

**CONCILIATION RESOURCES**

**DIRECTORS' AND TRUSTEES' REPORT  
AND ACCOUNTS**

**FOR THE YEAR ENDED 31 DECEMBER 2007**

**Company No: 3196482  
Charity No: 1055436**

## CONCILIATION RESOURCES

### Company Information

<b>Directors and Trustees</b>	Mr M Bradbury (Chair) Mr A Carl Mr R Cooke (Hon. Treasurer) Mr M Hoffman Mr N Jefferies Mr B Jones (Resigned 26/03/2007) Ms M Manderson-Mills Ms B Stolte Van Empelen Mr L Nathan (Resigned 26/03/2007) Ms L Philipson Ms V Terselic Mr H Tinsley (Resigned 02/07/2007) Ms C Bell (Appointed 03/12/2007) Ms T Whitfield (Appointed 02/07/2007) Ms S Williams (Appointed 08/10/2007) Mr B Afako (Appointed 08/10/2007) Mr R Reeve (Appointed 08/10/2007)
<b>Secretary</b>	Ms K Ram
<b>Senior Management Team</b>	Mr A Carl – Executive Director Ms K Ram – Operations Manager Ms J Williams – Finance Manager Mr J Cohen – Programme Co-Director (Caucasus) Ms R Clogg – Programme Co-Director (Caucasus) Ms C McKeon – Programme Director (PCCL) Mr K Tumutegyreize – Programme Director (Uganda) Mrs M Konneh – Programme Director (West Africa)
<b>Company Number</b>	3196482
<b>Charity Number</b>	1055436
<b>Registered Office</b>	173 Upper Street London N1 1RG
<b>Auditors</b>	Ramon Lee & Partners Kemp House 152 - 160 City Road London EC1V 2DW
<b>Bankers</b>	Royal Bank of Scotland 40 Islington High Street London N1 8XJ  COIF Charity Funds 80 Cheapside London EC2V 6DZ

## **CONCILIATION RESOURCES**

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## **CONCILIATION RESOURCES**

### **DIRECTORS' AND TRUSTEES' REPORT**

#### **FOR THE YEAR ENDED 31 DECEMBER 2007**

The Directors and Trustees present their report and audited accounts for the year ended 31 December 2007.

The accounts have been prepared in accordance with the accounting policies set out in note one to the accounts and comply with the Charity's governing document, applicable law and the requirements of the Statement of Recommended Practice, 'Accounting and Reporting by Charities' issued in March 2005.

### **STRUCTURE, GOVERNANCE AND MANAGEMENT**

#### **Governing document**

Conciliation Resources (the word 'Limited' being omitted by licence from the Department of Trade) is registered under the Companies Act 1985 as a company limited by guarantee and not having a capital divided by shares.

The company was incorporated on 9 May 1996 and is a registered charity constituted as a Limited Company under the Memorandum and Articles of Association. The charity registration number is 1055436 and the company registration number is 3196482.

#### **Organization**

CR is governed by an international Board of Trustees of experienced practitioners who meet four times a year. Financial and management reports are provided quarterly to the Board of Trustees and its Finance Sub-Committee, including statements of individual accounts by restricted and unrestricted funds.

Overall management is provided by the Executive Director, who is supported by an advisory Senior Management Team. Each Programme Director (and Co-Director) is responsible for the management of his or her area of work and the organization actively seeks to provide opportunities for mutual support and learning. Programme Directors are assisted by project staff and occasionally by interns or volunteers. CR has a Management, Administration, Finance and Fundraising Team made up of our Operations Manager, Administrative Officer, Finance Manager, Finance Officer and Fundraising Coordinator. Communications and external policy work is an integrated part of the organization's programme promoting comparative learning. In addition to its in-house staff, CR works closely with a pool of Programme Associates and other external consultants.

CR is based in London but is also registered in Sierra Leone as an international non-governmental organization. CR has three offices there (Freetown, Kenema and Bo) staffed by 12 nationals. CR receives some grants directly in-country to support local and regional peace and social development initiatives. CR's fixed assets in Sierra Leone, including computers and a vehicle, are part of these audited accounts. All project expenditure is covered by specific West Africa programme budgets.

#### **Recruitment and appointment of Trustees**

The board of trustees, who are directors for the purpose of company law and trustees for the purpose of charity law, who served during the year and up to the date of this report are set out on page two.

As set out in the Articles of Association, the Chair of the Trustees is nominated by the Board of Trustees of Conciliation Resources. The Board of Trustees has power to appoint additional Trustees as it considers fit to do so.

The Trustees in office in 2007 are set out on page two. The Trustees are also the legal directors of the company. All Trustees are members of the company and guarantee to contribute not more than £10 in the event of the organization having to close.

New Trustees are recruited in-line with a regularly reviewed skills audit and organizational policy on the 'functioning of the board of CR'. Candidates are nominated by a Trustee and interviewed by the Chair and Executive Director. All decisions on the appointment of Trustees are made by the Board.

## **CONCILIATION RESOURCES**

### **DIRECTORS' AND TRUSTEES' REPORT (Cont/d) FOR THE YEAR ENDED 31 DECEMBER 2007**

#### **Trustee induction and training**

The Trustees maintain a good working knowledge of charity and company law and best practice through regular training sessions. New Trustees are given copies of the Memorandum and Articles of Association and participate in a series of internal induction meetings.

