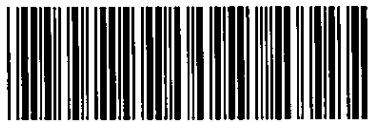




**PEACE DIRECT**  
**ANNUAL REPORT AND**  
**FINANCIAL STATEMENTS**  
  
**FOR THE YEAR ENDED**  
**31 MARCH 2009**

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COMPANIES HOUSE

Company No. 6458464

Charity No. 1123241

# ANNUAL REPORT AND FINANCIAL STATEMENTS 2008-2009

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## OFFICERS AND FINANCIAL ADVISORS

Registered Name	Peace Direct
Trustees	Dr Scilla Elworthy (Chair) Eliot Lyne (Treasurer) Ruth Jenkins (Secretary) Joel Voysey Berry D'Arcy Joan Link Dylan Matthews Holly Pelham Vesna Matovic Nicholas Bradbury (Appointed 31/08/2008)
Senior Management	Carolyn Hayman – Chief Executive
Secretary	Ruth Jenkins
Charity Number	1123241
Company Number	6458464
Registered Office	Development House 56-64 Leonard Street London EC2A 4JX
Patrons	Dekha Ibrahim Abdi Prince El Hassan of Jordan Dame Margaret Anstee Mark Rylance Baroness Helena Kennedy
Bankers	The Co-operative Bank P O Box 101 1 Balloon Street Manchester M60 4EP  CCLA Investment Management Limited 80 Cheapside London EC2V 6DZ
Independent Auditors	Ramon Lee & Partners Kemp House 152 – 160 City Road London EC1V 2DW
Solicitor	John Byrne & Co Sheraton House Castle Park Cambridge CB3 OAX

## **WELCOME PEACE DIRECT CHIEF EXECUTIVE**

Against a backdrop of global financial turmoil, we continue to be astounded by the generosity of supporters and the commitment of foundations and institutions.

Without them we wouldn't be able to find, fund and promote the local people working for peace in the world's worst conflict areas which include Somalia, Sudan, Nepal, Sri Lanka, Afghanistan, Kashmir, and the Democratic Republic of Congo, (DRC)

While our supporter base hasn't grown as much as we'd originally hoped, the amount of money individual people give us has increased considerably.

In a year which has seen bloody and violent conflicts – reigniting in DRC and Somalia - the tireless efforts of the people we support is remarkable.

We saw on TV the horror of refugee camps in Goma and the desperate plight of people made homeless by the conflict in DRC. Meanwhile, Henri Bura Ladyi was negotiating the return of children, kidnapped by armed militia and organising communal supplies so people could stay in their own villages.

In Sri Lanka, the bitter civil war that has cost so many lives and brought such untold misery, reached its final stages. The Young Visionaries continued to work for peace, bringing people together and laying the foundations for rebuilding communities.

Closer to home, the Truce 2020 project in London's East End has gone from strength to strength and funding is secure for the next year. That means another 40 young people will be trained in mediation, conflict prevention and resolution who'll then go on to share their skills and knowledge.

So we can look back on the past year with some satisfaction, gratitude as always to our supporters and admiration for the local peacebuilders we fund. There is much to be done to ensure that local people are at the heart of peacebuilding strategies and policies and we will continue to work closely with politicians and policy makers to realise that goal.

As Scilla Elworthy steps down as Chair, it remains for me to thank her on behalf of the Trustees for her unstinting commitment to Peace Direct. We are pleased that she will remain on the Board and be closely connected with our work. We are immensely lucky to have found such a marvellous successor as Chair in Andres Ilves and welcome him to Peace Direct.

Thank you for your continued support

Carolyn Hayman OBE  
Chief Executive

## CELEBRATING FIVE YEARS

This year marks our 5<sup>th</sup> anniversary of becoming a charity.

Peace Direct grew out of Scilla Elworthy's work at the Oxford Research Group (ORG) on the effectiveness of civil society peacebuilding, published as War Prevention Works.

In 2002, Scilla joined forces with Carolyn Hayman who had realised that it was much easier to make grants to UK based peace organisations than those working on the frontline of conflict. What was needed was a trusted conduit that people could use to channel funds to local peacebuilding.

