

CONCILIATION RESOURCES

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

FOR THE YEAR ENDED 31 DECEMBER 2008

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

CONCILIATION RESOURCES

Company Information

Directors and Trustees	Mr M Bradbury (Chair) Mr A Carl (Executive Director) Mr R Cooke (Hon. Treasurer) Mr M Hoffman Mr N Jefferies (Resigned 03/03/08) Ms M Manderson-Mills Ms B Stolte Van Empelen Ms L Philipson Ms V Terselic Ms C Bell (Resigned 03/03/08) Ms T Whitfield Ms S Williams (Resigned 08/12/08) Mr B Afako Mr R Reeve (Resigned 08/12/08)
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 – Director of Programs Ms R Clogg – Programme Co-Director (Caucasus) Ms C McKeon – Programme Director (PCCL) Mr K Tumutegyereize – Programme Director (Uganda) Ms S Goinhas – Programme Director (West Africa) Ms P Hon – Fundraising Co-ordinator
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 31 DECEMBER 2008

The Directors and Trustees present their report and audited accounts for the year ended 31 December 2008.

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 (CR) (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 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.

The Executive Director, who is supported by an advisory Senior Management Team, provides overall organizational management. Each Programme 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 Director of Programmes, Executive Assistant, Operations Manager, Administrative Officer, Finance Manager and 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 (in Freetown, Bo and Kenema) staffed by nationals there. The Kenema office was closed in August. 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

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

The Trustees in office in 2008 are set out on page one. The Trustees are also the legal directors and members of the company with their financial responsibilities limited by guarantee.

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. The Board makes all decisions on the appointment of Trustees.

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 internal induction processes.

CONCILIATION RESOURCES

DIRECTORS' AND TRUSTEES' REPORT (Cont/d)

FOR THE YEAR ENDED 31 DECEMBER 2008

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 compiled in a 'risk register' and 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 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), and in the areas affected by the LRA conflict in northern Uganda and southern Sudan and eastern (DR) Congo, and in the Mano River sub-region of West Africa (Guinea, Liberia and Sierra Leone). Other project work is undertaken in Fiji, Colombia and the Philippines and in India and Pakistan. Our work with a global reach includes the publication of the Accord series on peace processes. Our 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.

ACHIEVEMENTS IN 2008

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 2008 a selection of highlights included:

Supporting people to find solutions to the problems that drive violent conflict:

- Facilitated a workshop for our partners, *Ker Kwaro Acholi*, an organization of traditional leaders, on gender and reconciliation in Uganda, which resulted in their forming of a 'gender working group' to engage with traditional leaders on gender issues;
- Assisted *Totto Chan* Child Trauma Centre in Juba, Sudan, in conducting community events that brought together different LRA-affected communities to share experiences and share education and materials helping to strengthen their resilience in response to sustained insecurity;
- Held a five-day partner's meeting in London in October to plan short to long-term strategies in the new context in Georgia and Abkhazia after the war in August;
- Sierra Leonean 'Peace Monitors' actively mediated in dozens of disputes with support from the Bo Peace and Reconciliation Movement who expanded their portfolio to look at security issues and give support for 24 Chiefdom Peace and Reconciliation Committees;
- Convened a two-day workshop in Pakistan Administered Kashmir for civil-society actors on peacebuilding challenges as the first part of a longer-term process of professional development.

CONCILIATION RESOURCES

DIRECTORS' AND TRUSTEES' REPORT (Cont/d)

FOR THE YEAR ENDED 31 DECEMBER 2008

Providing opportunities for dialogue across divides:

- Developed a strategy for greater linkages between the 'Minsk Group' co-Chairs, who lead official negotiations on Nagorny Karabakh in the Caucasus with high-level meetings held in each of the three co-Chair countries making policy recommendations and later issuing press releases;
- Held a "youth dialogue" meeting in London bringing together politically active youth from Georgia and Abkhazia to discuss the conflict and help improve inter-communal relations;
- Supported (with advice, comparative research and funding) the creation of a 'track II' initiative called 'Dialogue Fiji' with funds, advice and a research paper on comparative experiences to help promote public participation in reaching a political settlement;
- Organized and did preparatory research for a joint analysis workshop for civil society actors from India and Pakistan, on either side of the Kashmir line of control, which took place in 2009;
- Facilitated exchange visits between elders and traditional leaders between Northern Uganda and Southern Sudan with accompanying radio and video work to help address cross-cultural misunderstanding.