#### **Related parties**

The charity has close working relationships with other charities and organizations with which it cooperates in pursuit of its charitable objectives. This includes collaborative project partnerships and cooperative networks with whom we share a commitment to basic principles.

#### **Risk management**

Major risks to which the charity is exposed, as identified by the Trustees (governance, operational, financial and external), are reviewed annually. Because the nature of CR's overseas work is in countries affected by conflict, the security situation in these countries is regularly reviewed and CR seeks to take all steps to avoid undue risks taken by staff and project partners. Systems developed to mitigate these risks include an organizational 'risk register' and staff safety and security policies and guidelines. In addition, CR pays an insurance premium for staff travelling to conflict zones. To mitigate financial risk and insecurity, as well as dependency on any single donor, CR tries to have a broad donor base, both for the organization as a whole and for each programme. CR is also continuing to seek and secure long-term funding both institutionally and for programmes.

## **OBJECTIVES AND ACTIVITIES**

The charity's objective is to provide practical support to community-based and national organizations that work to prevent violence and transform armed conflict into opportunities for development and sustainable societies.

CR runs programmes in the South Caucasus (focusing on the Georgian-Abkhaz and Nagorny Karabakh conflicts), in northern Uganda and southern Sudan, and in Sierra Leone and the Mano River sub-region of West Africa. Other project work is undertaken in Fiji, Colombia and the Philippines. Work with a global reach includes the publication of the online and printed Accord series on peace processes. Work with policymakers this year focused on the UK.

The organization's five broad strategic objectives are to:

- 1) Support people working at local, national and international levels to develop effective solutions to social, economic and political problems related to violent conflicts.
- 2) Provide opportunities for inclusive dialogue and improved relationships within communities and across conflict divides at all social and political levels.
- 3) Influence governments and other decision makers to employ conflict transformation policies that promote alternatives to violence.
- 4) Improve peacemaking practice by promoting learning from peace processes around the world.
- 5) Challenge stereotypes and increase public awareness of human rights, conflict and peace issues in divided societies.

## **CONCILIATION RESOURCES**

### **DIRECTORS' AND TRUSTEES' REPORT (Cont/d)**

#### **FOR THE YEAR ENDED 31 DECEMBER 2007**

### **ACHIEVEMENTS IN 2007**

The various roles CR plays are always specific to the local context and are jointly devised with programme partners to respond to the driving factors of the conflict. In 2007 a selection of highlights included:

#### **Strengthening community-based peacebuilding initiatives**

- CR supported a regional 'Youth-to-Youth Campaign for Violence-Free Elections' in Sierra Leone which enabled representatives of youth groups to learn about the electoral process and was instrumental in helping manage tensions around the country's 2007 presidential election;
- Organizational development support – including in strategic planning – for religious and cultural leaders in northern Uganda helped them play dynamic roles in support of the Juba peace process;
- A jointly-convened seminar with our local partners, BPRM in Sierra Leone, on responding to the growing security problems in 'amalgamated chiefdoms' helped highlight the issues and focused efforts on conflict prevention.

#### **Supporting civic participation in peacemaking**

- Over 20 organizations of internally displaced persons in Georgia were supported to work together in a network and advocate for change in government policy toward the IDP community;
- CR organized a sub-regional conference on 'Women in Security' with our Sierra Leonean partners MARWOPNET, which created an opportunity for government, security sector and civil society representatives from the sub-region to analyse the barriers that exclude women from security policy formulation and implementation;
- CR also organized a two-week 'Security Analysis School' in Freetown for university students with lectures from a wide array of experts and practitioners, promoting an important exchange between war-affected youth and the security sector;
- Support for partners - JPC Gulu and JPC GANAL – to organize a 'Peace Week' created a social space for communities in northern Uganda to come together, share experiences and analyse the barriers to their engagement in governance and the peace process in Uganda;
- NGO partners, including those from marginalized groups, worked to improve governance and address social problems in their own communities on either side of the Georgian–Abkhaz divide - issues included local government reform, disability rights and political representation.

#### **Facilitating dialogue across conflict divides**

- Twenty young people (university students and young officials) from Georgia and Abkhazia took part in a dialogue meeting / study visit to Switzerland, which offered a rare chance to meet and talk to the 'enemy';
- Cross-border work in Sudan and Uganda included exchange visits and important workshops held in Nimule (south Sudan) and Gulu (northern Uganda) that brought war-affected community representatives together for the first time since the conflict began, dispelling popular myths and misunderstandings;
- The 20<sup>th</sup> 'Schlaining dialogue' was convened in London over three days in July with officials, politicians and civil society representatives from Georgia and Abkhazia;
- A pilot project on 'Strengthening Citizens' Security' in Sierra Leone began to address the gap between citizens' involvement in their own security and oversight of the security sector by bringing together community activists, youth groups and security sector representatives through groundbreaking meetings, radio panel discussions, and workshops on security and civil society issues. We also published a 'peace and security update', analysing security, peace, democracy and development issues in Sierra Leone and the Mano river sub-region.

