

PEACE DIRECT

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2005

Charity No: 327947

PEACE DIRECT

FINANCIAL STATEMENTS

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PEACE DIRECT

OFFICERS AND FINANCIAL ADVISORS

Registered Name	Peace Direct
Trustees	Charlie Irvine (Chair) (appointed 26/10/05) Jonathan Levy (Treasurer) John Lewis Dr Scilla Elworthy Richard Fernyhough QC Roger Ross Caroline Ford (appointed 20/01/05) Joel Voysey (appointed 20/01/05) Lt Colonel Howard Pritchard (appointed 20/04/05)
Secretary	Carolyn Hayman
Charity Number	327947
Registered Office	Development House 56-64 Leonard Street London EC2A 4JX
Patrons	Dekha Ibrahim Abdi Prince El Hassan of Jordan Dame Margaret Anstee Dame Anita Roddick Mark Rylance
Bankers	The Co-operative Bank P O Box 101 1 Balloon Street Manchester M60 4EP CAF Bank P O Box 289 West Malling Kent ME19 4TA
Independent Auditors	Ramon Lee & Partners Kemp House 152 – 160 City Road London EC1V 2DW.
Solicitor	John Byrne & Co Sheraton House Castle Park Cambridge CB3 0AX.

PEACE DIRECT
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2005

The Trustees present their report together with the financial statements for the year ended 31st December 2005.

The accounts have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the charity's governing document, applicable law and the requirements of the Statement of Recommended Practice, "Accounting and Reporting by Charities" issued in October 2000.

BACKGROUND AND SCOPE

The Trust was created by a Deed dated 1st September 1988 as a trust exclusively for charitable purposes. The trust name was changed by special resolution from Woodstock Research Trust to Peace Direct on 7th February 2004.

AIMS AND OBJECTIVES

To advance and promote for the benefit of the public in the United Kingdom, Europe and throughout the world:

- (a) the use of conciliation, mediation, adjudication and other methods and procedures for the peaceful resolution of relevant conflicts on the basis of respect for the rule of law, internationally recognised human rights and principles of non-violence and thereby relieve the social and economic costs of such conflicts
- (b) the study of any discipline, including but not limited to domestic and international law, politics, economics, social and natural sciences, insofar as these disciplines may have a direct or indirect application to the understanding of relevant conflicts and their resolution. In this clause the expression 'relevant conflict' means any conflict or potential conflict between nations, racial, ethnic, religious or tribal groups, corporations, commercial organisations or individuals throughout the World.

REVIEW OF ACTIVITIES

2005 was a year of experimentation in which Peace Direct tried out different approaches to achieving its core aims. At the end of 2005 we had a clear view of which approaches were most productive in order to focus our work in 2006.

In 2005 our key achievements were:

Funding

We initiated the Champions programme which links individual donors in the UK with peacebuilding initiatives overseas. We completed funding for our first project in the Democratic Republic of Congo, began funding for a second in Kenya and identified a third in Colombia.

We responded to a request for a Rapid Response grant of £5,300 to enable a group of Kenyan peacebuilders to bring an end to conflict in Mandera District. As a result of this experience we started planning long term Rapid Response funds, to be controlled by local stakeholder committees, in Kenya and Nepal.

We also funded one off projects in Aceh and Sri Lanka from the proceeds of a fundraising concert in St Paul's Cathedral and secured funding for 2005 from UNHCR for a project in Northern Iraq.

In total £55,156 was transferred to overseas projects.

Promoting

We paid travel costs for the first visit of a team of photographer, filmmaker and writer, all of whom gave their time pro bono, to photograph peacebuilding in Kenya and Uganda. This is the first stage in a long term project to develop an exhibition of photographs of peacebuilding, in order to be able to use images to communicate the nature of grass roots peacebuilding. The photographs have been used by Peace Direct and an accompanying short video will be disseminated during 2006.