Influencing governments to employ conflict transformation policies:

- Published, distributed and launched the nineteenth issue in our *Accord* series: *Powers of persuasion: incentives, sanctions and conditionality* and held seminars for UK officials and at the UN secretariat in collaboration with the Mediation Support Unit for staff in the Department of Political Affairs and other UN mediation experts including the International Crisis Group, European Union and Swiss government officials;
- Commissioned and published a report, "*Perilous Borders: Sudan Communities Affected by Conflict in the Uganda/Sudan Border*" that was circulated widely to positive feedback;
- Conducted an assessment of the civilian oversight of the security forces looking at the Sierra Leonean Parliamentary Committee on Defence, in partnership with CEDSA and later trained parliamentarians on security reform issues, in collaboration with the Office of National Security;
- With funding through CR, the Citizen's Constitutional Forum (CCF) undertook a review of human rights training in the national school curriculum at the Ministry of Education in Fiji in partnership with the Curriculum Development Unit;
- Made a submission to the UN Peacebuilding Commission on its draft framework for cooperation in Sierra Leone, and the Commission took up two of CR's recommendations;
- With the British government, we co-facilitated a course for conflict advisers on peace processes. We also gave a number of briefings to Parliamentarians and officials from the Stabilisation Unit, the Foreign Office, Cabinet Office and the Department of International Development. The Executive Director also acted as an external adviser to the Prime Minister's Delivery Unit on implementing their Public Service Agreement on responding to conflict;
- Held regular meetings with senior political interlocutors on both sides in the conflict over Abkhazia prior to the August war to reinvigorate informal dialogue and after (including liaising with the UN, OSCE, EU, NGOs and governments) making policy recommendations;
- Held a conference in Freetown with three civil society partners, which looked at how to improve civil/security sector relations. A final public statement called for more civil society involvement in security matters, especially by women. It also demanded better information distribution on regional protocols and border tariffs, along with stronger official commitment to stamp out corruption and abuses by security personnel.

Improving peacebuilding practice through learning from peace processes:

- Led a delegation of nine Ugandan youth to Sierra Leone to learn about their experiences of post-conflict transition;
- Produced and disseminated in Sierra Leone the booklet, *Building Paths to Peace* to share the lessons learnt from this important community-based peacebuilding experience;
- Facilitated workshop to assist religious and cultural leaders in Uganda to better understand the various draft agreements emerging from the Juba peace process, including on how traditional justice mechanisms could work with the national legal system;
- Published, distributed and launched *Accord 20: Reconfiguring Politics: The Indonesia-Aceh peace process* - in English and Bahasa Indonesia and held workshops to discuss policy recommendations in Banda Aceh, Jakarta and Singapore.

CONCILIATION RESOURCES

DIRECTORS' AND TRUSTEES' REPORT (Cont/d)

FOR THE YEAR ENDED 31 DECEMBER 2008

Challenging stereotypes, raising awareness:

- Co-commissioned, with International Alert, a report into the impact of the August events in South Ossetia, in order to better understand and communicate repercussions in the region;
- Assisted the Social Communications Department in Gulu Archdiocese to document the difficult return process in Acholiland and produced a 20-minute film that was broadcast on Ugandan television;
- With CR's funding support, CCF sponsored public communications in Fiji on religious and ethnic tolerance that were broadcast during prime time to coincide with the anniversary of the Universal Declaration of Human Rights helping to support processes of national reconciliation during a period of polarization;
- Provided support to: *Grazhdanskoe Obshchestvo* "Civil Society" magazine and to three community radio projects: *Postfactum* and *Atinati* in Georgia and *Radio Soma* in Sukhumi, (after *Atinati* sustained damage when Russian troops entered Zugdidi during the August war).

