

International Alert.

INTERNATIONAL ALERT
(Limited by Guarantee)

REPORT AND FINANCIAL STATEMENTS
31 DECEMBER 2014

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COMPANIES HOUSE



Company Registration Number 2153193
Registered Charity Number 327553

INTERNATIONAL ALERT

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees

*Pierre Schori (Swedish) Chair
*William Meredith Samuel (UK) Honorary Treasurer (resigned 12.03.2014)
*Gregor Stewart (UK) Honorary Treasurer (appointed 14.05.2014)
Dr. J.R. Nereus Acosta (Philippines) (resigned 11.12.2014)
*Sir Edward Clay (UK)
Soli Özel (Turkey)
Dr. Oluwafunmilayo Olonisakin ((UK)
*Gordana Duspara Moriatry (UK)
Dr. Dhananjayan Sriskandarajah (UK)
Carol Allen Storey (USA)
Ellen Margrethe Løj (resigned 06.08.2014)
Padma Jyoti (Nepal) (appointed 14.05.2014)

*Denotes Member of Management Advisory Committee

Principal Officers

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

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

Clarkslegal LLP
One Forbury Square
The Forbury
Reading
RG1 3EB

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 2014

The trustees present their report for the year ended 31 December 2014 for the purposes of section 162 of the Charities Act 2011 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. OBJECTIVES AND ACTIVITIES

1.1 Overall objectives

International Alert is one of the world's leading peacebuilding organisations, with nearly 30 years of experience laying the foundations for peace. Alert works with local people in over 25 countries around the world to help them build peace and advises governments, organisations and companies on how to support peace. International Alert focuses on issues that influence peace, including governance, economics, gender relations, social development, climate change, and the role of businesses and international organisations in high-risk places. The organisation works in Africa, South and Southeast Asia, Central Asia, the South Caucasus, Europe, Latin America, and the Middle East and North Africa, and has 16 offices around the world. Alert believes peace is possible when people can live in safety, have fair and effective laws, participate in shaping political decisions, make a decent living and secure their wellbeing.

The trustees have complied with section 17 of Charities Act 2011 to have due regard to the guidance on public benefit published by the Charity Commission.

1.2 Mission goals

International Alert adopted its second Strategic Perspective for the period 2010 – 2014 in 2009. It re-stated a 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 charted a course for the Organisation to follow so it could 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.

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1.3 Objectives 2014

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 a brief description of the 2014 organisational and programme priorities.

1.3.1 Organisational Priorities 2014

Each year International Alert adopts a set of organisational priorities which draw on the Strategic Perspective 2010-2014 and reflect goals the organisation is taking on which require a specific cross-organisational effort to achieve. These are discussed and agreed by the Board at its December meeting on the basis of a recommendation by SMT. Progress on the implementation of these priorities is reported to each MAC and Board meeting. The six broad, organisation-wide priorities for 2014 were:

- Sustain growth, enhance quality
- Innovate
- Report results clearly
- Generate and disseminate ideas about peacebuilding
- Step up our outreach
- Plan for the future

1.3.2 Key programme objectives 2014

The programmes also have strategic priorities for each year, reflecting priority issues in their areas and regions of work as well as the overall organisational priorities, and are accountable for their fulfilment. In 2014 goals and priorities for each programme were as follows:

- 1) *Africa Programme (AP)*: In 2014 the Africa programme objectives were to evolve in line with its 2013-2017 strategy, with an emphasis on growth and innovation, while consolidating ongoing work. Particular attention was given to strengthening the programme's Design, Monitoring and Evaluation (DME), to safeguarding the security of programme operations, and to managing financial risk. With a team of over 50 staff members across six field offices, the AP represents by far the largest regional programme in Alert, and the one with the most operational capacity on the ground. Sustaining fully functioning systems and staff capacity able to manage field resources and presence are critical for both current and future performance.

The key events that have shaped our operating environment in 2014 fall into four major categories:

- i) The Ebola crisis in West Africa;
 - ii) The spreading of violence by armed groups;
 - iii) Rising tension around electoral cycles and the narrowing of political space for change;
 - iv) Uncertainties in many countries about livelihood opportunities for the growing population, due *inter alia* to plummeting oil prices.
- 2) *Eurasia Programme (EP)*: The programme operates in Central Asia and the Caucasus. Long-running simmering conflicts generate uncertainty and insecurity and have proven intractable; in some of the programme countries there has been considerable pressure on both national and international NGOs and the civil society space in which we operate. Against this background, the 12-strong EP staff anticipated that 2014 would be a year of retraction and consolidation after a period of quite quick growth from 2010 through 2012.

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The main objectives for 2014 were to manage this change so that the programming remained sustainable. In 2014 we began to explore a response to the escalating war in Ukraine and have established partnerships, delivered activities and developed an approach, which we hope will bear fruit in the form of a new country programme in the near future.

- 3) *South and Southeast Asia Programme (SSEAP)*: The main focus of the programme in 2014 was to develop a number of regional programming ideas around research, dialogue and training on the issues of aid effectiveness, business for peace and youth integration. These reflected the strategic framework that the SSEAP developed in 2012. This included liaising with new potential partner organisations that complement Alert's expertise and outreach. We identified broad peacebuilding issues relevant to all countries in area of our operation, especially:
 - i) The exclusionary politico-economic arrangements that define state-society relations;
 - ii) The inadequate and inconsistent systems and institutions of democratic governance;
 - iii) The barriers to entry into the formal markets, resulting in the enduring strength and dynamism of shadow economies, which become potent drivers of conflict;
 - iv) Transnational identify conflict.
- 4) *Peacebuilding Issues Programme (PIP)*: PIP provides advice on peacebuilding not only within Alert to our regional programmes but also to governments, businesses, international organisations and other peacebuilding actors. It focused its objectives in 2014 on a range of peacebuilding topics in which it has established expertise:
 - i) The contribution of development institutions to peacebuilding;
 - ii) The economic dimensions of peacebuilding and enhance the role of private-sector actors;
 - iii) The relationship between peacebuilding and adaptation to the impact of climate change;
 - iv) The role of gender relations in peacebuilding.
- 5) *Department for Emerging Programmes (DEP)*: The DEP incubates new programming ideas. Its overall strategic objectives for 2014 were to:
 - i) Continue to strengthen our work in Tunisia and Lebanon and prepare the ground for establishing a Middle East and North Africa programme alongside our other regional programmes;
 - ii) Consolidate our work in Myanmar;
 - iii) Take Alert's work on crime, violence and instability into the development phase, broadening our network and raising our profile through advocacy, dialogue and policy advice;
 - iv) Explore the potential for working on conflict and peacebuilding issues within Europe in partnership with other European NGOs
 - v) Develop initial ideas for work on countering violent extremism and on peacebuilding work through art.

1.4 Strategies for achieving the 2014 objectives

International Alert 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. This experience and the lessons it has offered us are essential ingredients in the formulation of our strategic approach.

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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.

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.

1.5 Main activities 2014

Activities undertaken by International Alert in 2014 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*, our main activities were the following:

- In DRC the main interventions included:
 - Promoting economic empowerment and rapprochement of women small-scale traders;
 - Promoting women's participation in decision making, citizenship and peacebuilding;
 - Strengthening community-based conflict management;
 - reinforcing peacebuilding and good governance in North Kivu through peace committees;
 - Initiating research on conflict causes, documenting mediation work undertaken by peace committees with which we work;
 - Mapping the human rights impact and conflict risk associated with oil exploration, in North and South Kivu and undertaking a needs assessment of local peace actors;
 - Undertaking research on the vulnerabilities caused by repeated displacement in eastern DRC.
- In Liberia the main interventions included:
 - Supporting the National Civil Society Council of Liberia to develop its first strategic plan and training its members of the in conflict sensitive analysis and participatory management;
 - Disseminating the government's strategic roadmap for national healing, peacebuilding and reconciliation and established dialogue groups;
 - Successfully completing our project on Natural Resource Management (NRM) for working towards peaceful natural resource exploitation in Liberia.