PEACE DIRECT

REPORT OF THE TRUSTEES (Cont/d)

FOR THE YEAR ENDED 31 DECEMBER 2005

We also completed a project on how Fallujah could have been handled using non-violent techniques, which has already been used in briefing UK and US military. The roundtable briefing to test its analysis was attended by a wide range of participants, from a serving Major General to a female journalist who was in Fallujah when the November assault took place.

In July we co-sponsored a seminar at the Royal Court theatre associated with the play Talking to Terrorists, which attracted over 200 participants. The theme was Engaging with Armed Groups.

In December the homepage of the Virgin Group website featured Dekha Ibrahim Abdi, a Kenyan peacebuilder, with a link to the Peace Direct website.

Learning

In Young Muslims Speak, we brought Muslim peacebuilders from Kenya and Palestine to work with young Muslims in the UK on issues of identity and on how they can play their full role in UK society. The report of this project will be launched in 2006. This project featured on local radio in the UK and in the New Statesman.

In addition to our three core programmes, fund, promote and learn, we worked on three enabling programmes:

Insight on Conflict

This is a web showcase of peacebuilding initiatives in four areas of conflict initially. We began collecting information about initiatives in Nepal, Sudan, Aceh and Colombia, and initiated the design of the website with Digital Craftsmen.

During the year we held consultations with users, including government officials from Department for International Development, the Foreign and Commonwealth Office and the Ministry of Defence, journalists and peace activists. As a result the website was rebranded from Peacebuilders Are Everywhere to Insight on Conflict.

Fundraising

We grew our base of individual supporters from 157 to 357 in the course of 2005, and raised funds from a number of new trusts and foundations.

Finance, Human Resources, administration and governance

We implemented a new financial system on Quickbooks, developed a Staff Handbook and recruited a new Chair, Charlie Irvine.

Peace Direct gratefully acknowledges donations from the following trusts, foundations and companies of £2,000 or more. Allan and Nesta Ferguson Charitable Trust, Data Connection Ltd, Dulverton Trust, Equal Music Company, Margaret Hayman Charitable Trust, Indigo Trust, Joseph Rowntree Charitable Trust, Philanthropic Trust, Polden Puckham Charitable Trust, Pula Trust, Staple Trust, Tinsley Foundation and W F Southall Charitable Trust. In addition two private donors made donations over £2,000.

ORGANISATION AND DECISION MAKING PROCESSES

The governing body of the charity is the Board of Trustees, which comprises up to ten members (currently 9) members. The Chief Executive and other members of staff by rotation attend board meetings.

The Board meets 4-5 times a year. Its role is one of strategic oversight. It approves the budget, operational and strategic plans, appoints the Chair and Chief Executive and approves overall policy in relation to staff employment terms. It also determines major issues that affect Peace Direct's public image, for example whether to endorse campaigns promoted by other organisations, whether to engage in forms of fundraising that might be deemed sensitive, and any issues with a legal dimension. All other decisions are in the hands of the Chief Executive, who consults the Board collectively, or individually where they have expertise to contribute or where they are thought likely to have strong views on a particular issue.

Peace Direct has no formal links with other organisations, but works closely with many in the field of conflict resolution both in the UK and overseas.

PEACE DIRECT

REPORT OF THE TRUSTEES (Cont/d)

FOR THE YEAR ENDED 31 DECEMBER 2005

INTERNAL CONTROLS

The trustees confirm that internal control procedures are in place in order to provide reasonable assurance against material misstatement or loss.

They include:

1. Comprehensive financial policies and procedures
2. Internal audit of cash handling and other financial procedures
3. Comprehensive system of annual budgets, approved by the trustees, and monthly financial reporting of actual against budget
4. Regular forecasting of predicted income and cash flow
5. Regular monitoring of reserves policy
6. Annual review of the charity's risk register

TRUSTEES

The Trustees in office during the year are set out on page 2.

No Trustee received any remuneration from the Trust (2004 - £NIL) and none of the Trustees were reimbursed expenses incurred in the performance of their duties. Travel expenses of £155 (2004 – £NIL) were paid for Howard Pritchard, a Trustee.

