

PEACE DIRECT

FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 MARCH 2008

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) (Resigned 12.12.07) Dr Scilla Elworthy (Chair from 12.12.07) Jonathan Levy (Treasurer) (Resigned 30.04.07) Ed Harding (Treasurer) (Appointed 30.04.07 and resigned 12.07.07) Eliot Lyne (Treasurer) (Appointed 24.09.07) Ruth Jenkins (Secretary) (Appointed 24.09.07) Richard Fernyhough QC (Resigned 30.04.07) Caroline Ford (Resigned 12.12.07) Joel Voysey Lt Colonel Howard Pritchard (Resigned 02.08.07)
Senior Management	Carolyn Hayman – Chief Executive
Secretary	Carolyn Hayman (up to 24.09.07) Ruth Jenkins (from 24.09.07)
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 Mark Rylance Baroness Helena Kennedy
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 OAX.

PEACE DIRECT
REPORT OF THE TRUSTEES
FOR THE PERIOD ENDED 31 MARCH 2008

The Trustees present their report together with the financial statements for the fifteen months ended 31st March 2008. The accounting period was extended to fifteen months to allow the completion of the process of incorporating a new company limited by guarantee No 6458464, with a new Charity Number 1123241. The assets of 'old Peace Direct' were transferred to 'new Peace Direct' with effect from 1st April 2008.

The accounts have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the Charity's governing document, applicable law and the requirements of the Statement of Recommended Practice, "Accounting and Reporting by Charities" issued in March 2005.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

Peace Direct grew out of the Woodstock Trust, a private charitable trust established by Scilla Elworthy, one of Peace Direct's founders. On February 7th 2004 the Woodstock Trust, through a deed of revocation and substitution, changed its name to Peace Direct and changed its charitable objects to the following: 'advancing the use of conciliation, mediation, adjudication and other methods and procedures for the peaceful resolution of relevant conflicts... and the study of any discipline... that may have a direct or indirect application to the understanding of relevant conflicts.'

The Board reviewed its trust deed and objects during 2007 in the light of the Charities Act 2006 and the development of Peace Direct since 2004. The objects of 'new Peace Direct' will read as follows:

1. To promote conflict resolution and reconciliation for the public benefit with a view to relieving suffering, poverty and distress and building and maintaining social cohesion and trust within and between communities by:

- A. Investigating and identifying probable causes of conflict.
- B. Examining probable solutions to the conflict.
- C. Mediating with parties to the conflict and others together to discuss possible solutions enabling them to build relationships of trust
- D. Recommending to the parties involved measures which are likely to result in the resolution or prevention of the conflict or the reduction of any humanitarian crisis that may ensue from the conflict

Provided that all activities shall be balanced and shall maintain or enhance the charity's commitment to remaining impartial, respect for the rule of law, internationally recognised human rights and principles of non-violence.

2. To promote equality and diversity and racial and religious harmony for the public benefit by:

- A. Advancing education and raising awareness in equality and diversity.
- B. Promoting activities to foster understanding between people from diverse backgrounds and to promote good relations
- C. Promoting knowledge and mutual understanding between different racial and religious groups.
- D. Cultivating a sentiment in favour of equality and diversity

3. To promote domestic human rights by:

- A. Obtaining redress for the victims of human rights abuse
- B. Contributing to the sound administration of human rights law.
- C. Promoting respect for human rights among individuals.
- D. Eliminating infringements of human rights

In this clause 'domestic human rights' shall mean those rights which are enshrined or incorporated into the domestic law of the country in which it is proposed to promote those rights.

Peace Direct currently is a charitable trust and registered as a charity with the Charity Commission (charity no. 327947). The organisation is governed by Trust Deed which sets out the objects and powers of the charity and governs the actions of the Trustees.

PEACE DIRECT
REPORT OF THE TRUSTEES (Cont/d)
FOR THE PERIOD ENDED 31 MARCH 2008

Recruitment and appointment of Trustees

The Trustees in office during the period are set out on page 2. Peace Direct's trust deed allows for up to ten Trustees who are appointed by the existing Trustees. Trustees are appointed for a three year period by election by the Board of Trustees.

