

CONCILIATION RESOURCES

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

FOR THE YEAR ENDED 31ST DECEMBER 2006

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

CONCILIATION RESOURCES

Company Information

Directors and Trustees	Mr M Bradbury (Chair) Mr A Carl Mr R Cooke (Hon. Treasurer) Mr M Hoffman Mr N Jefferies Mr B Jones Ms M Manderson-Mills Ms B Stolte Van Empelen Mr L Nathan Ms L Philipson Ms V Terselic Mr H Tinsley
Secretary	Ms K Ram
Senior Management Team	Mr A Carl – Executive Director Ms K Ram – Operations Manager Ms J Williams – Finance Manager Mr J Cohen – Program Co-Director (Caucasus) Ms R Clogg - Program Co-Director (Caucasus) Ms C McKeon – Program Director (PCCL) Mr B Higgs – Program Co-Director (Uganda) Mr B Eser - Program Co-Director (Uganda) Mrs M Konneh – Program Director (West Africa)
Company Number	3196482
Charity Number	1055436
Registered Office	173 Upper Street London N1 1RG
Auditors	Ramon Lee & Partners Kemp House 152 - 160 City Road London EC1V 2DW
Bankers	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 31ST DECEMBER 2006

The Directors and Trustees present their report and audited accounts for the year ended 31st December 2006.

The accounts have been prepared in accordance with the accounting policies set out in note 1 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 9th 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.

Recruitment and appointment of Trustees

As set out in the Articles of Association the Chair of the Trustees is nominated by the Board of Trustees of Conciliation Resources. The Directors of the organization are also the charity trustees for the purposes of charity law.

The Board of Trustees have power to appoint additional Trustees as it considers fit to do so.

The Trustees in office in the year are set out on page 2. The Trustees have no beneficial interest in the company other than as members. The Trustees are also the directors of the company. All of the Trustees are members of the company and guarantee to contribute not more than £10 in event of winding up.

New trustees are recruited in-line with a regularly reviewed skills audit and organizational policy on "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.

Trustee induction and training

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

Organization

CR is governed by an international Board of experienced practitioners who meet four times a year. Financial and management reports are provided quarterly to the Treasurer. Full quarterly reports are made to the Board of Trustees and its Finance Sub-Committee, including statement of individual accounts by restricted and unrestricted funds identifying specific or general funding linked to estimates.

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 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 and Finance Officer and Fundraising Coordinator. Communications and 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.

CONCILIATION RESOURCES

DIRECTORS' AND TRUSTEES' REPORT (Cont/d)

FOR THE YEAR ENDED 31ST DECEMBER 2006

In addition to its London office, CR is registered in Sierra Leone as an international non-governmental organization. CR has three offices (in Freetown, Kenema and Bo) staffed by fourteen nationals. CR does receive 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.

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

The major risks to which the charity is exposed as identified by the Trustees (governance, operational, financial and external) have been reviewed and systems – including an organizational 'risk register' and staff safety and security policies and guidelines have been established to mitigate those risks. Because the nature of CR's overseas work is in countries affected by conflict, the security situation in the countries concerned are regularly reviewed and CR seeks to take all steps to avoid undue risks taken on the part of staff and project partners. To mitigate financial risk and insecurity, as well as dependency on one donor, CR tries to have a broad donor base, both for the organization as a whole as well as for each separate programme. CR is also continuing to seek and secure longer-term funding both institutionally and for programmes.

OBJECTIVES AND ACTIVITIES

The charity's objective and its principal activity is to provide practical support for community-based and national organizations pursuing peacebuilding and initiative which transform conflict in their country or region suffering from or threatened by organized violence.