No Trustee had any interest in any contract with the Trust during the year.

Trustees are appointed for a three year period by election by the Board of Trustees.

INVESTMENT POLICY AND RETURNS

Under the Trust deed, the charity has the power to make any investment which the Trustees see fit. The trustees have considered the most appropriate policy for investing funds. The funds not immediately required are held in an interest bearing bank account in a bank designed for the charity sector.

FINANCIAL REVIEW

See Treasurer's report.

RESERVES POLICY

The trustees have reviewed the reserves of the charity. This review covered the nature of the income and expenditure streams of the charity and the need to match variable income with fixed costs.

It is recognised that the charity needs to have sufficient cash and reserves to absorb short-term fluctuations and larger setbacks in income receipts. The review concluded that the charity needs to maintain reserves at around the current proportion of expenditure and is conscious of that need when agreeing the Budget for 2006.

As at the end of December 2005 the charity's unrestricted reserves stood at £29,165 (2004 – £31,510).

PEACE DIRECT

REPORT OF THE TRUSTEES (Cont/d)

FOR THE YEAR ENDED 31 DECEMBER 2005

RISK

The Board annually reviews the whole range of risks that Peace Direct is exposed to and satisfies itself that appropriate arrangements are in place to mitigate them.

At the January 2006 Board Meeting the trustees discussed and approved a full risk assessment. In addition a risk assessment is carried out in relation to each overseas trip made by staff.

The trustees confirm that they are satisfied that adequate control actions and monitoring processes are in place to mitigate the charity's exposure to major risks.

POLICY ON GRANT MAKING

Peace Direct seeks to identify initiatives which have an established track record, a vision of how they could do more with greater resources, a commitment to non-violence and a willingness and ability to communicate about their work. In most cases Peace Direct seeks out groups that meet these criteria, using a range of networks and contacts, and does not respond to unsolicited requests for funding.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

Charity law requires the Trustees to prepare financial statements for the Trust for each financial year. In preparing these financial statements the Trustees have:

- (a) selected suitable accounting policies and then applied them consistently;
- (b) made reasonable and prudent judgements estimates;
- (c) stated whether applicable accounting standards have been followed;
- (d) prepared the financial statements on a going concern basis.

The Trustees are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Trust. They are also responsible for safeguarding the assets of the Trust and hence for the prevention and detection of fraud and other irregularities.

For and on behalf of the Board of Trustees.

**CHARLIE IRVINE
CHAIRMAN**

22ND MAY 2006

PEACE DIRECT
REPORT OF THE CHAIR
FOR THE YEAR ENDED 31 DECEMBER 2005

The optimism with which I wrote last year's report has been justified. Peace Direct has made an impact at every level but the increasing formality of charities' annual reports does not give the reader a complete picture of the atmosphere in which Peace Direct works, of the attitude of our staffs and of the motivation which drives all connected with Peace Direct.

We have already built up regular contacts with policy-makers in the government, with the United Nations and with senior military personnel who respect our aims. Fundraising is on a systematic and professional basis, although we realize the task of assembling a mass membership will take several years. Most important, our support for grassroots peacebuilding in the field has been extended geographically and become more specific and focussed.

We are proud of high-profile events, the UK Charity Award we received and a sponsored concert in St Paul's Cathedral, but it is the peace work that matters, the ability to give emotional and financial support over long periods to those in the field struggling to bring peace to their community often amid poverty. Conflict is always linked to other sufferings.

The people who bring this about are our staff, who the Trustees have learnt to respect and be grateful for their dedication. The Chief Executive has driven the small organisation forward with imagination, for a new charity meets innumerable unexpected challenges and must always be adaptable. The field we work in is not static, either at home or abroad and the Chief Executive is the person who has to face the challenges as they arise.

I thank the Trustees and other volunteers for their help, which, with the faith of generous supporters large and small, makes our work possible.