This was a period of substantial change in Peace Direct's Board, resulting from a combination of natural turnover as terms were completed, and disagreements which were resolved amicably by certain Board members resigning. The number of Trustees was restricted while the process of incorporation was taking place, but 'new Peace Direct' has a Board of 10 members, including the four Trustees in office in 'old Peace Direct' on 31st March 2008.

Trustee induction and training

Induction is tailored to the individual requirements of Trustees, but in all cases involves introduction to the whole staff team, review of the operating and strategic plan and review of the minutes of previous Board meetings.

Organisation

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 delegated to 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.

Related parties

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.

No Trustee received any remuneration from the Trust (2006 - £NIL) and none of the Trustees were reimbursed expenses incurred in the performance of their duties.

Risk Management

The trustees have discussed and approved a full risk assessment at the January 2007 and February 2008 Board Meetings. 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.

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 actuals against budget
4. Regular forecasting of predicted income and cashflow
5. Regular monitoring of reserves policy
6. Annual review of the charity's risk register

OBJECTIVES AND ACTIVITIES

Peace Direct's objects are summarised above. Peace Direct's focus is on grassroots peacebuilding in areas of conflict, funding and promoting such initiatives and seeking to apply the knowledge gained to situations of conflict in the UK.

PEACE DIRECT
REPORT OF THE TRUSTEES (Cont/d)
FOR THE PERIOD ENDED 31 MARCH 2008

ACHIEVEMENTS AND PERFORMANCE

In terms of last year's future plans, we can report as follows:

Fund

We hoped to start two new Champions projects, one more Rapid Response Fund and to continue to support the Collaborative for Peace in Sudan.

We initiated one new Champions project, in Kashmir. The Centre Résolution Conflits (CRC) in the DR Congo, our longest standing Champions project, released a community of 6,100 from militias by negotiating safe passage for the latter; helped 70 former militias to reintegrate in their communities; trained 2800 people in peacebuilding; helped voters assess the peace credentials of candidates in the elections, and mobilized demonstrations in favour of peace. On the downside, we still do not have enough individual givers to cover all the costs of the Champions programme, which is therefore supported from unrestricted funds.

We launched one new Rapid Response Fund in Nepal. The funding for the Kenya Rapid Response Fund enabled Dekha Ibrahim Abdi to initiate Concerned Citizens for Peace in the immediate aftermath of the elections. With our support and funding the Collaborative for Peace in Sudan launched its first joint project, a Peace Centre in the contested state of S Kordofan. Among other activities, it also held two meetings between oil companies and community leaders, resulting in the creation of the Sudan Oil and Human Security Initiative.

Promote

We aimed for an increase in web traffic of 33%, expand Ted Gifford's Photographing Peace project to include UK peacebuilders, as well as organising further overseas trips and continue to seek opportunities to influence senior policy makers. We also hoped to have initiatives from Insight on Conflict from at least 10 conflict areas.

We met our target on web traffic, with 32,000 unique visitors in calendar 2007, and 39,900 in the 15 month period. Ted Gifford photographed primary school peer mediators in Kentish Town. He asked them to get into groups and make images of peace – one group held up their shoes in a circle, and when asked why, replied 'Shoes take us on a journey and peace is a journey, and shoes support us and we need to support peace.' Due to his other commitments, he was not able to fit in another overseas project.

We arranged for Asha Hagi, MP, a Somali MP and peace activist, to be interviewed on Newsnight in May 2007, talking about the humanitarian crisis in Somalia. She attributed the return of the UN to Somalia in part to this interview, which has also been viewed on YouTube by approaching 50,000 people.

We had received initiatives from 10 conflict areas by the end of March 2008. However, we have switched the site from one pro bono host to an alternative, and this has delayed the expansion of the published information beyond the initial five countries.

Learn

We aimed to secure funding for Truce 2012 and initiate the project.

We succeeded in doing this, initiating the project in July 2007 and 40 young people took part in the course of 2007/08. Henri Ladyi, of the CRC, visited in February 2008 to train and inspire the participants, and talk about his peacebuilding work with the Congolese community in London. His visit included a broadcast on a TV station viewed by the Congolese diaspora.

Unfortunately the London Olympic Organising Committee (LOCOG) challenged our trademarking of Truce 2012, so that we changed the project's name to Truce 20/20.

