5 Inventories

Inventories are measured at historical cost less a provision for obsolescence. The provision for obsolescence is determined on the basis of anticipated sales. Historical cost comprises all costs directly incurred on the items in question, such as printing costs,

royalties, translation costs, author fees, and copyrights.

3.4.6 Receivables

Upon first recognition, receivables are stated at fair value of the contribution that is delivered. Trade receivables are subsequently measured at their amortized cost price. A provision for bad and doubtful debts is deducted from the carrying amount of the receivables.

Receivables denominated in foreign currencies are translated into euros at the rates of exchange ruling at the balance sheet date. The receivables for projects approved by governments and other external organizations are stated at face value, i.e. the project liabilities to partner organizations less the funds already received for the projects in question.

3.4.7 Cash and cash equivalents

Cash and cash equivalents are stated at face value. Cash and cash equivalents denominated in foreign currencies are translated into euros at the rates of exchange ruling at the balance sheet date. Any exchange differences are taken to the statement of income and expenditure.

3.4.8 Provisions

Provisions are recognized for legally enforceable or constructive obligations existing at the balance sheet date. The settlement of these obligations is likely to require an outflow of resources which extent can be reliably estimated. Provisions are measured on the basis of the best estimate of the amounts required to settle the obligations at the balance sheet date. Unless otherwise indicated, provisions are stated at the face value of the expenditure expected to be required to settle the obligations.

3.4.9 Other assets and liabilities

Upon first recognition liabilities are stated at fair value and are subsequently measured at their amortized cost. Other assets and liabilities are stated at face value. Other assets and liabilities denominated in foreign currencies are translated into euros at the rates of

exchange ruling at the balance sheet date.

3.4.10 Related parties

Oxfam Sweden is consolidated in the Oxfam Novib financial statements. All transactions with Oxfam Sweden are at arm's length.

3.5 ACCOUNTING POLICIES FOR THE CONSOLIDATED STATEMENT OF INCOME AND EXPENDITURE

With due consideration to the accounting policies for the valuation of assets and liabilities outlined above, net income is defined as the difference between (i) income from direct fundraising, the share in revenues from joint campaigns and third-party campaigns, government grants, income from affiliated non-profit organizations, income from other non-profit organizations, and other income, and (ii) expenditure in the context of the goal of 'structural poverty alleviation' (inclusive of imputed costs), the costs of generating income, and the management and administration costs. Income and expenditure are attributed to the year to which they relate, and expenditure is recorded at historical cost unless indicated otherwise.

3.5.1 Income from private individuals

Income from private individuals is recognized in the year to which the item of income relates. Non-recurring items of income are recognized in the year in which they are received. Gains arising from inheritances, legacies, bequests, etc. are recognized in the year in which the amount involved can be measured reliably. Since 2009, this has been carried out by a specialized external agency.

3.5.2 Income from companies

Income from companies consists of non-recurring income such as donations as well as grants from the US foundations, international and national foundations. Non-recurring items of income are recognized in the year in which they are received. Grants from foundations are

recognized on the basis of approved project funds.

3.5.3 Income from lottery organizations

The regular contribution from the Dutch Postcode Lottery is recognized in the year to which the income in question relates. Proceeds from the 'Extra Drawing' and the 'Dream Fund' are recognized in the year in which the funds are pledged.

3.5.4 Income from Government grants

Government grants are recognized as income on the basis of approved project funds. The proportion of the central overhead costs relating to these government grants is allocated to the year in question on an actual cost basis.

3.5.5 Income from affiliated non-profit organizations

This category of income includes the grants Oxfam Novib receives from other Oxfam affiliates. These grants are mainly derived from their government back donors, but not exclusively. Contributions from other members of the Oxfam confederation and other external organizations are assigned to the year in question, on the basis of project funds approved in collaboration with those organizations.

3.5.6 Income from other non-profit organizations

This category of income includes restricted grants received from SHO (Samenwerkende Hulp Organisaties, a coalition of Dutch humanitarian aid organizations) and from Aidsfonds. Funding received from SHO for the implementation of emergency relief programs is recognized in the year in which it is received. Contributions received from Aidsfonds are recognized in the year to which the contribution relates.

3.5.7 Income from delivery of products and services and other income

The income included within this category is mainly from the publishing house and Voice. In 2016-17 a public service

(*) = Based on the NL-SfB code. In 1977 a Dutch SfB Committee was set up which developed a classification catalog for the Dutch building industry, known as NL-SfB. The catalog details, inter alia, the replacement cycle of building components. This period is used as the depreciation period.

contract was awarded to Oxfam Novib jointly with Hivos for the implementation of the Voice fund. This fund aims to strengthen the lobbying and advocacy capacity of the civil society organizations and representatives of the most marginalized and discriminated people, to empower these groups and have their voices heard and respected. The income from Voice is recognized according to the stage of completion of the projects at the end of the reporting period.

The publishing house publishes books, calendars, and other print products. Income for the publishing house relates to the sale of products. Revenue is therefore recognized at the point where control, risks, and benefits are transferred to the buyer.

3.5.8 Expenditure on structural poverty alleviation

Expenditure on the goal of structural poverty alleviation is broken down into the following six thematic areas:

- Food, land and water;

- Governance and financial flows;
- Conflict and fragility;
- Gender and youth;
- Emergency;
- Public information and marketing.

The implementation costs are allocated to these categories, as well as to 'costs of direct fundraising.' This allocation is made in accordance with the consistency principle and on the basis of fixed, internally defined allocation keys. These allocation keys are based on the hours worked by staff and the use of resources and services.

The expenditure on public information and marketing also represents the costs of information and communication, including the implementation costs allocated thereto and the costs of the publishing house.

3.5.9 Costs of generating income

The costs of generating income include those costs incurred from the activities of direct fundraising and of running third

party campaigns, and those needed to secure government grants. The costs of direct fundraising include the direct and indirect costs of recruiting and maintaining relationships, measured at historical cost. The indirect costs are the allocated implementation costs.

3.5.10 Management and administration costs

The management and administration costs are calculated in accordance with the guideline published by Goede Doelen Nederland, the trade association of charities (the former VFI guideline). They include the costs of the Board of Directors, the Board of Supervisors, the financial accounting function, the general secretariats, the controllers, and all costs indirectly allocated thereto, to the extent that these cannot be allocated directly to the goals and generation of income. The way in which Oxfam Novib implements the Goede Doelen Nederland guideline is set out in the table below.

ALLOCATION OF MANAGEMENT AND ADMINISTRATION COSTS IN ACCORDANCE WITH THE GOEDE DOELEN NEDERLAND GUIDELINE

COST CATEGORY	MANAGEMENT AND ADMINISTRATION ('GOEDE DOELEN NEDERLAND')	NOTES 'GOEDE DOELEN NEDERLAND'	MANAGEMENT AND ADMINISTRATION (AS IMPLEMENTED BY OXFAM NOVIB)
Board of Supervisors Board	100%		100 percent: Board of Supervisors, annual report, auditors' fees
Board of Directors	100%	Except in case of work directly aimed at goals and/or fundraising; then pro rata	50 percent cost center Board of Directors
General secretariat	100%	Except in case of work directly aimed at goals and/or fundraising; then pro rata	100 percent cost center Secretariat Board of Directors
Finance, planning, and control	100%	Except in case of work directly aimed at goals and/or fundraising (e.g. project accounting); then pro rata	20 percent cost center Quality, Finance and Control
Legal costs	partially	To be allocated as far as possible to the matter in question; general legal costs to be allocated to management and administration or pro rata	Legal staff member is allocated to cost center Secretariat Board of Directors: 100 percent management and administration
ICT	pro rata	To number of staff members or work spaces; specific applications excepted	4 percent ICT desk and general ICT costs
Housing/support	pro rata	To number of staff members or square meters	4 percent support costs (internal service), cost of housing, information & service
Human resources	pro rata	To number of staff members	4 percent HR desk costs and central staff budgets
Staff costs and costs of outside staff	partially	To be allocated as far as possible to the activity to which the (outside) staff member is assigned	100 percent is allocated to the activity to which the staff member or outside staff member is assigned
Communication	partially	To be allocated as far as possible to the activity to which the activity relates	4 percent communication desk costs
Private donors and membership accounting	no	To be allocated as far as possible to the activity for which it is used (mostly fundraising and/or public information)	Not charged to management and administration
Project accounting	no	To be allocated in full to projects in question	Not charged to management and administration

3.5.11 Foreign currencies translation

Amounts in foreign currencies are translated into euros at the rates of exchange ruling at the balance sheet date. Transactions denominated in foreign currencies are translated at the rates of exchange ruling at the time of the transaction. Exchange differences are taken to the statement of income and expenditure.

3.5.12 Pension cost

Effective January 1, 2017, Oxfam Novib changed the pension plan agreed upon with the Works Council and Unions. The new pension plan is a Defined Contribution Scheme ending on the current contract date of December 31, 2019.

Outline of the pension plan:

With the contribution that is paid, each member buys their old-age pension and if applicable a partner pension on their retirement date.

Additionally, the employer pays for the following insurances:

- Partner pension during employment;
- Orphans' pension;
- Premium Waiver in case of disability.

Oxfam Novib pays the premiums each month. The active members of the pension plan pay pension contributions in the form of a percentage of their pensionable salaries. All previous pension plans are now non-contributory.