CR runs programmes in the southern Caucasus (in Georgia, Abkhazia, Armenia, Azerbaijan and Nagorny Karabakh) and in northern Uganda and Southern Sudan, and in Sierra Leone and the Mano River Sub region with other work undertaken in Fiji, Colombia and the Philippines as well as the publication of our online Accord series on peace processes. Our five broad strategic objectives are the following:

- 1) To support people working at local, national and international levels to develop effective solutions to social, economic and political problems related to violent conflicts
- 2) To provide opportunities for inclusive dialogue and improved relationships within communities and across conflict divides at all social and political levels
- 3) To influence governments and other decision makers to employ conflict transformation policies that promote alternatives to violence
- 4) To improve peacemaking practice and policies by promoting learning from peace processes around the world
- 5) To 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 31ST DECEMBER 2006

ACHIEVEMENTS AND PERFORMANCE

Achievements in 2006

A selection of the organizations achievements in 2006 included:

- Publishing the 17th and 18th editions in our Accord series on the peace processes in Nagorny Karabakh and Sudan respectively;
- Continued work influencing policy-makers on the issue of 'engaging armed groups in peace processes';
- Promoted opportunities for international comparative learning on peace process in both Colombia and the Philippines;
- In the conflict in northern Uganda CR supported a number of local peacemaking initiatives – assisting them in developing and sustaining their organizational capacities and their peace interventions;
- With them we have helped to promote the voluntary return of former abductees from the Lord's Resistance Army through a better understanding (in the affected communities) of the informal processes that support such a return;
- We also supported a local hearing in Atiak helping the community there 'make peace with the past';
- In southern Sierra Leone we helped to build the capacities of local organizations to manage and resolve community conflicts over land ownership and chieftancy disputes;
- We also helped young people affected by the war develop economically viable businesses and gain greater trust and respect from community elders;
- In Georgia we supported the growth a network of organizations working to improve the political and social rights of internally displaced persons.
- We also held dialogue workshops for Georgian and Abkhaz politicians and influential citizens allowing them to build a shared analysis of the conflict and peace process;
- We also co-produced 'radio diaries' which are real life stories recorded by ordinary peace and broadcast throughout the south Caucasus. The project helps to break down stereotypes;
- In Fiji we helped our local partners in their efforts to promote a coherent local and international response to the coup.

A summary of CR's other achievements can be read in its website.

FINANCIAL REVIEW

The Statement of Financial Activities show net surplus of £4,443 (2005 – deficit £307,467) for the year, and total funds available stand at £439,531 (2005 - £435,088).

CR grant income for this year has increased by 27% on the previous year's income supported by our institutional donors and a number of new donors, while our expenditure has seen a measured increase at an average of 8% over the past years. This has enabled us to begin to invest in management, administration and fundraising to make significant improvements in the overall effectiveness of the organization. We have taken on three new support staff and developed support systems and guidelines to enable CR to strengthen its financial security.

CONCILIATION RESOURCES

DIRECTORS' AND TRUSTEES' REPORT (Cont/d)

FOR THE YEAR ENDED 31ST DECEMBER 2006

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 authorised by the Programme Director, who is responsible for ensuring that expenditure remains within budget, and by the Director or the Operations Manager.

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 receives income through donations, grants, project income and other sources. It plans its activities over a three to five year time horizon 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 the budget. The only funds that Conciliation Resources holds that are not expendable within twelve months of receipt are reserves and any grants or contract for activities over a longer period.

Consequently the trustees do not consider that it is prudent to invest income for the longer term. Its policy for investment is therefore to retain funds as cash and place them on bank deposit, or on deposit with the Charities Deposit Fund at the best rate obtainable. As a result it considers that it is not appropriate for Conciliation Resources to adopt an ethical investment policy

Reserves policy

It is the policy of the Trustees of Conciliation Resources to allocate 75% of any unrestricted surplus at the end of each year to Unrestricted Reserves, Conciliation Resources aims to keep a prudent working balance of reserves equalling six months of operating costs to cover future contractual liabilities, mainly staff salaries and rent, £193,500 (£180,000 in 2005). The need to build up the general reserves, however, will be balanced against the needs of specific programme areas that are deemed crucial for the work of the charity. The reserves policy will be kept under regular review by CR's Board.