The changing environment has made it essential for Peace Direct to appoint a younger Chair. I am grateful to Charlie Irvine for accepting the appointment with effect from 26th October 2005 and I believe his flair and fresh ideas are appropriate for a fast-growing new charity. The Trustees are enthusiastic at this appointment and I thank them for their support in the past years.

JOHN LEWIS
CHAIRMAN (Resigned 26 October 2005)

22ND MAY 2006

PEACE DIRECT
REPORT OF THE CHAIR (Cont/d)
FOR THE YEAR ENDED 31 DECEMBER 2005

I am excited at the challenges offered by Peace Direct, which match my own longstanding commitment to African development. Peace Direct's philosophy, of trusting, sustaining and learning from the experience of local peacebuilders in Africa and elsewhere, is surely the way of the future. As one observer put it 'They are the ones with the PhD's in conflict management' - gained not through academic study, but in the field.

I feel privileged to be supporting people like Dekha Ibrahim Abdi in Kenya, and Henri Ladyi in the DRC. I also want to work with Peace Direct to find ways of bringing local funding into the work we support – something that is beginning with our Kenya Rapid Response Fund, where every intervention is likely to be partly supported by local businesses.

Peace Direct is a long term project, seeking to change perceptions of how peace is won and maintained. We have already achieved some startling successes – for example Virgin's generous offer of their home page in the week before Christmas to publicise Dekha's work. I look forward to working with the staff team and Trustees over the coming years to build on the great start that Peace Direct has made under John's committed and skilful Chairmanship.

CHARLIE IRVINE
CHAIRMAN (Appointed 26 October 2005)

22ND MAY 2006

PEACE DIRECT
REPORT OF THE TREASURER
FOR THE YEAR ENDED 31 DECEMBER 2005

2005 was a year of experimentation for Peace Direct, setting the scene for a focussed business plan for 2006. Income rose from £202,673 to £316,456 as a result of additional fundraising activity. Peace Direct gained its first statutory funding, from UNHCR for work in Iraq, and continued to benefit from core funding from the Network for Social Change, Staples Trust and a number of individuals, as well as a new grant from Joseph Rowntree Charitable Trust.

Expenditure also increased from £216,164 to £296,615 as Peace Direct recruited additional staff. £22,775 (2004 - £12,980) was devoted to projects that were partially supported by restricted funds.

Peace Direct ended the year with a surplus of £25,841 (2004 – deficit of £13,491) resulting in reserves of £57,351 (2004 - £31,510). Reserves are still significantly above the costs of closure for Peace Direct, which we estimate at less than £15,000. In the opinion of the Trustees the assets are sufficient to fulfil the obligations of the charity in the light of the forward Business Plan for 2006 and subsequent years.

I would like to end by thanking Mike Slade, who has acted a pro bono accountant for Peace Direct, and Cressida Langlands who has continued to develop new skills in her role as Financial Administrator at Peace Direct.

J LEVY
TREASURER

22ND MAY 2006

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF

PEACE DIRECT

We have audited the financial statements of Peace Direct for the year ended 31st December 2005 which comprise: the Statement of Financial Activities, the Balance Sheet and the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

Our audit work has been undertaken so that we might state to the Trustees 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 responsibility to anyone other than the charity and the Trustees 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' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards 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 United Kingdom Auditing Standards.

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 Charities Act 1993. We also report to you if, in our opinion, the Trustees' Report is not consistent with the financial statements, if the charity 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 charity is not disclosed.

We read other information contain in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Trustees' Report. 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 United Kingdom Auditing Standards 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 31st December 2005 and of its incoming resources and application of resources, including its income and expenditure for the year then ended and have been properly prepared in accordance with the Charities Act 1993.

RAMON LEE & PARTNERS
KEMP HOUSE
152 – 160 CITY ROAD
LONDON EC1V 2DW.