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- In Uganda the main interventions included:
 - A symposium with youth leaders to raise awareness and understanding of critical policy and development concerns of youth;
 - Support for the Kampala City Traders Association to develop their mediators' guide;
 - The 2014 peace and conflict impact report revealing a positive trend in peace and security in Northern Uganda;
 - Reports on peace and conflict, gender issues, and on oil, gas and infrastructure development in Uganda and the region;
 - Developing and disseminating conflict monitoring tools and promoting awareness of the Voluntary Principles on Security Human Rights in private and public sectors.
- In Mali the main interventions included:
 - Publishing and disseminating a study on the drivers of change that could support lasting peace and development
 - Providing donors with advice on how to ensure their aid is conflict sensitive;
 - A round table dialogue on the links between international crime and insecurity in Mali;
 - Training local partners from Timbuktu on conflict-sensitive development and reconciliation;
 - Developing a research project on gold mining in western Mali.
- In Nigeria the main interventions included:
 - Establishing and supporting the National Peace and Security Forum and community-based partnerships to improve the inclusivity, coordination and accountability of Federal and local level agencies responsible for peace and security;
 - Providing technical advice in the Nigerian Stability and Reconciliation Programme
 - Advising eight large DFID-funded programmes on integrating conflict-sensitivity.
- In Rwanda and Burundi the main interventions included:
 - A major reconciliation and reintegration project in Rwanda, which began its third phase in 2013, and created 4 district platforms of citizens and authorities, held 90 dialogue sessions, trained 555 local leaders, and supported 3,587 farmers in promoting dialogue on land and environmental issues and conflict/gender sensitivity;
 - Providing psychological assistance in Rwanda through group therapy and individual counselling to 366 beneficiaries and mentoring solidarity groups;
 - An assessment of needs and opportunities for reconciliation in Burundi, with a focus on internally displaced people/returnees.
- In Somalia the main interventions included:
 - Training staff in our partner NGO on how to address key issues of gender and sexual and gender-based violence, and their links to conflict sensitive programming;
 - Training staff in international agencies on sexual and gender-based violence and its links to the wider Somali conflict context.
- In Sri Lanka the main interventions included:
 - A project involving young members of the diaspora creating video diaries to challenge perceptions and encourage debate;
 - A visit of young Sri Lankan MPs to the UK to explore UK governance models and engage with diaspora to achieve real change; and
 - Two regional inter-faith exchanges.

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- In Pakistan the main interventions included:
 - A three day course on Conflict-Sensitive Business Practices for small and medium enterprises, developed in collaboration with the London School for Business and Finance, and piloted in six locations targeted;
 - Developed policy recommendations for the 'The Potential of the Pakistan Mineral Policy to promote peace and stability';
 - Capacity-building and awareness workshops about access to security and justice, conflict-sensitivity and responsible business practice; these were provided for local civil society actors, the police, staff of the prosecution service and the judiciary, and representatives from the private sector;
 - A consultation on climate change, conflict and insecurity.
- In the Philippines the main interventions included:
 - Publication and dissemination of a report on patterns of violence in Mindanao during 2011-2013, generated from our violence database;
 - Sharing the results of our 'Political mapping' of the political perspectives of 62 national legislators with groups involved in the peace process – transition bodies, the peace panels, office of the president, donors and NGO networks.
- In Nepal the main interventions included:
 - Eleven dialogues on legal literacy and on security challenges and opportunities to improve professionalism and security in the media; these dialogues involved 267 participants (171 male, 96 female) from media houses, government, police and civil society and led to a national workshop on women journalists' security issues and professionalism, for more than 100 women journalists;
 - Developing guidelines for logistical, medical, psychosocial and legal support to victims of human rights abuse during the war.
- In the South Caucasus the main interventions included:
 - Dialogue and publications on the impact of the Sochi Olympics on conflict dynamics (following a Brussels conference in November 2013);
 - Three 'residential schools' for mid-career journalists from major media outlets from Azerbaijan, Armenia and Nagorny Karabakh (NK) to train them in providing more nuanced information on the conflict, and promote media networking across the conflict divide;
 - A strategic meeting in the aftermath of the military escalation in Ukraine during August 2014, bringing local partners together to discuss implications for our work and discuss operational modalities and prospects.
- In Kyrgyzstan we conducted three series of training seminars for 61 youth leaders, school guidance counsellors and young activists of secondary schools, provided advocacy and support to the local government each district in the adoption of mediation as an accredited method of conflict resolution.
- In Tajikistan we created the Civil Society Contact Group (CSCG) for a diverse group of civil society representatives, provided training to young journalists on investigative journalism and conflict-sensitive election reporting, and provided a one-day training event was conducted on Gender in Peacebuilding for Alert staff and key NGO partners and members of the CSCG.

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- In Lebanon the main interventions included:
 - Continuing the political dialogue process with Lebanese political party youth wings, including 12 dialogue sessions focused on oil and gas engaging the Lebanese Petroleum Authority (LPA), the Minister of Energy and Water and the Head of the Parliamentary working group on oil and gas;
 - Dialogue events across Lebanon to identify issues and priorities for public debate;
 - Research papers on security perceptions of the Lebanese public and discussions about the implications of these findings with high-ranking officials;
 - Capacity building for healthcare workers, especially to train them in conflict mitigation, stress management and communication, and conflict sensitivity.
- In Tunisia the main interventions included:
 - Working with 18 civil society organisations in provincial regions so they can articulate local needs to state authorities;
 - Training journalists on their rights and good practice, so they are better able to communicate with officials, access information and represent community needs;
 - Research on the push-pull factors that lead to youth vulnerability to recruitment by violent extremist groups;
 - Multi-stakeholder dialogue on border security, leading to designing locally-implementable pilot initiatives aimed at building trust between communities and security agencies.
- In Myanmar the main interventions included:
 - Training for government officials, business actors and NGO representatives in conflict-sensitive economic governance;
 - A study conducted to highlight sensitivities and difficulties in engagement by an INGO such as Alert with interlocutors in Special Economic Zones; interlocutors,
 - A further study on the relationships among the government, local communities, community-based organizations and developers, in light of the changes in economic governance; and during the current political transition;
 - Assessment of stakeholder engagement processes in Myanmar's Special Economic Zones.
- In Colombia we continued to participate in the Colombian Mining and Energy Committee through working groups, engagement with civil society, implementation of the UN guiding principles, designing and implementation of the national public policy on business and human rights and public security.
- In the UK and Europe the main interventions included:
 - A report with practical recommendations on the feasibility of establishing a network of organisations working to strengthen good relations between communities;
 - Production and dissemination of a toolkit setting out approaches to exploring peace and conflict with young people;
 - Developing a "Peace Bond" in partnership with UK based social investment organisation Social Finance;
 - Supporting a group of representatives of Syrian diaspora organisations to develop an independent network "Syria Platform for Peace" in the UK.

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In support of Mission Goal 2, *improving the substance and implementation of international policies relevant to peacebuilding*, our main activities were the following:

- Research and advocacy with international institutions including the World Bank, the Asian Development Bank, African Union and the peacebuilding architecture of the UN all taking on board recommendations and advice about how to work in fragile contexts;
- Work with businesses and business organisations on conflict-sensitivity;
- Policy briefs and peer-reviewed scholarly articles on climate change and security;
- Training civil society organisations in Liberia, Lebanon, Somalia, and South Sudan on conflict sensitivity and peacebuilding issues;
- Technical advice and support relating to the new gun law and its impact on the peace process to transition bodies, the Senate committee on public order, the National Defence College of the Philippines, and NGO networks.
- Trainings on legal literacy in project locations; engaged with academic institutions in curriculum development and providing peacebuilding training at King's College, the London Metropolitan University, University of East Anglia, the Humanitarian Policy Group at Overseas Development Institute and the University of York.

In support of Mission Goal 3, *strengthening the peacebuilding sector*, our main activities were the following:

- Conducted gender and peacebuilding training of professional in partnership with UN Women.
- Training civilian peace workers and officials from the UK, the Netherlands, Australian, other European governments and the US, UN mission staff, NGOs and those interested in pursuing a career in the field of peacebuilding;
- Leading discussions on aid effectiveness with other development and peacebuilding practitioners, examining best practice and lessons learnt in aid funding and practices;
- Numerous research projects, assessments, presentations at seminars and conferences, public meetings, and lectures on the themes of conflict and peacebuilding.
- A roundtable discussion at the Global Summit to End Violence in Conflict (ESVC) organised in London in June.
- A roundtable was organised with an Alert initiative – Achieving Real Change (ARC) – Youth Political Leaders Forum (YPLF) and members of the National Youth Council, UNDP, and the Ministry of Health, on youth health issues in Sri Lanka

2. STRATEGIC REPORT – Achievements, Performance and Impact

2.1 Identifying and measuring achievement

Peace processes are of their very 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 this and to improve the ability to identify the impact of the work.

International Alert's contribution to this process hinges on the Programming Framework and Assessment Framework that we produced in 2009. These 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.

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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. In 2014, Alert's participation in policy exchanges, discussions, workshops and formal forums continued to be sought by a wide range of actors including the UN Peacebuilding Fund, DFID, FCO, African Union Liaison Offices, aid agencies and foreign ministries of other European governments, the European External Action service, and parliamentarians including both in Westminster and Brussels, as well as by NGOs, businesses and leading think-tanks.

2.2 Review of performance against objectives

Every 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 2014 in that order:

2.2.1 Achievement of organisational priorities 2014

As indicated above in 1.3.1 International Alert had six organisational priorities for 2014, on which it made good progress:

- 1) **Sustain growth, enhance quality:** To implement more peacebuilding activities, better, in more locations than currently and with increased impact. Sub-goals were:
 - a) **Programme initiation and growth:** In Tunisia, DRC and Lebanon our programmes grew. In Myanmar, Mali and Somalia, we built on work the previous year to continue moving towards consolidating country programmes. We produced two major reports – one on gender in peacebuilding and one on crime and peacebuilding – and prepared a further one for publication in 2015 on climate change and insecurity.
 - b) **New income streams:** Several commercial contracting proposals submitted with new partners, existing contract produced one project, explored new relationship and developed contacts with new corporate donors.
 - c) **Business Plan:** Cost ratio targets (especially as regards employment costs) were agreed with each programme together with a means of measuring progress towards them.
 - d) **Internal compliance:** carried out security trainings for seven overseas offices, carried out crisis simulations. Finance, management and leadership training held by Africa programme.
- 2) **Innovate:** Alert produced a framework for a new approach to arts-based peacebuilding, and launched the month-long TalkingPeace festival in London.
- 3) **Report results clearly:** The organisational results framework has been finalised and the database populated and analysed. Our design monitoring and evaluation (DM&E) work completed in 2014 shows better staff understanding of DM&E and clear improvements in output.
- 4) **Generate and disseminate ideas about peacebuilding:** We published major reports on crime and peacebuilding and on gender in peacebuilding; we began research on a new report on the political economy of peacebuilding; we joined with adelphi, the Woodrow

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Wilson Center and the EU Institute for Security Studies to provide a new knowledge platform and a report on climate change and insecurity for the G7 countries.

- 5) **Step up our outreach:** We published 60 reports plus various briefing papers and held a variety of public meetings under our rubrics of PeaceTalks and the month-long TalkingPeace festival in London.
- 6) **Plan for the future:** The organisation's strategic perspective for 2015–2019 was prepared and completed and we began the background analysis for preparing a new business model.

2.2.2 Achievement and Impact of programmes' objectives

In the *Africa Programme (Mission Goal 1)*, our objective is to help the people of the region to put in to practice a shared vision of living together productively and peacefully. In 2014:

- In DRC:
 - International Alert's work led to improved coordination of peacebuilding initiatives in eastern DRC, and to improved understanding of IDPs' experiences, needs, and sources of resilience.
 - We facilitated the participation of around 4,500 women and men from different ethnic groups in North and South Kivu in debates on the role of women in peacebuilding and governance. An external evaluation of the project found that it contributed to changes in behaviours and mentalities, and that community dialogue groups contributed to the emergence of village-level female leadership.;
 - We improved the capacity of pre-existing community peace structures, enhancing their inclusivity and governance, and assisted them in identifying community development needs that could address these needs.
 - We worked through local peace committees to help them resolve local conflicts in 15 target villages. We established community dialogue processes and held discussions between Government and community stakeholders affected by Total's plans for oil exploration to identify risks and mitigate them.
- In Liberia:
 - International Alert's work improved the awareness of 37 communities about the Roadmap for National Healing, Peacebuilding and Reconciliation and created opportunities for these communities to voice their concerns and needs in relation to justice and reconciliation.
 - We established three forums for Natural Resource Management, and created the capacity and the opportunities for an improved constructive engagement between communities, companies and public authorities.
- In Uganda:
 - Our engagement on youth issues ensured that a sub-theme on *Youth, Peace and Security* was adopted into the National Youth Policy and the national plan for the implementation of the policy;
 - The National Youth Festival we co-organised registered two key impacts: launch of the students' coalition for participation in next elections and a nationwide campaign for young people to vote peacefully in 2016.
 - Our position paper on economic reconstruction northern Uganda resulted in our partner organisation being contracted by government to help design its new programme. Alert is a member of a consortium that is contributing to the design phase for the follow on programme, emphasising peacebuilding needs.

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- Our work led to increased community involvement in discussing oil-related issues according to surveys;
- We also raised awareness about the tensions between Ugandan and South Sudanese business community. Private Sector Foundation Uganda used our report findings to advocate for improved policy.
- As a result of our support to mediation efforts, Kampala City Traders Association's (KACITA) mediation work to resolve conflict among the business community has been enhanced with KACITA handling 20 conflict issues each week.
- In Mali:
 - Our advice is persuading donors and local and international development actors to use development interventions as opportunities to promote peacebuilding.
 - We have raised awareness and understanding within the international community and of local in Mali of the need for peacebuilding and conflict-sensitive development.
- In Nigeria:
 - The Nigerian Stability and Reconstruction consortium in which we participate has established eight State Conflict Management Alliance (SCMA) groups and trained them in conflict analysis. This has contributed to strengthening relationships between security forces, customary, religious and civil society leaders and ordinary citizens.
 - Our advice has improved the conflict-sensitivity of four large DFID funded programmes.
- In Rwanda and Burundi:
 - Beneficiaries of our Reconciliation and Reintegration Project are progressively empowered and show greater self-confidence.
 - We have established a strong partnership between various stakeholders to address land issue. The authorities have started a review of laws regulating land expropriations and compensation.
 - Dialogue clubs established and supported by Alert are increasingly seen as a safe space for opening up difficult discussions between different groups. There is anecdotal evidence of a decrease in violent land conflicts within target communities.
 - We increased the level of awareness of local officials about dialogue as a tool in conflict resolution and reconciliation and trained local leaders in how to manage dialogue.
 - There has been a proliferation of community-led initiatives inspired by the International Alert's work and approach, addressing topics such as teenage pregnancy, drug abuse, school dropout, and misunderstandings between parents and their teenage youth due to peer pressure.
- In Somalia:
 - Improved the understanding on the part of the staff of our partner NGO in Somalia of the links between Sexual and Gender Based Violence (SGBV) and violent conflict more widely in the country.
 - Raised awareness among international organisations, of the connections between wider violent conflict and SGBV in Somalia.

In the *South and Southeast Asia Programme (Mission Goal 1)*, Alert's objectives are to strengthen local peacebuilding processes and the peacebuilding role of the international community in the region. In 2014:

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- In Sri Lanka:
 - Our support to Youth Political Leaders Forum members in earlier periods of the project proved to be useful as they conducted political campaigns and advocated for good governance.
 - Achieving Real Change brought people from different ethnicities together; its focus on professional skills, rather than on sensitive political issues, allowed it to attract new participants. It contributed to greater community engagement by MAS Holdings, providing upward mobility for marginalized youth and improved leadership skills among medical professionals.
- In Pakistan:
 - Alert's work supported the role of business in promoting conflict-sensitive social integration of migrant communities, with a special focus on justice and security issues.
 - Study circles, street theatres and women's conventions that we have established and/or supported have enabled people to talk safely about sexual violence within their communities
- In the Philippines:
 - Data from our violence monitoring project was the basis for improved understanding of patterns of conflict and violence;
 - Analysis and technical input provided by Alert's Country Manager helped shape the substance of the government's negotiating points with the National Democratic Front of the Philippines (NDFP) towards the potential restart of the peace process.
 - Alert's conflict-sensitive economic governance framework was reflected in investment and incentives codes developed by local governments, in arrangements established by communities on benefit sharing and on conflict resolution mechanisms, and in company operations which were responsive to context including the aspirations of stakeholders.
 - Alert's resource use and management planning framework enabled 12 indigenous population groups to assess natural resources in ancestral domains and develop land-use plans and conflict mitigation mechanisms, empowering them to participate in formal development planning processes.
 - Our advice on the gun law helped guide decisions of the Independent Decommissioning Body and other transition bodies of the Mindanao peace process on decommissioning illicit weapons.
- In Nepal:
 - A 14-Point Kathmandu Declaration emerged from the national workshop with women journalists, demanding better opportunities and a secure work environment. The Federation of National Journalists (FNJ) followed this up with the government, which committed to finalise and implement a policy to make media gender-responsive.
 - As a result of Alert's advice, the Government in its 2014/15 budget speech committed to establish a National Training Academy for journalists in FNJ's training wing. Improving the skills and leadership of informal justice actors, such as women in paralegal committees, has enhanced their participation in other governance mechanisms;
 - Our radio programme '*Kachari*' played an effective role in disseminating information about available legal aid services and key justice principles, and clarifying formal and informal justice actors' roles at the district level; and
 - The recommendations generated through project-supported workshops on the Sexual Harassment Bill were shared with the Parliamentary Drafting Committee Chairperson and some were incorporated. The Bill was endorsed by Parliament.

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In the *Eurasia Programme (Mission Goal 1)*, Alert seeks to strengthen relationships across conflict divides and encourage regional and bilateral economic cooperation. In 2014:

- In the South Caucasus:
 - The significance of our 'Dialogue through Research' platform was illustrated during and after the May political crisis in Abkhazia, in the run-up to the August presidential elections and throughout the process of negotiating a new Russian-Abkhaz Treaty in November, by the way our partners there called for peaceful responses among people who were otherwise minded to act violently in response to the situation.
 - We disseminated a context assessment of South Ossetia to the international community, which led to a marked revision of their view of the possibilities of working in that territory.
 - Participants from South Ossetia in our gender and peacebuilding training developed a greater understanding of their potential role in promoting social change and improving their communities.
- On the Nagorny Karabakh conflict:
 - Working with six well-known conflict and peace experts from different sides of the conflict, we helped them to improve their research and facilitation skills, and to improve mutual understanding of their different positions and political sensitivities.
 - Our project developed new relationships, improved understanding and trust amongst 46 journalists and editors, which has helped change their attitude towards stories about the conflict.
 - Our continued support for the only extant joint media project, 'Unheard Voices', which has the participation of journalists from Azerbaijan and Armenia as well as Nagorny Karabakh, has made new information and diverse opinions available in the mainstream media. These include contributions from hard-to-reach and marginalised communities along the frontline and from communities of IDP and refugees.
- In Kyrgyzstan:
 - In 2014 the local government continued its support and cooperation with the Alert cross-border project. The official bodies improved their attitude towards the mediation approach, accepting it as a useful non-violent way to mitigate low-level conflict before it escalates. The project promoted cooperation and interaction between Kyrgyz and Tajik groups of young mediators trained by Alert. As a result, the mediators' groups created their own cross-border network; and
 - The local activists and mediators' teams have also started to work on the establishment of an association of mediators that would cover the entire territory of Batken province.
- In Tajikistan:
 - More than 160 direct beneficiaries benefited from training and other events. The interventions allowed us to increase the capacity on analytical research methodologies and skills; journalists on investigative journalism and conflict-sensitive reporting; conflict management and mediation; and gender and peacebuilding; and
 - Young people who took part in the 'tolerance' and conflict analysis trainings report an increase in critical thinking, self-reflection, that they think before reacting to conflictual situations and have become more inquisitive and generally socially active and politically aware. A number of them have joined local civil society organisations and organised their own cross-border initiatives (supported through the project).

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The *Peacebuilding Issues Programme* (primarily Mission Goals 2 and 3), the overarching aim is to improve peacebuilding policies and their implementation. In 2014, the main impacts achieved by the programmes teams were as follows:

- Gender:
 - The training events and outreach on re-thinking gender in peacebuilding have been well received. There has been a high number of downloads of our gender report from our website, along with many requests for presentations and joint development of projects by NGOs, academia, international organisations and governments. The report and an animated film were used by several NGOs, UN Women and USAID for training, and have been cited in academic and NGO literature.
 - At the policy level, our inputs into various national and international processes have been taken up positively and will be reflected in policy documents coming out in 2015. These include the Dutch, Irish and UK 1325 National Action Plans, on-going interaction with DFID and the FCO on GPS issues, and well as giving input on the global 1325 High-Level Review, and the Sustainable Development Goals.
- Environment, Climate Change and Security:
 - Our inputs to DFID on good practice in urban resilience programming helped ensure that a major DFID-ESRC research call for proposals on this topic prioritised and integrated conflict-sensitivity;
 - We have been part of a four-organisation consortium researching and drafting a major report commissioned by the G7 foreign ministers. As a result of this project, France is now keen to support a high-level event on climate change and security;
 - Based on our work with Engineers without Borders (EWB), Level Agency for Infrastructure is proposing an integrated master plan for a village in Burundi, which the government has identified as a location for returning refugees.
- Economy and Peacebuilding:
 - Based on our inputs, security managers within Anglo American in South Africa now meet regularly to discuss and share best practice on security and human rights issues. This space is becoming formalised and is aligning the security function across the four business units in the country and increasing transparency of how security is provided;
 - Our conversations with representatives from the Colombian government, donors and other NGOs regarding business and transitional justice as the peace process continue and have contributed to the government's thinking about how business will need to be involved in the post-conflict period, if the talks with the FARC insurgents succeed.
 - Thanks to our work, the issue of mining in conflict-affected areas is now part of the government's post conflict agenda.
 - As a result of Alert's accompaniment, the company Occidental has taken the lead in implementing the Voluntary Principles on Human Rights and Security.
- International Institutions:
 - Alert's advocacy with the World Bank, shareholder governments and allies in civil society during 2013-14 helped to ensure that the 17th replenishment of the World Bank's concessional financing mechanism (IDA) had a strong emphasis on aid to fragile and conflict-affected states (FCAS) and the application of conflict-sensitive approaches to development financing;
 - Alert advanced good practice for developing conflict-sensitive country strategies by international financial institutions and has facilitated the transfer of that good practice (knowledge and learning) within and between development banks; and
 - Alert is increasingly recognised as a trusted source of policy and programming advice for multilateral development banks seeking to improve engagement in FCAS. This is reflected in approaches to Alert from the World Bank, the African Development Bank

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and the Asian Development Bank to deliver at least five consulting assignments policy and operational issues in FCAS.

- Training and Learning:
 - Thanks to our training courses, the Netherlands Embassy in South Sudan has begun to operationalize conflict-sensitivity into its processes and procedures through the project cycle. At its insistence, by accessing our training, Dutch NGO and intergovernmental partners in the country have begun to integrate conflict-sensitivity into their monitoring and evaluation processes.
 - As a result of training in the Somalia project on gender-based violence, NGO partners have incorporated conflict-sensitive planning into their projects, and have conducted conflict analysis to identify risks for the implementation phase.
 - In Liberia, partners discussed and identified how to apply conflict-sensitivity approaches within their network, including with regards their structure and policies.

In the *Department of Emerging Programmes* (primarily Mission Goals 1 and 2):

- In Lebanon:
 - The political party dialogue platform strengthened collaboration amongst actors who are immersed in sectarian partisan rhetoric including amongst parties who do not formally interact on the national scene.
 - Through our work, individuals from different communities built an issue-based partnership to influence water management in their regions. Through the experience community members reframed their approach to problem-solving from an individual/passive toward a communal/active one;
 - Our research led to improved knowledge of security perceptions amongst key stakeholders, which in turned made more space available for discussion and exchange of information between security sector institutions and civil society organisations.
 - Based on our inputs, three organisations working on healthcare provision to refugees are now taking steps towards integrating conflict-sensitivity in their programmes; and
 - Around 130 people participated in our dialogue events aimed at building a citizen-led national dialogue mechanism.
- In Tunisia:
 - The Governor of Kasserine has indicated support for our work there, facilitating the access of project staff to other local authorities, and is particularly supportive of future advocacy initiatives towards the national level government.
 - Local authorities have reported that the impartial assessment and analysis about controversial issues that they are receiving through our project in Kasserine is helping them to better understand challenges and make appropriate decisions.
 - Security agencies report increased knowledge of community engagement approaches to border security, through trainings provided under our 'borders for all' project.
 - Our work has also improved the interaction between media and state institutions. Regular contact between local media, local authorities and the Haute autorité indépendante de la communication (HAICA) and Instance supérieure indépendante pour l'élection (ISIE) has helped make media watchdogs more effective and state institutions more accountable.
 - Through a multi-stakeholder dialogue in Kasserine, the issue of smuggling was identified as a priority issue to take forward, including understanding its link to violent extremism.

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- In Myanmar:
 - Alert trained people from government, local business and community groups helped them take their Conflict Sensitive Economic Governance plans forward in Kyauk Phy, Sitwe, Dawei, Thilawa/Yangon, Shan, and Mandalay.
 - Our stakeholder engagement methodology has been incorporated into the training programme in corporate social responsibility run by the Myanmar Centre for Responsible Business.

2.3 Plans for the future

2.3.1 Organisational priorities 2015

Alert has the practice of outlining a Strategic Perspective for the organisation every five years. Its' function is to describe and explain the kind of organisation that Alert wishes to be. In 2014 we developed a new Strategic Perspective that covers the period from the start of 2015 to the end 2019. In it, we outline how we understand salient features of the world scene that have an impact on our work, the broad outline of our response to challenges entailed there, the pathways to peace where our efforts are primarily focused, the way we plan to work and the kind of organisation we would like to be, finishing with seven enabling initiatives for organisational change that we will undertake over the coming five years. It will be a living document that we will revisit and revise as necessary to reflect how our work needs to develop given potential changes in external realities as well as the effects of carrying out organisational changes. Organisational priorities are based on strategic perspective. The seven peacebuilding pathways in the Strategic Perspective are:

1. Relationship within and between communities
2. Natural resource management (NRM)
3. Crime, violence and instability (CVI)
4. Climate change
5. Gender
6. Citizenship and the state
7. The political economy

Actions/outputs for 2015 are set as:

- **Relationship within and between communities:** Initiate more varied programming, including new work on reconciliation and on psychosocial issues;
- **NRM:** Develop a 5-year NRM strategy for Alert and a path breaking paper linking NRM and peacebuilding;
- **CVI:** Develop new projects on CVI
- **Climate change:** Finalise the report to the G7 and develop a project on the impact of oil drilling and climate variability in semi-arid regions;
- **Gender:** Disseminate the report we published in 2014 and develop pilot projects that incorporate our gender relational framework;
- **Citizenship and the state:** Develop new activities on this theme.
- **The political economy:** Prepare and published a major report to frame the discussion of the political economy of shaping peace-conducive economies.

2.3.2 Programmes' strategic objectives 2015

The programmes maintain their strategic priorities for each year and are accountable for their fulfilment. In 2015 goals and priorities for each programme are as follows:

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- 1) The *Africa Programme* (AP) is active in the Great Lakes Region, in West Africa and in the Horn. Its work covers the full range of the peacebuilding pathways included in Alert's Strategic Perspective 2015-2019. The plans for 2015 include:
 - o Further growth and consolidation of our work in the Great Lakes, supported by strong operational bases;
 - o The development of larger and better coordinated programmes in West Africa with a special focus on growth in Mali and the Sahel;
 - o The development of new activities in Somalia and Kenya.

In line with organisational priorities, a specific effort will be made to strengthen design, monitoring and evaluation (DME) functions within the Africa Programme.

- 2) In the *Eurasia Programme* (EP) 2015 will be continue to be a year to regroup and re-assess the potential for our work taking into account the larger political environment in the area of the former Soviet Union, along with the changing funding environment. Following up on preparatory work in 2014 we will attempt to initiate projects that respond to the escalating crisis in Ukraine.
- 3) The main aim of the *South & South East Asia Programme* (SSEAP) is to promote and strengthen peace-supporting constituencies to establish fairer and more inclusive social contracts between states and citizens. The SSEA programme is operating within the parameters of its 3-year strategic framework that runs up to mid-2015. The programme will step up its efforts on strengthening regional business for peace initiatives, identifying new measures for employment creation in fragile situations, and addressing the issue of violence in urban settings. The programme is working on improving project design and M&E and learning capacities in order to report on achieved changes and impacts including efforts to formulate logical explanation of our 'theories of change'.
- 4) The *Peacebuilding Issues Programme* (PIP) will develop a new strategy which is tied to the organisational perspective 2015-2019 and outline plans to further develop PIPs reach, depth, and effectiveness. We will focus on deepening and expanding our activities, building and enhancing synergies within PIP and across International Alert, and shifting our funding model from being mainly funded by a core grant from the Department of International Development (DFID) to a more diverse funding base with multi-year projects and consultancy income.
- 5) The *Department of Emerging Programmes* (DEP) will consolidate new programming strands developed in 2014. We will expand the reach and impact of our Middle East and North Africa (MENA) Programme. We will take the CVI programme, launched in 2013 and develop a comprehensive funding proposal with global advocacy activities linked to field projects in geographical locations in partnership with PIP and regional programmes. In our UK and Europe programme we will work on the practical engagement of European citizens in peacebuilding abroad and at home. Our work will also aim to support the integration of an arts-based approach to peacebuilding within Alert's regional programmes and frame the issue of violent extremism/radicalisation in ways which enable constructive interaction with donors and partners..

2.4 Risk management

The Board is responsible for the management of risks and is assisted by the Senior Management Team (SMT) in the implementation of this responsibility. Risk management priorities are assessed and agreed at the December Board meeting for the next calendar year. A risk management report is presented to three MAC meetings during the course of the year and experience during the year is assessed at the December Board meeting as part of the basis preparing the next year's

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

Alert's risk management systems and measures are consistent with SORP (2005). 2014 major risks (as agreed at the December 2013 Board meeting) were *financial viability* in a difficult economic climate; *managing growth* in such a way that financial sustainability and good governance are maintained and *operating in high risk environments* as this relates to staff security, staff welfare, legal and reputational risks.

2.5 Grant making

Just over a sixth of Alert's annual income is passed on to partner organisations in the form of grants. In some cases, this is because 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 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, 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.

2.6 Financial review

Continuing the trend of recent years, with sound financial management systems, effective fundraising and robust management, we emerged in a robust financial position at the end of 2014. Total incoming resources for the year ended 31 December 2014 were £14.78 million (approximately £13 million in 2013). Total charitable expenditure in 2014 was £13.9 million, an increase of £0.7 million on 2013.

Unrestricted income in 2014 was £2.75 million (£2.95 million in 2013), comprised of £1.78 million in incoming resources from generated funds (£1.59 million of institutional grants; £0.19 million in donations and gifts and £3,000 of investment income; and a further £0.97 million (£1.05 million in 2013) from charitable activities.

Unrestricted expenditure was £2.62 million and comprised of £2.33 million on charitable activities; £206,000 costs of generating funds and £91,000 governance costs. The balance of unrestricted funds at year end was £2.06 million (£1.93 million in 2013).

The balance of restricted funds at year end was £2.92 million. This is £0.5 million more than at the end of 2013. Restricted funds are carried forward each year in project balances.

The breakdown of income against activities in 2014 was as follows:

- Working with people to make a positive difference for peace: £9.6 million (£7.97 million in 2013);
- Improving international policies that affect the prospects for peace: £3.16 million (£2.78 million in 2013);
- Strengthening the peacebuilding sector: £0.25 million (£0.31 million in 2013).

The breakdown of expenditure against activities in 2014 was as follows:

- Working with people to make a positive difference for peace: £9.83 million (£9.27 million in 2013);

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- Improving international policies that affect the prospects for peace: £3.56 million (£3.40 million in 2013);
- Strengthening the peacebuilding sector: £0.52 million (£0.56 million in 2013).

International Alert's Reserves Policy requires that General Unrestricted Reserves, excluding any part which represents the book value of fixed assets and designated funds, should be sufficient to cover two months of unrestricted expenditure and programme employment costs. The General Unrestricted Reserves are currently calculated as £1.4 million including fixed assets (£1.3 million in 2013). The reserves policy is subject to annual review.

General Unrestricted Reserves (excluding designated funds and fixed assets) at 31st December 2014 were £1.36 million (compared to £1.21 million at 31 December 2013). Total unrestricted funds, including general unrestricted reserves at 31 December 2014 were £2.06 million (compared to £1.94 million at 31 December 2013), reflecting a contribution of £0.12 million to reserves in 2014. A sum £170,000 was brought forward to Designated Development Fund in 2014, of which £106,000 was spent during 2014 leaving a balance of £64,000 at the end of 2014. We plan to spend remaining funds (£64,000) towards TalkingPeace festival, fundraising and programme development activities during 2015.

Building on a stable financial picture at the end of 2014, overall funds being carried forward to 2015 are £4.98 million (£4.40 million in 2014) split between unrestricted funds £2.06 million and restricted funds of £2.9 million.

Unrestricted funds are further split in General Unrestricted Reserves, Designated Fund for Development and Organisational Investment Fund. General Funds are held in line with International Alert's reserves policy, Designated funds for Development are held for planned development activities in 2015 and Organisational Investment Fund 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 International Alert to make long term investment in staff and new programmes, to fund fixed assets, manage fluctuations in cash flow or to respond rapidly to opportunities that may present themselves. In order to prepare in the current funding climate we plan to spend £0.5 million from Organisational Investment Fund on programme development during the three year period 2015 to 2017.

Restricted funds held at year-end will be spent specific projects in line with commitment to funders during 2015.

International Alert's balance sheet and cash flow at year end are secure. We are optimistic that we will have a continued period of financial growth in 2015, notwithstanding the current economic climate.

2.7 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 individual and companies. In 2014, the charity raised £0.19 million (£0.14 million in 2013) from donations and gifts from sponsored activities, public performances and corporate funding.

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2.8 Factors affecting performance

Four key factors affect our performance. The degree to which we can control each varies. Regular reporting on our risk management forms the framework within which we assess and respond to these factors.

- 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 eight government donors plus the EU and UN 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 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 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 staffs 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. The Senior Management Team regularly reviews the security situation in our programme countries and our country offices' security plans and preparations.
- 4) **Organisational Structure:** Our management structure and financial model, introduced at the end of 2011, to optimise our impact and sustainability. The new structures are efficient and cost-effective. They offer both the robustness of system and flexibility of process that are required in a globally dispersed organisation. They also position International Alert well in relationship to emerging donor funding structures.

3. TRUSTEES' RESPONSIBILITIES

The trustees (who are also directors of International Alert for the purposes of company law) are responsible 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). Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the charitable company and of the incoming resources and application of resources including the income and expenditure of the charitable company for that period.

In preparing these financial statements the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP (2005);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK 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.

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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.

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 2013 and we confirm that we comply with their duty in section 17 of Charities Act 2011 to have due regard to the guidance on public benefit published by the Charity Commission.

4. STRUCTURE, GOVERNANCE AND MANAGEMENT

4.1 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 9-13. 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 three further trustees. The Management Advisory Committee (MAC) meets six times a year to advise and monitor the work of the senior management team. International Alert's Senior Management Team of 5 is comprised of the Secretary General, two Directors of Programmes, the Chief Operating Officer and the Chief Financial Officer. There are around 200 multi-national staff based in London and the conflict regions in which we work – Africa (Great Lakes Region and West Africa), Middle East and North Africa (Lebanon and Tunisia), the Caucasus, Central Asia, South and South-East Asia and Latin America. 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.

4.2 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.

4.3 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.

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The Trustees appoint a Secretary General who is accountable to the Board for all the work of the organisation and the four 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.

5. AUDITORS

Kingston Smith LLP were reappointed as auditors at the Annual General Meeting held in May 2014.



By order of the Board, approval of the Trustees' reports and the strategic report:

Pierre Schori

Chair

14th May 2015

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INTERNATIONAL ALERT

We have audited the financial statements of International Alert for the year ended 31 December 2014 which comprise the Statement of Financial Activities including the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and the related notes 1 to 17 on pages 30 to 39. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the charitable company and charitable 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 auditor

As explained more fully in the Trustees' Responsibilities Statement [set out on pages 22 and 23] the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition we read all the financial and non-financial information in the Trustees Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on financial statements

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 2014 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or

Neil Finlayson

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

Date: 14th May 2015

Devonshire House
60 Goswell Road
London
EC1M 7AD

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STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT) FOR THE YEAR ENDED 31 DECEMBER 2014

		Unrestricted Funds	Restricted Funds	2014 Total	2013 Total
	Notes	£'000	£'000	£'000	£'000
Incoming resources	4				
Incoming resources from generated funds					
Voluntary income:					
Institutional grants		1,588	-	1,588	1,753
Donations and gifts		187	-	187	141
Investment income		3	1	4	12
Incoming resources from charitable activities					
Working with people to make a positive difference for peace		719	8,879	9,598	7,966
Improving international policies that affect the prospects for peace		230	2,928	3,158	2,782
Strengthening the peacebuilding sector		20	229	249	308
Total incoming resources		2,747	12,037	14,784	12,962
Resources Expended					
Costs of generating funds		206	-	206	196
Charitable Activities					
Working with people to make a positive difference for peace		1,357	8,468	9,825	9,266
Improving international policies that affect the prospects for peace		682	2,878	3,560	3,401
Strengthening the peacebuilding sector		286	231	517	556
Governance Costs		91	-	91	83
Total resources expended	2	2,622	11,577	14,199	13,502
Net incoming/(outgoing) resources		125	460	585	(540)
Funds brought forward at 1 January 2014		1,935	2,462	4,397	4,937
Funds carried forward at 31 December 2014		2,060	2,922	4,982	4,397

The Statement of Financial Activities includes all gains and losses recognised in the current and preceding year and has been prepared on the basis that all operations are continuing operations.

The notes on pages 30 to 39 form part of these financial statements.

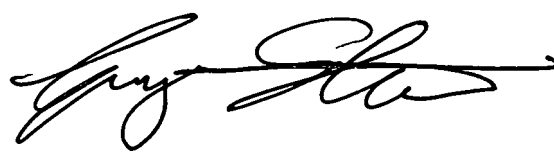
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BALANCE SHEET AT 31 DECEMBER 2014

	Notes	2014 £'000	2013 £'000
Fixed Assets			
Tangible assets	11	<u>39</u>	<u>88</u>
Current Assets			
Debtors	12	1,210	1,505
Cash at bank and in hand	17b	<u>4,717</u>	<u>3,766</u>
		5,927	5,271
Creditors			
Amounts falling due within one year	13	<u>984</u>	<u>962</u>
		984	962
Net current assets		4,943	4,309
Total net assets	15	<u><u>4,982</u></u>	<u><u>4,397</u></u>
Funds			
Unrestricted			
General Unrestricted Reserves		1,400	1,300
Designated Fund for Development		64	170
Designated to Organisational Investment Fund		<u>596</u>	<u>465</u>
		2,060	1,935
Restricted		2,922	2,462
	16	<u><u>4,982</u></u>	<u><u>4,397</u></u>

Approved by the board of trustees and authorised to issue on 14th May 2015 and signed on its behalf by:


 Pierre Schori
 Chair


 Gregor Stewart
 Honorary Treasurer

Company Registration Number 2153193

The notes on pages 30 to 39 form part of these financial statements.

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CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2014

	Notes	2014 £'000	2014 £'000	2013 £'000	2013 £'000
Net cash inflow / (Outflow)from operating activities	17a		952		(565)
Capital Expenditure and Financial Investment					
Return on investments					
Deposit interest received		4		12	
Cost of purchasing tangible fixed assets	11	<u>(5)</u>		<u>(27)</u>	
Net Cash Outflow from Capital expenditure and Financial Investment			(1)		(15)
Increase/(decrease) in Cash			<u>951</u>		<u>(580)</u>

The notes on pages 30 to 39 form part of these financial statements.

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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 applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated). The accounts follow the recommendations in *Accounting and Reporting by Charities: Statement of Recommended Practice* (revised 2005) and the Companies Act 2006.
- 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. Organisational Investment funds are funds set aside by the trustees out of unrestricted general funds for specific future purposes or projects. Designated funds for development are set aside for development work of charity's objectives during 2015.
- 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.

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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.

- 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 lesser 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	2014 Total	2013 Total
	£'000	£'000	£'000	£'000	£'000	£'000
Costs of generating Funds	49	131	-	26	206	196
Working with people to make a positive difference for peace	3,735	2,855	2,151	1,084	9,825	9,266
Improving international policies that affect the prospects for peace	1,410	1,223	427	500	3,560	3,401
Strengthening the peacebuilding sector	192	125	11	189	517	556
Governance costs	30	-	-	61	91	83
	5,416	4,334	2,589	1,860	14,199	13,502

(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	2014 Total	2013 Total	Basis of Allocation
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Management	4	72	62	40	61	239	219	Time
Finance	4	216	79	16	-	315	307	Usage
Information Technology	4	205	75	16	-	300	263	Usage
Human Resources	3	139	53	13	-	208	156	Usage
Facilities	5	320	114	21	-	460	428	Usage
Communications	6	132	117	83	-	338	320	Time
	26	1,084	500	189	61	1,860	1,693	

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. Total Incoming Resources

	2014 £'000	2013 £'000
Institutional Funding		
Australian Government's Overseas Aid Programme (AusAid)	370	4
Department for International Development (DFID), UK	491	671
Department for International Development (DFID), UK PPA	1,739	1,739
European Commission (EC)	2,900	2,921
The British Council	265	261
Foreign and Commonwealth Office (FCO), UK	1,103	879
Government of Canada (CIDA)	53	-
Ministry of Foreign Affairs and Trade, Republic of Ireland - Restricted	-	208
Ministry of Foreign Affairs and Trade, Republic of Ireland – Core grant	78	86
Ministry of Foreign Affairs, Denmark	48	207
Ministry of Foreign Affairs, Finland	144	-
Ministry of Foreign Affairs, Netherlands	1,137	1,127
Ministry of Foreign Affairs, Norway	568	314
Ministry of Foreign Affairs, Switzerland	96	-
Swedish International Development Corporation Agency (SIDA), Sweden - Restricted	1,774	1,494
Swedish International Development Corporation Agency (SIDA), Sweden - Core grant	766	938
United Nations High Commissioner for Refugees (UNHCR)	267	-
United Nations Development Programme (UNDP)	405	5
United Nations Entity for Gender Equality and the Empowerment of Women (UN WOMEN)	88	513
United States Agency for International Development (USAID)	274	214
USA State Department	6	-
	12,572	11,581
Foundations, Trusts & Other Organisations		
Adelphi Research Gemeinnuetzige GMP	27	-
Kyrgyz Republic's Community Development and Investment Agency (ARIS)	-	1
The Alliance Against Hunger and Malnutrition (AAHM)	3	4
CARE International	468	519
CDA Collaborative Learning Projects, Inc.	-	13
Comitato Internazionale per lo Sviluppo dei Popoli (CISP)	91	-
The Brillig Charitable Trust	5	-
Christina Goodall Charitable Trust	2	-
CSR Europe	5	-
Conciliation Resources	-	3
Democratic Governance Facility	460	-
Development Alternative Initiatives - Europe	228	69
DanChurchAid – Folkekirkenes	(34)	12
Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)	1	-
Foundation for development of human resources	-	1
Foundation Open Society Institute (FOSI)	30	-
HELVETAS Swiss Interco-operation	-	1
Humanity United	-	31
ICCO Foundation	39	-
International Petroleum Industry Environmental Conservation Association	10	-
International Council on Mining and Metals	23	-
International Resources Group	-	70
Kings College London	7	14

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	2014 £'000	2013 £'000
Misereor Germany	80	123
Norwegian Refugee Council	241	-
Organization for Security and Co-operation in Europe (OSCE)	-	4
Oxfam	41	10
Stockwell Partnership	-	8
Swiss Peace	9	-
Talk for a Change	4	16
The Bryan Guinness Charitable Trust	3	-
The Centre for Cultural Relations	-	1
The Souter Charitable Trust	-	3
The Allan & Nesta Ferguson Charitable Trust	-	30
Joyce Green Association	-	1
The Open Gate Trust	2	1
CB and HH Taylor 1984 Trust	1	1
The Morel Trust	-	1
Tullow Group Services Ltd	-	8
The Hague Institute for Global Justice	6	-
White Ribbon Campaign Pakistan	6	-
Women for Women International	13	-
World Bank	121	318
Zentrum für Internationale Friedenseinsätze (ZIF)	31	-
	1,923	1,263
Corporate and Private Individuals, Bank Interest and Other Donations/Income		
Anglo American Services Ltd	163	50
Asian Development Bank	3	1
Bank Interest	4	12
Ecopetrol, Bogota-Colombia	7	-
Stratos Inc.	-	2
Total Exploration & Production, Democratic Republic of the Congo	36	23
Other Donations / Income	76	30
	289	118
Total Income	14,784	12,962

5. Staff numbers and costs

The average numbers of employees during the year were as follows:

	2014 No.	2013 No.
Generating funds	8	9
Charitable activities – direct	61	64
Charitable activities – support	21	19
Overseas Staff	104	87
	194	179

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Staff costs during the year were as follows:

	2014	2013
	£'000	£'000
Salaries (on the UK payroll)	3,898	3,897
Employer's National Insurance contributions (on the UK payroll)	390	393
Pension costs (on the UK payroll)	387	390
Overseas Staff Cost	1,665	1,160
	6,340	5,840

The numbers of employees receiving emoluments in the following ranges were:

	2014	2013
	No.	No.
Between £60,000 and £69,999	4	5
Between £70,000 and £79,999	1	2
Between £80,000 and £89,999	3	1
Between £90,000 and above	1	2

Pension contributions amounting to £68,226 were made during 2014 for employees whose emoluments for the year exceeded £60,000 (2013 - £73,986).

6. Grants Funding of Activities – Grants to Partners

	2014	2013
	£'000	£'000
Aktis Strategy Ltd.	42	-
Arga Alliance Malienne pour Refonder la Gouvernance	5	-
Aboitiz Power	21	-
Academy of Dialogue	1	-
Action Solidarité et Paix (ASP)	16	-
Action pour la Paix et la Concorde (APC)	24	15
Action pour le Développement et la Paix Endogènes	11	-
Adelphi Research	-	40
Advocates Coalition for Development and Environment (ACODE)	-	15
Aide et Action pour la Paix	49	34
Alliance pour Renforcer la Gouvernance en Afrique	1	-
Appui à la Promotion de l'Entrepreneuriat Local (APPEL)	-	2
Association for Repatriated Women in Burundi (AFRABU)	1	22
Association Rwandaise des Conseillers en Traumatisme (ARCT)	12	6
Association Studio Re	-	2
Buliisa Initiative for Rural Development Organisation (BIRUDO)	14	37
Business Centre Abkhazia	6	8
Business Centre Armenia	14	5
Business Centre Azerbaijan	5	1
Business Centre Gyumri	11	2
Business Centre Kutaisi	5	3
Business Centre Nagorny - Karabakh	4	2
Business Centre South Ossetia	6	2
Business Centre Tbilisi	17	17
Business Women of Abkhazia	-	1
Balance C/F	265	214

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

	2014 £'000	2013 £'000
Caucasus Dialogue Foundation	4	-
Caucasus Center of Peace-Making Initiatives	16	-
Collectif des Associate (CAFED)	6	39
Caucasus des Femmes South Kivu	36	35
Centre for Cultural Relations - Caucasian House	-	4
Centre for Humanitarian Programme (CHP)	6	17
Centre for Justice and Peace Studies (CJPS)	30	35
Centro de Estudos Sociais	-	29
Coalition for Democracy and Civil Society	-	12
Collectif des Associations Féminines et ONGs du Burundi (CAFOB)	-	9
Commission Diocésaine pour la Justice et la Paix	53	17
Conciliation Resources	541	189
Conflict & Change Ltd	-	(3)
Crisis Management Initiative	431	170
Démarche pour Interaction entre Organisations à la Base et les Autres Sources du Savoir (DIOBASS)	-	3
Digital Broadcasting Initiative	2	20
Dushirehamwe	4	15
Duterimbere ASBL	6	4
Duterimbere IMF	-	4
Environmental Legal Assistance Center, Inc. (ELAC)	9	3
European Movement in Artsakh	15	-
Federation of Nepali Journalists (FNJ)	-	23
Forum For Women Law and Development	2	2
Foundation for Tolerance International	-	21
Fundación para las Relaciones Internacionales y el Diálogo Exterior (FRIDE)	-	19
Frame	51	-
Global Education Derby	-	25
Group of Initiative Volunteers Accent	2	-
Gyumri Development Foundation (GDF)	-	3
Hellenic Foundation	-	4
Imbaraga	88	29
Indigenous People's Center for Development Services, Inc. (IPCDS)	4	6
Indigenous People's Apostolates (IPAs)	6	4
Instituto de Estudios para el Desarrollo y la Paz (INDEPAZ)	-	12
Institute for War and Peace Reporting	8	9
Institute of Human Rights Communication Nepal (IHRICON)	-	2
Interpeace Europe	-	17
Kabarole Research & Resource Centre (KRC)	5	34
Kitara Heritage Development Agency (KHEDA)	17	47
Kvinna Till Kvinna	206	161
Lancashire Global Education Centre	-	31
Lebanese Center For Policy Studies	-	56
Legal Aid Consultancy Centre	41	2
Legal Agenda	15	-
Balance C/F	1604	1109

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

	2014 £'000	2013 £'000
Lori TV	7	-
Links	152	107
Mediatrrix	7	4
Mindanao Business Council (MBC)	2	(3)
Mindanao Development Authority (MINDA)	(6)	-
Mindanao State University Iligan Institute of Technology	5	-
Mindanao State University-General Santos City	8	-
Mouvement Mali Valeurs	3	23
M-Vector Kyrgyzstan	-	13
National Business Initiatives	-	59
National Judicial Academy	-	3
Nederlands Instituut Voor Internationale Betrekkingen	-	35
On The Net NGO	15	-
Observer Research Foundation (ORF)	-	1
Osh Media Centre	-	4
Pa Umedbakhsh	2	-
Parliamentary Forum on Oil and Gas (PFOG)	13	33
Pailig Development Foundation Inc.	1	-
Pro-femmes Tweshamwe	21	10
Public Diplomacy Institute	10	-
Public Committee for Development Tajikistan	24	3
Réseau Femmes et Paix	13	50
Réseau Haki Amani (RHA)	-	13
Royal Commonwealth Society	-	2
Rural Initiative for Community Empowerment West Nile (RICE)	9	45
Saferworld UK	-	73
Search For Common Ground	-	26
Socios Perú: Centro de Colaboración Cívica	-	18
Solidarité des Femmes Activistes pour la Défense des Droits Humains (SOFAD)	20	31
Solidarité Féminine pour la Paix et le Développement Intégral (SOFEPADI)	68	79
Stichting Filippijnse Buitenlandse Werknemers	10	-
Strategic Capacity Group	50	-
Sindh Agriculture and Forestry Workers Coordinating Organization	114	-
Symbiosis	10	-
Talk for a Change C.I.C.	-	10
Tasbikka Inc.	4	3
The Cordoba Foundation (TCF)	20	2
The Energy and Resources Institute (TERI)	-	5
The New African Research and Development Agency (NARDA)	24	19
Trincomalee District Chamber of Commerce	1	-
Umuseke	6	6
Valeri Basaria	-	17
Voluntary Initiative Support Organization (VISO)	3	52
We Can	89	5
West London YMCA	-	18
Western Mindanao State University (WMSU)	9	-
Y Care International	-	8
Youth And Society NGO	6	-
Total Grant to Partners	2,589	2,097

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. Trustees' Remuneration

Trustees received no remuneration in 2014 (2013: nil). In 2014 costs of travel, accommodation and related expenses reimbursed to ten trustees amounted to £11,111 (in 2013 seven trustees received £10,727).

8. Trustees' Liability Insurance

The cost of trustees' liability insurance for 2014 was £3,365 (2013: £3,720).

9. Auditors' Remuneration

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

	2014 £'000	2013 £'000
Statutory Audit Fees	9	12
Project Audit Fees	90	105
	<u>99</u>	<u>117</u>

10. Included in the income and expenditure are:

	2014 £'000	2013 £'000
Depreciation	(54)	(79)
Foreign Exchange (Loss)/Gain	<u>(209)</u>	<u>(114)</u>

11. Tangible Fixed Assets

	Property Improvements £'000	Office Equipment and Computers £'000	Motor Vehicles £'000	Total £'000
Cost				
At 1 Jan. 2014	286	138	81	505
Additions	-	5	-	5
Disposals	-	(9)	-	(9)
At 31 Dec. 2014	<u>286</u>	<u>134</u>	<u>81</u>	<u>501</u>
Accumulated Depreciation				
At 1 Jan. 2014	285	77	55	417
Charge for Year	1	38	15	54
Release on disposals	-	(9)	-	(9)
At 31 Dec. 2014	<u>286</u>	<u>106</u>	<u>70</u>	<u>462</u>
Net book values				
At 31 December 2014	<u>-</u>	<u>28</u>	<u>11</u>	<u>39</u>
Net book values				
At 31 December 2013	<u>1</u>	<u>61</u>	<u>26</u>	<u>88</u>

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12. Debtors

	2014	2013
	£'000	£'000
Grant income	1,029	1,399
Prepayments	124	85
Sundry debtors	57	21
	1,210	1,505

13. Creditors

	2014	2013
	£'000	£'000
Trade creditors	153	150
Taxation and Social Security	106	108
Accrued expenditure	126	64
Deferred Income	435	435
Pension creditors	143	127
Sundry creditors	21	78
	984	962

14. Commitment

At 31 December 2014, International Alert was committed to making the following payment under non-cancellable operating leases in the year to 31 December 2015.

	Land and Buildings		Other	
	2014	2013	2014	2013
	£'000	£'000	£'000	£'000
Operating leases which expire				
Within one year	-	-	-	-
Within two to five years	-	-	34	19
Over five year	150	150	-	-
	150	150	34	19

15. Analysis of net assets between funds

	Unrestricted funds	Restricted funds	Total funds
	£'000	£'000	£'000
Fixed assets	39	-	39
Current assets	2,575	3,352	5,927
	2,614	3,352	5,966
Less: Creditors	554	430	984
	2,060	2,922	4,982

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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 2014	Incoming Resources	Outgoing Resources	At 31 December 2014
	£'000	£'000	£'000	£'000
Restricted Funds				
Africa	1,413	5,137	(4,308)	2,242
Asia	256	1,906	(1,954)	208
Eurasia	342	2,607	(2,826)	123
Global Issues	271	872	(854)	289
Emerging Programme	180	1,515	(1,635)	60
	2,462	12,037	(11,577)	2,922
Unrestricted Funds				
Unrestricted funds	1,300	2616	(2,516)	1,400
Designated Fund for Development *	170	-	(106)	64
Designated to Organisational Investment Fund	465	131	-	596
	1,935	2,747	(2,622)	2,060
Total Funds	4,397	14,784	(14,199)	4,982

* Designated Fund for Development: This fund is established from 2013 surplus for designated expenditure towards development of organisational objectives during 2014. With Board's approval, we have spent £106,000 in 2014 on development and the remaining £64,000 will be carried forward to 2015 to be spent during the year.

17. Notes to the Cash Flow Statement

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

	2014 £'000	2013 £'000
Net incoming/(outgoing) resources after transfers	585	(540)
Less investment income - interest received	(4)	(12)
Depreciation	54	79
(Increase)/Decrease in debtors	295	304
Increase/(Decrease) in creditors	22	(396)
Net cash inflow/(outflow) from operating activities	952	(565)

(b) Reconciliation of net cash flow to movement in net funds

Increase/(Decrease) in cash in the year	951	(580)
Opening net funds	3,766	4,346
Closing net funds	4,717	3,766

(c) Analysis of net cash resources

	31/12/2013 £'000	Cash flow £'000	31/12/2014 £'000
Cash at bank and in hand	3,766	951	4,717
Total Net Funds	3,766	951	4,717