FUTURE PLANS AND DEVELOPMENTS

The geographic scope of CR's upcoming work will largely remain the same – guided by the needs of individuals and groups working in areas of potential violence or armed conflict: working in Sierra Leone with some involvement in Guinea (Conakry) and Liberia, the south Caucasus (Georgia, Abkhazia, Armenia, Azerbaijan, and Nagorny Karabakh), northern Uganda, Sudan and the Democratic Republic of Congo (borders), as well as continuing work in Fiji, Colombia and the Philippines. Our publication Accord: an international review of peace initiatives will continue to work on the peace process in Sudan and will be focussing on how sanctions and conditionalities can effect the choices and behaviour of parties in a peace process. We will also be taking on a new project on Aceh in Indonesia and continuing to influence policy makers on the importance of supporting peace processes. In addition each programme has its own detailed goals and plans for the coming period.

CR is undertaking a process of strategic planning which will both confirm our ongoing partnership commitments and consider new areas of development. Three likely areas of development include (1) deepening the scope of our work with partners in the Philippines and Colombia in promoting comparative learning; and (2) doing more evidence-based work to influence public policy debates, drawing on both our experiences in our geographic programmes and the thematic work in the Accord series, and (3) continuing to work in support of partners in Fiji as well as responding to new requests from other countries and regions.

CONCILIATION RESOURCES

DIRECTORS' AND TRUSTEES' REPORT (Cont/d)

FOR THE YEAR ENDED 31ST DECEMBER 2006

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.

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 on 08 May 2007 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 31st December 2006 set out on pages 9 to 18 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 financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice of the state of the charitable company's affairs as at 31st December 2006 and of its incoming resources and application of resources, including its income and expenditure for the year then ended and 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

08 May 2007

CONCILIATION RESOURCES
STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31ST DECEMBER 2006
SUMMARY INCOME AND EXPENDITURE ACCOUNT

	<u>Notes</u>	<u>Unrestricted Funds</u> £	<u>Restricted Funds</u> £	<u>Total 2006</u> £	<u>Total 2005</u> £
INCOMING RESOURCES					
<i>Incoming resources from generating funds:</i>					
<i>Voluntary income:</i>					
Grants & donations receivable	2	209,300	-	209,300	136,577
<i>Activities for generating funds:</i>					
Fees receivable		2,551	-	2,551	16,687
Other income		8,224	-	8,224	31,441
Interest receivable		9,817	-	9,817	24,855
<i>Incoming resources from charitable activities:</i>					
Grants & donations receivable	3	50,000	1,505,626	1,555,626	1,189,887
Manuscript sales	3	3,376	-	3,376	4,493
Total incoming resources		<u>283,268</u>	<u>1,505,626</u>	<u>1,788,894</u>	<u>1,403,940</u>
RESOURCES EXPENDED					
Cost of generating voluntary income		34,576	-	34,576	23,219
Charitable activities		177,315	1,520,398	1,697,713	1,648,031
Governance costs		52,162	-	52,162	40,157
Total resources expended	4	<u>264,053</u>	<u>1,520,398</u>	<u>1,784,451</u>	<u>1,711,407</u>
Net movement in funds		19,215	(14,772)	4,443	(307,467)
<i>Reconciliation of funds</i>					
Total funds, brought forward		203,794	231,294	435,088	742,555
Total funds, carried forward	10	<u>223,009</u>	<u>216,522</u>	<u>439,531</u>	<u>435,088</u>

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 11 to 19 form part of these accounts.

CONCILIATION RESOURCES

BALANCE SHEET AS AT 31ST DECEMBER 2006

	<u>Notes</u>	<u>2006</u>		<u>2005</u>	
		£	£	£	£
FIXED ASSETS					
Tangible assets	7		19,141		25,060
CURRENT ASSETS					
Debtors	8	325,531		359,246	
Cash at bank and in hand		235,405		282,552	
		<u>560,936</u>		<u>641,798</u>	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR					
	9	<u>140,546</u>		<u>231,770</u>	
NET CURRENT ASSETS					
			420,390		410,028
TOTAL ASSETS LESS CURRENT LIABILITIES					
			<u>439,531</u>		<u>435,088</u>
INCOME FUNDS					
Unrestricted income funds:	10		223,009		203,794
Restricted income funds	10		216,522		231,294
			<u>439,531</u>		<u>435,088</u>

These accounts were approved by the Board of Directors and Trustees on 08 May 2007 and were signed on its behalf by:

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

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

The notes on pages 11 to 19 form part of these accounts.

