

**CONCILIATION RESOURCES**

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

**FOR THE YEAR ENDED 31 DECEMBER 2009**

**Company No: 03196482  
Charity No: 1055436**

# CONCILIATION RESOURCES

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# CONCILIATION RESOURCES

## Legal and administrative details

<b>Directors and Trustees</b>	Mr M Bradbury (Chair) Mr A Carl (Executive Director) Mr R Cooke (Hon. Treasurer) Ms L Philipson Ms T Whitfield Mr B Afako Ms M Manderson-Mills (Resigned 08.06.09) Ms B Stolte Van Empelen (Resigned 08.06.09) Ms V Terselic (Resigned 08.06.09) Mr G Carey (Appointed 08.06.09) Ms C Sriram (Appointed 08.06.09) Ms M Picken (Appointed 08.06.09)
<b>Secretary</b>	Ms S C Sinanan
<b>Senior Management Team</b>	Mr A Carl – Executive Director Ms K Ram – Operations Manager to Dec 2009 Ms J Williams – Finance Manager Mr J Cohen – Director of Programs Ms R Clogg – Programme Co-Director (Caucasus) <i>(maternity leave June 2009)</i> Mr C Selbach – Programme Co-Director (Caucasus) <i>(maternity cover from June 2009)</i> Ms C McKeon – Programme Director (PCCL) to Feb 2009 Ms C Petrigh – Programme Director (PCCL) from Feb 2009 Mr K Tumutegyereize – Programme Director (Uganda) Ms S Goinhas – Programme Director (West Africa) Ms P Hon – Fundraising Co-ordinator
<b>Company Number</b>	03196482
<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 <i>(Reappointed through tender process December 2009)</i>
<b>Bankers</b>	Royal Bank of Scotland 40 Islington High Street London N1 8XJ  COIF Charity Funds 80 Cheapside London EC2V 6DZ  Triodos Bank Brunel House 11 The Promenade Bristol BS8 3NN

# CONCILIATION RESOURCES

## DIRECTORS' AND TRUSTEES' REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2009

The Directors and Trustees present their report and audited accounts for the year ended 31 December 2009.

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) is 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 03196482.

### 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 an Executive Management Committee made up of our Executive Director, our Director of Programmes, Director of Operations and our Director of Policy and 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 two offices (in Freetown and Bo) staffed there by 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

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 2009 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 'role 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.

### 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.

## CONCILIATION RESOURCES

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

FOR THE YEAR ENDED 31 DECEMBER 2009

#### 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. CR also holds its funds across three banks to spread risk.

#### Public Benefit statement

The Trustees consider that they have complied with Section 4 of the Charities Act 2006 with regard to the guidance on public benefit published by the Charity Commission. The paragraphs below demonstrate the public benefit arising through the Charity's activities.

### 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.

The Trustees have paid due regard to the Charity Commission's Guidance on Public Benefit when determining the activities of the Charity. CR's work has the charitable purpose of:

*"the advancement of human rights, conflict resolution or reconciliation or the promotion of religious or racial harmony or equality and diversity"*

for the public benefit as set out in the Charities Act 2006. To this end this year the Charity has carried out the activities described below.

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, Southern Sudan, eastern Democratic Republic of Congo and the Central African Republic, and in the Mano River sub-region of West Africa (Guinea, Liberia and Sierra Leone). Other project work is undertaken in Somalia, Fiji, Colombia, the Philippines, India and Pakistan. Its work with a global reach includes the publication of the Accord series on peace processes. Its work with policymakers this year included a focus on engagement with governments of the UK, US and Sweden and with the European Commission.

