

INTERNATIONAL ALERT

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

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 1998



Company Registration Number: 2153193
Registered Charity Number: 327553



INTERNATIONAL ALERT

Standing International Forum on Ethnic Conflict, Genocide and Human Rights

ADMINISTRATIVE DETAILS AS AT 31 DECEMBER 1998

Board Of Trustees:	Lord Judd of Portsea, Chairman (UK) Amir Bhatia OBE, Honorary Treasurer (UK) Marianne Heiberg (Norway) Joel Joffe CBE (UK) Ahmedou Ould-Abdallah (Mauritania) Lieutenant General Arnold Quainoo (Ghana) Leah Levin (UK) (term completed November 1998) William Spencer (USA) (term completed November 1998) Major General Sir David Thorne KBE CVO (UK) (appointed January 1998) Peter Nobel (Sweden) (appointed May 1998) John Tirman (USA) (appointed November 1998) Josephine Verspaget (The Netherlands) (appointed November 1998)
Principal Officers:	Kevin Clements - Secretary General Martin Honeywell - Deputy Secretary General and Company Secretary
Auditors:	Sayer Vincent Chartered Accountants Registered Auditors 23 Angel Gate City Road London EC1V 2SJ
Bankers:	National Westminster Bank Plc PO Box 35 10 Southwark Street London SE1 1TT
Solicitors:	Bates Wells & Braithwaite 61 Charterhouse Street London EC1M 6HA
Status:	Company limited by guarantee without share capital incorporated on 6 August 1987. Registered as a charity on 24 September 1987.
Registered Office:	1 Glyn Street London SE11 5HT

INTERNATIONAL ALERT,

Standing International Forum on Ethnic Conflict, Genocide and Human Rights

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 1998

Objectives

International Alert exists to relieve poverty, suffering and distress. It works to educate the public by promoting research into the causes and effects of conflict, the maintenance of human rights and development of economic well being, and to promote conciliation and resolution of such conflict.

Activities

The organisation devises non-governmental bridge-building initiatives to unite peoples divided by internal conflict. It seeks to transform violent conflict into constructive dialogue and negotiations which will restore peace and social justice. Working with all parties, including government and opposition groups, International Alert analyses the root causes of internal conflict, enables mediation and dialogue to take place, sets standards of conduct to avoid violence, and helps develop the skills necessary to resolve conflict non-violently.

International Alert informs governments, inter-government and international agencies, non-government organisations and the public about the need to work together to prevent or resolve violent conflicts. It also aims to focus international opinion in order to help resolve conflict in the earliest stages, and takes all practical steps possible to persuade the parties in conflict to seek alternative problem-solving methods to deal with their differences.

International Alert relies on grants and donations to sustain its work. Donors include intergovernmental organisations, governments, development and human rights NGOs, religious bodies, trusts, foundations and individuals.

In 1998 International Alert was active within parts of Africa, the states and republics of the former Soviet Union and parts of South East Asia. International Alert was also involved in thematic programmes which address issues of early warning, preventive diplomacy, conflict resolution training, self-determination and minority rights, networking and citizen-based peacemaking throughout the world.

A review of activities for the year and future developments is contained in the Annual Report.

Results For The Year

Total incoming resources during the year ended 31 December 1998 were £2,504,000 (1997: £2,295,000), an increase of 9% compared with 1997. Total resources expended were £2,531,000 (1997: £2,848,000), a fall of 11%. Unrestricted reserves at 31 December 1998 totalled £178,000 (1997: £155,000). This is lower than the targeted level, based on our policy on reserves, which is described in note 1 to the accounts (see page 8). Further increases to unrestricted reserves will be made until the targeted level is reached.

Subsidiary Organisation

International Alert had a subsidiary undertaking registered in The Netherlands (Stichting Standing International Forum on Ethnic Conflict, Development and Human Rights - International Alert) which was dissolved on 31 May 1998.