Supporter base

We aimed to grow our supporter base to the point where 1950 individuals had given in the two years up to end December 2007.

We fell significantly short of this target, ending the year with 1526 individual supporters.

PEACE DIRECT
REPORT OF THE TRUSTEES (Cont/d)
FOR THE PERIOD ENDED 31 MARCH 2008

Governance

Our focus was to be on introducing planning and review systems for Peace Direct's own work and that of our overseas grantees, in order to be better able to indicate the impact of our work.

We now have 'critical friends' in place for most of our overseas projects, and the first full report under our evaluation system from our Champions project in Cali. We produced our first Impact Statement for Peace Direct covering 2007.

External factors affecting achievement

As last year, we benefited from the pro bono efforts of many supporters. These included pro bono design and hosting of both the Peace Direct and Insight on Conflict websites; translation and interpretation services; legal advice and trademarking services; interns researching and editing material for Insight on Conflict; Ted Gifford's photography, and filming of work in Sri Lanka by Ali Schilling; PR and marketing advice; news clippings services. We gained significant coverage through association with the launch of One Unknown, the autobiography of our Ambassador, Gill Hicks.

We found fundraising particularly challenging in 2007, both in terms of recruiting individuals to support the Champions projects, and in terms of securing funding for our overseas projects. We have been fortunate in securing an interest free loan of £50,000, for two years, to invest in fundraising, and have begun working with a part time free lance fundraiser to expand the range of sources of funding available to us.

LOOKING FORWARD

Peace Direct's overall goal is to place local civil society peacebuilding at the centre of all strategies for managing conflict. To achieve this we believe that we need to:

- Fund local peacebuilding, including in the UK, and demonstrate its effectiveness
- Make it easy for people to find out about local peacebuilding in conflict areas
- Get the public on board
- Create structures that link local peacebuilders into larger programmes of more strategic interest to donors

This table shows what we hope to achieve in terms of progress in these areas, against the goals set out in our 2006-2010 strategic plan. The specific initiatives mentioned are:

- Champions – a programme that provides long term core support to individual peacebuilding projects, backed by donations from individuals
- Rapid Response Funds – a programme that places funds for rapid interventions in emerging conflict in the hands of local organisations, to be used as they see fit
- The Collaborative for Peace in Sudan – a movement of peace organisations across Sudan which Peace Direct brought into being, and which we now support and fundraise for so that they can undertake projects of their choosing
- Insight on Conflict – a web showcase of what local peacebuilders are doing in specific conflict areas
- Truce 20/20 – a partnership with Newham Conflict and Change and Leap, which trains young people in Newham in conflict resolution and leadership, and brings over peacebuilders from conflict areas to inspire the young people to develop their own community projects

PEACE DIRECT
REPORT OF THE TRUSTEES (Cont/d)
FOR THE PERIOD ENDED 31 MARCH 2008

A. Fund local peacebuilding and demonstrate its effectiveness in saving lives and rebuilding trust

Goal	Target for 2008/09	Measurement
1. Fund and evaluate local peacebuilding work on the basis of a proven methodology about its effectiveness.	Embed evaluation in all overseas projects, produce first impact statement for overseas work.	Other organisations use our methods, results are recognised by groups we fund, Govt/donors recognise value of approach.
2. Channel at least 50% of income overseas.	Subject to DfID funding this may be achieved.	Accounts.
3. Generate surplus sufficient to cover likely costs of overseas field offices.	Define costs of overseas offices.	Accounts.
4. Be the leading conduit for organisations wanting to fund overseas peacebuilding.	Add one significant philanthropic organisation.	Unsolicited approaches from interested donors.
5. Raise at least 5% of income from South.	Continue to quantify local in kind contributions.	Accounts, Rapid Response reports.
6. Show evidence that media and policy makers are starting to see local peacebuilding as central to achieving lasting peace.	Turn DfID and FCO interest in conflict prevention and local civil society peacebuilding into reality, at least four 'breaking news' media initiatives.	Media coverage, government policy documents and funding decisions.
7. Having meaningful productive relationships with policy makers.	Develop good links with relevant Conflict Prevention Pools people.	Will see our views echoed in official documents and be able to set up meetings on demand.