Strengthening CR's capacities to fulfil our mandate:

- We improved organizational support through a process of strengthening staff skills and management; improving office systems; updating and developing organizational policies for example on employing consultants; and paying more attention to internal communications and organizational learning;
- Undertook a review of our financial management systems, and as a result we have both restructured our budgeting systems (to enable us to be more transparent about our indirect support costs) and improved our internal reporting procedures;
- Increased the use of Skype within the organization, enabling us to cut down on communication costs and also keep in better contact with our overseas partners and office in Freetown;
- Invested in new computer servers to make sure we have the hardware to keep up with the scale of our work.

2008 Publications and submissions

- **'Powers of persuasion, incentives, sanctions and conditionalities,'** Accord Issue 19
- **'Reconfiguring politics: the Indonesia-Aceh peace process,'** Accord Issue 20
- **'Perilous border: Sudanese communities affected by conflict on the Sudan-Uganda border,'** Mareike Schomerus
- **'The politics of identity in post-Soviet Abkhazia: managing diversity and unresolved conflict,'** Rachel Clogg, Caucasus co-Director, Nationalities Papers, vol 36, no 2, May
- **'Crisis in Georgia,' August 2008:** Conciliation Resources' recommendations and principles
- **'No peace without democracy'** (looking at the Georgian, South Ossetian and Abkhaz perspectives), Mira Sovakar, (published in German) journal *Osteuropa* (08/11)
- **'Women and Security,'** Peace, Security and Development newsletter, Issue 3
- **'Youth and Security,'** Peace, Security and Development newsletter, Issue 4
- **'Strengthening Citizen's Security,'** Peace, Security and Development newsletter, Issue 5
- **'Building paths to peace: Bo Peace and Reconciliation Movement,'** booklet
- **'Civil society's role in Sierra Leone's security sector reform process: experiences from Conciliation Resources' West Africa programme,'** Rosalind Hanson-Alp, Conciliation Resources. Working paper published in the Global Facilitation Network for Security Sector Reform's Sierra Leone Working Paper Series

Other resources produced

- Dialogue through film (DVD): a selection of short films on the conflict over Nagorny Karabakh made by young Karabakh Armenians and Azerbaijanis
- **Monitoring the return of internally displaced people (IDPs) in northern Uganda:** a 20-minute short film produced by the Social Communications Department of Gulu Archdiocese, Uganda
- **Twelve artists, one town:** a 2008 calendar published with images of Sukhum/I painted by artists who live or used to live there
- **What if Ocampo indicts Bashir?** An article by the Director of PCCL on the blogsite Making Sense of Dafur, hosted by Alex de Waal

Further information on CR's other achievements in 2008 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 2008

FINANCIAL REVIEW

The Statement of Financial Activities show a net surplus of £455,575 (2007 – surplus £73,623) for the year, and total funds available stand at £968,729 (2007 - £513,154).

CR's grant income for this year has increased by 28 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 11 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 £257,000 in 2008 and £229,735 in 2007). 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 2008.

The operating costs for CR are budgeted to increase in 2009 (the new six-month figure is £264,307). 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 2008

FUTURE PLANS

CR pays great attention to its annual programme planning processes. Plans go through extensive consultation on design and strategy, a rigorous peer review. Drafts are appraised by the Board.

In 2008 we set out a three-year strategic plan. This was achieved through a facilitated strategic planning process with all staff and CR's Board. It involved reflecting on the global challenges as well as those affecting the regions in which we operate. We concluded that, despite the apparent decrease in organized armed conflicts worldwide, responding constructively to unresolved violent conflicts and their consequences as well as emerging threats of new unrest remains one of the greatest global challenges of our time and one we renewed our commitment to helping to address.

Our objectives for the next three years are to:

1. Deepen and widen our impact in our current and new geographic regions;
2. Have greater influence on national and international policymakers to adopt effective strategies that support peace processes;
3. Extend good practice and opportunities for learning from comparative peacebuilding experience;
4. Better understand and demonstrate our impact;
5. Strengthen our organizational capacities to deliver on our mission.