3.6 NOTES TO THE CONSOLIDATED BALANCE SHEET

3.6.1 TANGIBLE FIXED ASSETS

	BUILDINGS	FURNITURE, FIXTURES, PLANT AND EQUIPMENT	INFORMATION SYSTEMS	VEHICLES	TOTAL
<i>Amounts in thousands of Euros</i>					
Acquisition cost at March 31, 2017	10,503	3,303	12,997	539	27,343
Depreciation through March 31, 2017	(4,799)	(2,475)	(11,396)	(396)	(19,066)
Balance at March 31, 2017	5,704	828	1,601	144	8,277
Movements					
Capital expenditure	12	220	486	0	718
Depreciation	(261)	(168)	(919)	(82)	(1,431)
Disposals					
Divestments	0	(40)	(75)	(46)	(161)
Depreciation	0	40	77	46	163
Balance at March 31, 2018	5,455	880	1,170	61	7,566
Acquisition cost at March 31, 2018	10,515	3,483	13,407	494	27,899
Depreciation through March 31, 2018	(5,061)	(2,603)	(12,237)	(432)	(20,333)

All tangible fixed assets are assets that are needed for the organization's operations.

The investments in information systems have been around the project of digitalization of the human resources administration within the country offices as part of the EA transition and several improvements in the information

sharing within the organization. The investments in furniture, fixtures, plant and equipment relates to repairs and upgrades within the headquarters.

As of the financial year 2017-18 the administration of the tangible fixed assets within the country offices has been decentralized. As a result of the decentralization of Oxfam Novib's

international operations, several field offices have a limited number of cars available for their operations.

During the financial year 2017-18 a valuation review of the headquarters building was performed. This review concluded that the market value is €7.5 million, which is €1.8 million above the carrying amount included above.

3.6.2 FINANCIAL FIXED ASSETS

	LOANS TO OTHER OXFAMS	PARTICIPATING INTEREST TRIPLE JUMP	PARTICIPATING INTEREST IMPACT INVESTMENTS	TCX	OIKOCREDIT	ASN-NOVIB FUND	TRIPLE JUMP INNOVATION FUND	LOANS	FORWARD EXCHANGE CONTRACTS (POSITIVE)	OTHER FINANCIAL ASSETS	TOTAL
Amounts in thousands of Euros											
Nominal value at March 31, 2017	224	1,392	696	2,518	313	1,093	7,479	42,581	230	0	56,528
Provision at March 31, 2017	0	0	0	0	0	0	0	1,557	0	0	1,557
Balance at March 31, 2017	224	1,392	696	2,518	313	1,093	7,479	41,025	230	0	54,971
Positive movements:											
Paid-up share capital	0	0	0	0	0	0	0	0	0	0	0
Movements in value of participating interests	0	342	(61)	382	6	22	0	0	0	0	691
Exchange rate differences	0	0	0	(333)	0	0	(989)	(3,271)	0	0	(4,593)
Changes in value of forward exchange contracts	0	0	0	0	0	0	0	0	1,538	0	1,538
Committed loans	250	0	0	0	0	0	0	15,545	0	0	15,795
	250	342	(61)	49	6	22	(989)	12,274	1,538	0	13,431
Negative movements:											
Paid capital	0	0	0	0	0	0	0	0	0	0	0
Repayments on loans	190	0	0	0	0	0	0	12,001	0	0	12,191
Write-off of loans	0	0	0	0	0	0	0	72	0	0	72
Loans committed but not yet disbursed	0	0	0	0	0	0	0	0	0	0	0
	190	0	0	0	0	0	0	12,073	0	0	12,263
Nominal value at March 31, 2018	284	1,734	634	2,567	320	1,115	6,490	42,783	1,768	0	57,695
Provision at March 31, 2018	0	0	0	0	0	0	0	1,797	0	0	1,797
Balance at March 31, 2018	284	1,734	634	2,567	320	1,115	6,490	40,986	1,768	0	55,899
Oxfam Novib's share in share capital		23%	41%								

All financial fixed assets are mission-related assets

SPECIFICATION OF PROVISION FOR BAD LOANS

	PROVISION FOR BAD LOANS
Amounts in thousands of Euros	
Balance at March 31, 2017	1,557
Plus: addition from net income	438
Less: write-off of loans	72
Less: release to net income	127
Balance at March 31, 2018	1,797

Life of loans and guarantees

In 1996 Oxfam Novib took a participating interest in the equity of Oikocredit (Ecumenical Development Cooperative Society UA, EDCS), having its registered office in Amersfoort.

In collaboration with ASN Bank, having its registered office in The Hague, the ASN-Novib Fund was established. This fund was opened to the public on January 1, 2000. The manager of the ASN-Novib Fund is Triple Jump. Triple Jump BV is an Amsterdam-based company which was incorporated by ASN Bank, NOTS Foundation, Stichting Doen and Oxfam Novib to provide support to more new microfinance institutions and to allow them to develop into professional financial

institutions within a short timeframe. The management of Oxfam Novib's loan portfolio was also transferred to Triple Jump effective March 1, 2007. Currently Oxfam Novib holds a 23 percent interest in Triple Jump's equity.

In December 2007, Oxfam Novib took an equity interest in the TCX Currency Exchange Fund. TCX is based in Amsterdam and is an initiative of FMO (Entrepreneurial Development Bank). It is a guarantee fund which aims to minimize the foreign exchange risks associated with loans provided in local currencies.

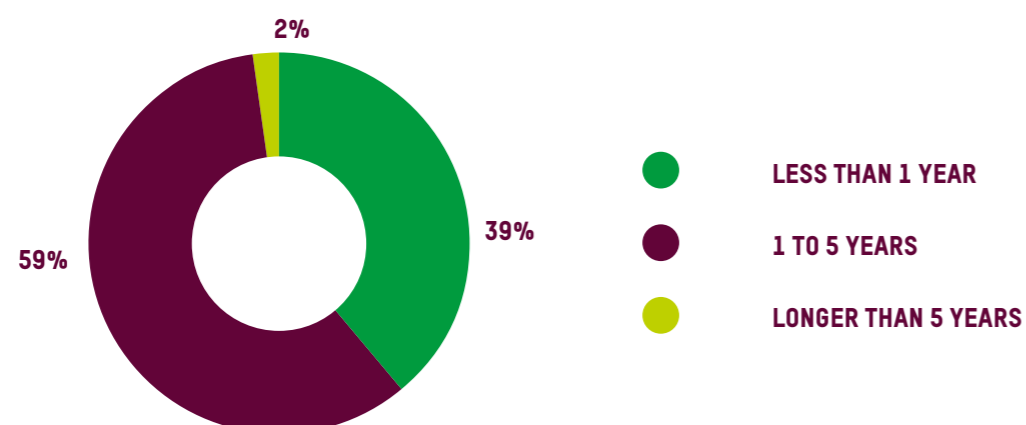
In 2013, the Triple Jump Innovation Fund foundation was launched. The goal of the Triple Jump Innovation Fund foundation

is to promote and support innovation in developing countries. Oxfam Novib focuses in particular on start-up MFIs (microfinance institutions) with good growth potential.

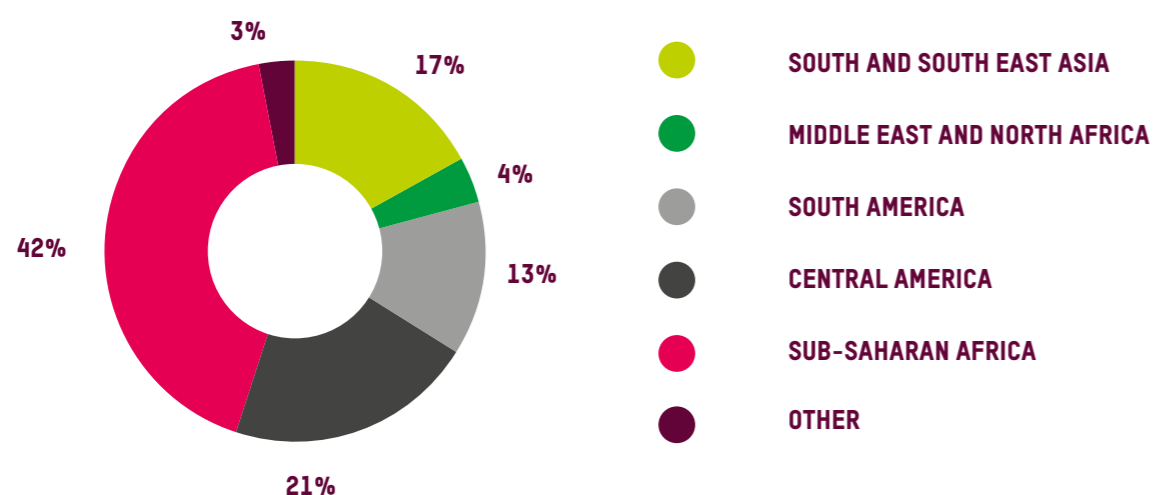
Guarantees are amounts held on deposit for which guarantees have been issued to third parties, such as Oikocredit.

On the basis of an estimation of the risk of non-repayment of the current loan portfolio, an addition of €0.4 million and a release of €0.1 million for bad and doubtful debts has been added to the statement of income and expenditure. An amount of €72 thousand has been written off. The total provision amounted to €1.8 million at the end of the 2017-18 financial year.