B. Make it easy for people to find out about local peacebuilding

8. Being recognised as the best source of information on local peacebuilding for policy makers, media and practitioners.	At least four proactive approaches to policy makers, Insight on Conflict traffic increases to 25,000 unique visitors.	loc webstats, log of requests for information.
9. Having had coverage outside the UK.	Continue to promote Peace Direct overseas where appropriate.	By keeping track of overseas coverage.
10. Ensuring that selected relevant UK media outlets understand Peace Direct's mission, routinely use Peace Direct for comment and advice and respect Peace Direct's accuracy, reliability and professionalism.	Build core group of 4 journalists with whom we maintain regular contact.	Independent poll of media outlets.

C. Get the public on board

11. Having successfully run and publicised on large scale 'learning project' in the UK.	Expand Truce beyond Newham, get publicity in local and national media.	Review of Truce 20/20 in 2011.
12. Cover 75% of core costs from individual supporter income.	Cover 43% of core costs in 2008/09 from income from individual supporters.	Accounts.
13. Complete photography project for exhibition, or equivalent public outreach project.	Two more trips for Ted Gifford, pro bono photographer.	Exhibition or equivalent held by 2011.

PEACE DIRECT

REPORT OF THE TRUSTEES (Cont/d)

FOR THE PERIOD ENDED 31 MARCH 2008

D. Create structures that link local peacebuilders into larger groupings, more fundable by donors

14. Having acted as catalyst for at least one large scale demonstration project on the impact and cost effectiveness of local peacebuilding.	Secure significant long term income for Collaborative and/or Nepal Rapid Response Fund. Hold donor conference on local leadership in peacebuilding.	External evaluation.
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E. Build organisational capacity

15. Find and develop excellent staff, Trustees and partners.	Complete Board recruitment and induction, recruit Head of Finance and Systems.	Board members attendance and contribution.
16. Insight on Conflict securely funded.	Aim to achieve three year funding from trusts and international initiatives.	Grant letters.
17. Research on alternative international structures completed.	Start research.	
18. Funds available to match start-up costs of overseas fundraising offices.	Develop relationship with US foundation.	
19. All required systems in place and working well.	All required systems in place by end year.	

FINANCIAL REVIEW

Peace Direct's income increased from £401,865 in calendar year 2006 to £433,000 (unaudited) in calendar year 2007 and £611,190 in the 15 month period to 31 March 2008. £478,546 was devoted to projects that were partially supported by restricted funds.

Peace Direct ended the fifteen month period with a surplus of £65,705 resulting in reserves of £133,255. To provide a degree of cash flow cover, and a long term safety net, Trustees raised £70,000 in 10 year interest free loans from individuals with a strong commitment to Peace Direct. These loans are repayable at the end of the 10 year period, unless so doing would mean that Peace Direct was unable to meet all its obligations in the course of closure. Thus lenders are accepting a degree of risk.

Principal funding sources

Over the last fifteen months, income was split fairly evenly between individual donations (27%), high net worth individuals (20%), trusts and foundations, including those linked with companies (47%), with statutory funding (from FCO Khartoum for work in Sudan) contributing (5%) and bank interest (1%).

Investment powers and policy

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.

PEACE DIRECT
REPORT OF THE TRUSTEES (Cont/d)
FOR THE PERIOD ENDED 31 MARCH 2008

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. In the course of the period, Trustees developed a new policy on reserves, which aims to have unrestricted reserves sufficient to cover three months core running costs, costs of closure, and three months funding for overseas projects not covered by grant funding. Trustees estimate that this would give a target for unrestricted reserves of £120,000 at the end of March 2008, compared with actual unrestricted reserves of £66,300. Trustees aim to make significant progress towards meeting their reserves target over the next three years.

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. Grants made overseas are monitored to ensure that funds are spent on charitable purposes.

TRUSTEES' RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS

Charity law requires the Trustees to prepare financial statements for each financial period which give a true and fair view of the charity's financial activities during the period and of its financial position at the end of the period. In preparing financial statements giving a true and fair view, the trustees should follow best practice and:

- (a) select suitable accounting policies and apply them consistently;
- (b) make judgements and estimates that are reasonable and prudent;
- (c) state whether applicable accounting standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements;
- (d) prepare the financial statements on a going concern basis unless it is inappropriate to assume that the Trust will continue in operation.