Over the next 18 months as Peace Direct took shape, Scilla and Carolyn looked for sources of funding. A turning point came when Lord (Joel) Joffe convened a meeting of around 35 people with a potential interest in Peace Direct in September 2003.

Three questions were posed:

- What do frontline peacebuilders need?
- Will the public give to peace?
- How would Peace Direct relate to existing peace organisations?

This meeting led to the first Peace Direct Board, chaired by the late Anita Roddick. With a Board in place, charitable status gained in February 2004, Peace Direct recruited Carolyn as Chief Executive and made its first grants to projects in Iraq and the Democratic Republic of Congo.

In 2005, Peace Direct won Best New charity at the prestigious UK Charity Awards.

2004

First grants are made to Iraq, Democratic Republic of Congo (DRC)  
Insight on Conflict starts

2005

'What If? Fallujah' – study of how the destruction of Fallujah could have been avoided  
First grants to Kenya, Sri Lanka, Aceh  
Peace Direct wins Best New Charity in Charity Times awards

2006

'Young Muslims Speak' launches at House of Commons  
Collaborative for Peace in Sudan and the Kenya Rapid Response fund are established  
First grants to Colombia, Somalia

2007

A second Rapid Response Fund is established in Nepal  
Sudan Oil and Human Security Initiative (SOHSI) begins  
Truce 2020, our UK project, launches in Newham with Conflict and Change and Leap

2008

First Department for International Development funding, for Somalia  
First multi-year funding, for DRC project from Baring Foundation

2009

First major funding for Sudan from Humanity United

A huge number of people and organisations have helped Peace Direct. Not just our 1500 individual supporters, and the many trusts and foundations, but all the creative people who lent us their time and talents to give Peace Direct a clear and compelling voice.

*'Not so much a whale, more a school of dolphins'* was how one described Peace Direct. It is that school, of peacebuilders, staff and trustees, supporters, funders and volunteers, swimming purposefully together, that will take Peace Direct into the future.

## REPORT OF THE TRUSTEES FOR YEAR ENDING 31 MARCH 2009

The Trustees present their report together with the financial statements for the year ended 31 March 2009.

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

### OBJECTIVES AND ACTIVITIES

Peace Direct finds, funds and promotes local peacebuilding. Our work is practical, local and vocal.

We find and fund committed, pragmatic and effective organisations and individuals working at the frontline of conflict or potential conflict.

We support and promote their work believing it is critical their message is heard and their knowledge shared.

Peace Direct believes that local peacebuilding should be at the centre of all strategies for managing conflict resolution and prevention.

We want to be recognised as a leading authority in local peacebuilding by funding local peacebuilders and making sure their story is heard.

### HIGHLIGHTS FROM THE YEAR:

- The Department for International Development (DfID) contributed £32,000 towards the Somali peacebuilding work run by Asha Hagi's Save Somali Women & Children (SSWC).
- Asha herself won the Right Livelihood award – the second year running that a Peace Direct supported woman has won.
- The Baring Foundation gave £45,000 for a project in the Democratic Republic of Congo working with Internally Displaced People (IDPs).
- The Centre for Peacebuilding and Reconciliation's (CPBR) Young Visionaries project in Sri Lanka was launched and has grown, even against a backdrop of increased and violent conflict. With help from a Peace Direct employee CPBR secured funding from a US foundation, the US Institute of Peace, for work with religious leaders.
- Two local peacebuilders, Henri Bura Ladyi from DRC and Asha Hagi from Somalia came to the UK to meet policy makers, supporters and Truce 2020 trainees.
- In Afghanistan we have helped fund a research project as well as supporting a peace education programme.
- Dekha Ibrahim Abdi of Kenya briefed UK journalists on the work of the Rapid Response Fund and how it coped with post election violence in late 2007.
- BBC Newsnight ran a feature on the work of Henri Bura Ladyi in DR Congo which was also covered on BBC Radio 4.
- Asha Hagi was interviewed on BBC Radio 4's Woman's Hour.
- Peace Direct was quoted by the Press Association and featured in the Independent. We made the shortlist to that newspaper's annual Christmas appeal in 2008.
- Gill Hicks, our ambassador, was made an MBE in the Queen's New Year Honours and we continue to be indebted to Gill for her work and commitment to peace.
- Peace Direct launched "Insider Power" with the All Party Parliamentary Group on Conflict issues (APPGCI) at the House of Commons.
- We have a loyal supporter base of 1500 whose generosity counts for 25% of our income, supporters who have donated a total of £150,000 in the year up to March 31st 2009.
- Although the number of supporters has not increased as much as we'd hoped, the amount of money given by individuals has increased considerably - by 35% in the year up to March 31st 2009.