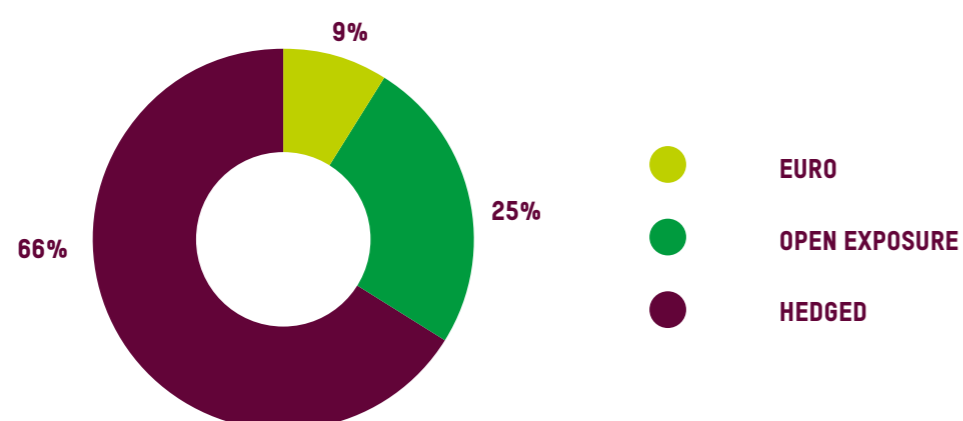
Life of outstanding loans



Loan Portfolio by Region



Loan Distribution by Currency



The foreign exchange risk on loans granted (for microfinance in developing countries) is hedged by means of forward exchange contracts, which always match the duration and amount of the long-term microfinance contract in order to avoid currency risk for our beneficiaries. However, in some cases there is no

market for foreign exchange contracts in the local currencies and, hedging is not possible in those cases. In accordance with Guideline RJ 290, the forward exchange contracts have been valued at fair value since 2008. The fair value of the forward exchange contracts at the end of the 2017-18 financial year

was negative €1.1 million. The contracts with a positive value of €1.8 million are included under 'Financial fixed assets', and the contracts with a negative value of €0.6 million are included under 'Liabilities.'

3.6.3 INVENTORIES

Amounts in thousands of Euros

	FY 2017-18	FY 2016-17
Inventories publishing house	30	66
Less: provision for obsolescence	11	26
Total	19	40
Movements in provision for obsolescence		
Balance at March 31, 2017	26	8
Plus: addition from net income	34	53
Less: charged to the provision	49	35
Balance at March 31, 2018	11	26

3.6.4 RECEIVABLES, RECEIVABLES FROM GOVERNMENTS AND PROJECT FUNDS OVERVIEW

Amounts in thousands of Euros

	FY 2017-18	FY 2016-17
Receivables from governments	17,714	10,478
Other debtors	3,837	470
Project funds Oxfam and other external organizations	26,636	18,740
Debtor Dutch National Postcode Lottery	3,375	3,375
Central overhead costs institutional funds	5,506	4,636
Fundraising proceeds receivable	1,428	968
Interest receivable	(23)	104
Prepaid pension	(18)	284
Other prepaid costs	124	49
Amounts to be received by field offices	4,032	2,082
Other prepayments and receivables	208	2,718
Less: provision for bad and doubtful debts	(45)	187
Receivables	45,059	33,612

Non-governmental receivables are short-term in nature.

Receivables from contributions pledged by participants in a Partner Plan by regular donors and government donors are shown

under both receivables and receivables from governments included above and are stated less a provision for bad debts.

PROJECT FUNDS OVERVIEW

	MARCH 31, 2017				CHANGES IN 2017-18				MARCH 31, 2018				
	PROJECT OBLIGATIONS	RECEIVABLES/ PREPAYMENTS DONORS	COMMITMENT SPACE	TOTAL	APPROVED	RECEIVED FUNDS	PROJECT TRANSFERS	FX AND INTEREST	BANK COST	PROJECT OBLIGATIONS	RECEIVABLES/ PREPAYMENTS DONORS	COMMITMENT SPACE	TOTAL
Amounts in thousands of Euros													
DGIS Strategic Partnership	10,216	1,974	0	8,242	24,438	20,231	19,999	0	0	14,655	6,180	0	8,474
Dutch government	9,130	4,163	0	4,968	11,370	10,113	12,293	0	0	8,207	5,420	0	2,787
European Union	6,150	2,300	0	3,850	19,476	18,381	18,952	0	0	6,673	3,394	0	3,279
Bilateral donors	5,589	2,041	127	3,675	16,684	16,006	16,533	(80)	1	5,740	2,719	46	3,067
Governments funds	31,085	10,478	127	20,735	71,967	64,731	67,777	(80)	1	35,275	17,714	46	17,608
Oxfams	4,027	5,038	0	(1,011)	41,601	29,475	29,710	0	0	15,919	17,164	0	(1,245)
United Nations	277	(4)	0	281	4,108	4,420	4,215	0	0	171	(316)	0	487
World Bank	0	(8)	0	8	0	0	0	0	0	0	(8)	0	8
US Foundations	3	(105)	0	108	46	60	49	0	0	0	(119)	0	119
International Foundations	3,997	3,723	0	274	6,963	6,683	5,061	0	0	5,899	4,004	0	1,895
National Foundations	16,048	11,420	0	4,628	8,788	13,633	12,783	0	0	12,053	6,575	0	5,478
External funds	24,352	20,064	0	4,288	61,507	54,270	51,818	0	0	34,041	27,301	0	6,741
AIDS FUND	177	0	684	861	304	0	481	0	0	0	0	380	380
SHO CAMPAIGNS FUND	260	0	1,281	1,540	3,792	2,511	4,005	0	0	46	0	0	46
NPL FUND	131	0	1,196	1,327	850	2,500	903	(3)	0	78	0	2,842	2,920
Third Party Campaigns	568	0	3,160	3,728	4,946	5,011	5,390	(3)	0	124	0	3,222	3,346
Oxfam Novib Projects	3,628	0	21,413	25,041	12,676	5,191	12,384	(481)	12	3,920	0	13,436	17,356
Own funds	3,628	0	21,413	25,041	12,676	5,191	12,384	(481)	12	3,920	0	13,436	17,356
TOTAL	59,633	30,541	24,700	53,791	151,097	129,204	137,368	(564)	12	73,361	45,014	16,704	45,050

3.6.5 CASH AND CASH EQUIVALENTS

Amounts in thousands of Euros	MARCH 31, 2018	MARCH 31, 2017
Savings accounts	37,045	44,620
Cash and current accounts	34,827	34,901
Current account Triple Jump	4	4,795
TOTAL	71,876	84,315

An amount of €34.5 million in cash and cash equivalents is readily available. €0.3 million consists of earmarked project funds and €37.0 million is in savings accounts.

3.6.6 NOTES TO THE RESERVES AND FUNDS

In accordance with the Dutch Accounting Standard for Fundraising organizations (RJ 650), Oxfam Novib's equity is divided into reserves and funds:

- within the reserves, a distinction is made between the contingency reserve and the earmarked reserves;
- funds are resources that are tied to particular purposes by third parties.

3.6.6.1 RESERVES

CONTINGENCY RESERVE

Amounts in thousands of Euros	CONTINGENCY RESERVE
Balance at March 31, 2017	15,079
Added	955
Withdrawn	0
Net movements	955
Balance at March 31, 2018	16,033

The contingency reserve exists to ensure that the organization is able to meet its obligations in the future. Its level is determined by the risks the organization runs of any drop in income. This reserve is intended to guarantee the continuity of the organization. For further information regarding the contingency reserve refer to 1.2.4. Policies.

The size of the contingency reserve was €15.1 million at the start of the year and €16.0 million at the end of the year.

The level of the contingency reserve (€16.0 million) remained well within the desirable range of €13 million to €20 million (see 3.1 'Consolidated balance sheet as at March 31 after appropriation

of net result'). Although the level of the contingency reserve did not drop below the desirable minimum in the financial year 2017-18, a decline is expected in the following years as a result of the anticipated income decrease due to the Haiti incident. The Board of Directors adopted several mitigating measures in the final multiannual budget 2018-2023, including a reduction in operational costs and investments in the countries where Oxfam Novib contributes as a Partner Affiliate. However, these measures do not fully compensate the effect of the income drop therefore additional mitigation through the use of contingency reserve is expected to be required. Due to the fact that at the end the year with the level of the reserves is €3.0 million above the

desirable minimum, we believe that the organization is well prepared for taking these mitigating measures. In addition, Oxfam Novib plans to increase the level of investments in direct fundraising in the next years. Consequently, we expect to increase the income base and be able to start rebuilding the contingency reserve within the next three-year period.

The contingency reserve has remained within the maximum size (1.5 times the work organization's annual cost), as stated in the Association of Fundraising organizations 'Reserves of Charities' code (VFI), of 1.5 times the work organization's annual costs. In Oxfam Novib's case that would amount to €143.8 m

EARMARKED RESERVES

Amounts in thousands of Euros	OXFAM NOVIB PROJECTS	LOANS / GUARANTEES	MANAGEMENT / ADMINISTRATION COSTS	EXCHANGE RATE RESULTS	HYPOTAX	TOTAL
Balance at March 31, 2017	21,413	23,446	5,206	200	1,024	51,288
Added	4,699	15,886	6,991	0	0	27,576
Withdrawn	12,676	16,176	6,256	200	1,024	36,332
Net movements	(7,977)	(290)	736	(200)	(1,024)	(8,755)
Balance at March 31, 2018	13,436	23,156	5,941	0	0	42,533

The earmarked reserves are designated for purposes that have been approved by the Board of Directors and the Board

of Supervisors. For further information regarding the earmarked reserves refer to 1.2.4. Policies.

EARMARKED RESERVE FOR OXFAM NOVIB PROJECTS

Amounts in thousands of Euros	OXFAM NOVIB PROJECTS
Balance at March 31, 2017	21,413
Added: funds received	5,191
Interest less exchange differences	(492)
	4,699
Withdrawn: approved funds	12,676
	12,676
Balance at March 31, 2018	13,436

Earmarked reserve for Oxfam Novib projects

The earmarked reserve for Oxfam Novib projects consists of the part of the unrestricted net assets comprising the funds set aside in any year from the

income from direct fundraising, from the Dutch Postcode Lottery, and from the net income of the publishing house for grants to partner organizations. Approved grants to be disbursed from these funds to partner organizations are recognized in

the statement of income and expenditure and charged to this earmarked reserve. The total earmarked reserves decreased by €8.0 million in 2017-18 as compared to 2016-2017.