The Trustees are responsible for maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the charity and which enable them to ensure that the financial statements comply with the Charities Act 1993. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Dr P Elworthy
Chairman

4th August 2008

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF PEACE DIRECT

We have audited the financial statements of Peace Direct for the period ended 31st March 2008 which comprise: the Statement of Financial Activities, the Balance Sheet and related notes. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 13 and 14.

This report is made solely to the charity's trustees, as a body, in accordance with Section 43 of the Charities Act 1993. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them as 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 charity's 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 charity's trustees' responsibilities for preparing the 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.

We have been appointed as auditors under Section 43 of the Charities Act 1993 and report in accordance with regulations made under Section 44 of that Act. 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 Charities Act 1993. We also report to you if, in our opinion, the Report of the Trustees 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 contained 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 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 affairs of the charity as at 31st March 2008 and of its incoming resources and application of resources, including its income and expenditure for the period then ended and have been properly prepared in accordance with the Charities Act 1993.

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

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

4TH AUGUST 2008

PEACE DIRECT
STATEMENT OF FINANCIAL ACTIVITIES
FOR THE PERIOD ENDED 31 MARCH 2008

	<u>Notes</u>	<u>Unrestricted Funds</u> £	<u>Restricted Funds</u> £	<u>Period ended 31.03.08</u> £	<u>Year ended 31.12.07</u> £
INCOMING RESOURCES					
<i>Incoming resources from generating funds:</i>					
<i>Voluntary income:</i>					
Donations and grants	2	302,514	-	302,514	229,917
<i>Activities for generating funds:</i>					
Other Income		146	-	146	3,494
Investment interest		8,241	-	8,241	2,021
<i>Activities in furtherance of the charity's objects:</i>					
Donations and grants	3	-	300,289	300,289	163,941
Other Income		-	-	-	2,492
TOTAL INCOMING RESOURCES		<u>310,901</u>	<u>300,289</u>	<u>611,190</u>	<u>401,865</u>
RESOURCES EXPENDED					
Costs of generating funds	4	55,880	-	55,880	92,959
Charitable activities	4	215,228	263,318	478,546	292,034
Governance costs	4	11,059	-	11,059	6,673
TOTAL RESOURCES EXPENDED		<u>282,167</u>	<u>263,318</u>	<u>545,485</u>	<u>391,666</u>
Net (outgoing) / incoming resources		<u>28,734</u>	<u>36,971</u>	<u>65,705</u>	<u>10,199</u>
Net movement in funds after transfers		<u>28,734</u>	<u>36,971</u>	<u>65,705</u>	<u>10,199</u>
Funds brought forward		37,566	29,984	67,550	57,351
Funds carried forward		<u>66,300</u>	<u>66,955</u>	<u>133,255</u>	<u>67,550</u>

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

All movements derive from continuing activities.

The activities of the Trust were transferred to the Peace Direct on the 1st April 2008, (a company incorporated by limited guarantee on 20th December 2007 and granted charitable company status by the Charity Commission on 18th March 2008).

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

PEACE DIRECT
BALANCE SHEET AS AT 31 MARCH 2007

	<u>Notes</u>	<u>Period ended</u> <u>31.03.08</u>		<u>Year ended</u> <u>31.12.06</u>	
		£	£	£	£
FIXED ASSET INVESTMENTS					
Tangible assets for use by Trust	7		1,478		4,488
CURRENT ASSETS					
Stock		1,000		1,000	
Debtors	8	24,977		35,558	
Cash at bank & in hand		286,522		75,347	
		<u>312,499</u>		<u>111,905</u>	
CREDITORS: Amounts falling due within one year					
	9	40,722		48,843	
		<u>40,722</u>		<u>48,843</u>	
NET CURRENT ASSETS			271,777		63,062
Total assets less current liabilities			<u>273,255</u>		<u>67,550</u>
CREDITORS: Amounts falling due after more than one year					
	10		140,000		-
NET ASSETS			<u>133,255</u>		<u>67,550</u>
Represented by:					
Unrestricted funds	11		66,300		37,566
Restricted Funds	11		66,955		29,984
			<u>133,255</u>		<u>67,550</u>

Approved by and signed on behalf of the Board of Trustees on 4th August 2008:

..... **Trustee**

..... **Trustee**

The activities of the Trust were transferred to the Peace Direct on the 1st April 2008, (a company incorporated by limited guarantee on 20th December 2007 and granted charitable company status by the Charity Commission on 18th March 2008).

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

PEACE DIRECT

NOTES TO THE ACCOUNTS

FOR THE PERIOD ENDED 31 MARCH 2008

1. ACCOUNTING POLICIES

1.1 Basis of preparation of accounts

The financial statements have been prepared in accordance with applicable accounting standards and the Statement of Recommended Practice "Accounting and Reporting by Charities", SORP 2005.

The financial statements have been prepared on the historic cost basis.

The activities of the Trust were transferred to the Peace Direct on the 1st April 2008, (a company incorporated by limited guarantee on 20th December 2007 and granted charitable company status by the Charity Commission on 18th March 2008).

1.2 Income

Voluntary income including donations, gifts and legacies 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 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.

Bank interest and investment income are included on a receipts basis.

Income Tax recoverable on donations received is included on an accruals basis.

1.3 Volunteers and donated services and facilities

The value of services provided by volunteers is not incorporated into these financial statements. Further details of the contribution made by volunteers can be found in the trustee's annual report.

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 estimated based on the value of the contribution to the charity. The income equivalent is recognised within incoming resources as a donation, and corresponding charges included within resources expended under the relevant cost categories.

1.4 Resources expended

Expenditure is recognised when a liability is incurred.

- **Costs of generating funds**
Costs of generating funds are those cost incurred in attracting voluntary income.
- **Charitable activities**
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**
Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity and include the audit fees and costs linked to the strategic management of the charity.

PEACE DIRECT

NOTES TO THE ACCOUNTS (Cont/d)

FOR THE PERIOD ENDED 31 MARCH 2008

- **Support costs**

Support costs include central functions and have been allocated to activity cost categories on a basis consistent with the use of resources, eg allocating property costs by number of staff, staff costs by the time spent and other costs by their usage or transactions.

1.5 Pension

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

1.6 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

1.7 Stock

Stock is shown at the lower of cost and net realisable value. Stock consists of book stock.

1.8 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.

1.9 Grants

Grants are written off in the period in which they are paid.

1.10 Operating leases

Rentals payable under operating leases are charged against income in a straight line basis over the lease term.

1.11 Irrecoverable VAT

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

1.12 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.

PEACE DIRECT

NOTES TO THE ACCOUNTS (Cont/d)

FOR THE PERIOD ENDED 31 MARCH 2008

2. VOLUNTARY INCOME

	Unrestricted Funds	Period ended 31.03.08	Year ended 31.12.06
	£	£	£
Data Connection	5,000	5,000	-
Joseph Rowntree Charitable Trust	31,250	31,250	25,000
Network for Social Change	86,718	86,718	72,647
Man Group Plc Charitable Trust	5,000	5,000	-
Tinsley Foundation	-	-	12,500
Donations	154,136	154,136	116,290
Legacy	1,000	1,000	-
Donated services	19,410	19,410	3,480
	302,514	302,514	229,917

The charity is indebted to Acumen and Digital Craftsmen for providing website design and maintenance, Kunz-Hallstein for trade marking services and John Byrne and Co for providing legal advice as pro bono services. The value placed on these contributions by the donor is £16,000, £2000 and £1,410 respectively. The income equivalent was recognised within incoming resources as a donation, and corresponding expense included within information technology and legal and professional costs.

3. INCOMING RESOURCES FROM ACTIVITIES TO FURTHER THE CHARITY'S OBJECTS

	Restricted Funds	Period ended 31.03.08	Year ended 31.12.06
	£	£	£
Fund:			
Ajahma Charitable Trust	-	-	10,750
British Embassy Khartoum	24,556	24,556	11,046
City Bridge Trust	44,500	44,500	-
Data Connection	-	-	10,000
The Dulverton Trust	15,000	15,000	-
Man Group Plc Charitable Trust	28,191	28,191	20,000
Margaret Hayman Charitable Trust	15,000	15,000	5,000
Network for Social Change	4,404	4,404	-
Pula Trust	5,100	5,100	3,600
Polden Puckham	5,000	5,000	-
Radio 4 Appeal	12,300	12,300	-
The Funding Network	-	-	3,945
The Tudor Trust	30,000	30,000	-
Anonymous donor	10,000	10,000	-
Other grants and donations	42,429	42,429	21,100
Promote:			
Man Group Plc Charitable Trust	1,809	1,809	15,000
Margaret Hayman Charitable Trust	60,000	60,000	10,000
Polden Puckham	2,000	2,000	3,000
Anonymous donor	-	-	10,000
Anonymous trust donor	-	-	20,000
Other grants and donations	-	-	20,500
	300,289	300,289	163,941

PEACE DIRECT

NOTES TO THE ACCOUNTS (Cont/d)

FOR THE PERIOD ENDED 31 MARCH 2008

4. TOTAL RESOURCES EXPENDED

	<u>Basis of allocation</u>	<u>Voluntary income</u> £	<u>Fund</u> £	<u>Promote</u> £	<u>Governance</u> £	<u>Period ended 31.03.08</u> £	<u>Year ended 31.12.06</u> £
<i>Costs directly allocated to activities:</i>							
Project costs	Direct	-	175,929	26,640	-	202,569	98,910
Staff costs	Direct	23,758	84,788	104,200	4,245	216,991	167,933
Fundraising costs	Direct	17,255	-	-	-	17,255	51,870
Trustees expenses	Direct	-	-	-	155	155	604
Audit fees	Direct	-	-	-	4,112	4,112	2,937
<i>Support costs allocated to activities:</i>							
General office and finance staff	Staff time	3,423	13,644	8,510	1,711	27,288	21,038
Premises costs	Number of Staff	6,023	12,047	12,047	-	30,117	23,707
Communications	Usage	3,029	4,015	5,037	-	12,081	7,906
Information technology	Usage	1,788	3,415	19,415	-	24,618	8,883
Legal and professional costs	Transactions	-	3,554	1,989	715	6,258	3,480
Other office costs	Number of Staff	604	1,658	1,658	121	4,041	4,398
		<u>55,880</u>	<u>299,050</u>	<u>179,496</u>	<u>11,059</u>	<u>545,485</u>	<u>391,666</u>

PEACE DIRECT

NOTES TO THE ACCOUNTS (Cont/d)

FOR THE PERIOD ENDED 31 MARCH 2008

5. GRANTS PAYABLE

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

	Period ended 31.03.08	Year ended 31.12.06
	£	£
Centre Resolution Conflicts – Congo	8,030	8,150
Collaborative for Peace in Sudan - Sudan	52,579	13,000
Humanitarian Liaison Centre - Iraq	9,695	7,610
Nomadic Primary Health Care - Kenya	4,000	6,653
Peace Women of Cali - Colombia	11,038	6,038
Rapid Response Fund - Kenya	23,500	15,033
Save Somali Women and Children - Somalia	-	5,000
Newham Conflict and Change UK	10,149	-
Leap Confronting Conflict -UK	7,000	-
Athwaas - Kashmir	5,500	-
Rapid Response Fund - Nepal	15,700	-
	147,191	61,484

6. DIRECTORS AND EMPLOYEES

STAFF COSTS

	Period ended 31.03.08	Year ended 31.12.06
	£	£
Salaries	205,409	149,156
National Insurance	19,679	15,306
Pension costs	7,366	6,980
	232,454	171,442

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 £60,000 or more.