CONCILIATION RESOURCES

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 2006

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.

CONCILIATION RESOURCES

NOTES TO THE ACCOUNTS (Cont/d)

FOR THE YEAR ENDED 31ST DECEMBER 2006

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 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.

1.6 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.

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.

CONCILIATION RESOURCES

NOTES TO THE ACCOUNTS (Cont/d)

FOR THE YEAR ENDED 31ST DECEMBER 2006

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

CORE FUNDING

	Unrestricted Funds	Total 2006	Total 2005
	£	£	£
Boltons Trust, UK	20,000	20,000	-
Calpe Trust, UK	500	500	-
Charity Aid Foundation, UK	-	-	200
Joseph Rowntree Charitable Trust, UK	3,600	3,600	-
Rest Harrow Trust, UK	-	-	200
Rowan Charitable Trust, UK	2,500	2,500	-
Swedish International Development Cooperation Agency	99,950	99,950	99,999
Swiss Federal Department of Foreign Affairs	37,000	37,000	7,306
Swiss Agency for Development & Cooperation	-	-	28,872
The Tinsley Foundation, UK	10,750	10,750	-
Anonymous donor	35,000	35,000	-
	<u>209,300</u>	<u>209,300</u>	<u>136,577</u>

CONCILIATION RESOURCES

NOTES TO THE ACCOUNTS (Cont/d)

FOR THE YEAR ENDED 31ST DECEMBER 2006

3. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted Funds £	Restricted Funds £	Total 2006 £	Total 2005 £
<i>Policy, Communications & Comparative Learning</i>				
Allan & Nesta Ferguson Charitable Trust, UK	-	5,000	5,000	-
Department for International Development, UK	50,000	281,781	331,781	175,000
Federal Department of Foreign Affairs, Switzerland	-	13,355	13,355	14,612
Ford Foundation, US	-	-	-	52,589
Foreign and Commonwealth Office, UK	-	-	-	20,000
Swiss Agency for Development & Cooperation	-	-	-	57,840
Joseph Rowntree Charitable Trust, UK	-	19,000	19,000	-
Ministry of Foreign Affairs, Norway	-	-	-	76,148
Swedish International Development Co-operation Agency	-	29,397	29,397	17,911
Manuscript sales	3,376	-	3,376	4,493
<i>Caucasus</i>				
European Commission, Belgium	-	50,284	50,284	110,934
Federal Department of Foreign Affairs, Switzerland	-	71,894	71,894	-
Foreign and Commonwealth Office, UK	-	223,108	223,108	-
Global Conflict Prevention Pool (via FCO), UK	-	-	-	101,250
Global Conflict Prevention Pool (via International Alert), UK	-	128,814	128,814	97,541
Media Diversity Institute, UK	-	26,036	26,036	-
Ministry of Foreign Affairs, Austria	-	8,027	8,027	-
Ministry of Foreign Affairs, Netherlands	-	46,000	46,000	17,000
Organisation for Security & Cooperation in Europe, Mission to Georgia	-	11,073	11,073	4,467
Swedish International Development Co-operation Agency	-	41,156	41,156	8,955
<i>West Africa</i>				
Christian Aid, UK	-	-	-	527
Comic Relief (via International Alert), UK	-	-	-	5,364
Department for International Development, UK	-	183,224	183,224	96,649
Oakdale Trust, UK	-	500	500	-
Swedish International Development Co-operation Agency	-	61,734	61,734	86,566
<i>Uganda</i>				
AW.60 Charitable Trust, UK	-	500	500	-
Department for International Development, UK	-	48	48	79,366
HorizonT3000 (via East Africa Office), Germany	-	1,662	1,662	-
Ministry of Foreign Affairs, Norway	-	70,692	70,692	-
Misereor, Germany	-	-	-	1,680
Project Zivik, Germany	-	108,334	108,334	78,922
Ministry of Foreign Affairs (via Royal Embassy, Uganda), Netherlands	-	60,256	60,256	-
Swedish International Development Co-operation Agency	-	61,733	61,733	86,566
The Eva Reckitt Trust Fund, UK	-	2,000	2,000	-
Other donations	-	18	18	-
	<u>53,376</u>	<u>1,505,626</u>	<u>1,559,002</u>	<u>1,194,380</u>