EARMARKED RESERVE FOR LOANS AND GUARANTEES

Amounts in thousands of Euros	COMMITMENT SPACE	PARTICIPATING INTERESTS	TOTAL
Balance at March 31, 2017	9,955	13,491	23,446
Added:			
Repayments on loans and guarantees	12,001	0	12,001
Appropriation of net result from lending activities	3,885	0	3,885
	15,886	0	15,886
Withdrawn:			
Loans and guarantees provided	15,545	0	15,545
(Stock) dividends and capital gains on part. interests	0	631	631
	15,545	631	16,176
Balance at March 31, 2018	10,295	12,860	23,156

The earmarked reserve for loans and guarantees comprises two elements. The first element consists of all funds intended for the provision of loans and investments in the Triple Jump Innovation Fund. When a loan is repaid, a corresponding amount is added to the earmarked reserve for loans and guarantees and withdrawn from the earmarked fund for loans to partner

organizations. Conversely, when a loan is disbursed, the corresponding amount is withdrawn from the earmarked reserve for loans and guarantees and added to the earmarked fund for loans to partner organizations. The second element of this reserve consists of the value of the participating interests held in TCX, ASN-Novib Fund, Oikocredit, Triple Jump and Impact

Investments, which have been financed from Oxfam Novib's own resources. These participating interests are held in order to enable the organization to carry out its lending activities as effectively as possible. For more information about these participating interests, please refer to 3.6.2 'Financial fixed assets'.

EARMARKED RESERVE FOR MANAGEMENT AND ADMINISTRATION COSTS

Amounts in thousands of Euros	AIDS FONDS	SHO CAMPAIGNS	NPL	GOVERNMENT	OTHER DONORS	TOTAL
Balance at March 31, 2017	46	214	0	1,781	3,165	5,206
Added: approved management and administration costs	0	189	0	4,964	1,838	6,991
Withdrawn: realized management and administration costs	23	303	0	5,156	773	6,256
Balance at March 31, 2018	23	100	0	1,588	4,230	5,941

The 'earmarked reserve for management and administration costs' is used to finance the management of projects in developing countries. The level of this earmarked reserve is determined with due regard for internal guidelines designed to guarantee the continuity of the project cycle. The increase in this reserve was € 0.7 million in 2017-18, this was due to the receipt of more grants than anticipated.

Hypo tax reserve

This reserve relates to the provision of hypo tax included in Section 3.6.7 Provisions. Staff members who work abroad and who are non-Dutch residents or of non-Dutch origin are subject to 'hypo tax': an amount is withheld from their gross monthly salary which is equal to the wage tax that Oxfam Novib would be required to withhold if the staff member in question were resident in the Netherlands for tax purposes. Oxfam Novib adds the

hypo tax withheld to a provision and uses the funds in question to pay any wage tax or equivalent tax due in respect of the staff members working abroad. During the financial year 2017-18 the hypo tax reserve was assessed, and it was decided to release an amount of €1.0 million included in the reserve to the contingency reserve. Any future need to respond to wage or equivalent tax will be withdrawn from the hypo tax provision or contingency reserve.

3.6.6.2 FUNDS

Amounts in thousands of Euros	AIDS FONDS	SHO CAMPAIGNS	NPL	PERSONALIZED FUNDS	LOANS PARTNER ORGANIZATIONS	SEEDS GROW	TOTAL
Balance at March 31, 2017	683	1,281	1,196	1,704	40,169	127	45,159
Added	0	2,511	2,497	78	15,545	0	20,632
Withdrawn	304	3,792	850	0	13,608	81	18,635
Balance at March 31, 2018	379	0	2,842	1,781	42,106	46	47,156

AIDS FONDS

The organization formerly called STOP AIDS NOW!, a partnership of Aids Fonds, Hivos, ICCO, Cordaid Memisa, and Oxfam Novib, became Aidsfonds effective December 1, 2016. The €0.3 million withdrawal was spent on projects during the financial year.

SHO campaigns

SHO (Samenwerkende Hulp Organisaties) is a coalition of Dutch humanitarian aid organizations that join forces to raise funds to provide aid to victims when major humanitarian disasters occur. SHO coordinates the provision of aid by its members and ensures that the general

public in the Netherlands is informed of the situation. Two actions continued in the 2017-18 financial year, namely the Famine Action (Hongersnood Actie) and the Nepal response.

NPL special projects

The 'NPL special projects' fund comprises the funds received from extra drawings of the Dutch Postcode Lottery. €0.85 million was spent in 2017-18.

Loan Fund

For more information about the loans and guarantees funds please refer to 3.6.2 'Financial fixed assets'.

Seeds Grow Fund

The seeds grow fund consist of the funds from SIDA, Nationale Postcode Loterij, Dutch Ministry of Foreign Affairs Hilde Bouma Funds and Vivace foundation with the objective of providing access to Smallholder farmers depend to diverse seeds to grow food for their families and communities. €81 thousand was spent in 2017-18.

At year end the Personalized Fund's assets, which are managed by Oxfam Novib are included in the table above.

PERSONALIZED FUND

Amounts in thousands of Euros	PERSONALIZED FUNDS
Hans Geveling Derde Wereld Fonds	1,074
Herman Schuurman Fonds	124
Douma-Hamers Onderwijs Fonds	85
Verboom-Pieterse Fonds	92
Hogerop Fonds	10
Voorhoeve Fonds	49
Fair Keys First Fund	123
Hilda Buma Fonds	6
Schroders Charity Fund	52
Kihle fonds	72
Martin Vliegenthart Fonds	93
Balance at March 31, 2018	1,781

Personalized Fund

The 'Personalized Fund' consists of the assets of individual personalized funds managed separately within Oxfam Novib.

The income generated from these assets is recognized on a cash basis as 'income from direct fundraising' and is available for spending or added back to the fund.

3.6.7 PROVISIONS

	HYPOTAX	PROJECT COSTS	REORGANIZATION	SENIOR STAFF	TOTAL
Amounts in thousands of Euros					
Balance at March 31, 2017	962	1,011	1,124	447	3,544
Withdrawn	226	741	797	61	1,825
	226	741	797	61	1,825
Reclassification	(672)	0	0	0	(672)
Changes charged to statement of income and expenditure	1190	506	0	0	1,696
	518	506	0	0	1,024
Balance at March 31, 2018	1,254	776	327	386	2,743

All provisions are, given as a whole, current in nature.

Hypo tax

Staff members who work abroad and who are non-Dutch residents or of non-Dutch origin are subject to 'hypo tax': an amount is withheld from their gross monthly salaries which is equal to the wage tax that Oxfam Novib would be required to withhold if the staff member in question were resident in the Netherlands for tax purposes. Oxfam Novib adds the hypo tax withheld to a provision and uses the funds in question to pay any wage tax or equivalent tax due in respect of the staff members working abroad. The hypo tax provision increased to an amount of €1.3 million. Out of this amount, €226 thousand was utilized to cover wage taxes for staff members working abroad, and an amount of €672 thousand was released to the contingency reserve. In prior year this amount was released to the hypo tax reserve. After an assessment done, it was decided to release the excess of provision and the hypo tax reserve to the contingency reserve. Any future need to respond to wage or equivalent tax will be

withdrawn from the hypo tax provision or contingency reserve.

Project costs

A provision was made for realized project costs where there is a risk of agreed funds being uncollectible from donors. An additional provision of €0.5 million was added this year after €0.7 was utilized.

Reorganization

During the 2014-15 financial year a reorganization was announced by the Board of Directors. The end of the government financing period as of year-end 2015-16 made a reorganization unavoidable. A social plan was drafted and approved by the trade union and the Board of Directors. The financial consequences of the reorganization in general and the social plan specifically were budgeted for. A provision of € 5.2 million was recognized in 2014-15. Of this amount, € 3.9 million was charged to MFS II funds.

At the beginning of the financial year 2017-18 the provision balance amounted

to €1.1 million and during the year an amount of €0.8 million was withdrawn to cover the social plan related costs. The remaining provision balance at March 31, 2018 is expected to be fully utilized in the financial year 2018-19.

Senior Staff

An earmarked reserve was created in 2002 to cover the extra costs related to the policy on staff > 55 years. Employees who were aged 55 and older in 2001 were able to gradually shift into retirement while retaining their salaries. This group was extended to include employees aged 53 or 54 in 2001 who opted to participate in this scheme. While this policy is no longer applicable, Oxfam Novib nevertheless still has obligations towards the employees who were covered by this policy. An assessment was carried out during 2016-17 financial year, and a decision was made to reclassify it as a provision. In 2017-18 the provision decreased by €61 thousand and it is expected to be fully utilized in a period of five years.

3.6.8 DEBTS

	FY 2017-18	FY 2016-17
Amounts in thousands of Euros		
Long-term debts		
Forward exchange contracts (Negative)	648	1,086
	648	1,086
Current debts		
Accounts payable	7,047	7,942
Taxes	784	797
Fundraising contributions received in advance	3,072	2,995
Other accruals and payables	4,757	4,171
	15,660	15,905
TOTAL	16,307	16,990

For more information about the forward exchange contracts to hedge the foreign exchange risk on loans granted to microfinance organizations, please refer to 3.6.2 'Financial fixed assets', where the forward exchange contracts with positive value are explained. Contracts with negative values (€648 thousand) are reported as long-term debts.