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 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 2009

#### SELECTED ACHIEVEMENTS IN 2009

The various roles that CR plays are always specific to the local context and projects are jointly devised with programme partners to respond to the driving factors of each conflict. In 2009 a selection of highlights included:

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

- In the conflict affected region of Africa's Great Lakes and East Africa CR facilitated the establishment of a Regional Civil Society Task Force that called on the Ugandan government and the Lords Resistance Army to protect the civilian population and to the end the war through peace talks and for the international community to support the process.
- Through training, facilitation and funding, we supported a network of organizations working for the welfare of displaced persons and families in Georgia to engage with local and national authorities to better meet the needs of their communities.
- CR Sierra Leone partner, the Bo Peace and Reconciliation Movement, achieved national NGO status in the country. We also supported their mediation of a community dispute over Tiwai Island, a wildlife sanctuary and Sierra Leone's first and only community conservation programme.
- CR conducted a groundbreaking security-needs assessment in three cross-border towns and gathered information by interviewing over 300 people from communities straddling the borders of Sierra Leone, Guinea and Liberia.
- We supported the role of the Citizens' Constitutional Forum in Fiji to successfully act as a "Friend of the Court" in an appeal case over the President's appointment of a military government after the December 2006 coup.

##### Providing opportunities for dialogue across divides:

- We convened a workshop that brought together 24 civil society activists from the various regions of Pakistan-administered and India-administered Jammu and Kashmir to discuss and develop strategies for peacebuilding and conflict transformation.
- We brought together 12 young Georgians and Abkhaz and facilitated a dialogue and study visit to Northern Ireland to help them to gain insights into peacemaking and ideas for reconciling their own conflict.
- We supported (with advice, comparative research and funding) the participation of the Citizens' Constitutional Forum in a 'Track II' initiative called 'Dialogue Fiji' to help promote public dialogue to prepare the ground for a political settlement.

##### Influencing governments to employ conflict transformation policies:

- We supported local partner initiatives to help restart peace talks between the Philippines Government and the Moro Islamic Liberation Front (MILF) and joined as member of the International Contact Group to support the mediation process in Kuala Lumpur, Malaysia.
- With the UK government, we contributed to policy development on *Peacebuilding and Statebuilding*, developed and delivered seminars on supporting peace processes, contributed to the government's Conflict Strategy and the DfID White Paper "Building our Common Future".
- With the Mediation Support Network co-convened a policy seminar in Washington DC on the challenges for international mediation related to terrorist proscription policies.
- We promoted new thinking on the future of the Nagorny Karabakh peace process in a project known as "Karabkah 2014" with a publication and seminars with Armenian and Azeri experts in London, Baku, Yerevan and Stepanakert.

##### Improving peacebuilding practice through learning from peace processes:

- Published, launched and distributed *Accord 21: Whose peace is it anyway? Connecting Somali and international peacemaking* in English and held workshops to discuss policy recommendations in Nairobi, New York, Brussels, Washington DC and London.
- Produced a set of policy briefs: *Peace process support strategies, Choosing to engage: armed groups and peace processes* and *Public participation in peacemaking* and held seminars and meetings on the recommendations with DfID and the European foreign ministries including Sweden, Norway and Switzerland.
- Convened a Comparative Learning Conference of Indigenous Peoples in the Philippines focussing on lessons learnt in responding to armed conflict. This was attended by 45 indigenous participants from over 20 tribes.

## CONCILIATION RESOURCES

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

#### FOR THE YEAR ENDED 31 DECEMBER 2009

- Co-hosted the second meeting of the Mediation Support Network (MSN) with Essex University's Initiative on Conflict Prevention through Quiet Diplomacy with the aim of improving the effectiveness of support to mediators involved in peace processes and to act as a meeting point for practitioners.
- Supported a study tour to Aceh, Indonesia for a Sudanese delegation from Khartoum and the Southern Kordofan and Blue Nile states to learn from the Indonesian experience of holding public consultations.
- Published *Cross-border trade: fuelling conflict or building peace – an exploration of cross-border trade between Sudan and Uganda and the implications for peacebuilding* and held workshops that brought together officials, activists and traders for Sudan and Uganda.

#### Challenging stereotypes, raising awareness:

- We provided funds to our Fijian partner, the Citizens' Constitutional Forum, to produce a 20-minute radio play, *The Looting*, in three languages – English, Fijian and Hindi – about the events of looting and the destruction of property in Muaniweni, Fiji in 2000. The play was broadcast on national radio and prompted discussions and good feedback from listeners.
- The *Dialogue through Film* project brought 20 young Azeris and Karabakhis to Tbilisi, Georgia to produce five joint documentary films in three languages – Azeri, Armenian and Russian – which were screened in community centres in the region to raise awareness and generate discussion over the Nagorny-Karabkh conflict.