CONCILIATION RESOURCES
NOTES TO THE ACCOUNTS (Cont/d)
FOR THE YEAR ENDED 31ST DECEMBER 2006

4. RESOURCES EXPENDED

	Basis of allocation	Policy Communications & Comparative		West	Fiji & Project			Governance	2006	2005
		Voluntary Income	Learning	Caucasus	Africa	Uganda	Development			
		£	£	£	£	£	£	£	£	
<i>Costs directly allocated to activities:</i>										
Salaries and staff costs	Direct	16,187	210,496	178,814	61,232	98,580	14,171	15,234	594,714	499,669
Direct project costs	Direct	-	85,232	297,119	206,087	87,702	-	-	676,140	713,846
Events and meetings	Direct	3,115	29,424	18,770	2,435	16,902	-	5,839	76,485	59,968
Travel and accomodation	Direct	1,523	19,497	62,399	1,892	14,411	-	-	99,722	144,226
Communication costs	Direct	-	25,827	13,561	234	1,773	-	-	41,395	44,106
Audit fees	Direct	-	-	-	-	-	-	6,462	6,462	5,875
<i>Support costs allocated to activities:</i>										
Management and administration costs	Staff time	3,221	19,166	15,895	6,571	9,857	3,286	6,442	64,438	58,264
Finance costs	Staff time	3,220	13,722	21,111	8,972	7,917	1,056	8,410	64,408	43,519
Premises costs	Work stations	4,999	34,317	36,187	10,008	16,057	3,999	4,999	110,566	99,105
Communication costs	Work stations	941	6,239	5,080	1,881	3,010	723	940	18,814	24,250
Information Technology	Work stations	961	9,804	5,242	1,923	3,077	769	961	22,737	14,396
Legal & professional fees	Transactions	-	-	-	-	-	-	2,875	2,875	799
Other expenses	Work stations	409	1,708	1,858	445	732	543	-	5,695	3,384
		<u>34,576</u>	<u>455,432</u>	<u>656,036</u>	<u>301,680</u>	<u>260,018</u>	<u>24,547</u>	<u>52,162</u>	<u>1,784,451</u>	<u>1,711,407</u>

CONCILIATION RESOURCES

NOTES TO THE ACCOUNTS (Cont/d)

FOR THE YEAR ENDED 31ST DECEMBER 2006

5. NET MOVEMENT IN FUNDS FOR THE YEAR

The net movement in funds is stated after charging:

	<u>2006</u> £	<u>2005</u> £
Depreciation of tangible fixed assets	15,651	17,257
Audit fees	<u>6,462</u>	<u>5,875</u>

6. STAFF COSTS

Staff costs were as follows:

	<u>2006</u> £	<u>2005</u> £
UK Employee salaries	572,524	465,865
Social security costs	60,848	49,266
Pension costs	43,638	36,562
	<u>677,010</u>	<u>551,693</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:

	<u>2006</u> Number	<u>2005</u> Number
Executive Director	1	1
Policy, Communications & Comparative Learning	6	6
Caucasus	4	4
Uganda	3	2
West Africa	1	1
Administrative, financial management and fundraising support	6	3
	<u>21</u>	<u>17</u>

CONCILIATION RESOURCES

NOTES TO THE ACCOUNTS (Cont/d)