## CONCILIATION RESOURCES

### DIRECTORS' AND TRUSTEES' REPORT (Cont/d)

#### FOR THE YEAR ENDED 31 DECEMBER 2007

##### **Improving policy and analysis**

- Through a sustained period of advocacy and engagement including publishing our policy report 'Bridging the Gap', CR successfully challenged the British government to shift its policy towards becoming more effective in its support of peace processes worldwide;
- CR made written and oral submissions to the UN's Peacebuilding Commission advocating an improved focus on youth empowerment and employment, national and local processes of reintegration and reconciliation, justice and security sector reform and capacity building within the Sierra Leone Compact;
- CR organized analysis meetings for the UN Secretary-General's Special Representative to Georgia and the EU Special Representative for the South Caucasus and made presentations at international fora such as the NATO and Council of Europe Parliamentary Assemblies, plus numerous other policy briefings for diplomats, politicians and analysts, advocating alternative approaches to conflict transformation;
- CR commissioned and published research on 'The Moment of Return,' examining in detail how individuals defect from the rebel Lord's Resistance Army in Uganda, with recommendations on how to support these individuals.

##### **Promoting learning from peacemaking experience**

- A '*Building paths to peace*' booklet documented the experiences of the Bo Peace and Reconciliation Movement in Sierra Leone in order to share the experience and lessons learned with a wider audience;
- A CR resource team from Northern Ireland and Malaysia shared comparative experiences with people involved in the peace processes in the Philippines and Colombia and published a resulting paper on 'reframing conflict analysis';
- The 18th issue in the Accord series looking at the peace process in Sudan was published in English and Arabic with seminars in London, Khartoum and Juba.

##### **Raising public awareness and promoting public debates**

- Young journalists from Azerbaijan, Nagorny Karabakh and Armenia cooperated in making a series of short and thoughtful films in our 'dialogue-through-film' project;
- Local people were given the opportunity to express their views to policymakers about leaving government-sponsored camps in Uganda through the production of a video that was screened for local leaders and diplomats in Uganda;
- CR provided coverage of and reflection on the Georgian and Abkhaz conflict through community radio productions, print media, film and theatre;
- CR also promoted research, debates and discussions on multiculturalism and nationalism and its impact on the peace process among Georgian and Abkhaz civil society activists and academics;
- CR took part in a series of 'peace conferences' on the conflict in Kashmir, promoting an agenda for wider participation in the peace process.

##### **Strengthening CR's capacities to fulfil our mandate**

- CR revised and put in place the organizational policies including: 'Leave and Flexible Working Policy', 'Standards of Conduct: Grievance, Disciplinary and Capability Procedures', 'Privacy and Data Protection Policy' and 'Guidelines for Taking on New Projects';
- Budgeting and accounting systems were revised in-line with the SORP guidelines;
- CR made improvements to processes for peer and Board review of annual planning and budgeting;
- Invested in IT systems and procedures.

Further information on CR's other achievements in 2007 can be found in our annual review on our website (<http://www.c-r.org/about/annual-reports.php>)

## **CONCILIATION RESOURCES**

### **DIRECTORS' AND TRUSTEES' REPORT (Cont/d)**

#### **FOR THE YEAR ENDED 31 DECEMBER 2007**

### **FINANCIAL REVIEW**

The Statement of Financial Activities show a net surplus of £73,623 (2006 – surplus £4,443) for the year, and total funds available stand at £513,154 (2006 - £439,531).

CR's grant income for this year has increased by 12.5 per cent on the previous year, supported by our institutional donors and a number of new donors, while our expenditure increase remains at an average of 8 per cent over the past years. We continue to invest in management, administration and fundraising to make further improvements in the effectiveness and efficiency of the organization.

#### **Principle financial management policies**

CR has a financial regulations policy set up and reviewed in consultation with the Board of Trustees. This sets out the plan of the organization, defining and allocating responsibilities, identifying lines of reporting for all aspects of operations, including controls, with the delegation of authority and responsibilities clearly defined. CR uses a nominal ledger coding system for all financial transactions. All project expenditure is checked against budget and authorized by the Programme Director, who is responsible for ensuring that expenditure remains within budget, and by the Executive Director.

#### **Principal funding sources**

The principle funding sources for the charity are currently grant income and donations mainly from governments and charitable organizations. Further details of funding are provided in notes 2 and 3 to the Financial Statements.

#### **Investment powers and policy**

Conciliation Resources received income through donations, grants, project income and other sources. It plans its activities over a three to five-year time horizons and budgets to expend all anticipated income, except for retaining a prudent amount in reserves. It has no permanent endowment and provides for capital expenditure within each budget. The only funds that Conciliation Resources holds that are not expendable within 12 months of receipt are reserves and any grants or contracts for activities over a longer period.

Consequently its policy for investment therefore is to retain funds as cash and place them on bank deposit or on deposit with the Charities Deposit Fund at the best rate available.

#### **Reserves policy**

Conciliation Resources aims to keep a prudent working balance of unrestricted reserves equalling six months operating costs to cover future contractual liabilities, mainly staff salaries and rent (estimated at £229,735 in 2007 and £193,500 in 2006). It is the policy of the Trustees to allocate a share of any unrestricted surplus at the end of each year towards the targeted balance. CR met its target for unrestricted reserves in 2007.

The operating costs for CR are budgeted to increase in 2008 (the new six-month figure is £257,000). The goal of building these future unrestricted reserves will be balanced against the needs of specific programme areas. The Board of Trustees will keep the reserves policy under regular review.



## **CONCILIATION RESOURCES**

### **DIRECTORS' AND TRUSTEES' REPORT (Cont/d)**

#### **FOR THE YEAR ENDED 31 DECEMBER 2007**

### **FUTURE PLANS**

The geographic scope of CR's upcoming work will largely remain the same as in earlier years – guided by the needs of individuals and groups working in areas of potential violence or armed conflict.

- 1) Our work in West Africa is mainly focused on Sierra Leone with support for some sub-regional networking. We support local initiatives to build peace and secure access to meaningful justice for people, especially those from poor and marginalized communities and groups. New work will include support for the most war-affected and excluded youth groups in southern and eastern Sierra Leone, cooperation with the Parliamentary committee that oversees the armed forces, and other follow-up work on the civil society/security interface. Other new work includes support for indigenous analysis and policymaking on development and conflict, plus a new partnership in Northern Ghana.
- 2) Our programme focus in the South Caucasus is on the Georgian–Abkhaz conflict and the conflict between Armenians and Azerbaijanis over Nagorny Karabakh. Our goal is to improve the chances for a peaceful transformation of these conflicts. We believe that the best way to achieve this is by working with local people at all levels of society to tackle the conflict's systemic causes. New work in 2008 will focus on reframing policy and strategies in the peace process, challenging stereotypes and promoting rights and reconciliation, with an emphasis on the Gali region, young adults and IDPs.
- 3) In northern Uganda and southern Sudan CR is working closely with local organizations to promote a non-violent end to the conflict and to promote just and durable peacebuilding processes that meet both international standards and conflict-affected peoples' needs. We will strengthen these partnerships, particularly in Sudan and start new work that supports the peace and reconciliation process.
- 4) In Colombia and in the Philippines we work with partner organizations to help third-parties and conflict protagonists to draw lessons from comparative international experience and engage in constructive dialogue.
- 5) In Fiji, CR continues to play a supportive and advisory role in promoting a return to constitutional law and power-sharing governance.
- 6) On Kashmir in India and Pakistan, we plan to give modest support to organized civil society organizations in the region to help them play more collaborative and strategic conflict transformation roles.
- 7) Through our Accord series we will help promote reflection on and learning from the Aceh peace process and begin new work on peacemaking processes in Somalia. We also plan to influence governments and international institutions' policies on the use of incentives, sanctions and conditionality in peacemaking, as part of our ongoing efforts to build more explicit and competent support for peace processes.

## **CONCILIATION RESOURCES**

### **DIRECTORS' AND TRUSTEES' REPORT (Cont/d) FOR THE YEAR ENDED 31 DECEMBER 2007**

#### **TRUSTEES' RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS**

Company law requires the trustees to prepare financial statements that give a true and fair view of the state of affairs of the charity at the end of the financial year and of its surplus or deficit for the financial year. In doing so the trustees are required to:

- (a) select suitable accounting policies and apply them consistently;
- (b) make judgements and estimates that are reasonable and prudent;
- (c) follow applicable accounting standard, subject to any material departures disclosed and explained in the accounts; and
- (d) prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

The trustees are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **STATEMENT OF DISCLOSURE TO AUDITOR**

In accordance with company law, as the company's directors, we certify that:

- so far as we are aware, there is no relevant audit information of which the company's auditors are unaware; and
- as the directors of the company we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that the charity's auditors are aware of that information.

#### **AUDITORS**

A resolution was proposed and agreed at the Annual General Meeting that Ramon Lee & Partners be re-appointed as auditors of the charity for the ensuing year.

#### **APPROVAL**

This report was approved by the Board of Directors and Trustees 18 February 2008 and signed on its behalf.

**K RAM  
SECRETARY**

# **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF**

## **CONCILIATION RESOURCES**

We have audited the financial statements of Conciliation Resources for the year ended 31 December 2007 set out on pages 11 to 20 which comprise: the Statement of Financial Activities, Balance Sheet and related notes. These financial statements have been prepared in accordance with the accounting policies set out therein.

This auditor's report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume any responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS**

The trustees' (who are also the directors of Conciliation Resources for the purposes of company law) responsibilities for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Trustees' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Report of the Trustees is not consistent with the financial statements, if the charitable company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Trustees' remuneration and transactions with the company is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

### **BASIS OF OPINION**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charity's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### **OPINION**

In our opinion:

- the information given in the trustees'/directors' report for the financial year ended 31 December 2007 is consistent with the financial statements;
- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state affairs of the Charitable company's affairs as at 31 December 2007 and of its incoming resources and application of resources, including its income and expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Companies Act 1985.

**RAMON LEE & PARTNERS**  
**REGISTERED AUDITORS**  
**CHARTERED ACCOUNTANTS**

**KEMP HOUSE**  
**152/160 CITY ROAD**  
**LONDON EC1V 2DW**

**28 MARCH 2008**

**CONCILIATION RESOURCES**

**STATEMENT OF FINANCIAL ACTIVITIES**

**FOR THE YEAR ENDED 31 DECEMBER 2007**

**SUMMARY INCOME AND EXPENDITURE ACCOUNT**

	<u>Notes</u>	<u>Unrestricted Funds</u> £	<u>Restricted Funds</u> £	<u>Total 2007</u> £	<u>Total 2006</u> £
<b>INCOMING RESOURCES</b>					
<i>Incoming resources from generating funds:</i>					
<i>Voluntary income:</i>					
Grants & donations receivable	2	224,517	-	224,517	209,300
<i>Activities for generating funds:</i>					
Fees receivable		2,765		2,765	2,551
Other income		4,006	-	4,006	8,224
Interest receivable		11,139	-	11,139	9,817
<i>Incoming resources from charitable activities:</i>					
Grants & donations receivable	3	25,000	1,740,542	1,765,542	1,555,626
Manuscript sales and other income	3	4,421	-	4,421	3,376
<b>Total incoming resources</b>		<b>271,848</b>	<b>1,740,542</b>	<b>2,012,390</b>	<b>1,788,894</b>
<b>RESOURCES EXPENDED</b>					
Cost of generating voluntary income		33,535	-	33,535	34,576
Charitable activities		167,374	1,690,294	1,857,668	1,697,713
Governance costs		47,564	-	47,564	52,162
<b>Total resources expended</b>	4	<b>248,473</b>	<b>1,690,294</b>	<b>1,938,767</b>	<b>1,784,451</b>
Net movement in funds		23,375	50,248	73,623	4,443
<i>Reconciliation of funds</i>					
Total funds, brought forward		223,009	216,522	439,531	435,088
<b>Total funds, carried forward</b>	10	<b>246,384</b>	<b>266,770</b>	<b>513,154</b>	<b>439,531</b>

The Statement of Financial Activities also complies with the requirements for an Income & Expenditure Account under the Companies Act 1985.

**CONTINUING OPERATIONS**

None of the company's activities were acquired or discontinued during the above two financial periods.

**TOTAL RECOGNISED GAINS AND LOSSES**

The company has no recognised gains or losses other than the above movement in funds for the above two financial periods.

The notes on page 13 to 20 form part of these accounts.

# CONCILIATION RESOURCES

## BALANCE SHEET AS AT 31 DECEMBER 2007

	<u>Notes</u>	<u>2007</u>	<u>2006</u>
		£	£
<b>FIXED ASSETS</b>			
Tangible assets	7	17,220	19,141
<b>CURRENT ASSETS</b>			
Debtors	8	391,783	325,531
Cash at bank and in hand		268,939	235,405
		<u>660,722</u>	<u>560,936</u>
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	9	<u>164,788</u>	<u>140,546</u>
<b>NET CURRENT ASSETS</b>		495,934	420,390
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>513,154</u>	<u>439,531</u>
<b>INCOME FUNDS</b>			
Unrestricted income funds:	10	246,384	223,009
Restricted income funds	10	266,770	216,522
		<u>513,154</u>	<u>439,531</u>

These accounts were approved by the Board of Directors and Trustees on 18 February 2008 and were signed on its behalf by:

..... **M Bradbury (Chair)**

..... **R Cooke (Hon. Treasurer)**

The notes on pages 13 to 20 form part of these accounts.

# CONCILIATION RESOURCES

## NOTES TO THE ACCOUNTS

### FOR THE YEAR ENDED 31 DECEMBER 2007

#### 1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. The accounting policies have been applied consistently throughout the year and in the preceding year.

##### 1.1 Basis of preparation of accounts

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value. The financial statements have been prepared in accordance with the Statement of Recommended Practice – Accounting and Reporting by Charities (SORP 2005) issued in March 2005, applicable UK Accounting Standards and the Companies Act 1985. The principal accounting policies adopted in the preparation of the financial statements are set out below.

##### 1.2 Incoming resources

Voluntary income including donations, gifts and grants that provide core funding or are of general nature are recognised where there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability. Such income is only deferred when:

The donor specifies that the grant or donation must only be used in future accounting periods; or  
The donor has imposed conditions which must be met before the charity has unconditional entitlement.

Income from charitable activities includes income received under contract or where entitlement to grant funding is subject to specific performance conditions is recognised as earned (as the related goods or services are provided). Grant income included in this category provides funding to support performance activities and is recognised where there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability. Income is deferred when:

Performance related grants are received in advance of the performances or event to which they relate.

Grants received as a contribution towards the purchase of capital equipment are taken to the Statement of Financial Activities in the period in which they are received.

Investment income is recognised on a receivable basis.

##### 1.3 Volunteers and donated services and facilities

Where services are provided to the charity as a donation that would normally be purchased from our suppliers, this contribution is included in the financial statements at an estimate based on the value of the contribution to the charity. There were no such donations during the year.

##### 1.4 Resources expended

Expenditure is recognised when a liability is incurred.