3.6.9 PROJECT LIABILITIES

Project liabilities outstanding at March 31, 2018 amount to € 73.4 million (March 31, 2017: € 59.6 million). About 65 percent of these liabilities are current in nature and are payable by April 1, 2019. The other 35 percent are long-term

project liabilities, i.e. due in more than one year. There are no project liabilities with a maturing longer than five years. For further details of these project liabilities please refer to table 3.6.4 'Project funds overview'.

3.6.10 Assets and liabilities not included in the balance sheet

Oxfam Novib's building serves as collateral for the forward exchange contracts concluded to hedge the foreign exchange risk on loans granted to microfinance institutions.

Oxfam Novib provides a guarantee of €289 thousand for one microfinance loan managed by Triple Jump BV. Out of this amount €278 thousand has been

set aside as part of the provision for bad loans (see 3.6.2 Financial Assets). Oxfam Novib has lease commitments relating to printers and the telephone exchange at its office in The Hague for an amount of €121 thousands next year and for an amount of €380 thousand until 2022.

The total value of contracts signed by donors in 2017-18 amounted to €160.0 million, €142.0 in 2016-17.

The other off-balance-sheet commitments are rental contracts for country offices are presented in the table below:

3.6.10 ASSETS AND LIABILITIES NOT INCLUDED IN THE BALANCE SHEET

	REMAINING PERIOD OF THE CONTRACT		
	<1 YEAR	1-5 YEARS	>5 YEARS
Amounts in thousands of Euros			
Office rental contracts for country offices	394	301	74

3.7 NOTES TO THE STATEMENT OF INCOME AND EXPENDITURE

3.7.1 INCOME FROM PRIVATE INDIVIDUALS

Amounts in thousands of Euros	FY 2017-18	BUDGET 2017-18	FY 2016-17
Legacies	1,321	1,145	1,296
Donations and gifts	22,382	22,719	21,741
TOTAL	23,703	23,864	23,037

The fierce competition in the fundraising market continued in 2017-18. The income from gifts was €0.3 million lower than budgeted. Income from legacies was €0.2 million lower than budgeted. In 2017-18, 331 thousand people and companies supported Oxfam Novib

financially (327 thousand in 2016-17). This number comprises 210 thousand regular donors and 121 thousand incidental donors.

3.7.2 INCOME FROM COMPANIES

Amounts in thousands of Euros	FY 2017-18	BUDGET 2017-18	FY 2016-17
United States foundations	46	0	232
International foundations	7,367	17,977	11,609
Dutch non-governmental donor organizations	9,183	17,658	21,029
Public Fundraising income from companies	2,422	3,176	2,621
TOTAL	19,018	38,811	35,491

In 2017-18 income from companies was €19.8 million below the budgeted amount, mainly due to the lower revenues from International foundations

and Dutch non-governmental donor organizations. This is mainly a result of lower than expected amount of contracts signed in the financial year 2017-18 as

well as due to the fact that the project approval timing differs from what was budgeted.

3.7.3 INCOME FROM LOTTERY ORGANISATIONS

Amounts in thousands of Euros	FY 2017-18	BUDGET 2017-18	FY 2016-17
National Postcode Lottery - Extra Drawing	2,497	0	0
National Postcode Lottery	13,500	13,500	13,500
TOTAL	15,997	13,500	13,500

The income from lottery organizations was €2.5 million above the budgeted amount. This was due to the Extra Drawing granted by the National Postcode Lottery (NPL) for the 'Money Trail' project which was not included in the budget.

Dutch Postcode Lottery (NPL)
During the 'Goed Geld Gala' in February 2018, Oxfam Novib received €13.5 million. This amount was for the 2017 calendar year. Due to the fact that the financial year differs from the calendar year, there is a revenue gap for the first quarter

of the 2018 calendar year. Based on the existing agreements, Oxfam Novib understands that €13.5 million will be received during the 'Goed Geld Gala' in February 2019. Therefore, 25 percent of the €13.5 million has been added to the revenues.

3.7.4 INCOME FROM GOVERNMENT SUBSIDIES

Amounts in thousands of Euros	FY 2017-18	BUDGET 2017-18	FY 2016-17
Co-financing	0	0	(196)
DGIS - Strategic Partnership	15,296	17,077	27,015
Bilateral donors - SIDA	18,557	20,074	16,125
European Union	20,517	8,829	17,840
Dutch government	22,299	20,388	16,677
United Nations	4,368	1,260	2,460
World Bank	0	0	31
TOTAL	81,036	67,628	79,951

A significant amount of the income from government subsidies has a contractual period of 3 to 5 years. Thus, the income is considered structural. Each of these multi-year contracts have separate contractual conditions, as result of negotiations based on donor and program specific requirements. Large multi-year contracts have yearly audited reports and the financial settlement takes place at the end of the program, following final report to donor and project audit. The deliverables in the contracts and the corresponding programs objectives are in line with Oxfam Novib Thematic Goals.

European Union
Grant income from the European Union was €20.5 million in 2017-18, which is

€11.7 million more than budgeted and €2.7 million more than in 2016-17 (€17.8 million). More than 60% of the income in 2017-18 is from European Civil Protection and Humanitarian Aid Operations.

Dutch government
Grant income from the Dutch Government Strategic Partnership for Lobby and Advocacy – "Dialogue and Dissent" amounted to €15.3 million in 2017-18 (2016-17: €27.0 million), which is €1.8 million lower than budgeted. This is mainly related to the project approval timing being different from what was budgeted.

Grant income other than the above Strategic Partnership from Dutch government bodies amounted to €22.3

million in 2017-18 (2016-17: €16.7 million), which is €1.9 million more than budgeted. The income of 2017-18 includes €10.8 million from the Voice fund.

Other governments
Grant income from non-Dutch governments was €18.6 million in 2017-18, which is €1.5 million less than budgeted and €2.4 million more than in 2016-17 (€16.1 million). Delays in signing contracts with the Swedish International Development Cooperation Agency and with the Swiss embassy led to lower income than budgeted.

3.7.5 INCOME FROM AFFILIATED NON-PROFIT ORGANIZATIONS

Amounts in thousands of Euros	FY 2017-18	BUDGET 2017-18	FY 2016-17
Oxfam South Korea	82	152	0
Oxfam Sweden	3,338	3,803	3,223
Other Oxfams	45,724	22,714	15,709
TOTAL	49,144	26,669	18,933

Oxfam Sweden

On behalf of the entire Oxfam confederation, Oxfam Novib assumed the responsibility for setting up a fundraising office in Sweden. The income was €0.5 million lower than budgeted, with fewer donors than expected.

Other Oxfams

Grant income from other confederation members was €45.7 million in 2017-18, which is €23.0 million higher than budgeted, and €30.0 million higher than in 2016-17 (€15.7 million). The income shown here is the amount received

from other affiliates of the Oxfam confederation for the implementation of projects by Oxfam Novib and partners.

3.7.6 INCOME FROM OTHER NON-PROFIT ORGANISATIONS

Amounts in thousands of Euros	FY 2017-18	BUDGET 2017-18	FY 2016-17
Samenwerkende Hulporganisaties	2,700	0	1,707
Stop Aids Now!	0	303	282
TOTAL	2,700	303	1,989

Samenwerkende Hulporganisaties (SHO)

As a matter of policy, Oxfam Novib does not budget any income from emergency relief programs. Two responses took place during 2017-18. The Nepal response began during the 2015-16

financial year and was completed without additional income in 2017-18. The Famine Action (Hongersnood Actie) started during the 2016-17 financial year and accounted for an additional income of €2.7 million in 2017-18.

AIDSFONDS

During 2017-18 Oxfam Novib did not receive any income from Aidsfonds.

3.7.7 INCOME FROM DELIVERY OF PRODUCTS / SERVICES

Amounts in thousands of Euros	FY 2017-18	BUDGET 2017-18	FY 2016-17
Publishing House	1,786	1,359	1,500
VOICE	2,033	0	1,587
TOTAL	3,819	1,359	3,086

Income from delivery of products and services is €2.5 million higher than budgeted. This is mainly due to the income of €2.0 million received from the Voice fund, which is specifically for administration, capacity strengthening and linking and learning purposes. This revenue was not included within the initial budget.

In 2016-17 a public service contract was awarded to Oxfam Novib jointly with Hivos for the implementation of the Voice fund. This fund aims to strengthen the lobbying and advocacy capacity of the civil society organizations and representatives of the most marginalized and discriminated people, in order to empower these groups and have their voices heard and respected.

The publishing house publishes books, calendars, and other print products. Its income is €0.4 million above budget. The public information relates to development cooperation in general and Oxfam Novib's mission in particular. The publishing house expenditure is included under 'Public information and marketing' (see 3.7.9 'Expenditure allocation').

3.7.8 OTHER INCOME

Amounts in thousands of Euros	FY 2017-18	BUDGET 2017-18	FY 2016-17
Other income	5	0	25
TOTAL	5	0	25

Other income includes income not contained within the categories above.