#### 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 communications review to identify ways to better communicate CR's mission, messages and impact to a wide range of audiences.
- Made significant improvements to the CR website.
- Developed a new intranet system to improve internal communications.
- Completed an evaluation of our Accord project that contained recommendations on how to improve the publication's outreach and distribution.
- Completed an evaluation of a five-year capacity building project with the Bo Peace and Reconciliation Movement.

#### 2009 Publications and other resources produced:

- *The Karabakh Trap: dangers and dilemmas of the Nagorny Karabakh conflict*, Thomas de Waal (also available in Russian, Armenian and Azeri).
- *Renegotiating political settlement in war-to-peace transitions*, a paper commissioned by the UK Department for International Development, Catherine Barnes, Policy Adviser.
- Submission to the DFID White Paper public consultation on the theme of 'fragile and conflict-affected countries and international institutional reform'.
- *After Operation Lightning Thunder: protecting communities and building peace*, Marieke Schomerus, Kennedy Tumutegyeize.
- *Accord 21: Whose peace is it anyway? Connecting Somali and international peacemaking* (also available in Somali).
- *Karabakh 2014: six analysts on the future of the Nagorny-Karabakh peace process* (also available in Russian).
- *Cross-border trade: fuelling conflict or building peace? An exploration of cross-border trade between Sudan and Uganda and the implications for peacebuilding*, Graham Carrington.
- *Out of the margins: securing a voice for internally displaced people - lessons from Georgia* (also available in Georgian and Russian).
- Policy Brief: *Choosing to engage: armed groups and peace processes* (also available in French, Russian and Spanish).
- Policy Brief: *Public participation in peacemaking* (also available in French, Russian and Spanish).
- Policy Brief: *Peace process support strategies* (also available in French).
- *Absence of will: a journey through Georgia's conflict zones* (Film by our partner Studio Re).

Further information on CR's other achievements in 2009 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 2009

### FINANCIAL REVIEW

The Statement of Financial Activities shows a net surplus of £171,733 (2008 – surplus £455,575) for the year and total funds available stand at £1,140,462 (2008 - £968,729).

CR's grant income for this year has increased by 12 per cent on the previous year, supported by our institutional donors and a number of new donors, while our expenditure has increased 27% on the previous year. This reflects an increase in charitable activities (23%) and our continued investment in management, administration and fundraising to further improve in the effectiveness, efficiency and security 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 allocation of financial management 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 appropriate Programme Director, who is responsible for ensuring that expenditure remains within budget. It is then double-checked by the Executive Director and the other authorised signatories.

#### 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

CR received income through donations, grants, project income and other sources. It plans its activities over three to five-year time horizons and budgets to expend all anticipated income. 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 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

CR aims to keep a prudent working balance of unrestricted reserves equalling six months core operating costs to cover future contractual liabilities, mainly staff salaries and rent (estimated at £264,307 in 2009 and £257,000 in 2008). 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 2009.

The operating costs for CR are estimated at £290,878 for 2010. It has been deemed prudent by the Board to make the following designation of reserves - £31,368 for Staff Contingency, in 2009 staff contingency costs are 10% of CR's Staff Salary total; and £10,000 for Building Maintenance and Refurbishment to reflect our new 10-year lease arrangement where CR have a greater share of responsibility for care of the building.

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 2009

### FUTURE PLANS

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

In 2009 we entered the first year of a three-year strategic plan.

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 2010.