22ND MAY 2006

STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 DECEMBER 2005

	<u>Notes</u>	Unrestricted Funds £	Restricted Funds £	Total <u>2005</u> £	<u>2004</u> £
INCOMING RESOURCES					
Donations		79,233	61,026	140,259	117,950
Activities in furtherance of the charity's objects:					
- Grant income		98,346	76,828	175,174	79,703
- Book sales		815	-	815	4,081
Activities for generating funds:					
- Other Income		3,985	-	3,985	141
- Bank interest		2,223	-	2,223	798
TOTAL INCOMING RESOURCES		<u>184,602</u>	<u>137,854</u>	<u>322,456</u>	<u>202,673</u>
Cost of generating funds	2	(23,276)	-	(23,276)	(22,000)
NET INCOMING RESOURCES AVAILABLE FOR CHARITABLE APPLICATION		<u>161,326</u>	<u>137,854</u>	<u>299,180</u>	<u>180,673</u>
Charitable expenditure					
<i>Cost of activities in furtherance of charitable activities:</i>					
- Cost of activities	3	161,318	108,894	270,212	191,400
- Management and administration	4	3,127	-	3,127	2,764
TOTAL RESOURCES EXPENDED		<u>164,445</u>	<u>108,894</u>	<u>273,339</u>	<u>194,164</u>
Net (outgoing) / incoming resources		(3,119)	28,960	25,841	(13,491)
NET MOVEMENT IN FUNDS BEFORE TRANSFERS		(3,119)	28,960	25,841	(13,491)
TRANSFER		774	(774)	-	-
NET MOVEMENT IN FUNDS AFTER TRANSFERS		(2,345)	28,186	25,841	(13,491)
TOTAL FUNDS, brought forward		31,510	-	31,510	45,001
TOTAL FUNDS, carried forward		<u>29,165</u>	<u>28,186</u>	<u>57,351</u>	<u>31,510</u>

There were no recognised gains or losses for the above two financial years other than those included in the Statement of Financial Activities.

All movements derive from continuing activities.

The notes on pages 13 to 18 form part of these accounts.

PEACE DIRECT

BALANCE SHEET AS AT 31 DECEMBER 2005

	<u>Notes</u>	<u>2005</u>	<u>2004</u>
	£	£	£
FIXED ASSET INVESTMENTS			
Tangible assets for use by Trust	8	6,322	7,181
CURRENT ASSETS			
Stock		2,000	2,593
Debtors	9	4,953	10,151
Cash at bank & in hand		65,011	51,483
		<u>71,964</u>	<u>64,227</u>
CREDITORS: Amounts falling due within one year			
	10	<u>20,935</u>	<u>39,898</u>
		20,935	39,898
NET CURRENT ASSETS		51,029	24,329
NET ASSETS		<u><u>57,351</u></u>	<u><u>31,510</u></u>
Represented by:			
Unrestricted funds	12	29,165	31,510
Restricted Funds	11	28,186	-
		<u><u>57,351</u></u>	<u><u>31,510</u></u>

Approved by and signed on behalf of the Board of Trustees on 22nd May 2006:

..... **CHARLIE IRVINE (CHAIRMAN)**

..... **JONATHAN LEVY (TREASURER)**

The notes on pages 13 to 18 form part of these accounts

PEACE DIRECT

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2005

1. ACCOUNTING POLICIES

(a) Basis of preparation of financial statements.

The financial statements are prepared under the historical cost convention and include the results of the charity's operations which are described in the Trustees' Report and all of which are continuing.

The financial statements have been prepared in accordance with the Statement of Recommended Practice for charity accounts.

The charity has taken advantage of the exemption in Financial Reporting Standard No. 1 from the requirement to produce a cash flow statement on the grounds that it qualifies as a small charity.

(b) Tangible fixed assets for use by the charity and depreciation.

Tangible fixed assets for use by the charity are stated at cost less depreciation.

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.

Computer equipment	-	33 1/3% on cost
Fixtures and fittings	-	25% on cost

(c) Income.

Donations and grants are accounted for as received by the charity.

(d) Value Added Tax.

Value Added Tax is not recoverable by the charity, and as such is included in the relevant costs in the Statement of Financial Activities.

(e) Pensions

The pension costs charged in the accounts represent the contributions payable by the charity during the year in accordance with FRS 17.