- Costs of generating funds are those cost incurred in attracting voluntary income, and those incurred in trading activities that raise funds.
- Charitable activities include expenditure associated with the main objectives of the charity and include both the direct costs and support costs relating to these activities.
- Governance costs include those incurred in the governance of the charity and its assets and are primarily associated with constitutional and statutory requirements.
- Support costs include central functions and have been allocated to activity cost categories on a basis consistent with the use of the resources, e.g. staff costs by the time spent and other costs by number of work stations, or transactions.

##### 1.5 Irrecoverable VAT

All resources expended are classified under activity heading that aggregate all costs related to the category. Irrecoverable VAT is charged against the category of resources expended for which it was incurred.

# CONCILIATION RESOURCES

## NOTES TO THE ACCOUNTS (Cont/d)

### FOR THE YEAR ENDED 31 DECEMBER 2007

#### 1.6 Pensions

The pension costs charged in the accounts represents the contributions payable by the charity during the year in accordance with FRS17. The company operates a defined contribution pension scheme on behalf of its staff. The assets of the scheme are held separately from those of the company in an independently administered fund. Contributions to the scheme are charged to profit and loss account in the year in which they are payable.

#### 1.7 Taxation

The Charity is a registered charity and, therefore, is not liable for Income Tax or Corporation Tax on income derived from its charitable activities, as it falls within the various exemptions available to registered charities.

#### 1.8 Foreign currency transactions

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the Statement of Financial Activities.

#### 1.9 Tangible fixed assets and depreciation

Tangible fixed assets (excluding investments) are stated at cost less depreciation. The cost of minor additions or those costing less than £500 are not capitalised. Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Office Equipment	33 1/3% straight line.
Furniture & Fittings	33 1/3% straight line.
Motor Vehicles	33 1/3% straight line.

#### 1.10 Funds structure

Unrestricted funds are available for use at the discretion of the Trustees and in furtherance of the general objectives of the charity. Unrestricted funds include a revaluation reserve representing the restatement of investment assets at market value.

The restricted funds are monies raised for, and their use restricted to, a specific purpose or donations subject to donor imposed conditions.

## 2. VOLUNTARY INCOME

	Unrestricted Funds £	Total 2007 £	Total 2006 £
Boltons Trust, UK	-	-	20,000
Calpe Trust, UK	500	500	500
Joseph Rowntree Charitable Trust, UK	3,600	3,600	3,600
Ministry of Foreign Affairs, Norway	30,306	30,306	-
Rowan Charitable Trust, UK	-	-	2,500
Swedish International Development Co-operation Agency	124,849	124,849	99,950
Federal Department of Foreign Affairs, Switzerland	48,522	48,522	37,000
The Tinsley Foundation, UK	200	200	10,750
Anonymous donor	15,000	15,000	35,000
C/o Lord Ashdown Charitable Settlement, UK	1,000	1,000	-
Donations	540	540	-
	<u>224,517</u>	<u>224,517</u>	<u>209,300</u>

# CONCILIATION RESOURCES

## NOTES TO THE ACCOUNTS (Cont/d)

### FOR THE YEAR ENDED 31 DECEMBER 2007

#### 3. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted <u>Funds</u> £	Restricted <u>Funds</u> £	Total <u>2007</u> £	Total <u>2006</u> £
<b><i>Policy, Communications &amp; Comparative Learning (inc. Accord)</i></b>				
Allan & Nesta Ferguson Charitable Trust, UK	-	-	-	5,000
Department for International Development, UK	25,000	229,307	254,307	331,781
Federal Department of Foreign Affairs, Switzerland	-	-	-	13,355
Joseph Rowntree Charitable Trust, UK	-	15,000	15,000	19,000
Ministry of Foreign Affairs, Norway	-	137,129	137,129	-
Rowan Charitable Trust, UK	-	5,000	5,000	-
Swedish International Development Co-operation Agency	-	41,200	41,200	29,397
Publications sales	3,093	-	3,093	3,376
<b><i>Caucasus</i></b>				
Allan & Nesta Ferguson Charitable Trust, UK	-	10,000	10,000	-
Department for International Development, UK	-	259,586	259,586	-
European Commission, Belgium	-	53,348	53,348	50,284
Federal Department of Foreign Affairs, Switzerland	-	56,739	56,739	71,894
Global Conflict Prevention Pool, UK	-	200,326	200,326	351,922
Media Diversity Institute, UK	-	-	-	26,036
Ministry of Foreign Affairs, Austria	-	-	-	8,027
Ministry of Foreign Affairs, Netherlands	-	4,917	4,917	46,000
Organisation for Security & Cooperation in Europe, Mission to Georgia	-	-	-	11,073
Swedish International Development Co-operation Agency	-	41,200	41,200	41,156
University of Warwick (via EC: EIDHR), UK	-	23,651	23,651	-
Other income	1,328	-	1,328	-
<b><i>West Africa</i></b>				
Department for International Development, UK	-	364,903	364,903	183,224
Oakdale Trust, UK	-	-	-	500
Swedish International Development Co-operation Agency	-	41,200	41,200	61,734
Tinsley Foundation, UK	-	4,000	4,000	-
<b><i>Uganda / Sudan</i></b>				
AW.60 Charitable Trust, UK	-	-	-	500
Department for International Development, UK	-	95,171	95,171	48
Eva Reckitt Trust Fund, UK	-	-	-	2,000
Federal Foreign Office (via ifa Projekt zivik), Germany	-	23,192	23,192	108,334
HORIZONT3000 (via East Africa Office), Austria	-	-	-	1,662
Ministry of Foreign Affairs, Netherlands	-	-	-	60,256
Ministry of Foreign Affairs, Norway	-	93,473	93,473	70,692
Swedish International Development Co-operation Agency	-	41,200	41,200	61,733
Other donations	-	-	-	18
	<u>29,421</u>	<u>1,740,542</u>	<u>1,769,963</u>	<u>1,559,002</u>