- 1) In the South Caucasus we will inform and influence the peacemaking strategies of local and external actors regarding the Georgian/Abkhaz and Nagorny Karabakh conflicts. We aim to create space for dialogue and exchange across the conflict divides, challenge conflict related stereotypes, strengthen local agents of change and pave the way for improved accountability of political processes in regards to other conflicts.
- 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 ensure that perspectives, research and analysis from conflict-affected communities 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 the disputed regions of Jammu and Kashmir and its consequences, to play more collaborative and strategic conflict transformation roles in order to strengthen the peace process particularly in the sectors of commerce and education;
- 5) We plan to publish new Accord issues on the thematic issue of peacebuilding across boundaries and borders and to begin work documenting the peacemaking processes in Lebanon with ongoing dissemination work on previous issues including on Somali peacemaking;
- 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 multilateral 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 human rights and good governance 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 the Philippines we aim to assist partners and the government and MILF group in the peace processes;
- 10) In Colombia we also aim to support partners 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 2009

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

The Trustees (who are also directors of Conciliation Resources for the purposes of company law) are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Trustees to prepare financial statements for each financial year. Under that law the Trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of its income and expenditure for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. 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

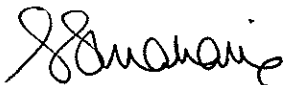
So far as the Trustees are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the Trustees have taken all the necessary steps that we ought to have taken as trustees in order to make themselves aware of any relevant audit information and to establish 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 14<sup>th</sup> June 2010 and signed on its behalf.



**S SINANAN  
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 2009 set out on pages 11 to 20 which comprise: the Statement of Financial Activities (Summary Income and Expenditure Account), 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 Chapter 3 of Part 16 of the Companies Act 2006. 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) and for being satisfied that the financial statements give a true and fair view 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, have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and have been prepared in accordance with the Companies Act 2006. We also report to you whether in our opinion the information given in the Trustees' Annual Report is consistent with those financial statements.

In addition we report to you if, in our opinion, the charity has not kept adequate accounting records, if the charity's financial statements are not in agreement with the accounting records and returns, if we have not received all the information and explanations we require for our audit, or if certain disclosures of trustees' remuneration specified by law are not made.

We read the Trustees' Annual Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### BASIS OF OPINION

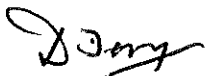
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of significant estimates and judgements made by the trustees 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 of the state of the charity's affairs as at 31<sup>st</sup> December 2009 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- the financial statements have been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Trustees' Annual Report is consistent with the financial statements.



**D TERRY (SENIOR STATUTORY AUDITOR)  
FOR AND ON BEHALF OF STATUTORY AUDITORS  
RAMON LEE & PARTNERS  
CHARTERED ACCOUNTANTS**

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

**14<sup>th</sup> June 2010**

## CONCILIATION RESOURCES

### STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 DECEMBER 2009

#### SUMMARY INCOME AND EXPENDITURE ACCOUNT

	<u>Notes</u>	<u>Unrestricted Funds</u> £	<u>Restricted Funds</u> £	<u>Total 2009</u> £	<u>Total 2008</u> £
<b>INCOMING RESOURCES</b>					
<i>Incoming resources from generating funds:</i>					
<i>Voluntary income:</i>					
Grants & donations receivable	2	298,194	165,511	463,705	278,042
<i>Activities for generating funds:</i>					
Fees receivable		10,183	-	10,183	8,400
Other income		11,270	-	11,270	10,325
Interest receivable		3,032	-	3,032	16,401
<i>Incoming resources from charitable activities:</i>					
Grants & donations receivable	3	-	2,411,686	2,411,686	2,285,894
Manuscript sales and other income	3	-	913	913	7,105
<b>Total incoming resources</b>		<u>322,679</u>	<u>2,578,110</u>	<u>2,900,788</u>	<u>2,606,167</u>
<b>RESOURCES EXPENDED</b>					
Cost of generating voluntary income		123,174	-	123,174	70,015
Charitable activities		129,042	2,427,608	2,556,650	2,053,274
Governance costs		49,231	-	49,231	27,303
<b>Total resources expended</b>	4	<u>301,447</u>	<u>2,427,608</u>	<u>2,729,055</u>	<u>2,150,592</u>
Net movement in funds		21,231	150,502	171,733	455,575
<i>Reconciliation of funds</i>					
Total funds, brought forward		458,101	510,628	968,729	513,154
<b>Total funds, carried forward</b>	10	<u>479,332</u>	<u>661,130</u>	<u>1,140,462</u>	<u>968,729</u>

The Statement of Financial Activities also complies with the requirements for an Income & Expenditure Account under the Companies Act 2006.