(f) Management and administration expenditure.

Expenditure on management and administration of the charity includes all expenditure not directly related to the charitable activity.

(g) Fundraising costs

These costs comprise expenditure incurred in inducing individuals and organisations to contribute financially to the work of the charity.

PEACE DIRECT

NOTES TO THE ACCOUNTS (Cont/d)

FOR THE YEAR ENDED 31 DECEMBER 2005

2. FUNDRAISING COSTS

	<u>2005</u>	<u>2004</u>
	£	£
Advertising and promotional expenditure	22,570	19,220
Fund raising events	706	2,780
	23,276	22,000

3. CHARITABLE EXPENDITURE – Costs of Activities

	<u>2005</u>	<u>2004</u>
	£	£
Project costs	22,775	12,980
Staff costs	130,728	52,523
Subcontract staff	615	19,468
Fees	5,577	26,640
Donations	-	43,794
Grants	55,156	-
Sponsorships	10,000	-
Rent	14,939	3,523
Telephone and internet	1,334	2,687
Publications, printing and stationery	9,654	5,672
Meetings and events costs	2,549	925
Travel and subsistence	1,486	3,642
Books	-	1,787
Equipment repairs and renewals	1,665	6,809
Interns	3,463	501
Insurance	724	-
Depreciation	7,571	8,424
Subscriptions	735	657
Sundries	1,241	1,368
	270,212	191,400

4. MANAGEMENT AND ADMINISTRATION

	<u>2005</u>	<u>2004</u>
	£	£
Bank charges	175	61
Audit fees	1,762	-
Independent examination	-	1,175
Legal and professional fees	491	1,528
Trustee expenses and costs of governance	699	-
	3,127	2,764

PEACE DIRECT

NOTES TO THE ACCOUNTS (Cont/d)

FOR THE YEAR ENDED 31 DECEMBER 2005

5. GRANTS, DONATIONS AND SPONSORSHIP PAYABLE

Grants payable represents grants made to institutions to supports grass roots peacebuilding in conflict areas.

	<u>2005</u> £	<u>2004</u> £
Nomadic Primary Health Care - Kenya	10,435	-
Centre for Peace-Building and Reconciliation - Sri Lanka	5,022	-
Centre Resolution Conflicts – Congo	6,167	-
Kukuh Sullar Wuryantoro - Indonesia	5,030	-
Humanitarian Liaison Centre - Iraq	28,502	-
	<u>55,156</u>	<u>-</u>

The charity sponsored the Sheila McKechnie Award for best new campaigner in the field of peace and security, which cost £10,000.

6. TAXATION

Peace Direct is a registered charity and, therefore, is not liable to Income Tax or Corporation Tax on the income derived from its charitable activities.

7. DIRECTORS AND EMPLOYEES

STAFF COSTS

	<u>2005</u> £	<u>2004</u> £
Salaries	105,383	46,738
National Insurance	10,952	4,718
Pension costs	4,403	1,067
	<u>120,738</u>	<u>52,523</u>

Pension costs represent contributions paid to a defined contribution scheme on behalf of the company's employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

There were no employees whose annual emoluments were £50,000 or more.
The average weekly full time number of staff employed by the charity during the period was as follows:

	<u>2005</u>	<u>2004</u>
Direct charitable work	4	2
Administrative work	1	1
	<u>5</u>	<u>3</u>

PEACE DIRECT

NOTES TO THE ACCOUNTS (Cont/d)

FOR THE YEAR ENDED 31 DECEMBER 2005

8. TANGIBLE FIXED ASSETS FOR USE BY TRUST

		<u>2005</u>	<u>2004</u>	
		£	£	
Net Book Value				
Computer equipment & software		3,779	7,181	
Fixtures and fittings		2,543	-	
		<u>6,322</u>	<u>7,181</u>	
Movement in year				
Cost:	At 31.12.04	Additions	Disposals	At 31.12.05
	£	£	£	£
Computer equipment & software	16,850	3,322	-	20,172
Fixtures and fittings	-	3,390	-	3,390
	<u>16,850</u>	<u>3,322</u>	<u>-</u>	<u>20,172</u>
		Charge for		
	At 31.12.04	the year	Disposals	At 31.12.05
	£	£	£	£
Computer equipment & software	9,669	6,724	-	16,393
Fixtures and fittings	-	847	-	847
	<u>9,669</u>	<u>7,571</u>	<u>-</u>	<u>16,393</u>