**Where we worked 2008/2009.**

PEACEBUILDER: CPAU

LOCATION: Afghanistan

Through CPAU we are supporting the Farza peace council which resolves local conflicts over land and resources.

*Funds given 2008 - 2009: £11,115*

PEACEBUILDERS: YAPE & KIRDARC

PROJECT: Rapid Response Fund

LOCATION: Nepal

The Nepal RRF brings together Nepalese civil society organisations working in areas most at risk from renewed violence.

*Funds given 2008 - 2009: £19,500*

PEACEBUILDER: Dishani Jayaweera

LOCATION: Sri Lanka

Dishani's latest 'Young Visionaries' project trains young people from all religions in peacebuilding and then supports them in setting up their own community projects.

*Funds given 2008 - 2009: £14,600*

PEACEBUILDER: Ashima Kaul

LOCATION: Kashmir

Ashima builds links between women by creating Samanbals - safe meeting places for women to begin the process of reconciliation and learn income generating skills.

*Funds given 2008 - 2009: £4,000*

PEACEBUILDERS: Escuela

LOCATION: Cali, Colombia

The women's Escuela brings together women from all backgrounds to learn, share and spread the message of non-violence in their own communities.

*Funds given 2008 - 2009: £6,000*

PEACEBUILDERS: Truce 2020

LOCATION: East London

Truce 2020 is a training course for 16 to 21 years olds, training them in conflict resolution, mediation and running workshops.

*Funds given 2008 - 2009: £95,000*

PEACEBUILDER: Henri Bura Ladyi

LOCATION: D.R. Congo

Henri recruits and trains 'Taskforces' across Eastern Congo who release and rehabilitate child soldiers, get militia to lay down their arms, help IDPs move home and act as early warning for erupting conflict.

*Funds given 2008 - 2009: £22,443*

PEACEBUILDER: CfPS

LOCATION: Sudan

CfPS brings together organisations from across Sudan to reduce election violence, increase understanding of the Peace Agreement and mitigate oil related conflicts.

*Funds given 2008 - 2009: £36,628*

PEACEBUILDER: Asha Hagi Elmi

LOCATION: Somalia

Asha helps women overcome violence and poverty and gives them a voice in the future of their own country.

*Funds given 2008 - 2009: £32,255*

PROJECT: Rapid Response Fund

LOCATION: Kenya

The Kenya Rapid Response Fund is money available on the ground so that local organisations can respond immediately to conflict flashpoints.

*Funds given 2008 - 2009: £12,000*

PEACEBUILDER: ENVISION

LOCATION: Zimbabwe

Envision is introducing conflict resolution skills to the security services, women and schools in Zimbabwe.

*Funds given 2008 - 2009: £11,170*

## AREAS OF FOCUS 2008-2009

There are several areas where we set out plans to improve our performance over the past year which included:

### **Fund local peacebuilding and demonstrate its effectiveness in saving lives and rebuilding trust**

Peace Direct has increased its focus on monitoring and evaluation of the international programmes as part of our strategy to ensure our programmes are of the highest quality and provide information and evidence to promote the work of local peacebuilding.

Evaluations of the Rapid Response Funds in Kenya and Nepal began in March 2009.

The new Head of International Programmes, Tom Gillhespy started a comprehensive review of all projects and is developing monitoring and evaluation strategies for each country.

Initial reviews find the majority of the projects highly effective with particular highlights as DRC, Sudan and Nepal.