In accordance with the requirements of the Statement of Recommended Practice: Accounting by Charities, the transactions of the subsidiary undertaking have been consolidated with the transactions of International Alert to produce consolidated accounts ("group accounts"). It should be noted that at 31 December 1998 the subsidiary undertaking had ceased to exist, so the group and company balance sheets at that date are identical.

Further details of the subsidiary undertaking and of its transactions for the year are given in note 4 to the financial statements.

Year 2000 Date Change

The Trustees have reviewed the effects of the Year 2000 date change and have concluded that there will be no significant financial implications on the organisation.

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Standing International Forum on Ethnic Conflict, Genocide and Human Rights

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 1998 (Continued)

Trustees

A list of Trustees is given in this report. The Board of Trustees met three times in 1998. In addition there were seven meetings of the Management Advisory Committee of the Board which is made up of Trustees based in the United Kingdom plus Ms Marianne Heiberg and chaired by Lord Judd.

The charitable company is limited by guarantee and has no share capital. In the event of winding up each member is liable to contribute a sum not exceeding £5 whilst a member or within 12 months of ceasing membership.

Employees

The Trustees would like to record their appreciation of the commitment to International Alert's objectives of all staff and also the many volunteers and interns who willingly give their time to the immense benefit of the charity.

Contracts

There were no contracts of significance in which a Trustee is or was materially interested either during or at the end of the financial year.

Statement Of Trustees' Responsibilities

Company law requires the Trustees, who are Directors under Company Law, to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the charitable company and of the incoming resources and application of resources including income and expenditure for that period. In preparing those financial statements the Trustees are required to:

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

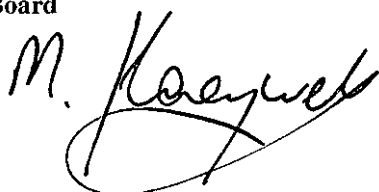
The Trustees are responsible for the keeping of proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

In accordance with the Companies Act 1985, a resolution regarding the re-appointment of Sayer Vincent will be proposed at the forthcoming annual general meeting.

By Order Of The Board

Martin Honeywell
Company Secretary
28 May 1999



REPORT OF THE AUDITORS

TO THE MEMBERS OF

INTERNATIONAL ALERT

Standing International Forum on Ethnic Conflict, Genocide and Human Rights

We have audited the financial statements on pages 6 to 13 in accordance with the accounting policies on pages 8 and 9.

Respective Responsibilities Of The Trustees And Auditors

As described on page 4 the charitable company's Trustees, who are Directors under Company Law, are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you.

Basis Of Opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we consider necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the charitable company's affairs and of the group as at 31 December 1998 and of the incoming resources and application of resources of the group including income and expenditure of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Sayer Vincent
Chartered Accountants
Registered Auditors
23 Angel Gate
City Road
London EC1V 2SJ



8 June 1999

INTERNATIONAL ALERT

Standing International Forum on Ethnic Conflict, Genocide and Human Rights

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 DECEMBER 1998

	<u>Notes</u>	Unrestricted £'000	Restricted £'000	1998 Total £'000	1997 Total £'000
Income And Expenditure					
Incoming Resources					
Grants Receivable		993	1,390	2,383	2,148
Deferred Income	2	0	0	0	40
Other Income Receivable		87	15	102	69
Interest Receivable		19	0	19	38
Total Incoming Resources		1,099	1,405	2,504	2,295
Resources Expended					
<i>Direct Charitable Expenditure</i>					
Programme Operation Costs		119	1,355	1,474	2,118
Programme Support Costs		729	122	851	194
		848	1,477	2,325	2,312
<i>Other Expenditure</i>					
Fundraising And Publicity		127	0	127	143
Management And Administration		72	0	72	371
Net Expenditure Of Subsidiary	4	7	0	7	22
		206	0	206	536
Total Resources Expended	3	1,054	1,477	2,531	2,848
Net Incoming/(Outgoing) Resources For The Year					
	5	45	(72)	(27)	(553)
Transfers Between Funds	12	(22)	22	0	0
Net Movement On Funds After Transfers		23	(50)	(27)	(553)
Funds At 1 January 1998		155	410	565	1,118
Funds At 31 December 1998		178	360	538	565

All of the Group's activities and programmes are classed as continuing, except in respect of the subsidiary undertaking which was dissolved during the year (see note 4).