FOR THE YEAR ENDED 31ST DECEMBER 2006

7. TANGIBLE FIXED ASSETS

	<u>Office Equipment</u>	<u>Furniture & Fittings</u>	<u>Motor Vehicle</u>	<u>Total</u>
	£	£	£	£
COST				
As at 1st January 2006	112,137	36,272	21,006	169,415
Additions	9,732	-	-	9,732
As at 31st December 2006	121,869	36,272	21,006	179,147
DEPRECIATION				
As at 1st January 2006	98,788	24,561	21,006	144,355
Charge for the year	8,936	6,715	-	15,651
As at 31st December 2006	107,724	31,276	21,006	160,006
NET BOOK VALUES				
As at 31st December 2006	14,145	4,996	-	19,141
As at 1st January 2006	13,349	11,711	-	25,060

8. DEBTORS

	<u>2006</u> £	<u>2005</u> £
Grants awarded yet to be received	282,982	255,628
Fees, manuscript sales and other income receivable	-	10,186
Other debtors & prepayments	42,549	93,432
	325,531	359,246

Other debtors and prepayments includes a rent deposit of £12,500 (2005 - £12,500), which is receivable after more than one year.

9. CREDITORS: amounts falling due within one year

	<u>2006</u> £	<u>2005</u> £
Grant refundable	-	81,846
Trade creditors	18,255	28,671
Social security & other taxes	15,972	15,966
Other creditors & accruals	106,319	105,287
	140,546	231,770

CONCILIATION RESOURCES

NOTES TO THE ACCOUNTS (Cont/d)

FOR THE YEAR ENDED 31ST DECEMBER 2006

10. RESTRICTED FUNDS

	<u>Balance as at 1.1.06</u> £	<u>Income</u> £	<u>Expenditure</u> £	<u>Balance at 31.12.06</u> £
Restricted Funds:				
Policy, Communications & Comparative Learning	138,534	348,533	408,004	79,063
Caucasus	89,122	606,392	624,974	70,540
Uganda	3,638	305,243	241,962	66,919
West Africa	-	245,458	245,458	-
	<u>231,294</u>	<u>1,505,626</u>	<u>1,520,398</u>	<u>216,522</u>
Unrestricted Funds:				
General funds	203,794	283,268	264,053	223,009
Total funds	<u>435,088</u>	<u>1,788,894</u>	<u>1,784,451</u>	<u>439,531</u>

Purposes of Restricted Funds:

- Policy, Communications & Comparative Learning - The aim of this programme 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 general programme costs funded by Department for International Development to March 2007, on-going project activities for Comparative Learning funded by the Ford Foundation to April 2007.
- Caucasus - This programme's goal is to improve the 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 and project activities in Georgia Abkhazia funded by the Foreign & Commonwealth Office and Ministry of Foreign Affairs, Netherlands.
- Uganda - This programme aims to work with local partners to create an environment conducive to ending war in northern Uganda assisting them to make more strategic and more effective interventions.
- The balance of funds relates to ongoing general programme costs and regional activities funded by Ministry of Foreign Affairs, Norway.
- West Africa - This programme aims to contribute to, support and strengthen efforts of conflict transformation, peace consolidation and promotion of justice through addressing the various causes and consequences of violent conflict locally, nationally and sub-regionally in Sierra Leone and the other Mano River Union countries.

CONCILIATION RESOURCES

NOTES TO THE ACCOUNTS (Cont/d)

FOR THE YEAR ENDED 31ST DECEMBER 2006

11. ANALYSIS OF FUND BALANCES BETWEEN NET ASSETS

	<u>Unrestricted Funds</u> £	<u>Restricted Funds</u> £	<u>Total 2006</u> £	<u>Total 2005</u> £
Tangible fixed assets	19,141	-	19,141	25,060
Net current assets	203,868	216,522	420,390	410,028
	<u>223,009</u>	<u>216,522</u>	<u>439,531</u>	<u>435,088</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. Amounts are based upon a verbal agreement as new contracts had still not been signed at the date of approval of these accounts.

	<u>2006</u> £	<u>2005</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 2.

No remuneration was paid to Trustees in the year except for A Carl, who received remuneration (excluding pension contributions) of £45,303 (2005 – £42,911). 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 air fares, travel and accommodation totalling £4,147 (£1,596 in 2005) was paid on behalf of four trustees.