#### **DRC:**

Henri continues to do fantastic work and the Baring Foundation grant has enabled him to expand his operation. (This meets one of our aims last year – to add a major philanthropic organisation) Within the first two months he had set-up two 12 members Task Forces to identify and deal with emerging conflicts. The Task Forces include former child soldiers, active rebel commanders, Congolese Army, local government and community leaders, covering many communities and contact with militia groups. Hundreds of ex-combatants have been persuaded through face to face talks and radio broadcasts. The next challenge is to organise co-operatives that can keep them active and provide a livelihood.

#### **Sudan:**

The Collaborative goes from strength to strength, and their work has now been recognised with funding from Humanity United, a US philanthropic organisation. The peace committees set up by the Collaborative in Blue Nile State have met monthly despite not being funded to do so. The Sudan Oil and Human Security Initiative (SOHSI) has registered as an independent NGO, and has been invited to attend meetings of the powerful National Petroleum Commission.

#### **Nepal:**

The Nepal Rapid Response Fund (RRF) was set up in March 2007 with the selection of three effective Nepalese civil society organisations working in worst conflict hit districts.

Karnali Integrated Rural Development and Research Centre (KIRDARC) works in upper region of midwest Nepal – the most inaccessible region in Nepal. SAATHI Banke works in lower Terai belt of the midwest region. And Youth Alliance for Peace and Environment (YAPE) works in the Eastern districts surrounding the Kathmandu valley.

Preliminary evaluation suggests this is a most effective programme, working with respected local partners, successfully mediating in a wide range of conflicts, generally for less than £1,000 a time.

Peace Direct remains committed to turning interest from The Department for International Development (DfID) and the Foreign & Commonwealth Office (FCO) into reality by seeing increased emphasis in the role of local peacebuilding in all government conflict prevention and resolution policies.

Peace Direct is in regular contact with both government departments and has submitted evidence to DfID's consultation document and also the Conservative Party's relevant consultation paper.

### **Make it easy for people to find out about local peacebuilding**

We want to be recognised as a trusted and authoritative source of information about local peacebuilding. We work with policy makers, professionals in Non Governmental Organisations (NGOs) in the UK and abroad. We also work closely with journalists across print, broadcast and online outlets.

A major grant has helped the expansion of Insight on Conflict, the web based data resource listing local peacebuilding organisations in conflict areas. This now links their work much more closely to the causes of conflict, as well as providing contextual material on the conflicts.

We have completed an extensive rebranding process, with the pro bono support of James Kerr from Chalk and the Morning design team for which we are hugely grateful. This has resulted in a new logo, brand new website and redesign of all our campaign and communications material on line and in print which we believe will make it easier to explain what we do, who we work with and how we support local peacebuilding.



The link between international peacebuilders and the UK based Truce 2020 youth project has been strengthened by further visits from peacebuilding partners in Sri Lanka and DRC to East London. This is a unique opportunity for young people who've been on the Truce 2020 courses to meet people working on the frontline of peacebuilding.

### **Get the public on board**

We have realised our target of running a UK based learning project through Truce 2020. This mediation, conflict resolution and prevention training programme for young people in London's East End has been extremely effective with over 70 young people now accredited and sharing their skills among peers through local schools and youth organisations. Funding has been secured for the coming year from Newham Council, Tudor Trust, Southall Trust, the Rayne Foundation and V Volunteering.

Peace Direct's public profile is growing and we are strengthening relationships with people and organisations ranging from York University through the Chevening Scholars programme, Royal Military Academy, Sandhurst and the City Circle Muslim group. Peace Direct staff and trustees are frequently invited to speak at conferences and seminars, to schools and the wider community.

Targeted campaigns (Christmas Appeal for DRC Emergency, International Women's Day) continue to be effective although the direct mail campaign failed to produce a significant number of new members and was not cost effective. Our campaigning website, [www.makeyourpeace.org](http://www.makeyourpeace.org), has attracted new users.

### **Create structures that link local peacebuilders into larger groupings, more fundable by donors**

We wanted to act as catalyst for at least one large scale project which would demonstrate the impact and cost effectiveness of local peacebuilding. The progress of the Collaborative for Peace in Sudan in mounting a wide range of projects and raising additional funds demonstrates the value of this approach.

We have also appointed external evaluators to assess projects in Nepal, DRC and Kenya.