#### 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 2009**

	<u>Notes</u>	<u>2009</u>	<u>2008</u>
		£	£
<b>FIXED ASSETS</b>			
Tangible assets	7	49,003	27,984
<b>CURRENT ASSETS</b>			
Debtors	8	407,757	660,302
Cash at bank and in hand		809,695	402,119
		<u>1,217,452</u>	<u>1,062,421</u>
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	9	<u>125,993</u>	<u>121,676</u>
<b>NET CURRENT ASSETS</b>		1,091,459	940,745
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u><u>1,140,462</u></u>	<u><u>968,729</u></u>
<b>INCOME FUNDS</b>			
Unrestricted income funds:	10	479,332	458,101
Restricted income funds	10	661,130	510,628
		<u><u>1,140,462</u></u>	<u><u>968,729</u></u>

These accounts were approved by the Board of Directors and Trustees on 14<sup>th</sup> June 2010 and were signed on its behalf by:



..... M Bradbury (Chair)



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

**Company Registration No. 03196482**

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

# CONCILIATION RESOURCES

## NOTES TO THE ACCOUNTS

### FOR THE YEAR ENDED 31 DECEMBER 2009

#### 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 2006. 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 costs 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 2009

#### 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	Restricted Funds	Total 2009	Total 2008
	£	£	£	£
Swedish International Development Co-operation Agency	139,736	-	139,736	141,214
Department for International Development, UK	87,000	165,511	252,511	30,000
Federal Department of Foreign Affairs, Switzerland	67,508	-	67,508	66,828
Ministry of Foreign Affairs, Norway	-	-	-	33,400
Joseph Rowntree Charitable Trust, UK	-	-	-	3,600
Rowan Charitable Trust, UK	-	-	-	3,000
Donations	3,950	-	3,950	-
	298,194	165,511	463,705	278,042

CONCILIATION RESOURCES

NOTES TO THE ACCOUNTS (Cont/d)

FOR THE YEAR ENDED 31 DECEMBER 2009

3. INCOME FROM CHARITABLE ACTIVITIES

	<u>Restricted Funds</u> £	<u>Total 2009</u> £	<u>Total 2008</u> £
<b><i>Policy, Communications &amp; Comparative Learning (inc. Accord)</i></b>			
Department for International Development, UK	184,492	184,492	371,767
Joseph Rowntree Charitable Trust, UK	20,000	20,000	15,000
Ministry of Foreign Affairs, Norway	63,816	63,816	89,119
Swedish International Development Co-operation Agency	47,620	47,620	41,200
Fees receivable	-	-	1,000
Other income	-	-	619
Publications sales	(324)	(324)	4,879
<b><i>Caucasus</i></b>			
Department for International Development, UK	680,697	680,697	378,641
European Commission, Belgium	172,940	172,940	18,349
Federal Department of Foreign Affairs, Switzerland	73,159	73,159	83,021
Foreign & Commonwealth Office, UK	-	-	340,829
Swedish International Development Co-operation Agency	47,620	47,620	41,200
Other income	-	-	607
<b><i>West Africa</i></b>			
Department for International Development, UK	204,947	204,947	376,871
International Alert, UK	-	-	10,605
Swedish International Development Co-operation Agency	47,620	47,620	53,409
Tinsley Foundation, UK	-	-	3,500
Other income	1,003	1,003	9
<b><i>Uganda / Sudan</i></b>			
Department for International Development, UK	129,799	129,799	195,215
Eva Reckitt Trust Fund, UK	-	-	1,000
Ministry of Foreign Affairs, Norway	256,146	256,146	125,390
Swedish International Development Co-operation Agency	47,620	47,620	53,409
Ministry of Foreign Affairs, Belgium	178,024	178,024	-
Berghof Foundation, Germany	21,230	21,230	-
Other donations	-	-	15,734
<b><i>Project development</i></b>			
British High Commission, UK	-	-	22,137
Commonwealth Foundation, UK	-	-	8,000
Department for International Development, UK	235,956	235,956	41,489
Other income	234	234	-
	<u>2,412,599</u>	<u>2,412,599</u>	<u>2,292,999</u>