In addition to the medium-term plans, below is a cross-section of some of our specific ambitions for 2009.

- 1) In the South Caucasus we will inform and influence the peacemaking strategies local and external actors regarding the Georgian/Abkhaz and Nagorny Karabakh conflicts. We aim to contribute to public discourse and help to dispel myths concerning the conflicts and peace processes, and we will support local organizations to better address the underlying factors that perpetuate conflict.
- 2) In the Uganda-Sudan-DRC borders region we aim to enhance cross-border cooperation and understanding amongst LRA-affected communities, and to help strengthen community-based transitional justice initiatives. We plan to enable perspectives; research and analysis from conflict-affected communities to better inform national and international policies.
- 3) In Guinea, Liberia and Sierra Leone we will support indigenous civil society organizations to undertake practical peacebuilding interventions, formulate and communicate policy recommendations. We aim to work in the cross border areas to help increase community security and enable local civil society actors to build their advocacy skills so as to better hold security officials to account. We hope to gradually start developing the programme's sub-regional scope.
- 4) In India and Pakistan, we aim to influence organized civil society actors concerned with the conflict over Kashmir and its consequences to play more collaborative and strategic conflict transformation roles in order to strengthen the peace process;
- 5) We plan to publish new Accord issues on peacemaking processes in Somalia and an update on the peace processes in Northern Uganda and in Sierra Leone and Liberia;
- 6) We will work to shift international policy responses to conflict towards more substantial and effective support for peace processes with a focus on international policy-makers (governments and multi-lateral agencies formulating foreign, development and security policies in response to conflict);
- 7) In Fiji, we will support our partner to deepen the public's 'political literacy,' elicit, formulate and promote a civil society social justice agenda and have a sustained engagement in dialogue towards the restoration of a constitutional democracy;
- 8) To improve organizational development, the operations team aims to implement an affordable 12-month plan for improving the office environment at CR and reducing our environmental impact;
- 9) In Colombia and the Philippines we aim to assist key actors in the peace processes to access useful international comparative experience to strengthen their strategic engagements with the challenges faced in their respective conflicts;

We enter this new and economically uncertain period impatient to see real change, determined to find the resources we will need and to strengthen our organizational capacities to deliver on our mission.

CONCILIATION RESOURCES

DIRECTORS' AND TRUSTEES' REPORT (Cont/d) FOR THE YEAR ENDED 31 DECEMBER 2008

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 22nd May 2009 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 2008 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 2008 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 2008 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

22ND MAY 2009

CONCILIATION RESOURCES

STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 DECEMBER 2008

SUMMARY INCOME AND EXPENDITURE ACCOUNT

	<u>Notes</u>	<u>Unrestricted Funds</u> £	<u>Restricted Funds</u> £	<u>Total 2008</u> £	<u>Total 2007</u> £
INCOMING RESOURCES					
<i>Incoming resources from generating funds:</i>					
<i>Voluntary income:</i>					
Grants & donations receivable	2	278,042	-	278,042	224,517
<i>Activities for generating funds:</i>					
Fees receivable		8,400		8,400	2,765
Other income		10,325	-	10,325	4,006
Interest receivable		16,401	-	16,401	11,139
<i>Incoming resources from charitable activities:</i>					
Grants & donations receivable	3	25,000	2,260,894	2,285,894	1,765,542
Manuscript sales and other income	3	7,105	-	7,105	4,421
Total incoming resources		<u>345,273</u>	<u>2,260,894</u>	<u>2,606,167</u>	<u>2,012,390</u>
RESOURCES EXPENDED					
Cost of generating voluntary income		70,015	-	70,015	33,535
Charitable activities		36,238	2,017,036	2,053,274	1,857,668
Governance costs		27,303	-	27,303	47,564
Total resources expended	4	<u>133,556</u>	<u>2,017,036</u>	<u>2,150,592</u>	<u>1,938,767</u>
Net movement in funds		211,717	243,858	455,575	73,623
<i>Reconciliation of funds</i>					
Total funds, brought forward		246,384	266,770	513,154	439,531
Total funds, carried forward	10	<u>458,101</u>	<u>510,628</u>	<u>968,729</u>	<u>513,154</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 13 to 20 form part of these accounts.