3.7.9 EXPENDITURE ALLOCATION

	GOAL OF STRUCTURAL POVERTY ALLEVIATION						COSTS OF GENERATING INCOME			MANAGEMENT & ADMINISTRATION	TOTAL		
	FOOD, LAND AND WATER	GOVERNANCE AND FINANCIAL FLOWS	CONFLICT AND FRAGILITY	GENDER AND YOUTH	HUMANITARIAN/ EMERGENCY	PUBLIC ENGAGEMENT	DIRECT FUNDRAISING	THIRD-PARTY CAMPAIGNS	GOVERNMENT GRANTS		FY 2017-18	BUDGET 2017-18	FY 2016-17
Amounts in thousands of Euros													
Grants and contributions	21,634	27,561	6,711	8,050	29,853	0	0	0	0	0	93,808	95,632	86,148
Fees and other payments	1,093	1,324	270	463	1,686	0	0	0	0	0	4,835	5,561	3,034
Outsourced work	0	0	0	0	0	0	0	0	0	0	0	0	0
Publicity, communication, other	(136)	878	115	98	(293)	4,977	5,601	327	37	252	11,857	12,834	11,687
Staff costs	8,566	11,523	2,916	3,786	12,727	2,632	1,167	113	1,205	1,463	46,099	32,048	38,421
Provision for reorganization	0	0	0	0	0	0	0	0	0	0	0	0	0
Housing costs	121	144	38	66	197	66	20	3	36	29	719	839	846
Office and general expenses	8,999	11,141	2,525	3,658	13,766	410	106	13	358	437	41,411	28,738	39,398
Depreciation	240	286	73	128	390	119	35	5	71	52	1,400	1,488	1,494
TOTAL	40,518	52,856	12,648	16,248	58,326	8,204	6,929	461	1,706	2,234	200,129	177,140	181,029
Publicity and communication (except if allocated to goals):							5,601	327	37	252	6,218		
Other internal operating costs	17,926	23,093	5,552	7,638	27,080	3,227	1,328	134	1,669	1,982	89,629		
Total internal operating costs											95,846		

Maximum size of contingency reserve is 1.5 times the annual internal operating costs:

143,770

Notes to the expenditure allocation

Oxfam Novib uses several cost allocation keys:

- keys for the allocation of the costs incurred by the central and management departments and the Board of Directors to management and administration costs. More information can be found in Section 3.5 'Accounting policies for the consolidated statement of income and expenditure';
- keys used within the Public Engagement unit for the allocation of costs to goals of structural poverty alleviation, direct fundraising, third-party campaigns (Dutch Postcode Lottery), and management & administration;
- keys for the allocation of the costs of the primary process to activities that further the organization's goals

and to the generation of income from institutional sources of funding;

- key for the allocation of the costs of the generation of income from external sources of funding to government grants, joint campaigns, and third-party campaigns;
- keys for the allocation of the costs of shared resources (ICT, housing, miscellaneous staff costs, support departments, etc.) to the different expenditure categories on the basis of full-time equivalents;
- key for the allocation of the costs of grants (project approvals) to the goals of structural poverty alleviation on the basis of the outcome indicators. The costs of approved projects related to the thematic areas are also included.

Notes to the figures

Grants and contributions

This expenditure reflects the amounts that have been approved for disbursement to partner organizations. These grants are disbursed on a cash basis. Conversely, income and expenditure are recognized on the basis of partner organizations' projects and programs that have been approved by Oxfam Novib. Under the Dutch Accounting Standard for Fundraising Organizations (RJ 650), income and expenditure must be recognized on the basis of approvals rather than on a cash basis.

Oxfam Novib has set itself an ambitious institutional fundraising target for the financial year 2017-18 which was €9.5 million higher than the actual realization in the previous financial year.

The results at the year end of 2017-18 show that the organization has been successful in achieving this target: despite falling €1.8 million short of the target of €95.6 million on expenditure related to grants and contributions, the organization has exceeded the result reported in the financial year 2016-17 by €7.7 million. This is mainly the result of a higher number of contracts signed with the institutional donors in 2017-18, which consequently allowed Oxfam Novib to upscale its work thus directly contributing to its goal of structural poverty alleviation.

Fees and other payments

Fees and other payments mainly exist of a core contribution to Oxfam International. The contribution was higher than last year's by €1.8 million.

Publicity, communication, and other campaigning costs

This category comprises the campaigning costs incurred on projects, as well as the costs associated with recruitment, public information & marketing, the provision of information to the corporate sector, and third-party campaigns. The expenditure was €1.0 million below the budgeted amount, mainly due to lower public engagement costs.

Staff costs

In 2017-18 staff costs were €14.1 million higher than budgeted. The main causes can be summarized as follows:

- Staff costs allocated to projects (both externally funded, and projects funded by Oxfam Novib itself) were €11.2 million higher than budgeted. This is

because the level of income generated from back donors was significantly higher than the budget resulting in more projects being implemented in 2017-18. Consequently, we required additional staff in order to implement these projects.

- Staff costs related to Voice Fund Management and Linking and Learning were €0.7 million and was not budgeted for.
- Other staff costs were €2.1 million higher than budgeted. This is partly related to over expenditures in the country offices, over expenditure on the social plan by an amount of €0.7 million, and on central staffing costs by an amount of €0.6 million which is mainly explained by a higher insurance costs and higher sick leave.

The composition of staff costs is as follows:

STAFF COSTS

Amounts in thousands of Euros	FY 2017-18
Salaries The Hague	21,023
Salaries local contracts and ex-pats	18,686
Social security contributions	2,393
Pension costs	2,121
Temporary workers	487
Commuting costs	835
Other costs (incl. participations)	553
TOTAL	46,099

Employees in The Hague

The total number of staff members working at The Hague was 321 as of March 31, 2018 (April 1, 2017: 309).

Employees at country offices

The number of field staff increased from 837 on March 31, 2017 to 1,059 on March 31, 2018. The number of expats working abroad was 72 as of March 31, 2018 (April 1, 2017: 57), which increases the number of employees working in the countries to 1,131.

Staff pensions

The pensions of Oxfam Novib's staff are insured with Zwitserleven. After consulting the Unions and Works Council, a new pension plan was proposed and agreed upon. In this new pension plan, pension accrual is based on the defined contribution scheme. The duration of

the proposed contract is from January 1, 2017 to December 31, 2019.

Housing costs

The housing costs in 2017-18 were €0.1 million lower than budgeted, and lower than the housing costs for 2016-17.

Office and general expenses

According to the definition this category includes both part of the operational expenses (such as travel, training, insurance costs, hosting services, system maintenance, licenses and other ICT related costs, third party services) as well as program related costs other than grants and contributions or staff costs. For Oxfam Novib, around 83% of the costs in this category related to program in the financial year 2017-18.

The office and general expenses were €12.7 million above budget, and €2.0

million more than those in 2016-17. This is mainly due to expenses allocated to projects such as advisory services from external experts and other third-party services used in program implementation, such as materials and facilities provided during humanitarian response (water points, latrines and bathing cubicles, hygiene kits, fresh food, and safe drinking water). Due to the fact that the level of income generated from back donors was significantly higher than the budget, more projects were implemented in 2017-18 which in turn resulted in an increase in these costs.

Auditors' fees

The following auditors' fees were charged to the statement of income and expenditure in the financial year:

AUDITORS' FEES

Amounts in thousands of Euros	AUDIT OF THE FINANCIAL STATEMENTS	OTHER AUDIT SERVICES	TAX CONSULTANCY SERVICES	OTHER SERVICES	TOTAL
Mazars NV	126	197	0	22	345
Deloitte	9	0	1	0	11
EY	0	3	0	0	3
Grant Thornton	0	0	0	0	0
TOTAL	135	200	1	22	359

The fees specified above relate to services provided to Oxfam Novib by audit firms and external auditors as defined in Section 1(1) of the Netherlands Audit Firms Supervision Act (Wta) (as well as by accounting firms in the Netherlands and abroad, including their tax and consultancy departments) which were charged directly to Oxfam Novib. In 2017-18 €126 thousand was paid to Mazars in fees for the audit of the

financial statements. An additional €197 thousand relates to projects compliance audit in accordance to donor agreements, which are included in the program costs.

Depreciation

Depreciation costs in 2017-18 were €88 thousand lower than the budget, and €94 thousand higher than those in 2016-17.

KEY PERCENTAGES

Amounts in thousands of Euros	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	BUDGET 2017-18	FY 2017-18
Income from direct fundraising	35,660	30,072	37,845	40,723	48,821	36,876
Costs of direct fundraising	6,671	6,283	7,310	6,821	7,487	6,929
as a % of income from direct fundraising						
3-year average (CBF criterion max. 25%)	20,5%	19,7%	19,6%	18,8%	17,0%	18,2%
Management and administration	3,388	2,452	2,099	2,539	2,125	2,234
as a % of total expenditure						
(own criterion max. 2%)	1,5%	1,3%	1,2%	1,4%	1,2%	1,1%
Expenditure on goals	188,990	168,289	144,116	171,707	165,245	188,799
as a % of total income	91,4%	87,0%	89,4%	95,4%	96,0%	96,6%
as a % of total expenditure	93,9%	94,0%	92,6%	93,9%	93,3%	94,3%

The costs of direct fundraising, which includes mainly income from companies, amounted to 18.9 percent of the income from direct fundraising (three-year average). The CBF criterion for organizations holding the CBF Seal of Approval is that the average costs of direct fundraising over three consecutive years may not be higher than 25 percent of the direct fundraising income. The key figure 'Management and administration costs' was 1.1 percent. This is below the budgeted level of 1.2 percent and below the 2 percent maximum set by the Board of Directors of Oxfam Novib. The management costs allocated to management and administration are compliant with the

Erkenningsregeling (seal of approval for fundraising organizations in the Netherlands), and thus in accordance with the guidelines of the CBF as well as those of Goede Doelen Nederland. The Erkenningsregeling has replaced the separate guidelines. See 3.5.10 'Allocation of management and administration costs in accordance with the Goede Doelen Nederland guideline.' The key figure 'Expenditure on goals' is stated as a percentage of total income and total expenditure. 'Expenditure on goals' accounts for 96.6 percent of total income, which is above the budgeted 96.0 percent; it also accounts for 94.3 percent of total expenditure, which is above the budgeted 93.3 percent.