The Group had no recognised gains or losses other than the net incoming/outgoing resources for the year.

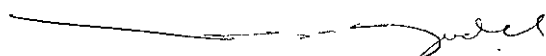
The movement on funds is shown above and in note 12.

INTERNATIONAL ALERT (A COMPANY LIMITED BY GUARANTEE)
 Standing International Forum on Ethnic Conflict, Genocide and Human Rights

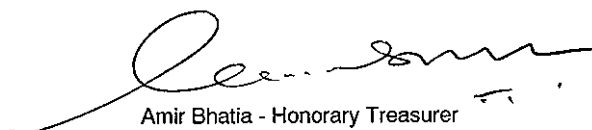
BALANCE SHEET AS AT 31 DECEMBER 1998

	<u>Notes</u>	Group		Company	
		1998 £'000	1997 £'000	1998 £'000	1997 £'000
Fixed Assets	7	33	88	33	88
Current Assets					
Debtors & Prepayments	8	51	263	51	342
Cash At Bank And In Hand		647	513	647	467
		698	776	698	809
Creditors					
Amounts Falling Due Within One Year	9	183	289	183	259
Net Current Assets		515	487	515	550
Total Assets Less Current Liabilities		548	575	548	638
Maintenance Provision	10	(10)	(10)	(10)	(10)
Total Net Assets		538	565	538	628
Funds	12, 13				
Unrestricted (Includes £33k of fixed assets)		178	155	178	218
Restricted		360	410	360	410
Total Funds		538	565	538	628

These financial statements were approved by the Board of Trustees on 28 May 1999.
 Signed on behalf of the Board of Trustees by:



Lord Judd of Portsea - Chairman



Amir Bhatia - Honorary Treasurer

The notes on pages 8 to 13 form part of the financial statements.

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Standing International Forum on Ethnic Conflict, Genocide and Human Rights

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1998

1 Accounting Policies

- a) The financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom. The recommendations of the Statement of Recommended Practice: Accounting by Charities issued in October 1995 have been followed.

Group Accounts

Consolidated financial statements ("Group Accounts") have been prepared in respect of International Alert and its subsidiary undertaking Stichting Standing International Forum on Ethnic Conflict Development and Human Rights. Details of income, expenditure and net liabilities of the subsidiary are shown in note 4.

- b) Grants by donors for a particular period of time are allocated to the period to which they apply. Grants for expenditure in a future accounting period received in advance are carried forward as deferred income. All other income is accounted for when receivable.
- c) Restricted funds are grants received for specific purposes as laid down by the donor. Expenditure which meets these criteria is identified to these funds together with a fair allocation of support costs. Funds unspent at the year end which will be spent in future accounting periods are carried forward as restricted funds.
- d) Unrestricted funds are grants and other income received or generated for charitable purposes.
- e) Unrestricted funds are held by the charitable company to fund fixed assets and working capital and to provide an ability to respond rapidly to opportunities arising in a very dynamic environment. Unrestricted reserves at the year end are being built up in accordance with the policy approved by Trustees in July 1995 to cover the net book value of fixed assets and three to six months expected expenditure from unrestricted funds in the following year.
- f) Staff and support costs are allocated to activities to reflect the amount of staff time and direct costs on those activities.
- g) Grants payable for projects with local partners are accounted for when paid.
- h) Depreciation is provided in order to write off the cost of the assets over their estimated useful lives on a straight line basis at the following rates:-
- | | |
|--------------------------------|-----|
| Office equipment and Computers | 25% |
| Fixtures and fittings | 20% |
| Property Improvements | 20% |
- i) Management and administration costs of the charitable company are those costs related to statutory compliance, including a proportion of the costs of administrative staff, Board meetings and audit.
- j) 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.
- k) No provision has been made for taxation since the company obtained charitable status following incorporation.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1998