CONCILIATION RESOURCES

BALANCE SHEET AS AT 31 DECEMBER 2008

	<u>Notes</u>	<u>2008</u>	<u>2007</u>
		£	£
FIXED ASSETS			
Tangible assets	7	27,984	17,220
CURRENT ASSETS			
Debtors	8	660,302	391,783
Cash at bank and in hand		402,119	268,939
		<u>1,062,421</u>	<u>660,722</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	9	<u>121,676</u>	<u>164,788</u>
NET CURRENT ASSETS		940,745	495,934
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>968,729</u>	<u>513,154</u>
INCOME FUNDS			
Unrestricted income funds:	10	458,101	246,384
Restricted income funds	10	510,628	266,770
		<u>968,729</u>	<u>513,154</u>

These accounts were approved by the Board of Directors and Trustees on 22nd May 2009 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 2008

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 2008

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 2008 £	Total 2007 £
Swedish International Development Co-operation Agency	141,214	141,214	124,849
Department for International Development, UK	30,000	30,000	-
Federal Department of Foreign Affairs, Switzerland	66,828	66,828	48,522
Ministry of Foreign Affairs, Norway	33,400	33,400	30,306
Joseph Rowntree Charitable Trust, UK	3,600	3,600	3,600
Rowan Charitable Trust, UK	3,000	3,000	-
The Tinsley Foundation, UK	-	-	200
Anonymous donor	-	-	15,000
C/o Lord Ashdown Charitable Settlement, UK	-	-	1,000
Calpe Trust, UK	-	-	500
Donations	-	-	540
	<u>278,042</u>	<u>278,042</u>	<u>224,517</u>

CONCILIATION RESOURCES

NOTES TO THE ACCOUNTS (Cont/d)

FOR THE YEAR ENDED 31 DECEMBER 2008

3. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted Funds £	Restricted Funds £	Total 2008 £	Total 2007 £
<i>Policy, Communications & Comparative Learning (inc. Accord)</i>				
Department for International Development, UK	25,000	346,767	371,767	254,307
Joseph Rowntree Charitable Trust, UK	-	15,000	15,000	15,000
Ministry of Foreign Affairs, Norway	-	89,119	89,119	137,129
Rowan Charitable Trust, UK	-	-	-	5,000
Swedish International Development Co-operation Agency	-	41,200	41,200	41,200
Fees receivable	1,000	-	1,000	-
Other income	619	-	619	-
Publications sales	4,879	-	4,879	3,093
<i>Caucasus</i>				
Allan & Nesta Ferguson Charitable Trust, UK	-	-	-	10,000
Department for International Development, UK	-	378,641	378,641	259,586
European Commission, Belgium	-	18,349	18,349	53,348
Federal Department of Foreign Affairs, Switzerland	-	83,021	83,021	56,739
Foreign & Commonwealth Office, UK	-	340,829	340,829	200,326
Ministry of Foreign Affairs, Netherlands	-	-	-	4,917
Swedish International Development Co-operation Agency	-	41,200	41,200	41,200
University of Warwick (via EC: EIDHR), UK	-	-	-	23,651
Other income	607	-	607	1,328
<i>West Africa</i>				
Department for International Development, UK	-	376,871	376,871	364,903
International Alert, UK	-	10,605	10,605	-
Swedish International Development Co-operation Agency	-	53,409	53,409	41,200
Tinsley Foundation, UK	-	3,500	3,500	4,000
Other income	-	9	9	-
<i>Uganda / Sudan</i>				
Department for International Development, UK	-	195,215	195,215	95,171
Eva Reckitt Trust Fund, UK	-	1,000	1,000	-
Federal Foreign Office (via ifa Projekt zivik), Germany	-	-	-	23,192
Ministry of Foreign Affairs, Norway	-	125,390	125,390	93,473
Swedish International Development Co-operation Agency	-	53,409	53,409	41,200
Other donations	-	15,734	15,734	-
<i>Project development</i>				
British High Commission, UK	-	22,137	22,137	-
Commonwealth Foundation	-	8,000	8,000	-
Department for International Development, UK	-	41,489	41,489	-
	<u>32,105</u>	<u>2,260,894</u>	<u>2,292,999</u>	<u>1,769,963</u>