3.7.9.1 Costs of direct fundraising

The costs of direct fundraising amounted to €6.9 million in 2017-18, which is below the budgeted amount by €0.6 million and in line with last year figures.

3.7.9.2 Salary and emoluments paid to directors

Oxfam Novib adheres to the Advisory Scheme for the Remuneration of Directors of Charity Organizations of 'Goede Doelen Nederland' (the Association of Fundraising Organizations) and the SBF Code of Good Governance. The 'Remuneration Policy for the Board of Directors' is based on the criteria of this Scheme and Code relating to remuneration, job grading, and maximum salary for directors.

The Advisory Scheme sets criteria for determining the level of skill, effort, and responsibility required for executive positions and sets maximum annual income standards. The Board of Supervisors has assessed the positions of the Board of Directors based on those criteria.

Oxfam Novib has a multi-member Board of Directors with a Chair. The position of the Chair was rated at 470 points, which corresponds to a maximum annual income for 2017 of €124,377 (salary component only) based on full-time employment. In 2016 it was also €124,377. The positions of the other members of the Board of Directors were rated at 432 points, which corresponds

to a maximum annual income for 2017 of €109,677 (salary component only) based on full-time employment. In 2016 it also €109,677. The maximums have therefore not increased from 2016 to 2017.

'Goede Doelen Nederland' has published a guideline against which directors' actual annual incomes can be assessed. None of those incomes exceeded the maximum amounts in the guideline.

The table below shows the remunerations paid to directors in the period from January 1, 2017 to December 31, 2017.

3.7.9.2 SALARY AND EMOLUMENTS PAID TO DIRECTORS

Amounts in Euros

Name	F. KARIMI	A. VD WOUDE	T. VAN DER LEE	A. GALAVAZI	T. MEIJERS
Function	EXECUTIVE DIRECTOR	DIRECTOR	DIRECTOR PROGRAMS AND CAMPAIGNS	DIRECTOR OPERATIONS	DIRECTOR PROGRAMS AND CAMPAIGNS
Employment					
Contract Type	permanent	permanent	permanent	permanent	permanent
Hours	36	36	36	36	36
FTE percentage	100	100	100	100	100
Period	1/1/17-31/12/17	1/1/17-31/8/17	1/1/17-24/3/17	1/1/17-31/12/17	18/09/17-31/12/17
Remuneration 2017 (euros)					
Gross Salary	113,246	57,248	21,902	96,653	27,406
Vacation Allowance	9,060	4,737	3,050	7,732	2,193
Fixed Year End Bonus	0	0	0	0	0
Payment of Unused Vacation Days	0	1,969	16,217	0	0
Total	122,306	63,955	41,169	104,385	29,599
Remuneration	122,306	63,955	41,169	104,385	29,599
Taxable expenses	10	0	0	0	0
Pension Premium (Employer's Contribution)	18,744	6,970	2,567	21,689	4,305
Other Deferred Remuneration	0	0	0	0	0
Compensation for Termination of the Contract (Social Plan)	0	15,121	0	0	0
Total remuneration 2017 (euros)	141,059	86,045	43,736	126,075	33,904

- No loans or guarantees have been provided and no advance payments have been made to the members of the Board of Directors.

Members of the Board of Supervisors do not receive any remuneration or fees and were all appointed for the entire financial year. A total of € 2 thousand expense reimbursements was paid out in 2017-18. The directors of Oxfam Sweden receive no remuneration, fee nor expense reimbursement.

3.7.9.2.1 Executives' Pay Financed from Public Funds (Disclosure) Act

In 2017-18 Oxfam Novib falls outside the purview of the Executives' Pay Financed from Public Funds (Disclosure) Act, *Wet normering bezoldiging topfunctionarissen publieke en semi publieke sector* (WNT). Nevertheless, the taxable annual salaries of its officers are disclosed above. None of the Directors or other officers of Oxfam Novib, nor those employed on consultancy basis, received a taxable annual salary in excess of

the maximum amount in 2017 of €181 thousand as regulated by the WNT.

3.7.10 BALANCE OF FINANCIAL INCOME AND EXPENSES

Amounts in thousands of Euros	FY 2017-18	BUDGET 2017-18	FY 2016-17
Interest income	3,499	2,973	3,229
Interest expenses	(74)	0	0
Bank costs	(6)	0	(2)
Dividend	111	0	85
Realized and unrealized foreign exchange results	(3,455)	200	(121)
Other financial income	358	0	706
Costs of investment	(1,531)	(2,270)	(1,895)
TOTAL	(1,097)	903	2,001

The balance of financial income and expenditure for the financial year 2017-18 was negative €1.1 million, which is €2.0 million lower than the budgeted amount and €3.1 million lower than the previous year. This is mainly due to realized and unrealized foreign exchange results which meant a €3.7 million loss compared the budgeted amount. The foreign exchange result in the financial year 2017-18 was negative €3.5 million, of which €0.8 million is unrealized (mainly related to accounts receivables from donors), €0.4 million is realized and is related to program costs, and €2.3 million is related to Oxfam Novib microfinance portfolio.

On the other hand, the cost of investment was €1.5 million which is €0.7

million lower than the budgeted amount and €0.4 million lower than the previous year. This is mainly due to lower than expected provisions for bad loans in the Oxfam Novib loan portfolio. The interest income was €3.5 million which is €0.5 million higher than the budgeted amount and €0.3 million higher than the previous year. This is mainly due to higher than expected income from Oxfam Novib's microfinance portfolio. Other financial income includes the result on Oxfam Novib's participating interests of €0.4 million, which was not budgeted for, and was €0.3 million lower than the previous year.

Other items under the balance of financial income and expenditure (interest expenses, bank costs and

dividend) were €31 thousand which was not budgeted for, and €52 thousand lower than the previous year.

The table above presents the figures in the format specified by 'Goede Doelen Nederland' in its Financial Management Guideline. The figures are based on the profit figures of the entities in which the aforementioned participating interests are held. Net income from cash and cash equivalents represents the interest received on current account deposits and on the organization's own funds.

SUMMARY ON THE BASIS OF THE 'GOEDE DOELEN NEDERLAND' FINANCIAL MANAGEMENT GUIDELINE

Return on savings and investments	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18
Amounts in thousands of Euros					
Mission-related investments					
Bond yields	0	67	242	305	298
Dividends	47	68	79	79	111
Realized price gains	0	1,720	69	600	691
Unrealized price gains	(123)	(642)	(538)	587	(1,322)
Gross investment return	(76)	1,213	(148)	1,571	(222)
Investment costs	0	0	0	0	0
Net investment return	(76)	1,213	(148)	1,571	(222)
Investment performance					
Average invested capital	5,465	9,943	11,721	13,490	12,859
Return on investments (%)	-1,4%	12,2%	-1,3%	11,6%	-1,7%
Average annual return over 5 years (%)	3,9%				
Net increase in cash and cash equivalents					
Interest on current account and organization's own funds on savings accounts and deposits	262	12	(55)	39	(72)

3.8 SEPARATE FINANCIAL STATEMENTS OXFAM NOVIB

3.8.1 SEPARATE BALANCE SHEET OXFAM NOVIB AS AT MARCH 31 AFTER APPROPRIATION OF NET RESULT

Amounts in thousands of Euros	FY 2017-18	FY 2016-17
ASSETS		
Tangible fixed assets	7,564	8,271
Financial fixed assets	55,899	54,970
Inventories	19	40
Receivables from governments		
Long-term	6,200	3,667
Current	11,514	6,810
	17,714	10,478
Receivables	47,397	33,567
Cash and cash equivalents	68,765	83,688
TOTAL	197,357	191,014
LIABILITIES		
Reserves and funds		
Reserves		
Contingency reserve	16,115	15,079
Earmarked reserves	42,196	50,951
	58,311	66,029
Funds	47,156	45,159
	105,466	111,189
Provisions	2,743	3,544
Debts		
Long-term	648	1,086
Current	15,139	15,563
Prepayments from donor organizations	0	0
	15,787	16,649
Project liabilities		
Long-term	25,676	20,871
Current	47,685	38,761
	73,361	59,633
TOTAL	197,357	191,014

3.8.2 SEPARATE STATEMENT OF INCOME AND EXPENDITURE

Amounts in thousands of Euros	FY 2017-18	BUDGET 2017-18	FY 2016-17
INCOME			
Income from private individuals	23,703	23,864	23,037
Income from companies	18,344	35,008	32,734
Income from lottery organisations	15,997	13,500	13,500
Income from government subsidies	81,036	67,628	79,951
Income from affiliated non-profit organisations	49,144	26,669	18,933
Income from other non-profit organisations	2,700	303	1,989
Income raised	190,924	166,973	170,143
Income from delivery of products / services	3,819	1,359	3,086
Other income	5	0	25
Income from fundraising activities	194,748	168,332	173,255
EXPENDITURE			
Food, Land and Water	40,518	36,775	36,993
Financial flows and Governance	52,856	45,517	49,626
Conflict and Fragility	12,648	11,847	13,576
Gender and Youth	16,248	13,700	13,281
Emergency	58,326	49,752	48,587
Public Engagement	7,992	6,800	7,009
Expenditure on goal 'structural poverty alleviation'	188,587	164,392	169,073
Direct fundraising	6,425	5,458	5,402
Third-party campaigns	461	517	392
Securing government grants	1,706	1,767	1,565
Costs of generating income	8,592	7,741	7,359
Management and administration costs	2,195	1,967	2,218
Expenditure from fundraising activities	199,374	174,100	178,649
Balance of financial income and expenses	(1,097)	903	2,001
NET RESULT	(5,723)	(4,865)	(3,393)
APPROPRIATION OF NET RESULT			
Added / charged to: contingency reserve	1,036	(580)	(2,107)
Added / charged to: project reserve	(7,977)	(7,977)	(9,542)
Added / charged to: other earmarked reserves	(778)	4,569	9,288
Added / charged to: funds	1,996	(876)	(1,032)
NET RESULT	(5,723)	(4,865)	(3,393)

3.8.3 Accounting policies for the valuation of assets and liabilities in the separate financial statements

General

The financial statements have been prepared in accordance with the Dutch Accounting Standard for Fundraising Organizations (RJ 650) as published by the Dutch Accounting Standards Board.