- l) The charitable company as an employer contributes to personal pension plans of its employees. The contributions are set at 10% of basic salary and are available to all employees whose contracts are for more than six months and who have successfully completed the first six months of their employment.
- m) A maintenance provision is being built up to meet redecoration and repair costs at the end of the office lease.
- n) Rentals payable under operating leases where substantially all the risks and rewards of ownership remain with the lessor are charged to the Statement of Financial Activities in the period in which they fall.

2 Deferred Income

	1998 £'000	1997 £'000
Balance brought forward	-	40
less: grants transferred to Incoming Resources	-	(40)
Balance carried forward	-	-

3 Total Resources Expended

	Programme Costs £'000	Fundraising & Publicity £'000	Management & Admin £'000	Net Exp. of Subsidiary £'000	1998 Total £'000	1997 Total £'000
Employment costs	954	100	21	-	1,075	1,313
Consultants	169	13	18	-	200	157
Travel & Subsistence	464	10	-	-	474	475
Grants to local partners	158	-	-	-	158	194
Conference & training	60	-	-	-	60	30
Facilities overseas	-	-	-	-	-	1
Print, translation etc	63	-	-	-	63	52
Telephone, fax & post	85	-	-	-	85	124
Professional fees	19	-	33	-	52	51
Bank charges	7	-	-	-	7	7
Office costs	220	2	-	-	222	279
Depreciation	60	-	-	-	60	86
Staff training & welfare	38	1	-	-	39	30
Recruitment	28	1	-	-	29	27
Net expenditure of subsidiary	-	-	-	7	7	22
	2,325	127	72	7	2,531	2,848

The composition of Management and Administration costs has been revised in 1998 to comply with the scope of such costs as described in the Statement of Recommended Practice. In previous accounting periods a wider definition of such costs has been applied.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1998

4 Results Of Subsidiary Organisation

Until 31 May 1998, the charitable company had a subsidiary undertaking registered in The Netherlands (Stitching Standing International Forum on Ethnic Conflict, Development and Human Rights - International Alert).

The aims of the subsidiary undertaking, which has now been dissolved, were closely in line with those of the charitable company. A summary of the results for the subsidiary undertaking is shown below.

	1998 £'000	1997 £'000
Income	-	1
Expenditure	(7)	(23)
Net Expenditure	(7)	(22)

The subsidiary undertaking had net liabilities at 31 December 1998 of £nil (1997 - £63,000).

5 Net Incoming/(Outgoing) Resources

The figures for net incoming/(outgoing) resources for the year are arrived at after charging the following expenses:

	1998 £'000	1997 £'000
Auditors Remuneration:		
-audit fees	10	10
-fees for other services	5	4
Operating lease charges	5	1
Depreciation	60	86

6 Staff Costs And Numbers

Staff costs during the year were as follows:

	1998 £'000	1997 £'000
Salaries, wages and allowances	883	1,128
Social security costs	82	100
Redundancy & Restructuring Costs	47	-
Pension costs	63	85
Total staff costs	1,075	1,313
Total staff emoluments (i.e. total staff costs less social security)	993	1,213

The average weekly number of employees during the year was as follows:

	No.	No.
Programmes Operations	20	25
Programmes Support	8	10
Fundraising & publicity	3	5
Management and administration	1	1
	32	41

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

- between £40,000 and £49,999	1	-
- between £50,000 and £59,999	1	1
- between £80,000 and £89,999	1	1

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1998

6 Staff Costs and Numbers (continued)

The emoluments for the employee in the highest range include allowances to put that employee on an equal financial footing to his colleagues who are normally resident in the United Kingdom.

7 Tangible Fixed Assets

	Group & Company			
	Improvements £'000	Office Equipment £'000	Fixtures & Fittings £'000	Total £'000
Cost				
At 1 January 1998	39	267	66	372
Additions	-	5	-	5
At 31 December 1998	39	272	66	377
Accumulated depreciation				
At 1 January 1998	21	213	50	284
Charge for the year	8	41	11	60
At 31 December 1998	29	254	61	344
Net book values				
At 31 December 1998	10	18	5	33
At 31 December 1997	18	54	16	88

There were no commitments for capital expenditure at 31 December 1998 (1997: Nil).

8 Debtors	Group		Company	
	1998 £'000	1997 £'000	1998 £'000	1997 £'000
International Alert (Netherlands)	-	-	-	79
Grant income	44	224	44	224
Sundry debtors	-	20	-	20
Prepayments and accrued income	7	19	7	19
	51	263	51	342

9 Creditors: Amounts Falling Due Within One Year

Taxation and social security	27	61	27	61
Sundry creditors and accruals	156	228	156	198
	183	289	183	259

10 Maintenance Provision

Balance 1 January 1998	10	10	10	10
Expended during the year	-	-	-	-
Balance 31 December 1998	10	10	10	10

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1998

11 Operating Leases

The charitable company's office premises are held under a ten year operating lease (with a five year break clause), which expires in the year 2005. The annual commitment has increased from £69,355 to £105,750.

The charitable company holds the following operating leases for equipment:

<u>Equipment</u>	<u>Term</u>	<u>Expiry Date</u>	<u>Total Annual Commitment</u> £'000
Franking machine	5 Years	Dec 2002	3
Photocopier	3 Years	Sept 2001	2

12 Movement On Funds

The overall movement on the funds of the charitable company is shown below. The restricted funds of the charity comprise unexpended balances of grants held on trust to be applied for specific purposes. Negative figures arise where commitments have yet to be received for projects which have already commenced.

	At 1 January 1998 £'000	Incoming Resources £'000	Outgoing Resources £'000	Transfers Between Funds £'000	At 31 December 1998 £'000
<i>Restricted Funds</i>					
M Ennals Fund	19	-	-	-	19
Great Lakes	276	735	(784)	13	240
Sierra Leone	3	-	-	-	3
West Africa	-	39	(11)	8	36
Eurasia	(9)	160	(142)	5	14
Advocacy	7	220	(172)	-	55
FEWER	65	98	(201)	-	(38)
Sri Lanka	16	43	(60)	1	-
Implementation of Evaluation	46	48	(97)	-	(3)
Training	(13)	-	-	13	-
Rapid Response	-	53	(6)	(18)	29
Gender Modules	-	6	(2)	-	4
Prince of Wales Business Leader Forum	-	3	(2)	-	1
	410	1,405	(1,477)	22	360
<i>Unrestricted Funds</i>					
General Fund	155	1,099	(1,054)	(22)	178
<i>Total Funds</i>	565	2,504	(2,531)	-	538

INTERNATIONAL ALERT

Standing International Forum on Ethnic Conflict, Genocide and Human Rights

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1998

13 Analysis Of Group Net Assets Between Funds

	Unrestricted funds £'000	Restricted funds £'000	Total £'000
Fixed assets	33	-	33
Net current assets less provisions	145	360	505
Total net assets	178	360	538

14 Trustees' Remuneration

The Trustees received no remuneration in 1998 (1997: Nil). Costs of their travel, accommodation and related expenses amounted to £17,942 (1997: £28,157). During 1998 there were twelve Trustees coming from the United Kingdom, Norway, Sweden, The Netherlands, Ghana and the United States of America. The full Board met three times and the Management Advisory Committee met seven times.