CONCILIATION RESOURCES

NOTES TO THE ACCOUNTS (Cont/d)

FOR THE YEAR ENDED 31 DECEMBER 2008

4. RESOURCES EXPENDED

		Policy Communications & Comparative								
	<u>Basis of allocation</u>	<u>Voluntary Income</u>	<u>Learning</u>	<u>Caucasus</u>	<u>West Africa</u>	<u>Uganda / Sudan</u>	<u>Project Development</u>	<u>Governance</u>	<u>2008</u>	<u>2007</u>
		£	£	£	£	£	£	£	£	£
<i>Costs directly allocated to activities:</i>										
Salaries and staff costs	Direct	41,817	198,835	180,094	68,486	98,332	14,585	10,345	612,494	630,369
Direct project costs	Direct	199	41,389	374,073	252,042	226,937	48,215	79	942,934	763,090
Events and meetings	Direct	2	43,480	12,227	15,711	4,009	323	1	75,753	73,468
Travel and accommodation	Direct	7,834	3,559	66,646	14,627	45,034	14,001	34	151,735	130,315
Communication costs	Direct	-	35,662	2,980	460	6,853	204	-	46,159	38,601
Audit fees	Direct	-	-	-	-	-	-	6,900	6,900	6,462
<i>Support costs allocated to activities:</i>										
Management and administration costs	Staff time	6,824	26,795	20,047	10,453	14,938	6,824	3,821	89,702	88,314
Finance costs	Staff time	7,135	14,270	15,698	14,270	14,270	2,141	3,568	71,352	65,727
Premises costs	Work stations	3,373	22,464	39,106	8,233	11,835	3,373	1,350	89,734	89,164
Communication costs	Work stations	1,200	4,536	4,033	2,585	3,050	685	553	16,642	17,142
Information Technology	Work stations	1,508	15,216	9,996	3,970	5,174	1,509	603	37,976	29,298
Legal & professional fees	Transactions	123	811	639	295	418	123	49	2,458	762
Other expenses	Work stations	-	(676)	3,169	1,231	2,256	773	-	6,753	6,055
		<u>70,015</u>	<u>406,341</u>	<u>728,708</u>	<u>392,363</u>	<u>433,106</u>	<u>92,756</u>	<u>27,303</u>	<u>2,150,592</u>	<u>1,938,767</u>

CONCILIATION RESOURCES

NOTES TO THE ACCOUNTS (Cont/d)

FOR THE YEAR ENDED 31 DECEMBER 2008

5. NET MOVEMENT IN FUNDS FOR THE YEAR

The net movement in funds is stated after charging:

	<u>2008</u> £	<u>2007</u> £
Depreciation of tangible fixed assets	12,245	11,690
Audit fees	<u>6,900</u>	<u>6,462</u>

6. STAFF COSTS

Staff costs were as follows:

	<u>2008</u> £	<u>2007</u> £
UK Employee salaries	616,241	585,290
Social security costs	55,045	61,705
Pension costs	51,846	44,495
	<u>723,132</u>	<u>691,490</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>2008</u> <u>Number</u>	<u>2007</u> <u>Number</u>
Executive Director/ Director of programs	2.0	1
Policy, Communications & Comparative Learning	4.0	6
Caucasus	3.5	4
Uganda / Sudan	2.0	2
West Africa	2.0	1
Administrative, financial management and fundraising support	5.5	5
	<u>20</u>	<u>20</u>

CONCILIATION RESOURCES

NOTES TO THE ACCOUNTS (Cont/d)