The separate financial statements exclude the consolidated figures from Sweden. There is no difference between the accounting policies for the consolidated and the separate financial statements. Reference is therefore made to the notes to the consolidated financial statements unless otherwise specified below. Additional notes to policies regarding the consolidation have been included in 3.4.2

3.8.4 Notes to financial statement items affected by the consolidation of Oxfam Sweden

There is a difference between the consolidated result and equity and the corresponding figures as presented in the separate financial statements. Although it holds no equity interest, Oxfam Novib does have significant control over Oxfam Sweden. For this reason, Oxfam Sweden's result and equity are included in the consolidated financial statements of Oxfam Novib but not in the separate ones.

Oxfam Sweden shows a net negative result of €81 thousand and a positive equity balance of €0.3 million. This causes the following differences:

- Net result of the separate financial statements versus the net result in the consolidated financial statements;
- Total reserves add up to €55.2 million versus €55.5 million in the consolidated financial statements.

The tangible fixed assets in the separate financial statements are slightly lower than in the consolidated financial statements. Receivables are €2.3 million less and cash and cash equivalents are €3.0 million less than in the consolidated financial accounts. Reserves are €0.3 million lower than the consolidated financial statements. Liabilities are €0.4 million less than in the consolidated financial statements.

3.8.4 NOTES ON FINANCIAL STATEMENT ITEMS AFFECTED BY THE CONSOLIDATION OF OXFAM SWEDEN

Amounts in thousands of Euros	OXFAM NOVIB PROJECTS	LOANS & GUARANTEES	MANAGEMENT & ADMINISTRATION COSTS	EXCHANGE RATE RESULTS	HYPOTAX	TOTAL EARMARKED RESERVES
Balance at						
March 31, 2017	21,076	23,446	5,206	200	1,024	50,951
Added	4,699	15,886	6,991	0	0	27,576
Withdrawn	12,676	16,176	6,256	200	1,024	36,332
Net movements	(7,977)	(290)	736	(200)	(1,024)	(8,755)
Balance at						
March 31, 2018	13,099	23,156	5,941	0	0	42,196

CONTINGENCY RESERVE

Amounts in thousands of Euros	CONTINGENCY RESERVE
Balance at March 31, 2017	15,079
Added	1,036
Withdrawn	0
Net movements	1,036
Balance at March 31, 2018	16,115

The separate statement of income and expenditure shows the following movements compared with the consolidated income statement:

Total income is €0.8 million less than stated in the consolidated statement of

income and expenditure, resulting from direct fundraising in Oxfam Sweden.

Total expenditure is €0.6 million less than stated in the consolidated statement of income and expenditure. Expenditure on public fund information and marketing for

the goal of 'structural poverty alleviation' was €0.2 million. Expenditure on direct fundraising costs was €0.4 million.

3.9 SHO

3.9.1 FAMINE ACTION (HONGERSNOOD ACTIE)

	FISCAL YEAR		UP TO FISCAL YEAR (INCLUSIVE)	
		TOTAL		TOTAL
Amounts in thousands of Euros				
INCOME				
Public donations (SHO funds)		2,701		4,357
Interest		0		-
Total income		2,701		1,656
Cost of preparation and coordination (ICR)				
ICR		189		305
Total available for aid activities		2,512		4,052
	EMERGENCY	REHABILITATION	EMERGENCY	REHABILITATION
EXPENDITURE				
Commitments, contractual obligations (D)				
- Expenditure through implementing organizations (field)	1,139		1,399	1,399
- Expenditure through international umbrella organization				
- Aid provided directly by the organization	2,653		2,653	2,653
Total available for commitments			0	0
OVERVIEW OF THE ORGANIZATION'S CASH TRANSFERS				
Transfers				
- Expenditure through implementing organizations (field)	1,399		1,399	1,399
- Expenditure through international umbrella organization				
- Aid provided directly by the organization	2,653		2,653	2,653
OVERVIEW OF THE ORGANIZATION'S EXPENDITURE IN THE FIELD				
- Expenditure through implementing organizations (field)	1,399		1,399	1,399
- Expenditure through international umbrella organization				
- Aid provided directly by the organization	2,653		2,653	2,653

3.9.2 NEPAL

	FISCAL YEAR		UP TO FISCAL YEAR (INCLUSIVE)	
		TOTAL		TOTAL
Amounts in thousands of Euros				
INCOME				
Public donations (SHO funds)		0		4,306
Interest		0		-
Total income		0		4,306
Cost for preparation and coordination (ICR)				
ICR		0		301
Total available for aid activities		0		4,005
	EMERGENCY	REHABILITATION	EMERGENCY	REHABILITATION
EXPENDITURE				
Commitments, contractual obligations (D)				
- Expenditure through implementing organizations (field)			0	4,005
- Expenditure through international umbrella organization				
- Aid provided directly by the organization				
Total available for commitments			0	0
OVERVIEW OF THE ORGANIZATION'S CASH TRANSFERS				
Transfers				
- Expenditure through implementing organizations (field)			0	4,005
- Expenditure through international umbrella organization				
- Aid provided directly by the organization				
OVERVIEW OF THE ORGANIZATION'S EXPENDITURE IN THE FIELD				
- Expenditure through implementing organizations (field)			727	4,005
- Expenditure through international umbrella organization				
- Aid provided directly by the organization				

3.10 EVENTS AFTER THE BALANCE SHEET DATE

There have been no material post-balance-sheet events which would require adjustment to Oxfam Novib's financial statements for the 2017-18 financial year.

The Hague, July 3, 2018

Board of Directors

Farah Karimi, Executive Director
Arnold Galavazi, Director of Operations
Ton Meijers, Director of Programs and Campaigns

The Hague, July 3, 2018

Board of Supervisors

Hanzo van Beusekom, Chair, Member of Remuneration Committee
Joyeeta Gupta, Member of Remuneration Committee
Kees Tukker, Member of Financial & Audit Committee
Peter Verbaas, Chair of Financial & Audit Committee
Jan van Zijl
Laurien Koster, Chair of Remuneration Committee

OTHER INFORMATION



4.1 RESULT APPROPRIATION ACCORDING TO STATUTES

According to the statutes (Article 23.3), the appropriation of the net result should be carried out in line with the regulations in the 'Goede Doelen Nederland' guideline 'reserves goede doelen.' According to Article 10.2, the Board of Directors adopts the annual accounts and according to Article 19.2, the Board of Supervisors approves them.

4.2 INDEPENDENT AUDITOR'S REPORT

To the Supervisory Board and Board of Directors of Stichting Oxfam Novib

Report on the audit of the financial statements for the year ended 31 March 2018 included in the annual accounts

Our opinion

We have audited the financial statements for the year ended 31 March 2018 of Stichting Oxfam Novib, based in The Hague.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Stichting Oxfam Novib as at 31 March 2018, and of its result for the year then ended in accordance with the Guideline for annual reporting 650 "Fundraising Organizations" of the Dutch Accounting Standards Board.

The financial statements comprise:

1. the consolidated and separate balance sheet as at 31 March 2018;
2. the consolidated and separate statement of income and expenditure for the year then ended;
3. the consolidated cash flow statement for the year then ended; and
4. the notes comprising a summary of the accounting policies and other explanatory information.

BASIS FOR OUR OPINION

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of Stichting Oxfam Novib in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

REPORT ON THE OTHER INFORMATION INCLUDED IN THE ANNUAL ACCOUNTS

In addition to the financial statements and our auditor's report thereon, the annual accounts contains other information that consists of:

- the Directors' Report;
- the Board of Supervisors' Report;
- other information.

Based on the following procedures performed, we conclude that the other information is consistent with the financial statements and does not contain material misstatements.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

The Board of Directors is responsible for the preparation of the Directors' Report in accordance with the Guideline for annual reporting 650 "Fundraising Organizations" of the Dutch Accounting Standards Board.

DESCRIPTION OF RESPONSIBILITIES REGARDING THE FINANCIAL STATEMENTS

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE SUPERVISORY BOARD FOR THE FINANCIAL STATEMENTS

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with the Guideline for annual reporting 650 "Fundraising Organizations" of the Dutch Accounting Standards Board. Furthermore, the Board is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the Board is responsible for assessing the organization's ability to continue as a going concern. Based on the financial reporting framework mentioned, the Board should prepare the financial statements using the going concern basis of accounting unless the Board either intends to liquidate the organization or to cease operations, or has no realistic alternative but to do so.

The board of Directors should disclose events and circumstances that may cast significant doubt on the organization's ability to continue as a going concern in the financial statements.

OUR RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

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. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board;
- concluding on the appropriateness of the Board's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern;
- evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

We provide the Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The Supervisory Board is responsible for supervising the process of financial reporting by the foundation.

Amsterdam, 2 July 2017

MAZARS N.V.

Original has been signed by: drs. R.C.H.M. Horsmans RA RV



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