The net book value of computer equipment includes £ 1,563 (2004 - £7,180) in respect of assets held under finance lease. The amount of depreciation in respect of such assets amounted to £ 5,617 for the year (2004 - £7,180).

9. DEBTORS

	<u>2005</u>	<u>2004</u>
	£	£
Prepayments	1,410	2,820
Other debtors	3,543	7,331
	<u>4,953</u>	<u>10,151</u>

10. CREDITORS: Amounts falling due within one year

	<u>2005</u>	<u>2004</u>
	£	£
Deferred income	13,340	-
Trade creditors	-	4,700
Sundry creditors and accruals	2,645	8,800
Taxation and social security	3,555	4,631
Obligation under finance lease	1,395	9,767
Loans	-	12,000
	<u>20,935</u>	<u>39,898</u>

PEACE DIRECT

NOTES TO THE ACCOUNTS (Cont/d)

FOR THE YEAR ENDED 31 DECEMBER 2005

11. RESTRICTED FUNDS

	<u>Balance</u> <u>31.12.04</u> £	<u>Income</u> £	<u>Expenditure</u> £	<u>Transfer</u> £	<u>Balance</u> <u>31.12.05</u> £
Iraq project - UNHRC grant \$53,200	-	29,805	28,502	(1,303)	-
Artist in residence	-	4,114	5,942	1,828	-
Peace and Security Campaign Awards	-	10,000	10,000	-	-
Insight on Conflict	-	12,565	4,114	-	8,451
Young Muslims Speak	-	7,030	4,333	(197)	2,500
Wages funding	-	47,670	33,935	-	13,735
Mandera, Kenya	-	10,435	9,333	(1,102)	-
Centre Résolution Conflits	-	10,235	6,735	-	3,500
	<u>-</u>	<u>131,854</u>	<u>102,894</u>	<u>(774)</u>	<u>28,186</u>

Iraq project	Supporting a humanitarian resource centre, where people with acute problems can come and tell a trained interviewer their problems, with hope of obtaining redress.
Artist in residence	Recording grassroots peacebuilding in photography and film.
Peace and Security Campaign Awards	Sponsoring the Sheila McKechnie award for campaigning in the field of peace and security.
Insight on Conflict	Web showcase of grassroots peacebuilding initiatives. Reserves carried forward represents funds for on going costs associated with the project.
Young Muslims Speak	Project to capture the views of young Muslims, working with overseas Muslim peace activists. The reserves carried forward represent the funding received towards the cost of publishing a report to be published in 2006.
Wages Funding	Contributions towards staff wages. Funds carried forward represent the unspent funding for communications officer's wages to be spent next year.
Mandera, Kenya	Funding for grassroots peacebuilding in Northern Kenya.
Centre Résolution Conflits	Funding for grassroots peacebuilding in Democratic Republic of Congo. Reserves carried forward represent unspent project costs to be spent on the project in 2006.

PEACE DIRECT

NOTES TO THE ACCOUNTS (Cont/d)

FOR THE YEAR ENDED 31 DECEMBER 2005

12. ANALYSIS OF FUND BALANCES BETWEEN NET ASSETS

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
	£	£	£
Tangible fixed assets	6,322	-	6,322
Net current assets	22,843	28,186	51,029
	<u>29,165</u>	<u>28,186</u>	<u>57,351</u>

13. RELATED PARTY TRANSACTIONS

Following trustees donated funds to the charity during the year:

S Elworthy	-	£11,500
R Fernyhough	-	£ 2,000
R Ross	-	£ 2,000