The average weekly full time number of staff employed by the charity during the period was as follows:

	Period ended 31.03.08	Year ended 31.12.06
Chief Executive	1.0	1.0
Fund	1.0	1.0
Promote	1.5	1.5
Learn	0.5	0.5
Administration & support	1.5	1.5
	5.5	5.5

PEACE DIRECT

NOTES TO THE ACCOUNTS (Cont/d)

FOR THE PERIOD ENDED 31 MARCH 2008

7. TANGIBLE FIXED ASSETS FOR USE BY TRUST

Net Book Value		Period ended 31.03.08	Year ended 31.12.06
		£	£
Computer equipment & software		842	2,792
Fixtures and fittings		636	1,696
		<u>1,478</u>	<u>4,488</u>
Cost:	At 31.12.06	Additions	Disposals
	£	£	£
Computer equipment & software	22,697	358	-
Fixtures and fittings	3,390	-	-
	<u>26,087</u>	<u>358</u>	<u>-</u>
Depreciation:	At 31.12.06	Charge for the year	Disposals
	£	£	£
Computer equipment & software	19,905	2,308	-
Fixtures and fittings	1,694	1,060	-
	<u>21,599</u>	<u>3,368</u>	<u>-</u>

8. DEBTORS

	Period ended 31.03.08	Year ended 31.12.06
	£	£
Grant debtors	14,176	33,103
Prepayments	1,145	-
Other debtors	9,656	2,455
	<u>24,977</u>	<u>35,558</u>

9. CREDITORS: Amounts falling due within one year

	Period ended 31.03.08	Year ended 31.12.06
	£	£
Deferred income	23,945	40,049
Taxation and social security	-	4,945
Creditors and accruals	16,777	3,849
	<u>40,722</u>	<u>48,843</u>

PEACE DIRECT
NOTES TO THE ACCOUNTS (Cont/d)
FOR THE PERIOD ENDED 31 MARCH 2008

10. CREDITORS: Amounts falling due after more than one year

	Period ended 31.03.08	Year ended 31.12.06
	£	£
Loans due after more than one year:		
Repayable between one and five years	70,000	-
Repayable in five years or more	70,000	-
	<u>140,000</u>	<u>-</u>

11. MOVEMENTS IN FUNDS

	Balance 31.12.06	Income	Expenditure	Balance 31.03.08
	£	£	£	£
<u>Restricted funds:</u>				
<i>Fund:</i>				
Ajahma Charitable Trust	5,968	-	5,968	-
British Embassy Khartoum	4,034	24,556	23,990	4,600
City Bridge Trust	-	44,500	27,509	16,991
The Dulverton Trust	-	15,000	7,500	7,500
Man Group Plc Charitable Trust	14,917	28,191	35,608	7,500
Margaret Hayman Charitable Trust	-	15,000	15,000	-
Network for Social Change	-	4,404	23	4,381
Pula Trust	-	5,100	5,100	-
Polden Puckham	-	5,000	5,000	-
Radio 4 Appeal	-	12,300	12,300	-
The Tudor Trust	-	30,000	30,000	-
Anonymous donor	-	10,000	6,489	3,511
Other grants and donations	-	42,429	38,653	3,776
<i>Promote:</i>				
Man Group Plc Charitable Trust	-	1,809	1,809	-
Margaret Hayman Charitable Trust	-	60,000	41,304	18,696
Polden Puckham	-	2,000	2,000	-
Anonymous trust donor	5,065	-	5,065	-
	<u>29,984</u>	<u>300,289</u>	<u>263,318</u>	<u>66,955</u>
<u>General funds</u>	37,566	310,901	282,167	66,300
Total funds	<u><u>67,550</u></u>	<u><u>611,190</u></u>	<u><u>545,485</u></u>	<u><u>133,255</u></u>

Purpose of Restricted Funds:

Fund - we fund overseas peacebuilding through long term running costs, funds for rapid interventions or one-off grants.

Promote - we raise the profile of overseas peacebuilding with the media, with government and policy makers and with the public.

PEACE DIRECT

NOTES TO THE ACCOUNTS (Cont/d)

FOR THE PERIOD ENDED 31 MARCH 2008

12. ANALYSIS OF FUND BALANCES BETWEEN NET ASSETS

	<u>Unrestricted</u> £	<u>Restricted</u> £	<u>Total</u> £
Tangible fixed assets	1,478	-	1,478
Net current assets	64,822	66,955	131,777
	<u>66,300</u>	<u>66,955</u>	<u>133,255</u>

13. RELATED PARTY TRANSACTIONS

For the whole of the period, the charity was under the control of the trustees as shown on page 2. Questions of Difference a company of which Charlie Irvine is a director donated £12,000 (2006-£12,000) and Dr Scilla Elworthy donated £10,050 during the period.