### **Build organisational capacity**

Peace Direct is fortunate to have a team of committed, energetic and professional staff, an effective working relationship between the Board, staff and partners. Systems are in place to ensure accountability, transparency and openness. We continue to attract new sources of funding, particularly from foundations that have not previously funded in the area of peace and conflict.

## LOOKING AHEAD 2009-2010

In the coming year we expect to maintain and increase revenue streams from foundations, government and individuals. While we recognise the challenges in the current economic climate we are confident that prudent financial management has given Peace Direct relative stability.

We expect the government White Paper on development to acknowledge the importance of local peacebuilding which will lay the foundations for a shift in policy.

We will increase our efforts to inform and influence policy makers through the usual channels, by developing our relationship with the All Party Parliamentary Group on Conflict Issues, and through the first Insight on Peacebuilding publication, *How to Choose a Dance Partner*

We will build on the proven success of the Truce 2020 project with a view to expanding its reach – either through new partnerships or similar projects elsewhere.

We expect to see the projects we fund in Sudan and DRC increasingly able to access funding directly from donors over the next year. This demonstrates that we have successfully built the capacity of organisations which did not exist three years ago (the Collaborative for Peace in Sudan) or were small scale (Centre Résolution Conflits in DRC). It also illustrates our philosophy of finding exceptional but overlooked organisations, and enabling them to grow to reveal their full potential.

We will deepen and broaden the remit of Insight on Conflict and develop new strategies for recruitment of local researchers, improving the accuracy and frequency of reporting.

We will continue to improve the website and all communications – online, in print and elsewhere by being rigorous about accuracy and accessibility. We will increase the interactivity of the both Peace Direct and IoC websites with blogs, video and other images.

Under the Chairmanship of Andres Ilves we are confident that Peace Direct will continue to grow steadily with a clear focus on supporting and championing the work and importance of local peacebuilders in conflict resolution and prevention.

## PUBLIC BENEFIT

The Trustees have had regard to Charity Commission guidance on public benefit. It goes without saying that the public benefit of peaceful and stable communities is well recognised and can be measured in a number of ways that include infant mortality, health, education, employment and economic prosperity. We are confident that the work that local peacebuilders do in conflict areas can only be of public benefit.

The cost of conflict is high – in both human and financial terms. As public spending comes under growing scrutiny, policy makers know that prevention is nearly always better - and more cost effective - than cure. Most conflicts reignite within 10 years of a ceasefire but there is a growing body of evidence that confliction prevention and resolution strategies that embrace local people have a greater chance of lasting. So, the domestic public benefits will be realised initially in public spending and in the longer term by building civil societies where conflict can be resolved without violence.

## STRUCTURE, GOVERNANCE AND MANAGEMENT

### Governing document

The Charity's operations are governed by its Memorandum and Articles of Association dated 20th December 2007. Peace Direct is registered under the Companies Act 1985 as a company limited by guarantee and not having a capital divided by shares. The company was registered as a charity on 18th March 2008 under registration number 1123241.

### Recruitment and appointment of Trustees

The Trustees in office during the year are set out on page 1. New Trustees are nominated either by the existing Trustees or by a member, having given the necessary notice period. The nomination is subject to the approval of the members at a meeting of the members. Trustees must be at least 18 years of age. The Trustees may from time to time appoint a person to fill a vacancy or to act as an additional Trustee. This appointment will be subject to approval of the members at the next annual general meeting.

### Trustee induction and training

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

### Organisation

The Board meets 4-5 times a year. Its role is one of strategic oversight. It approves the budget, operational and strategic plans, appoints the Chair and Chief Executive and approves overall policy in relation to staff employment.

The Board also determines major issues that affect Peace Direct's public image - for example whether to endorse campaigns promoted by other organisations, whether to engage in forms of fundraising that might be deemed sensitive, and any issues with a legal dimension. All other decisions are delegated to the Chief Executive, who consults the Board collectively, or individually where they have expertise to contribute or where they are thought likely to have strong views on a particular issue.

### Related parties

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

No Trustee received any remuneration from the Trust (2008 - £NIL) and none of the Trustees was reimbursed expenses incurred in the performance of their duties.

### Risk Management

The trustees have discussed and approved a full risk assessment at the February 2009 Board meeting in line with the annual review of risk management.