**CONCILIATION RESOURCES**

**NOTES TO THE ACCOUNTS (Cont/d)**

**FOR THE YEAR ENDED 31 DECEMBER 2007**

**4. RESOURCES EXPENDED**

		Policy Communications & Comparative				West	Project			
	<u>Basis of allocation</u>	<u>Voluntary Income</u>	<u>Learning</u>	<u>Caucasus</u>	<u>Africa</u>	<u>Uganda</u>	<u>Development</u>	<u>Governance</u>	<u>2007</u>	<u>2006</u>
		£	£	£	£	£	£	£	£	£
<i>Costs directly allocated to activities:</i>										
Salaries and staff costs	Direct	9,549	222,960	208,112	63,892	94,041	17,964	13,851	630,369	594,714
Direct project costs	Direct	155	58,859	271,176	281,119	139,662	11,964	155	763,090	676,140
Events and meetings	Direct	117	22,206	12,021	31,496	1,007	149	6,472	73,468	76,485
Travel and accommodation	Direct	4,116	5,892	93,650	6,480	17,861	2,261	55	130,315	105,619
Communication costs	Direct	-	19,598	11,984	6,320	699	-	-	38,601	41,395
Audit fees	Direct	-	-	-	-	-	-	6,462	6,462	6,462
<i>Support costs allocated to activities:</i>										
Management and administration costs	Staff time	10,585	22,565	21,678	12,264	11,495	3,648	6,079	88,314	64,438
Finance costs	Staff time	2,739	14,241	21,909	9,311	8,216	1,095	8,216	65,727	64,408
Premises costs	Work stations	3,976	26,453	30,613	8,230	12,735	3,181	3,976	89,164	96,381
Communication costs	Work stations	912	6,016	2,777	1,823	3,973	729	912	17,142	18,814
Information Technology	Work stations	1,278	10,354	7,362	2,556	5,448	1,022	1,278	29,298	31,025
Legal & professional fees	Transactions	38	251	206	76	122	31	38	762	2,875
Other expenses	Work stations	70	1,316	2,003	887	970	739	70	6,055	5,695
		<u>33,535</u>	<u>410,711</u>	<u>683,491</u>	<u>424,454</u>	<u>296,229</u>	<u>42,783</u>	<u>47,564</u>	<u>1,938,767</u>	<u>1,784,451</u>

# CONCILIATION RESOURCES

## NOTES TO THE ACCOUNTS (Cont/d)

### FOR THE YEAR ENDED 31 DECEMBER 2007

#### 5. NET MOVEMENT IN FUNDS FOR THE YEAR

The net movement in funds is stated after charging:

	<b><u>2007</u></b> <b><u>£</u></b>	<b><u>2006</u></b> <b><u>£</u></b>
Depreciation of tangible fixed assets	11,690	15,651
Audit fees	<u>6,462</u>	<u>6,462</u>

#### 6. STAFF COSTS

Staff costs were as follows:

	<b><u>2007</u></b> <b><u>£</u></b>	<b><u>2006</u></b> <b><u>£</u></b>
UK Employee salaries	585,290	572,524
Social security costs	61,705	60,848
Pension costs	44,495	43,638
	<u>691,490</u>	<u>677,010</u>

No employee received remuneration of more than £60,000.

The average monthly number of staff employed, calculated as full time equivalent in the UK by the charity during the period was as follows:

	<b><u>2007</u></b> <b><u>Number</u></b>	<b><u>2006</u></b> <b><u>Number</u></b>
Executive Director	1	1
Policy, Communications & Comparative Learning	6	6
Caucasus	4	4
Uganda	2	3
West Africa	1	1
Administrative, financial management and fundraising support	5	6
	<u>20</u>	<u>21</u>

# CONCILIATION RESOURCES

## NOTES TO THE ACCOUNTS (Cont/d)

### FOR THE YEAR ENDED 31 DECEMBER 2007

#### 7. TANGIBLE FIXED ASSETS

	<u>Office Equipment</u>	<u>Furniture &amp; Fittings</u>	<u>Motor Vehicle</u>	<u>Total</u>
<b>COST</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
As at 1st January 2007	121,869	36,272	21,006	179,147
Additions	9,769	-	-	9,769
As at 31st December 2007	<u>131,638</u>	<u>36,272</u>	<u>21,006</u>	<u>188,916</u>
<b>DEPRECIATION</b>				
As at 1st January 2007	107,724	31,276	21,006	160,006
Charge for the year	6,694	4,996	-	11,690
As at 31st December 2007	<u>114,418</u>	<u>36,272</u>	<u>21,006</u>	<u>171,696</u>
<b>NET BOOK VALUES</b>				
As at 31st December 2007	<u>17,220</u>	<u>-</u>	<u>-</u>	<u>17,220</u>
As at 1st January 2007	<u>14,145</u>	<u>4,996</u>	<u>-</u>	<u>19,141</u>

#### 8. DEBTORS

	<u>2007</u> <u>£</u>	<u>2006</u> <u>£</u>
Grants awarded yet to be received	308,436	282,982
Fees, manuscript sales and other income receivable	2,765	-
Other debtors & prepayments	80,582	42,549
	<u>391,783</u>	<u>325,531</u>

Other debtors and prepayments includes a rent deposit of £12,500 (2006 - £12,500), which is receivable after more than one year.

#### 9. CREDITORS: amounts falling due within one year

	<u>2007</u> <u>£</u>	<u>2006</u> <u>£</u>
Trade creditors	36,394	18,255
Social security & other taxes	15,517	15,972
Other creditors & accruals	112,877	106,319
	<u>164,788</u>	<u>140,546</u>

# CONCILIATION RESOURCES

## NOTES TO THE ACCOUNTS (Cont/d)

### FOR THE YEAR ENDED 31 DECEMBER 2007

#### 10. MOVEMENT IN FUNDS

	<b>Balance as at 1.1.07 £</b>	<b>Income £</b>	<b>Expenditure £</b>	<b>Balance at 31.12.07 £</b>
<b>Restricted Funds:</b>				
Policy, Communications & Comparative Learning	79,063	427,636	385,861	120,838
Caucasus	70,540	649,767	660,874	59,433
Uganda	66,919	253,036	274,048	45,907
West Africa	-	410,103	369,511	40,592
	<u>216,522</u>	<u>1,740,542</u>	<u>1,690,294</u>	<u>266,770</u>
<b>Unrestricted Funds:</b>				
General funds	223,009	271,848	248,473	246,384
Total funds	<u>439,531</u>	<u>2,012,390</u>	<u>1,938,767</u>	<u>513,154</u>

#### Purposes of Restricted Funds:

- Policy, Communications & Comparative Learning (including Accord)
- The programme's goal is to improve international conflict transformation practice and policy. The aim is to inform the activities of primary parties and intermediaries in conflicts and peace negotiations with relevant comparative experience. It also aims to influence institutions and practitioners in the field of conflict resolution and development to work in more informed, inclusive and effective ways.
- The balance of funds relates to cumulative sales income, ongoing project activities for 'comparative learning' funded in advance by the Ministry of Foreign Affairs, Norway to August 2008 and programme costs funded by Department for International Development to March 2008.
- Caucasus
- The programme's goal is to improve prospects for the peaceful resolution of the conflicts over Abkhazia and Nagorny Karabakh and to promote a culture of peace based on justice and mutual respect.
- The balance of funds relates to general programme funds for Georgia Abkhazia related to work funded by the European Commission to May 2008 and the Global Conflict Prevention Pool to March 2008.
- Uganda / Sudan
- The programme's goal is to create an environment conducive to ending war in northern Uganda assisting partner organizations to make more strategic and effective interventions.
- The balance of funds relates to ongoing general programme costs and regional activities funded by the Ministry of Foreign Affairs, Norway and the Department for International Development, UK.
- West Africa
- The programme's goal is to see that local, national and sub-regional conflict transformation processes in Sierra Leone and the Mano River Union countries help build a just and sustainable peace.
- The balance of funds relates to ongoing security sector project activities funded by Department for International Development, UK.

## CONCILIATION RESOURCES

### NOTES TO THE ACCOUNTS (Cont/d)

#### FOR THE YEAR ENDED 31 DECEMBER 2007

#### 11. ANALYSIS OF FUND BALANCES BETWEEN NET ASSETS

	<u>Unrestricted Funds</u> £	<u>Restricted Funds</u> £	<u>Total 2007</u> £	<u>Total 2006</u> £
Tangible fixed assets	17,220	-	17,220	19,141
Net current assets	229,164	266,770	495,934	420,390
	<u>246,384</u>	<u>266,770</u>	<u>513,154</u>	<u>439,531</u>

#### 12. OPERATING LEASE COMMITMENTS

The amounts payable in the next year in respect of operating leases in respect of rent and service charge are shown below, analysed according to the expiry date of the leases.

	<u>2007</u> £	<u>2006</u> £
One year	-	-
Between two and five years	48,277	48,277
	<u>48,277</u>	<u>48,277</u>

#### 13. TRUSTEE REMUNERATION & RELATED PARTY TRANSACTIONS

For the whole of the year, the charity was under the control of the directors and trustees as shown on page two.

No remuneration was paid to Trustees in the year except for A Carl, who received remuneration (excluding pension contributions) of £47,829 (2006 – £45,303). This arrangement is in accordance with the Charity's Articles of Association which stipulate that one Trustee who is also a Chief Executive can be paid in good faith as long as inclusion in the Trustee body is expedient and in the interests of the Charity.

Expenses for airfares, travel and accommodation totalling £4,226 (2006 – £4,147) was paid on behalf of four trustees.