FOR THE YEAR ENDED 31 DECEMBER 2008

7. TANGIBLE FIXED ASSETS

	<u>Office Equipment</u>	<u>Furniture & Fittings</u>	<u>Motor Vehicle</u>	<u>Total</u>
COST	£	£	£	£
As at 1st January 2008	131,638	36,272	21,006	188,916
Additions	23,009	-	-	23,009
Disposals	(72,456)	(6,528)	-	(78,984)
As at 31st December 2008	<u>82,191</u>	<u>29,744</u>	<u>21,006</u>	<u>132,941</u>
DEPRECIATION				
As at 1st January 2008	114,418	36,272	21,006	171,696
Charge for the year	12,245	-	-	12,245
Disposals	(72,456)	(6,528)	-	(78,984)
As at 31st December 2008	<u>54,207</u>	<u>29,744</u>	<u>21,006</u>	<u>104,957</u>
NET BOOK VALUES				
As at 31st December 2008	<u>27,984</u>	<u>-</u>	<u>-</u>	<u>27,984</u>
As at 1st January 2008	<u>17,220</u>	<u>-</u>	<u>-</u>	<u>17,220</u>

8. DEBTORS

	<u>2008</u> <u>£</u>	<u>2007</u> <u>£</u>
Grants awarded yet to be received	579,470	308,436
Fees, manuscript sales and other income receivable	6,605	2,765
Other debtors & prepayments	74,227	80,582
	<u>660,302</u>	<u>391,783</u>

Other debtors and prepayments includes a rent deposit of £Nil (2007 - £12,500), which is receivable after more than one year.

9. CREDITORS: amounts falling due within one year

	<u>2008</u> <u>£</u>	<u>2007</u> <u>£</u>
Trade creditors	39,223	36,394
Social security & other taxes	18,601	15,517
Other creditors & accruals	63,852	112,877
	<u>121,676</u>	<u>164,788</u>

CONCILIATION RESOURCES

NOTES TO THE ACCOUNTS (Cont/d)

FOR THE YEAR ENDED 31 DECEMBER 2008

10. MOVEMENT IN FUNDS

	Balance as at 1.1.08	Income	Expenditure	Balance at 31.12.08
	£	£	£	£
Restricted Funds:				
Policy, Communications & Comparative Learning	120,838	492,086	399,842	213,082
Caucasus	59,433	862,040	728,101	193,372
Uganda / Sudan	45,907	390,748	433,104	3,551
West Africa	40,592	444,394	392,363	92,623
Project development	-	71,626	63,626	8,000
	<u>266,770</u>	<u>2,260,894</u>	<u>2,017,036</u>	<u>510,628</u>
Unrestricted Funds:				
General funds	246,384	345,273	133,556	458,101
Total funds	<u>513,154</u>	<u>2,606,167</u>	<u>2,150,592</u>	<u>968,729</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 and ongoing project activities for programme costs funded by Department for International Development to March 2009.
- 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 programme funds for Georgia Abkhazia related to the grant from the UK 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 regional activities funded by 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 project activities funded by the Department for International Development, UK.
- Project Development - Funds relate to Commonwealth Foundation contribution for Joint Analysis Workshop in March.

CONCILIATION RESOURCES

NOTES TO THE ACCOUNTS (Cont/d)

FOR THE YEAR ENDED 31 DECEMBER 2008

11. ANALYSIS OF FUND BALANCES BETWEEN NET ASSETS

	<u>Unrestricted Funds</u> £	<u>Restricted Funds</u> £	<u>Total 2008</u> £	<u>Total 2007</u> £
Tangible fixed assets	27,984	-	27,984	17,220
Net current assets	430,117	510,628	940,745	495,934
	<u>458,101</u>	<u>510,628</u>	<u>968,729</u>	<u>513,154</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>2008</u> £	<u>2007</u> £
One year	12,069	-
Between two and five years	-	48,277
	<u>12,069</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 £54,381 (2007 – £47,829). 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 £3,659 (2007 – £4,226) was paid on behalf of four trustees.

Mr M Bradbury a trustee was paid £18,060 for facilitation and research work on the "Drivers in Radicalization" project in Somalia. Mr M Bradbury is a specialist in the field of conflict in Somalia.