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

- Operational - overseas and in UK
- Reputational
- Financial
- Records & data
- HR
- Governance

### Internal controls

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

- Comprehensive financial policies and procedures
- Internal audit of cash handling and other financial procedures
- Comprehensive system of annual budgets, approved by the trustees, and monthly financial reporting of actuals against budget
- Regular forecasting of predicted income and cashflow
- Regular monitoring of reserves policy
- Annual review of the charity's risk register

## FINANCIAL REVIEW

Peace Direct's income increased from £611,190 in the 15 months ended 31st March 2008 to £704,213 in the 12 months ended 31 March 2009. £426,365 was devoted to projects that were partially supported by restricted funds.

Peace Direct ended the year with a surplus of £22,147 resulting in reserves of £155,402 of which £54,967 is unrestricted and £100,436 restricted. To provide a degree of cash flow cover, and a long term safety net, Trustees have previously raised £70,000 in interest free loans from individuals with a strong commitment to Peace Direct. These loans are repayable at the end of the period, unless so doing would mean that Peace Direct was unable to meet all its obligations in the course of closure. Thus lenders are accepting a degree of risk (see also note 10).

### Principal funding sources

Over the last year, income was split fairly evenly between personal donations from individuals (23.5%) and high net worth individuals (14.1%), and grants from trusts and foundations, including those linked with companies (56.8%), with statutory funding contributing 4.0% and bank interest 1.6%. This year Peace Direct also received funding from trusts and individuals in the US for the first time.

### Investment powers and policy

The Trust Deed authorises the Trustees to make and hold investments using the general funds of the charity. The trustees have the power to invest in any way that they see fit. The trustees have considered the most appropriate policy for investing funds. The funds not immediately required are held in an interest bearing bank account in a bank designed for the charity sector.

### Reserves policy

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

It is recognised that the charity needs to have sufficient cash and reserves to absorb short-term fluctuations and larger setbacks in income receipts. In the course of the period, Trustees developed a new policy on reserves, which aims to have unrestricted reserves sufficient to cover three months core running costs, costs of closure, and three months funding for overseas projects not covered by grant funding. Trustees estimate that this would give a target for unrestricted reserves of £77,000 at the end of March 2009, compared with actual unrestricted reserves of £54,967. Trustees aim to make significant progress towards meeting their reserves target over the next three years.

### Policy on grant making

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

## TRUSTEES' RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS

Company law requires the Trustees to prepare financial statements that give a true and fair view of the state of affairs of the Charity at the end of the financial year and of its surplus or deficit for the financial year. In doing so the Trustees are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

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

### Members of the Board of Trustees

Members of the Board of Trustees, who are directors for the purpose of company law and Trustees for the purpose of charity law, who served during the year and up to the date of this report are set out on page 2.

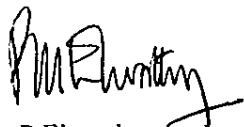
In accordance with company law, as the company's directors, we certify that:

- so far as we are aware, there is no relevant audit information of which the company's auditors are unaware; and
- as the directors of the Company we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that the Charity's auditors are aware of that information.

### AUDITORS

The auditors, Ramon Lee & Partners, will be proposed for reappointment in accordance with Section 385 of the Companies Act 1985.

APPROVED BY THE BOARD OF TRUSTEES AND SIGNED ON THEIR BEHALF BY:



Dr P Elworthy  
Chair

5 August 2009

**INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF  
PEACE DIRECT**

We have audited the financial statements of Peace Direct for the year ended 31 March 2009 which comprise: the Statement of Financial Activities (Summary Income and Expenditure Account), Balance Sheet and related notes. These financial statements have been prepared in accordance with the accounting policies set out therein.

This auditor's report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 any responsibility to anyone other than the company and the company's members as a body, for our work, for this report, or for the opinions we have formed.

**RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS**

The trustees' (who are also the directors of Peace Direct for the purposes of company law) responsibilities for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Trustees' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Trustees Annual Report is not consistent with the financial statements, if the charity has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Trustees' remuneration and transactions with the charity is not disclosed.

We read other information contained in the Trustees Annual Report, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

**BASIS OF AUDIT OPINION**

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

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

**OPINION**

In our opinion:

- the information given in the directors' report for the financial year ended 31 March 2009 is consistent with the financial statements;
- the financial statements give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the charitable company's affairs as at 31 March 2009 and of its incoming resources and application of resources, including its income and expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Companies Act 1985.

RAMON LEE & PARTNERS  
REGISTERED AUDITORS  
CHARTERED ACCOUNTANTS

5 August 2009

KEMP HOUSE  
152/160 CITY ROAD  
LONDON EC1V 2DW

**STATEMENT OF FINANCIAL ACTIVITIES  
FOR THE YEAR ENDED 31 MARCH 2009**

	<u>Notes</u>	<u>Unrestricted Funds</u> £	<u>Restricted Funds</u> £	<u>Total 2009</u> £	<u>15 months to March 2008</u> £
<b>INCOMING RESOURCES</b>					
<i>Incoming resources from generating funds:</i>					
<i>Voluntary income:</i>					
Donations and grants	<b>2</b>	261,901	5,000	266,901	302,514
<i>Activities for generating funds:</i>					
Other Income		224	-	224	146
Investment interest		10,723	-	10,723	8,241
<i>Activities in furtherance of the charity's objects:</i>					
Donations and grants	<b>3</b>	5,000	421,365	426,365	300,289
<b>TOTAL INCOMING RESOURCES</b>		<u>277,848</u>	<u>426,365</u>	<u>704,213</u>	<u>611,190</u>
<b>RESOURCES EXPENDED</b>					
Costs of generating funds	<b>4</b>	99,803	-	99,803	55,880
Charitable activities	<b>4</b>	164,345	392,884	557,229	478,546
Governance costs	<b>4</b>	25,033	-	25,033	11,059
<b>TOTAL RESOURCES EXPENDED</b>		<u>289,181</u>	<u>392,884</u>	<u>682,065</u>	<u>545,485</u>
Net (outgoing) / incoming resources		(11,333)	33,481	22,148	65,705
<b>Net movement in funds after transfers</b>		(11,333)	33,481	22,147	65,705
Funds brought forward		66,300	66,955	133,255	67,550
<b>Funds carried forward</b>		<u>54,967</u>	<u>100,436</u>	<u>155,403</u>	<u>133,255</u>

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

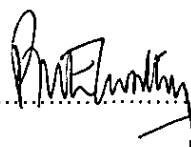
All movements derive from continuing activities.


The notes on pages 17 to 25 form part of these accounts.

## BALANCE SHEET AS AT 31 MARCH 2009

	<u>Notes</u>	<u>2009</u>	<u>15 months to</u>
		<u>£</u>	<u>March 2008</u>
		£	£
<b>FIXED ASSET</b>			
Tangible assets	7	276	1,478
<b>CURRENT ASSETS</b>			
Stock		1,000	
Debtors	8	24,977	
Cash at bank & in hand		286,522	
		<u>308,276</u>	<u>312,499</u>
<b>CREDITORS: Amounts falling due within one year</b>	9	40,722	
		<u>58,149</u>	<u>40,722</u>
<b>NET CURRENT ASSETS</b>		250,127	271,777
<b>Total assets less current liabilities</b>		<u>250,403</u>	<u>273,255</u>
<b>CREDITORS: Amounts falling due after more than one year</b>	10	95,000	140,000
<b>NET ASSETS</b>		<u>155,403</u>	<u>133,255</u>
<b>Represented by:</b>			
Unrestricted funds	11	54,967	66,300
Restricted Funds	11	100,436	66,955
		<u>155,403</u>	<u>133,255</u>

Approved by and signed on behalf of the Board of Trustees 5 August 2009:

  
..... Trustee

  
..... Trustee

The notes on pages 17 to 25 form part of these accounts



**NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED 31 MARCH 2009**

**1 ACCOUNTING POLICIES**

**1.1 Basis of preparation of accounts**

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

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

The figures shown for the previous period cover the fifteen months from 31 December 2007 to 31 March 2008.

**1.2 Income**

Voluntary income including donations, gifts and legacies and grants that provide core funding or are of general nature are recognised where there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability.

Income from charitable activities includes income received under contract or where entitlement to grant funding subject to specific performance conditions is recognised as earned (as the related goods or services are provided). