

International Alert.

STANDING INTERNATIONAL FORUM
ON ETHNIC CONFLICT, GENOCIDE
AND HUMAN RIGHTS
(Limited by Guarantee)

REPORT AND FINANCIAL STATEMENTS
31 DECEMBER 2009



Company Registration Number 2153193
Registered Charity Number 327553

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LEGAL AND ADMINISTRATIVE INFORMATION

Trustees

- * Richard Dales (UK) Chair
- * Craig McGilvray (UK) Honorary Treasurer
Brendan O'Leary (Ireland)
- * Frida Nokken (Norway)
- * Martin Woollacott (UK)
Paulina Lampsa (Greece)
Pumla Gobodo-Madikizela (South Africa)
- * Rosemary Bechler (UK)
Stephen Stedman (USA)
Dr J R Nereus Acosta (Philippines)
- * Will Samuel (UK) appointed 14 05 2009

- * Member of Management Advisory Committee

Principal Officers

Dan Smith	Secretary General
Susan McCready	Chief Operating Officer, Company Secretary
Philip Champain	Director of Programmes
Philip Vernon	Director of Programmes

Auditors

Kingston Smith LLP
Chartered Accountants
Devonshire House
60 Goswell Road
London EC1M 7AD

Bankers

National Westminster Bank
PO Box 35
10 Southwark Street
London SE1 1TT

Solicitors

Bates Wells & Braithwaite
Scandinavian House
2-6 Cannon Street
London
EC4 6YH

Status

Company limited by guarantee without share capital, governed by Memorandum and Articles of Association, incorporated on 6 August 1987, registered as a charity on 24 September 1987

Registered Office

346 Clapham Road
London SW9 9AP

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TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2009

The trustees present their report for the year ended 31 December 2009 for the purposes of section 45 of the Charities Act 1993 and Directors report for the purposes of section 415 of the Companies Act 2006

The financial statements comply with current statutory requirements, the Memorandum and Articles of Association, and the Statement of Recommended Practice "Accounting and Reporting by Charities" (SORP 2005)

1. STRUCTURE, GOVERNANCE AND MANAGEMENT

1.1 Organisational structure

International Alert is a London-based non-governmental organisation, registered with Companies House and the Charities Commission. The charity is a company limited by guarantee and has no share capital. International Alert is governed by a Board of Trustees that may consist of 3-15 members. Normally the number has been 11-13. The Board is international in order to reflect the diversity of the organisation's work. In addition, the Board has established a sub-committee, the Management Advisory Committee (MAC), which is chaired by the Board Chair and includes the Treasurer and four further trustees. International Alert's Senior Management Team of 4 is comprised of the Secretary General, two Directors of Programmes and the Chief Operating Officer. There are more than 125 multi-national staff based in London and the conflict regions in which we work – the Great Lakes region of Africa, West Africa, Lebanon, the Caucasus, Central Asia, South East Asia and the Philippines. Work in these regions is organised into four programmes, while a fifth programme works on peacebuilding issues. The work of the programmes is supported by administrative, financial, IT and HR teams as well communications and fundraising teams, all of which are located in London.

1.2 Trustees

New trustees are elected at the AGM or by the Board at a regular meeting, and serve for a period of 3 years. Thereafter, Trustees may be re-elected for one further term of three years. Before a decision is taken, meetings are arranged for the potential new Trustee with the Secretary General and with one or two senior Board members, normally including the Board Chair, unless special circumstances intervene. Upon appointment, new Trustees receive a full induction to their responsibilities under company law and charity law and to International Alert. The process includes both a pack of relevant documentation and a series of meetings for the new Trustee with senior and middle management.

1.3 Decision-making

The Board meets three times a year and is responsible for governance, for establishing the organisation's strategic framework and annual objectives, and for setting the annual budget. The trustees are directors under Company Law and, in line with that responsibility they oversee the financial reporting by International Alert and ensure that proper financial statements are made for each financial year to give a true and fair view of the organisation's financial activities during the year and its financial position at the year-end.

The Management Advisory Committee (MAC) meets six times a year to advise and monitor the work of the senior management. The Trustees appoint a Secretary General who is accountable to the Board for all the work of the organisation and the three other members of the Senior Management Team report to the Secretary General. The Senior Management Team reports to each Board and MAC meeting on the organisation's work, its activities and finances, presenting progress against the budget, annual objectives and strategic framework.

1.4 Risk management

The Board is responsible for the management of risks and is assisted by the Senior Management Team in the implementation of this responsibility. A risk management report is presented to three MAC meetings annually and an annual retrospective and forward looking review of risk is undertaken at the December Board meeting. The trustees recognise that risk is relative, that International Alert works in conflict zones, and that systems can provide reasonable but not absolute assurance that major risks have been adequately

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managed Trustees are satisfied that the risk management process they have established is identifying the correct risks and addressing them adequately

Risk management systems and measures are consistent with SORP 2010 major risks (as agreed at the December 2009 Board meeting) all derive in one way or another from growth financial viability as it relates to slow economic recovery and the imminent change of government in the UK, managing growth in such a way that financial sustainability is achieved, risks to reputation and standing, sources of funding and staff security as a result of Alert's greater visibility and operating in high pressure situations as it relates to staff security and welfare

2. OBJECTIVES AND ACTIVITIES

2.1 Overall objectives

International Alert works to build just and lasting peace in areas of violent conflict. It was established in 1985 by a group of human rights advocates in response to the escalation of violent conflict within many countries and the subsequent abuse of individual and collective human rights. The objects of the organisation are to contribute to the relief of poverty, suffering and distress, through advancing public knowledge of the causes and effects of conflict, and promoting reconciliation, reparation and resolution in cases of violent conflict. The term International Alert uses to describe these objects is *peacebuilding*, which it understands as a process of promoting the attitudes, behaviour and structural conditions that are conducive to long-term peace and prosperity in countries currently suffering, threatened by or attempting to recover from armed conflict.

2.2 Mission goals

On the basis of a strategic review conducted during 2004, International Alert adopted a Strategic Perspective for the period 2005 through 2009. The 2010 – 2014 Strategic Perspective (developed during 2009) re-affirms our three-part mission for the organisation:

- 1 To work together with people who live in areas affected or threatened by armed conflict, to make a positive difference for peace,
- 2 To improve both the substance and implementation of international policies that affect peacebuilding and the prospects for peace,
- 3 To strengthen the peacebuilding sector

These three broad tasks are taken on in order to make progress towards fulfilling International Alert's vision of a world in which, when people pursue their human rights and seek chances for betterment for themselves and their communities, conflicts that arise are pursued with honesty, with forthrightness and also with wisdom so that they do not erupt into violence. In this vision, the problem is not conflict – the problem is violent conflict.

The five year Strategic Perspective charts a course for the Organisation to follow so that it can fulfil its overall goals in each part of its mission and in each country and region in which it works. The way International Alert works is guided by its Code of Conduct, which is publicly available and stresses impartiality, partnership and transparency in working for peaceful outcomes to conflict.

2.3 Objectives 2009

Against the background of the Strategic Perspective, and using it as a guide, International Alert annually identifies the major objectives in our programmes and key organisational priorities. The latter are defined as objectives that will be met only if there is a major organisational effort to achieve them. We present in turn a brief description of organisational and programme priorities of 2009.

2.3.1 Organisational Priorities 2009

For 2009 the organisational priorities were as follows:

- 1 Complete the task of planning the repositioning of International Alert as outlined in the Business Model

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- 2 Align our capacity to plan, resource, implement and monitor peacebuilding interventions with the requirements of our Business Model
- 3 Strengthen our knowledge management platforms
- 4 Prepare Alert for talent-based recruitment and HR policy and practice
- 5 Use outreach and advocacy to contribute to both policy impact and fundraising
- 6 Align development and planning in our programmes with the organisational need for growth

2.3 2 Key programme objectives 2009

- 1 In the *Great Lakes*, our objective is to help the people of the region to put in practice a shared vision of living together productively and peacefully. Particular priorities in 2009 were to strengthen peace prospects in North Kivu through the work of our new office in Goma and to consolidate our work in Uganda
- 2 In the *West Africa Programme*, our goal is for an increased level of human security. Particular priorities in 2009 included continued implementation of our work on gender and security issues, our work to maintain stability in Guinea even in the wake of the coup, and a new programme of work on climate change, water and security
- 3 In the *Eurasia Programme*, Alert seeks to strengthen relationships across conflict divides and encourage regional and bilateral economic cooperation. In 2009, key priorities were to sustain the work of the CBDN, to bring unofficial contacts that we have fostered over Nagorny Karabakh conflict into contact with the official negotiations so each track could strengthen the other, and to consolidate our presence in Tajikistan
- 4 In the *South Asia Programme*, Alert's objectives are to strengthen local peacebuilding processes and the peacebuilding role of the international community in the region, with particular focus on Nepal and Sri Lanka. Priorities in 2009 were to develop new regional work on climate and security, to focus on community security in Nepal and to broaden discussion of economic prospects and governance in Sri Lanka, especially with diaspora involvement
- 5 In the *Peacebuilding Issues Programme*, the overarching aim is to place peacebuilding at the heart of international relations, by influencing the perspectives, policy and practice of key donor governments, of the EU and UN, and of other important actors including businesses, NGOs and governments and civil society groups in conflict countries
- 6 In other programmes
 - a in the Philippines we seek to promote good governance and, specifically in 2009, set out to encourage peace advocacy groups to broaden the issues they address, aiming ourselves address the issues of exclusion and marginalisation in Mindanao,
 - b In Lebanon, our aim is an inclusive dialogue that moves the peace process forward by reframing difficult issues. In 2009 we intended to establish an office and hold initial dialogue meetings to set the work going

2.4 Strategies for achieving the 2009 objectives

International Alert has been established for over 20 years and has been working for significant periods in most of the countries where its activities are now located. The organisation also has an established record as a source of expert advice on the shaping and implementation of policy in the field of peacebuilding.

Working with people to make a positive difference for peace in countries affected or threatened by armed conflict, the approach to the peacebuilding objective has to be tailor-made for the specific circumstances. General features of International Alert's strategies in different locations are to emphasise partnership with local organisations, to base every activity and project on a thorough analysis of the prevailing situation, to prepare to sustain the engagement for a long period of time (at least 5 to 10 years), to bring groups affected by the conflict into dialogue with each other, and to ensure that national dialogues include all the important groups into the process of building peace.

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Equally, in working to improve the substance and implementation of policies on peacebuilding, the approach to an advocacy goal is shaped by the specifics of the goal, the issue, and the constituency towards whom it is promoted. Whether the policy issue relates to a government, an inter-governmental organisation such as the United Nations or European Union, to other Non-Governmental Organisations or to businesses, defines how International Alert addresses each issue. General features of Alert's work in different contexts and on different issues are that it is non-confrontational and evidence-based, often brings voices from conflict countries to speak directly to donor governments and international organisations, and reflects an ongoing engagement with the issues and with our interlocutors.

2.5 Main activities 2009

Activities undertaken by International Alert in 2009 in support of its mission goals and to fulfil the objectives and priorities of each programme included the following:

In support of Mission Goal 1, *working with people in conflict-affected or -threatened areas to make a positive difference for peace*, we:

- Helped genocide survivors and ex-prisoners achieve reconciliation and economic empowerment in Rwanda,
- Supported and built the capacity of civil society organisations in the Democratic Republic of Congo,
- Published and promoted *Harnessing Oil for Peace and Development in Uganda*, the report received considerable interest and Alert has been engaged in a number of follow-up activities with civil society, community leaders and the private sector,
- Supported women's organisations in West and Central Africa to work together in pursuit of their peacebuilding interests,
- Laid the foundations for handing over management responsibility for eight community radio stations in, ensuring sustainability beyond the project term,
- Built the capacity of civil society activists in São Tomé e Príncipe to understand the likely impact of oil on local governance,
- Worked with diverse political groups in Guinea so that civil peace could survive the crisis of coup and political violence and through this played a part in preparing the transition to democracy,
- Worked with Sri Lanka's Chamber of Commerce to map out youth employment creation strategies in conflict-affected areas,
- Took forward our engagement with the Sri Lankan business diaspora through initial meetings with groups in the UK and Australia,
- Started work with rural communities in Nepal to identify and articulate their immediate security needs,
- Continued to enhance the capacity and visibility of the Caucasus Business Development Network (CBDN) including the South Caucasus Businesswomen's Economic Forum which has become the leading women's economic event in the region,
- Convened two Armenian-Azerbaijani Public Peace Forums in Vienna and Moscow bringing together international mediators and civil society to share views on the Nagorno-Karabakh conflict,
- Opened an office in Tajikistan on the theme of the relationship between peacebuilding and adaptation to climate change, involving both civil society and representatives of government in an open exchange of views,
- Fostered dialogue on business and especially the extractive sector, human rights and security amongst diverse civil society groups in Colombia, including indigenous, environmental and labour leaders,
- Held a series of meetings in Beirut followed by a three day session in London with 17 leaders of the youth wings of Lebanon's main political parties, the first time in over five years these party representatives had come together.

In support of Mission Goal 2, *improving the substance and implementation of international policies relevant to peacebuilding*, we:

- Worked through the Advisory group of the UN Peacebuilding Fund to encourage the UN peacebuilding architecture to develop a more strategic approach based on clearer understanding of the requirements of peacebuilding,
- Advised international extractive industries – and the international bodies which regulate them – on how to make their projects more conflict-sensitive,

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- Published and promoted *Climate Change, Conflict and Fragility understanding the linkages, shaping effective responses* and gained significant UK and international media coverage on its policy recommendations,
- Continued to engage with negotiating panels of the peace process in preparation for the eventual resumption of talks between the Government of Republic of the Philippines and the National Democratic Front,
- Worked in with international NGOs to help them identify how to make their practices more conflict sensitive,
- Advocated with donor governments and multilateral institutions on how to take account of conflict dynamics more effectively in their policies and programmes,
- Participated in numerous policy discussions and forums on the challenges for peacebuilding, development and humanitarian action and how to address them,
- Led two EU NGO consortiums to provide EU institutions with advice on a broad range of key peacebuilding issues,
- Designed an advanced course on conflict sensitivity for high level UK government officials,

In support of Mission Goal 3, *strengthening the peacebuilding sector*, we.

- Provided training to civilian peace workers from the UK and other European governments, NGOs and those interested in pursuing a career in peacebuilding work,
- Held lectures, made presentations at numerous seminars and conferences, organised and addressed public meetings – all on the themes of conflict and peacebuilding
- Led the discussion on aid effectiveness with other development and peacebuilding practitioners to examine what is and isn't working with aid funding and practices

Further information on activities for the year and future developments is contained in the Annual Review

2 6 Grant making

Approximately 19 per cent of International Alert's annual income is passed on to partner organisations in the form of grants. In some cases, this is because International Alert is the lead organisation in a consortium, while in others the project involves capacity building of a specific and named recipient organisation, and in others a number of local NGOs receive small grants for their own specific projects

In all cases International Alert conducts due diligence to ensure that its charitable purposes and its aims will be furthered by the grant and to establish that the grant is in line with the agreed strategy for the particular programme of work within which it falls. Before any grant is agreed, International Alert ensures that it is able to monitor the use of the grant, ensure that the required work is done, and ensure that the funds are properly managed and spent for the purposes intended

3 ACHIEVEMENTS AND PERFORMANCE

3 1 Identifying and measuring achievement

Peace processes are of their nature volatile and full of risk. The measurement of outputs and results, therefore, does not necessarily add up to an effective assessment of impact. This is a generally recognised issue in the international field of peacebuilding and a number of studies and initiatives have been launched in recent years to address it and to improve confidence in the impact of peacebuilding. As part of this broad effort, International Alert initiated a new internal programme in 2006 to strengthen our programme design, monitoring and evaluation. This work completed in 2009. Its two main outputs are a new Programming Framework adopted in 2008 and a new Assessment Framework adopted at the end of 2009. Its impact is enable International Alert to use qualitative and, where available and appropriate, quantitative information and indicators both to plan activities and to assess performance achieved against objectives set. Alongside these, International Alert provides narrative reports of performance compared to set objectives

In relation to advocacy work, it is also difficult to provide firm and concrete evidence of clear causal relationships between advocacy efforts and changed policy. One way of measuring effectiveness, however, is by looking at access to policy debates

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3 2 Review of performance against objectives

Each two months, International Alert's management team reports to the Board or its sub-committee, the Management Advisory Committee, on progress against the annual objectives. A detailed review of performance against objectives takes place at the December meeting of the Board of Trustees, at which objectives for the coming year are also discussed and established on the basis of earlier discussion by the senior management team, programme managers and other staff. Comparing performance against the objectives indicated above, we present the organisational and programme priorities for 2009 in that order.

3.2.1 Achievement of organisational priorities 2009

International Alert made good progress on its organisational priorities in 2009.

- 1. To complete the task of planning the repositioning of International Alert as outlined in the Business Model we**
 - Produced a Business Plan 2009-2012 for discussion and decision by the Board in May,
 - Produced a Strategic Perspective for the five year period 2010 through 2014 for discussion and decision by the Board in September,
 - Ensuring the necessary understanding, systems and procedures were in place by September so that we could budget on a 3-year with increasing precision compared to our performance in 2008
- 2. To align our capacity to plan, resource, implement and monitor peacebuilding interventions with the requirements of our Business Model we**
 - Enhanced the capacity of our Programme design and Fundraising team: we increased its size, appointed a new team leader, and filled all the positions anew as previous team members moved on to other positions,
 - Improved our management of the project design and approval process,
 - Completed work on our new Assessment Framework that parallels the Programming Framework,
 - Created a Guide to Project Design in the second half of 2009 (complete by year end)
- 3. To strengthen our knowledge management platforms we**
 - Focused effort on developing an all-new intranet platform, to be introduced when ready in the course of 2010
- 4. To prepare Alert for talent-based recruitment and HR policy and practice we**
 - Undertook a thorough study of talent management, reviewed our procedures and needs, involved senior staff in detailed discussion and began to introduce our new approach to many aspects of staff management in the last quarter of 2009
- 5. In using outreach and advocacy to contribute to both policy impact and fundraising we**
 - Developed clear change goals and undertaking advocacy activities on the links between conflict/peacebuilding and climate change and on aid effectiveness,
 - Organised for our Communications Team to work closely with the Uganda country team on advocacy on the importance of transparency in the development of oil extraction,
 - Established systems and a procedure for assurance of quality and consistency of messages in our publications,
 - Achieved brand compliance throughout the organisation
- 6. To align development and planning in our programmes with the organisational need for growth we**
 - Consolidating some existing projects and programmes at higher levels, especially in the Great Lakes Region of Africa, the Caucasus and Nepal,
 - Established and started work on new peacebuilding interventions in Lebanon and Tajikistan

3 2 2 Achievement of programmes' objectives

In the Great Lakes region of Africa (Mission Goal 1) in 2009, Alert significantly expanded the scale and scope of our work in Eastern DRC where the long crisis of the country persists and is at its sharpest. To do

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this we made a conscious decision to put our activities in other parts of the country on hold, in order better to focus our resources and meet the challenge on the required scale. This involved inter alia taking on two large projects and opening a new office in Goma, and initiating substantial field activities in Ituri Province for the first time. We are now operating in Ituri, and both North and South Kivu. At the same time in Uganda we consolidated progress registered in 2008 with an important research report on oil development that has gained significant attention and had an identifiable impact on the discussion of oil and development prospects in the country.

In our *West Africa Programme* (Mission Goal 1), extensive programme work continued on gender and security. The coup and later violence in Guinea required a careful response from our programme staff, to persist in bringing diverse groups into dialogue about the future while avoiding offering provocation to the authorities. This was managed properly and Alert has played a part in keeping going the discussions that are helping move Guinea in a peaceful and democratic direction. New programme work on climate change, water and security in the region has been deferred, subject to funding.

In the *Eurasia Programme* (mainly Mission Goal 1, also 2), we have strengthened the Caucasus Business Development Network (CBDN) which is now independently looking for funds having developed strategic plans. Major initiatives were undertaken to further momentum on Nagorno Karabakh peace efforts including high-level meeting with senior politicians, civil society leaders and academics. We opened an office in Tajikistan near the end of the year to carry forward our work there.

In the *South Asia Programme* (mainly Mission Goal 1, also 2), it remained a challenge working in Sri Lanka in the post-war environment but we continued working with business and significantly developed our work with UK diaspora. We expanded work into seven Districts of Nepal bringing together local communities and local government on security concerns, we also facilitated national security roundtables to bring local security issues to the attention of decision makers in the Nepal government and donor community.

In the *Philippines* (Mission Goals 1 and 2), International Alert has become a sustained source of support for the principal facilitators of the peace process, we have also initiated new work in Mindanao so minority and impoverished groups there are not excluded from the peace process.

In *Lebanon* (Mission Goal 1), we initiated work and convened a ground-breaking multi-party dialogue in December in London.

Through the work of the *Peacebuilding Issues Programme* (mainly Mission Goal 2, also 1 and 3), International Alert is regarded as a valuable interlocutor and source of expertise by several governments and inter-governmental organisations. We contributed to policy formation in the UK and improvements in implementation in 2009 and provided training in conflict analysis to European governments and agencies, the UN, multinationals and academic institutions.

3.3 Fundraising activities

International Alert receives most of its funds in the form of restricted (project) or unrestricted (general support) grants from institutional funders, primarily governments, together with some charitable trusts and foundations. To diversify our financial base, International Alert has in recent years begun to explore fundraising from private individuals and companies. In 2009, the charity raised £149,000 from fundraising ventures including direct mailing to target lists, events such as sponsored climbs and music gigs and corporate funding.

3.4 Factors affecting performance

Three key factors affect our performance. The degree to which we can control each varies.

1. **Quality of staff.** We work hard on recruitment and on training and development of high quality staff at all levels within the organisation.
2. **Stability of income.** Much of our income derives from ten government donors and our activities are therefore dependent on their policy decisions. We work very closely with our major donors to ensure best possible communication and mutual understanding, and to be sure that we receive the earliest possible indications of potentially relevant policy changes. We are engaged in a long-term

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effort to diversify our funding base but need to ensure that we do not therefore become reliant on un-dependable sources of share-based income

- 3 Operating environment The environment in which we work in over 20 countries and territories around the world is often volatile and, even when not actively hostile or positively dangerous, is complex and often difficult. We maintain close liaison between head office and field staff at all times, constantly monitoring security issues and the local political environment. We select staff who are capable of working in such environments, and they develop a network of local contacts for implementing their tasks and staying abreast of developments

4 FINANCIAL REVIEW

Continuing the trend of recent years, with much improved financial management systems, effective fundraising and robust management, we emerged in a strong financial position at the end of 2009

Total incoming resources during the year ended 31 December 2009 were £10.51 million. Total charitable expenditure in 2009 was £9.71 million, which represents an increase of £1.73 million on £7.98 million in 2008.

Unrestricted income in 2009 was £2.37 million, comprised of £1.83 million in incoming resources from generated funds (£1.67 million of institutional grants, £149,000 in donations and gifts and £11,000 of investment income) and a further £534,000 of incoming resources from charitable activities.

Unrestricted expenditure was recorded at £2 million and comprised of £1.81 million on charitable activities, £133,000 costs of generating funds and £66,000 governance costs. The balance of unrestricted funds at the year end was £1,471,000.

Efforts to strengthen relationships with institutional funders and to increase income from donations and gifts in recent years have resulted in a gradual growth in unrestricted income. Continuous efforts have also been made to strengthen restricted fundraising capacity, and restricted income in 2009 was £8.1 million (up by £107,000 on 2008). Restricted expenditure was £7.7 million (up by £1.54 million on 2008). The increase in restricted income and expenditure is disproportionate due to the timing of receipt of grants (several large grants received late in the year) and International Alert's policy relating to recognition of grant income. The balance of restricted funds at the year end was £3.57 million. This is an increase of £442,000 on 2008, when the balance of restricted funds at year end was £3.13 million.

The breakdown of income against activities in 2009 was as follows:

- Working with people to make a positive difference for peace £5.53 million,
- Improving international policies that affect the prospects for peace £2.63 million,
- Strengthening the peacebuilding sector £507,000

The breakdown of expenditure against activities in 2009 was as follows:

- Working with people to make a positive difference for peace £5.79 million,
- Improving international policies that affect the prospects for peace £2.9 million,
- Strengthening the peacebuilding sector £818,000

International Alert's Reserves Policy is that general unrestricted reserves, excluding any part which represents the book value of fixed assets, should be sufficient to cover two months of unrestricted expenditure and programme employment costs. Unrestricted reserves are held primarily as a contingent buffer that can be used to provide a degree of stability in an uncertain economic climate or a period of adverse funding. They also enable Alert to make long term investment in competence among staff and investment in new programmes, to fund fixed assets, manage fluctuations in cash flow or to respond rapidly to opportunities that may present themselves. The reserves policy is subject to annual review.

General unrestricted reserves (excluding designated funds and fixed assets) at 31st December 2009 were £946,000 (compared to £655,000 at 31 December 2008). Total unrestricted reserves, including general unrestricted reserves at 31 December 2009 were £1.39 million (compared to £1.03 at 31 December 2008), reflecting a contribution of £357,000 to general unrestricted reserves in 2009. In December 2008, Alert's

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Board set aside £380,000 of the total general unrestricted reserves in a designated 'Organisational Investment Fund' as both a contingent buffer and for specific investments in organisational development, as agreed by Alert's Trustees. Of the total contribution of £357,000 during 2009, £79,000 was transferred to the Organisational Investment Fund and the remaining funds (£278,000) were kept in the General Unrestricted Reserves.

A good contribution to reserves has been made in 2009 and International Alert's balance sheet and cash flow at the year-end are secure. Building on a strong financial picture at the end of 2009, overall funds being carried forward to 2010 are £5.04 million (compared to £4.25 million carried forward to 2009). We are optimistic that we will have a continued period of financial growth in 2010, notwithstanding the current economic climate.

5. PLANS FOR THE FUTURE: ORGANISATIONAL PRIORITIES 2010

Each year, International Alert identifies organisation priorities that are needed to take our long-term strategic perspective closer to fulfilment. In preparation for 2010, we changed the focus and format of these priorities to concentrate exclusively on the organisational platform. The programmes maintain their strategic priorities for each year and are accountable for their fulfilment. The organisational priorities for 2010 are as follows. International Alert's six organisational priorities for 2010 are as follows:

- 1 Scale up across the organisation
- 2 Engage with key international peacebuilding institutions
- 3 Be among the agenda-setters on major international questions
- 4 Initiate work on community conflict in the UK
- 5 Validate our mission and its effect
- 6 Improved performance and coherence in advocacy and outreach

The programmes maintain their strategic priorities for each year and are accountable for their fulfilment. In 2010, goals and priorities for each programme are as follows:

- 1 In the *Great Lakes*, our objective is to help the people of the region to put in practice a shared vision of living together productively and peacefully. Particular priorities in 2010 include achieving a tighter linkage between regional activities and country programmes with a number of cross-border initiatives including dialogues on commerce, a regional conference on reconciliation, and research on sexual violence.
- 2 In the *West Africa Programme*, our goal is to promote the culture of peace and to enable people to influence and adapt to the changing environment. Particular priorities in 2010 include continued implementation of regional work on gender and security issues and dialogue work on governance and reconciliation in Guinea.
- 3 In the *Eurasia Programme*, Alert seeks to strengthen relationships across conflict divides and encourage regional and bilateral economic cooperation. In 2010, key priorities will include work with Georgian and Abkhaz legal experts on a legislative proposal for legalising economic cooperation across the conflict divide, to continue promoting dialogue on the Nagorno Karabakh conflict and to take forward our initial work in Tajikistan.
- 4 In the *South Asia Programme*, Alert's objectives are to strengthen local peacebuilding processes and the peacebuilding role of the international community in the region, with particular focus on Nepal and Sri Lanka. Priorities in 2010 are to develop new regional work on climate and security, to focus on community security in Nepal and to broaden discussion of economic prospects and governance in Sri Lanka, especially with diaspora involvement.
- 5 In the *Peacebuilding Issues Programme*, the overarching aim is to place peacebuilding at the heart of international relations, by influencing the perspectives, policy and practice of key donor governments, of the EU and UN, and of other important actors including businesses, NGOs and governments and civil society groups in conflict countries.

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6 In other programmes

- a In the Philippines we seek to promote good governance and, specifically in 2010, will encourage peace advocacy groups to broaden their participation and the issues they address, and will ourselves address the issues of exclusion and marginalisation in Mindanao,
- b In Lebanon, our aim is an inclusive dialogue that moves the peace process forward by reframing difficult issues. In 2010 we will expand the political discourse and start a new research programme to inform a broader process of advocacy on selected issues,
- c In Colombia and Peru we will continue our work on conflict sensitivity and the extractive industries, working with civil society groups, including indigenous, environmental and labour leaders, as well as business representatives to develop new joint approaches

6 TRUSTEES' RESPONSIBILITIES

The trustees are responsible for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Principles

Company law requires the trustees, who are directors under Company Law, to prepare financial statements for each financial year which give a true and fair view of the charitable company's financial activities during the year and of its financial position at the year-end

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 accounting standards have been followed, subject to any material departures which are disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue on that basis

The trustees are responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the charitable company, and which enable the trustees to ensure that the financial statements comply with the Companies Act 2006. They are responsible also for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

So far as the trustees are aware, there is no relevant audit information of which the charity's auditors are unaware. The trustees have each taken all the steps that they ought to have taken as trustees in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

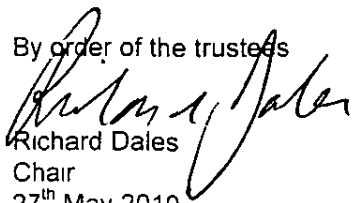
During 2009 International Alert Inc. was formed and registered in the State of Delaware, USA as a non-profit organisation which shall be operated exclusively for charitable, religious, educational, scientific and literary purposes within the meaning of section 501(c)(3) of the Internal Revenue Code of 1986

The Trustees have referred to the Charity Commission's general guidance on Public Benefit when reviewing our aims and objectives and in planning our future activities. In particular, the Trustees consider how planned activities will contribute to the aims and objectives they have set for 2010

7 AUDITORS

Kingston Smith LLP were reappointed as auditors at the Annual General Meeting held in May 2009

By order of the trustees


Richard Dales
Chair
27th May 2010

INTERNATIONAL ALERT

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INTERNATIONAL ALERT

We have audited the financial statements of International Alert for the year ended 31 December 2009 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. These financial statements have been prepared in accordance with the accounting policies set out therein.

This report is made solely to the charitable 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 charitable company's members those matters we are required to state to them in an auditors' 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 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 International Alert 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 the financial statements.

In addition we report to you if, in our opinion, the charitable company has not kept adequate accounting records, if the charitable company's financial statements are not in agreement with 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 Audit 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 the significant estimates and judgments made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable company'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.

INTERNATIONAL ALERT

Opinion

In our opinion

- the financial statements give a true and fair view of the state of the charitable company's affairs as at 31 December 2009 and of its incoming resources and application of resources, including the income and expenditure of the charitable company for the year then ended,
- the financial statements have been properly prepared in accordance with the United Kingdom Generally Accepted Accounting Practice,
- the financial statements have been properly prepared in accordance with the Companies Act 2006, and
- the information provided in the Trustees' Annual Report is consistent with the financial statements

Neil Finlayson

Neil Finlayson (Senior Statutory Auditor)
For and on behalf of Kingston Smith LLP, Statutory Auditor

Devonshire House
60 Goswell Road
London EC1M 7AD
Date 27th May 2010

INTERNATIONAL ALERT

STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT) FOR THE YEAR ENDED 31 DECEMBER 2009

		Unrestricted Funds	Restricted Funds	2009 Total	2008 Total
	Notes	£'000	£'000	£'000	£'000
Incoming resources	4				
Incoming resources from generated funds					
Voluntary income					
Institutional grants		1,673	-	1,673	1,303
Donations and gifts		149	-	149	92
Investment income		11	8	19	51
Incoming resources from charitable activities					
Working with people to make a positive difference for peace		367	5,163	5,530	5,482
Improving international policies that affect the prospects for peace		144	2,488	2,632	2,854
Strengthening the peacebuilding sector		23	484	507	585
Total incoming resources		2,367	8,143	10,510	10,367
Resources Expended					
Costs of generating funds		133	-	133	127
Charitable Activities					
Working with people to make a positive difference for peace		939	4,855	5,794	4,749
Improving international policies that affect the prospects for peace		575	2,325	2,900	2,275
Strengthening the peacebuilding sector		297	521	818	767
Governance Costs		66		66	64
Total resources expended	2	2,010	7,701	9,711	7,982
Net incoming resources		357	442	799	2,385
Funds brought forward at 1 January 2009		1,114	3,133	4,247	1,862
Funds carried forward at 31 December 2009		1,471	3,575	5,046	4,247

The Statement of Financial Activities includes all gains and losses recognised in the current and preceding year

The notes on pages 18 to 27 form part of these financial statements

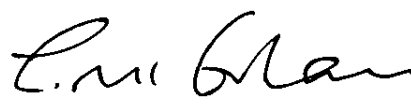
INTERNATIONAL ALERT

BALANCE SHEET AS AT 31 DECEMBER 2009

	Notes	2009 £'000	2008 £'000
Fixed Assets			
Tangible assets	11	<u>66</u>	<u>79</u>
Current Assets			
Debtors	12	642	738
Cash at bank and in hand	17b	<u>4,841</u>	<u>3,707</u>
		5,483	4,445
Creditors			
Amounts falling due within one year	13	<u>503</u>	<u>277</u>
		503	277
Net current assets		4,980	4,168
Total net assets	15	<u>5,046</u>	<u>4,247</u>
Funds			
Unrestricted			
General funds		1,012	734
Designated fund		<u>459</u>	<u>380</u>
	16	1,471	1,114
Restricted		3,575	3,133
	16	<u>5,046</u>	<u>4,247</u>

Approved by the board of trustees and authorised to issue on 27th May 2010 and signed on its behalf by


Richard Dales
Chair


Craig McGilvray
Honorary Treasurer

The notes on pages 18 to 27 form part of these financial statements

INTERNATIONAL ALERT

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2009

	Notes	2009 £'000	2008 £'000
Net cash inflow from operating activities	17a	1,122	2,545
Return on investments			
Deposit interest received		19	51
Capital Expenditure			
Purchase of tangible fixed assets	11	(7)	(7)
Increase in Cash at Bank		1,134	2,589

The notes on pages 18 to 27 form part of these financial statements

INTERNATIONAL ALERT

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting policies

- a) The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards. The accounts follow the recommendations in *Accounting and Reporting by Charities Statement of Recommended Practice* issued in March 2005.
- b) Incoming resources are accounted for when receivable. Grants receivable are credited to the Statement of Financial Activities as soon as the conditions of receipt have been satisfied. Income is classified under two principal categories of Generated Funds (Voluntary and Investment) and Charitable Activities. Voluntary Income includes grants which provide core funding as well as gifts and donations. Incoming resources for charitable activities are analysed using the same analysis categories as used for resources expended on charitable activities.
- c) Restricted funds are grants received for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to these funds. Funds unspent at the year-end which will be spent in future accounting periods are carried forward as restricted funds.
- d) Unrestricted funds are funds which can be freely used in accordance with International Alert's charitable objectives at the discretion of the trustees. Designated funds are funds set aside by the trustees out of unrestricted general funds for specific future purposes or projects.
- e) Grants to partner organisations are included in the Statement of Financial Activities when payment is incurred, as defined in the terms and conditions for the grant.
- f) Depreciation is provided in order to write off the cost of the assets over their estimated useful lives on a straight line basis as follows -

Office equipment and computers	over three years
Property improvements	over seven to ten years
Motor Vehicles	over three years

Assets over a capitalisation limit of £1,500 are treated as fixed assets. Those not over £1,500 are written off to expenditure. Assets purchased from donor funding are written off to expenditure when acquired.

- g) Expenditure is classified under the three principal categories of Cost of Generating Funds, Charitable Activities and Governance Costs.

Costs of generating funds comprise salaries, direct costs and overheads of staff engaged in fundraising.

Charitable activities are all the resources expended on programme and project work that is directed at the achievement of its charitable aims and objectives. Such costs include the direct costs of the charitable activities together with those support costs incurred that enable these activities to be undertaken. Direct project costs have been allocated in accordance to resources expended against the stated activities.

Support costs have been apportioned on a reasonable, justifiable and consistent basis to each of the activity cost categories being supported. Support costs have been allocated either on the basis of time spent on the activity or on the basis of usage i.e. on the same basis as expenditure incurred directly in undertaking the activity.

Governance costs are those incurred in connection with the administration of the charity and compliance with constitutional and statutory requirements such as board meetings and audit. They include a proportion of the costs of management and administrative staff based on estimated time spent.

Expenditure is accounted for on an accruals basis. Irrecoverable VAT is included with the item of expense to which it relates.

INTERNATIONAL ALERT

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting policies (continued)

- h) Transactions in foreign currencies are translated into sterling at the rates of exchange ruling at the date of the transaction. Assets and liabilities at the year-end are translated into sterling at the rate of exchange ruling at the balance sheet date. Exchange differences are accounted for in the Statement of Financial Activities.
- i) No provision has been made for taxation since all income is charitable and charitable status was obtained following incorporation.
- j) The charitable company as an employer contributes to personal pension plans of its employees. The contributions are equal to 10% of basic salary and are available to all employees whose contracts are for more than a year and who have successfully completed the first six months of their employment.
- k) Rentals payable under operating leases where substantially all the risks and rewards of ownership remain with the lessor are charged to the Statement of Financial Activities in the period in which they fall.

2. Total resources expended

Activity or Programme	Activities undertaken directly	Direct Staff Costs	Grant funding of activities	Support costs	2009 Total	2008 Total
	£'000	£'000	£'000	£'000	£'000	£'000
Costs of generating Funds	17	90	-	26	133	127
Working with people to make a positive difference for peace	2,845	1,009	1,233	707	5,794	4,749
Improving international policies that affect the prospects for peace	1,166	668	661	405	2,900	2,275
Strengthening the peacebuilding sector	307	197	150	164	818	767
Governance costs	23	-	-	43	66	64
	4,358	1,964	2,044	1,345	9,711	7,982
			(Note 6)	(Note 3)		

3. Support cost breakdown by activity

Support Cost	Cost of generating funds	Working with people to make a positive difference for peace	Improving international policies that affect the prospects for peace	Strengthening the peacebuilding sector	Governance costs	2009 Total	Basis of Allocation
	£'000	£'000	£'000	£'000	£'000	£'000	
Management	3	58	52	37	43	193	Time
Finance	3	89	47	15	-	154	Usage
Information Technology	4	127	64	19	-	214	Usage
Human Resources	3	68	36	12	-	119	Usage
Facilities	10	304	152	43	-	509	Usage
Communications	3	61	54	38	-	156	Time
Total	26	707	405	164	43	1,345	

INTERNATIONAL ALERT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. Total Incoming Resources

	2009 £'000	2008 £'000
Institutional Funding	Total	Total
Foreign and Commonwealth Office (FCO) UK	1,317	667
Ministry of Foreign Affairs Norway	951	1,077
Ministry of Foreign Affairs Netherlands	277	277
Ministry of Foreign Affairs Denmark	1,348	569
Ministry of Foreign Affairs Republic of Ireland	178	179
Ministry of Foreign Affairs Finland	1	-
Department of Foreign Affairs and International Affairs (DFAIT) , Canada	-	38
Ministry of Foreign Affairs Belgium	-	-
Ministry of Foreign Affairs Switzerland	-	3
Ministry of Foreign Affairs Canada	-	-
Department for International Development (DFID), UK	392	1,720
Swedish International Development Corporation Agency (SIDA), Sweden	1,447	1,699
European Commission (EC)	2,370	1,944
The Australian Government's Overseas Aid Programme (AusAid)	328	333
Department for International Development UK CHASE	550	550
United States Aid Agency for International Development (USAID)	139	31
United Nations Development Programme (UNDP)	38	88
Swiss Agency for Development and Cooperation (SDC)	263	221
United Nations High Commission for Refugees (UNHCR)	-	45
United Nations Emergency Funds (UNICEF)	12	-
	9,611	9,441
Foundations, Trusts & Other Organisations		
Misereor Germany	91	-
Comic Relief, UK	58	221
Joseph Rowntree Charitable Trust UK	51	31
CARE International	51	22
Bread for the World Germany	50	80
Management Systems Int'l (MSI)	48	-
Coffey International Development Ltd	37	17
Arsenault Foundation	31	-
Zivik	21	-
Social Science & Research Council	11	-
Cordaid	11	50
Polden Puckham Charitable Foundation	10	10
Particip GMBH	9	-
International Business Leaders Forum	8	-
Project d'Appui A La Gestion Economique	8	29
Folke Bernadotte Academy	7	6
Beer Workers (TUC) Ltd	6	6
World Vision	6	-
Souter Charitable Trust	3	-
CB & HH Taylor 1984 Trust	2	-
Barrow Cadbury Trust	1	-
Ceniarth Foundation	1	-
Artventure Holdings Ltd	-	56
University of Birmingham	-	47
Open Society Initiative Wa P'festv (OSIWA)	-	35

INTERNATIONAL ALERT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Cerrejon Mining Company	-	11
The Allan & Nest Ferguson Char	-	10
Newton Mining Company	-	7
Chemonics International	-	7
Rowan Charitable Trust	-	5
Open Society Georgia Foundation	-	5
Southall Trust	-	3
Euro Centre for Development management	-	2
Rhododendron Trust	-	1
	521	661

Corporate and Private Individuals, Bank Interest and Other Donations/Income

Gold Corp Inc	47	-
Shell International B V	150	100
World Bank	13	14
Milton Lauenstein (previously shown as CAF America)	2	3
Bank Interest	19	51
Other Donations / Income	147	97
	378	265
	10,510	10,367

5 Staff numbers and costs

The numbers of employees at the end of the year were as follows

	2009	2008
	No.	No
Generating funds	8	3
Charitable activities - direct	45	49
Charitable activities - support	20	18
	73	70

Staff costs during the year were as follows

	2009	2008
	£'000	£'000
Salaries	2,781	2,440
Employer's National Insurance contributions	276	242
Pension costs	272	240
	3,329	2,922

The numbers of employees receiving emoluments in the following ranges were

	2009	2008
	No	No
Between £60,000 and £69,999	3	3
Between £70,000 and £79,999	1	1
Between £80,000 and £89,999	1	1

Pension contribution amounting to £34,150 made during 2009 for employees whose emoluments for the year exceeded £60,000

INTERNATIONAL ALERT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6 Grants Funding of Activities – Grants to Partners

	2009 £'000	2008 £'000
ACRT - Association Rwandaise des Conseillers en Traumatisme	14	32
Adelphi Research	114	27
AFPSC - Association Des Femmes	-	17
Antenna Foundation - Nepal	33	-
Alt Forum For Research in Mindanao - AFRIM	4	-
Alpha Ujuvu - Collectif	9	9
APIBA - Association d'Appui aux Initiatives de Base	5	-
All Party Parliamentary Group (APPG) Great Lakes Region	5	9
Asbl Ictj Bruxelles	22	-
Association of Abkhaz Women in Abkhazia	5	2
Austrian Study Centre for Peace Conflict Resolution - ASPR-EGT	44	40
Association Dushirhamwe Burundi	-	31
Association Ijambo - Radio Isanganiro	7	-
Society for Humanitarian Research	-	2
Valeri Basaria	7	-
Business Centre Abkhazia	32	9
Business Centre Armenia	22	41
Business Centre Azerbaijan	-	8
Business Centre Gyumri	-	2
Business Centre Istanbul	13	8
Business Centre Kutaisi	-	3
Business Centre Nagory-Karabach	-	4
Business Centre South Ossetia	14	20
Business Centre Tbilisi	13	42
Berghof Foundation For Peace Support	190	-
Business People Alliance	20	48
Caucasus Des Femmes South Kivu	12	134
CAFED - Collectif Des Associat	3	-
CCFPNTRM - Caucasian Centre For	20	-
Centro De Estudos Sociais	12	-
Chamber for Commerce and Industry - Central Province - Sri Lanka	-	2
CEGEC - Centre d'Etude du Gestion et Prevention des Conflits - DRC	23	43
Centre for Humanitarian Programme (CHP)	57	34
Centre Za Evropsko Prihodnost	4	-
Caucasian Centre for Proposing non-Traditional Conflict Resolution Methods	-	9
Chamber for Commerce and Industry - Uva Province - Sri Lanka	-	1
CIVIC - Circle d'Initiative Pour Une Vision Comun - Burundi	-	2
Civic Diplomacy Institute	20	15
Civil Society Institute	15	25
Civil Society Peacebuilding enge committee	2	-
Collectif des Associations Feminines et ONGs du Burundi (CAFOB)	-	10
Coalition Organisations des Femmes Agissant en Synergie (COFAS)	-	32
Consultoria Para Los Derechos Humanos Y El Desplazamiento	-	1
COJESKI RD CONGO	-	24
Consortium of Humanitarian Agencies	-	2
Committee National Femme Et Development - CONAFED	14	-
Crisis Management Initiative	55	51
Cultural Humanitarian Fund - Sukhumi	8	14
Digital Broadcasting Initiative	51	-
Balance c/f	869	753

INTERNATIONAL ALERT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. Grants Funding of Activities – Grant to Partners (continued)

	2009 £'000	2008 £'000
Duterimbere ASBL (Association Sans But Lucratif)	-	58
Duterimbere IMF	-	32
Dushirehamwe	53	-
Dynamique Synergie des Femmes (DSF) - DRC	13	45
East African Sub-regional Support Initiative for the Advancement of Women (EASSI)	23	4
EGMONT Institute - Belgium	4	-
EPLO - European Peacebuilding Liaison Office	157	14
Corporacion Ecolex	-	3
ELIAMEP - Hellenic Foundation	-	15
Emergency Services College	1	43
Folke Bernadotte Academy	32	19
Found For International Dignity	-	12
Forum For Women Law and Development	45	-
Foundation for Development of Human Resources	26	40
Fundacion Para Las Relaciones Internacionales Y Le Dialogo Exterior-FRIDE	49	19
Friends for Peace Nepal	53	75
Fundacion - CINEP	-	1
Archil Gegeshidze	3	-
Groupe d'Action de Recherche et D'Appui au Développement des Initiatives Démocratiques (GRADIS) - Burundi	9	16
Georgian Foundation For Strategic and International Studies	1	2
Grupo Nacional De Trabajo Part - GNTP	4	-
Groupe d'Actions de Citoyens pour la Surveillance de la Transition (GAT)	-	109
GZO Peace Institute	18	21
Hambantota Youth Business Trust Fund	-	2
Hayat (Baku Resource Centre)	13	40
International Association of Business and Parliament - Georgia	-	6
INADES Formation - Burundi	-	7
Institute For Human Rights Committee in Nepal - IHRICON	26	-
Instituto de Estudios para el Desarrollo y la Paz (INDEPAZ)	3	8
Institute for Citizens Diplomacy	-	-
International Crisis Group (ICG)	20	6
Kairos - Sri Lanka	-	39
Kalutara District Chamber Of Commerce - Buz Achiever Awards - Kalut	-	1
Batal Kobakhia	-	3
Le Laboratoire d'Economic Appliquee au Developpment LEAD	3	10
Life and Peace Institute	55	-
Maranao People Development Centre	4	-
National Business Initiatives	1	-
N'Work Movement for justice and Development - NMJD	4	-
National Peace Council	8	-
Matara District Chamber of Commerce and Industry	-	1
Samuel Manukyan	-	2
MEWOCEDE - Media Women's Centre for Development and Democracy	-	13
Nederlands Inst Voor International Be	-	19
Observatoire de l'Action Gouvernementale Burundi (OAG)	14	10
Balance c/f	1,511	1,448

INTERNATIONAL ALERT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. Grants Funding of Activities – Grants to Partners (continued)

	2009 £'000	2008 £'000
OKPSP - Public Committee for Development of Tajikistan	10	-
Opero Agroinvestbank	(1)	-
Partners for Democratic Change	114	37
Peace and Development Institute	12	-
Profemmes Tweshamwe	10	24
Regional Centre for Strategic Studies	5	-
Reseau Hakı Na Amani - RHA	22	-
Réseau des Femmes pour la Développement Associatif (RFDA)	-	58
Saferworld UK	90	84
Samajhute - Nepal	39	-
Scuola Superiore Sant 'Anna	8	14
Search For Common Ground	112	30
Service de Renforcement des Appuis aux communautés de Base en Afrique Centrale (SERACOB)	38	85
Seachange	16	-
Sewoda - Liberia	-	12
SOFEPAI - Solodarte Feminine	-	19
Solidarité des Femmes de Fizi pour le Bien Etre Familial (SOFIBEF)	-	26
SOCIOS PERU - Centro De Colabo	4	3
Union Business and Peaceful Caucasus	24	28
USTANOVA - Ceter Za Evropsko P	-	24
Vilithu Centre for Human Rights Development	-	1
Women & Media Collective - WMC	-	4
WOPPA (VIA LIFDED) Women As Pa	-	6
Youth Action - Nepal	17	-
Youth Business - Sri Lanka	-	12
Zentrum Fur International Friedenseins	13	26
	2,044	1,941

7 Trustees' Remuneration

Trustees received no remuneration in 2009 (2008 nil) In 2009 costs of travel, accommodation and related expenses reimbursed to eleven trustees amounted to £7,660 (in 2008 eleven trustees received £13,527)

8. Trustees' Liability Insurance

The cost of trustees' liability insurance was £4,867 (2008 £4,375)

9 Auditors' Remuneration

Audit Fees have been categorised under Governance Costs and Other Services under Charitable Activities The table shows the breakdown of remuneration

	2009 £'000	2008 £'000
Statutory Audit Fees	11	10
Project Audit Fees	28	12
Other Services	3	2
	42	24

INTERNATIONAL ALERT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10. Included in the Statement of Financial Activities are:

	2009 £'000	2008 £'000
Depreciation	20	40
Foreign Exchange Gains/(Losses)	126	38

11 Tangible Fixed Assets

	Property Improvements £'000	Office Equipment and Computers £'000	Motor Vehicles £'000	Total £'000
Cost				
At 1 January 2009	286	34	6	326
Additions	-	7	-	7
Disposals	-	(4)	-	(4)
At 31 December 2009	286	37	6	329
Accumulated Depreciation				
At 1 January 2009	216	26	5	247
Charge for Year	14	5	1	20
Release on disposals	-	(4)	-	(4)
At 31 December 2009	230	27	6	263
Net book values				
At 31 December 2009	56	10	-	66
Net book values				
At 31 December 2008	70	8	1	79

INTERNATIONAL ALERT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12. Debtors

	2009 £'000	2008 £'000
Grant income	525	647
Prepayments	73	82
Sundry debtors	44	9
	<u>642</u>	<u>738</u>

13 Creditors

Trade creditors	55	73
Accrued expenditure	194	35
Sundry creditors	254	169
	<u>503</u>	<u>277</u>

14 Commitment

At 31 December 2009, International Alert was committed to making the following payment under non-cancellable operating leases in the year to 31 December 2010

	Land and Buildings		Other	
Operating leases which expire	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Within one year	-	-	-	-
Within two to five years	-	-	6	6
Over five year	143	143	12	11

15. Analysis of net assets between funds

	Unrestricted funds £'000	Restricted funds £'000	Total funds £'000
Fixed assets	66	-	66
Current assets	1,525	3,958	5,483
	<u>1,591</u>	<u>3,958</u>	<u>5,549</u>
Less Creditors	120	383	503
	<u>1,471</u>	<u>3,575</u>	<u>5,046</u>

INTERNATIONAL ALERT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16 Movement on Funds

The overall movement on funds is shown below. The restricted funds comprise unexpended balances of grants held on trust to be applied for specific purposes.

	At 1 January 2009	Movements between Programmes	At 1 January 2009	Incoming Resources	Outgoing Resources	Transfers between Funds	At 31 December 2009
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Restricted Funds							
Africa	1,514		1,514	2,189	(3,068)		635
Asia	338		338	1,654	(1,361)		631
Eurasia	53		53	1,853	(1,054)		852
Peace building Issues Programme	1,003	19	1,022	2,447	(2,040)	-	1,429
Restricted Development	19	(19)		-	-	-	
Middle East	206	-	206	-	(178)	-	28
	3,133	-	3,133	8,143	(7,701)	-	3,575
Unrestricted Funds							
Unrestricted funds	734	-	734	2,367	(2,010)	(79)	1,012
Designated to Organisational Investment Fund	380	-	380	-	-	79	459
	1,114	-	1,114	2,367	(2,010)	-	1,471
Total Funds	4,247	-	4,247	10,510	(9,711)	-	5,046

17 Notes to the Cash Flow Statement

(a) Reconciliation of net movement in funds to net cash inflow from operating activities

	2009 £'000	2008 £'000
Net outgoing resources after transfers	799	2,385
Less investment income - interest received	(19)	(51)
Depreciation	20	40
Decrease in debtors	96	195
Increase/(Decrease) in creditors	226	(24)
Net cash outflow	1,122	2,545

(b) Analysis of net cash resources

	31/12/2008 £'000	Cash flow £'000	31/12/2009 £'000
Cash at bank and in hand	3,707	1,134	4,841
Net Funds	3,707	1,134	4,841