**CONCILIATION RESOURCES**  
**NOTES TO THE ACCOUNTS (Cont/d)**  
**FOR THE YEAR ENDED 31 DECEMBER 2009**

**4. RESOURCES EXPENDED**

	Basis of allocation	Voluntary Income	Policy Communications & Comparative Learning		West	Uganda /	Project	Governance	2009	2008
			Caucasus	Africa	Sudan	Development				
		£	£	£	£	£	£	£	£	£
<i>Costs directly allocated to activities:</i>										
Salaries and staff costs	Direct	77,912	181,313	230,890	72,552	115,373	28,195	13,184	719,419	612,494
Direct project costs	Direct	29	130,265	630,831	267,520	173,902	168,601	-	1,371,148	942,934
Events and meetings	Direct	-	2,823	12,426	1,910	5,429	5,619	-	28,207	75,753
Travel and accommodation	Direct	11,947	27,654	70,449	15,466	40,815	36,267	5,674	208,272	151,735
Communication costs	Direct	-	17,037	1,677	214	2,510	542	4,166	26,146	46,159
Audit fees	Direct	-	-	-	-	-	-	7,873	7,873	6,900
<i>Support costs allocated to activities:</i>										
Management and administration costs	Staff time	14,848	24,180	27,147	11,037	13,882	11,708	6,264	109,066	89,702
Finance costs	Staff time	6,362	12,661	15,062	15,062	15,062	3,701	6,102	74,012	71,352
Premises costs	Work stations	5,934	28,680	31,647	8,901	11,868	8,901	2,967	98,898	89,734
Communication costs	Work stations	1,129	5,456	6,020	1,693	2,258	1,693	564	18,813	16,642
Information Technology	Work stations	2,658	12,849	14,178	3,988	5,317	3,988	1,329	44,307	37,976
Legal & professional fees	Staff time	1,824	3,507	3,928	1,263	1,824	841	842	14,029	2,458
Other expenses	Work stations	531	2,572	2,837	798	1,063	798	266	8,865	6,753
		123,174	448,997	1,047,092	400,404	389,303	270,854	49,231	2,729,055	2,150,592

## CONCILIATION RESOURCES

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

#### FOR THE YEAR ENDED 31 DECEMBER 2009

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

The net movement in funds is stated after charging:

	<u>2009</u>	<u>2008</u>
	£	£
Depreciation of tangible fixed assets	24,379	12,245
Audit fees	7,285	6,900
	81,664	19,145

#### 6. STAFF COSTS

Staff costs were as follows:

	<u>2009</u>	<u>2008</u>
	£	£
UK Employee salaries	735,247	616,241
Social security costs	79,269	55,045
Pension costs	71,089	51,846
	885,605	723,132

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 year was as follows:

	<u>2009</u>	<u>2008</u>
	Number	Number
Executive Director/ Director of programs	2.0	2.0
Policy, Communications & Comparative Learning	4.0	4.0
Caucasus	4.5	3.5
Uganda / Sudan	2.0	2.0
West Africa	1.0	2.0
Administrative, financial management and fundraising support	5.0	5.5
	18.5	19.0

## CONCILIATION RESOURCES

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

#### FOR THE YEAR ENDED 31 DECEMBER 2009

#### 7. TANGIBLE FIXED ASSETS

	<u>Office Equipment</u>	<u>Furniture &amp; Fittings</u>	<u>Motor Vehicle</u>	<u>Total</u>
	£	£	£	£
<b>COST</b>				
As at 1st January 2009	82,191	29,744	21,006	132,941
Additions	13,241	3,151	29,007	45,399
Disposals	(13,984)	-	-	(13,984)
As at 31st December 2009	<u>81,448</u>	<u>32,895</u>	<u>50,013</u>	<u>164,355</u>
<b>DEPRECIATION</b>				
As at 1st January 2009	54,207	29,744	21,006	104,957
Charge for the year	14,411	300	9,669	24,379
Disposals	(13,984)	-	-	(13,984)
As at 31st December 2009	<u>54,634</u>	<u>30,044</u>	<u>30,675</u>	<u>115,352</u>
<b>NET BOOK VALUES</b>				
As at 31st December 2009	<u>26,814</u>	<u>2,851</u>	<u>19,338</u>	<u>49,003</u>
As at 1st January 2009	<u>27,984</u>	<u>-</u>	<u>-</u>	<u>27,984</u>

#### 8. DEBTORS

	<u>2009</u>	<u>2008</u>
	£	£
Grants awarded yet to be received	323,498	579,470
Fees, manuscript sales and other income receivable	3,100	6,605
Other debtors & prepayments	81,159	74,227
	<u>407,757</u>	<u>660,302</u>

Other debtors and prepayments includes a rent deposit of £12,500 (2008 - £nil), which is receivable after more than one year.

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

	<u>2009</u>	<u>2008</u>
	£	£
Deferred income	43,478	-
Trade creditors	32,979	39,223
Social security & other taxes	23,148	18,601
Other creditors & accruals	26,388	63,852
	<u>125,993</u>	<u>121,676</u>

## CONCILIATION RESOURCES

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

FOR THE YEAR ENDED 31 DECEMBER 2009

#### 10. MOVEMENT IN FUNDS

	<u>Balance as at 1.1.09</u> £	<u>Income</u> £	<u>Expenditure</u> £	<u>Balance at 31.12.09</u> £
<b>Restricted Funds:</b>				
<b>Voluntary income:</b>				
Department for International Development , UK	-	165,511	162,511	3,000
<b>Charitable activities:</b>				
Policy, Communications & Comparative Learning	213,082	315,604	448,997	79,689
Caucasus	193,372	974,416	1,021,549	146,239
Uganda / Sudan	3,551	632,819	243,510	392,859
West Africa	92,623	253,570	328,468	17,725
Project development	8,000	236,190	222,573	21,618
	<u>510,628</u>	<u>2,578,110</u>	<u>2,427,608</u>	<u>661,130</u>
<b>Unrestricted Funds:</b>				
General funds	458,101	322,679	301,447	479,332
Total funds	<u>968,729</u>	<u>2,900,788</u>	<u>2,729,055</u>	<u>1,140,462</u>

#### Purposes of Restricted Funds:

##### Policy & Comparative Learning (including Accord)

- The programme's goal is to improve international conflict transformation practice and policies. 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 activities for the Comparative Learning Project in Colombia and Philippines funded by the Ministry of Foreign Affairs, Norway.

##### 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 ongoing programme funds for Georgia Abkhazia related to the grant from the UK Conflict Prevention Pool to March 2010 and the European Commission Instrument for Stability funds to February 2010.

##### 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 programme and project activities, funding received in 2009 for spend in 2010, for Cross Border peace building in LRA affected areas funded by the Ministry of Foreign Affairs; Civil Society led peace building in LRA affected areas funded the Ministry of Foreign Affairs Belgium.

##### 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 Governance related project activities funded by the UK Department for International Development.

##### Voluntary Income

- Balance of funds relates to Monitoring and Evaluation related activities funded by the UK Department for International Development.

**CONCILIATION RESOURCES**  
**NOTES TO THE ACCOUNTS (Cont/d)**  
**FOR THE YEAR ENDED 31 DECEMBER 2009**

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

	<u>Unrestricted Funds</u> £	<u>Restricted Funds</u> £	<u>Total 2009</u> £	<u>Total 2008</u> £
Tangible fixed assets	49,003	-	49,003	27,984
Net current assets	430,329	661,130	1,091,459	940,745
	<u>479,332</u>	<u>661,130</u>	<u>1,140,462</u>	<u>968,729</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>2009</u> £	<u>2008</u> £
One year	-	12,069
Between two and five years	51,000	-
	<u>51,000</u>	<u>12,069</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 £59,418 (2008 – £54,381). 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 £6,334 (2008 – £3,659) was paid on behalf of five Trustees.

Mr M Bradbury, a trustee, is a specialist in the field of conflict in Somalia and received £7,835 in fees and expenses for his work as Issue Editor on the Accord Issue 21 - **Whose peace is it anyway? Connecting Somali and international peacemaking.**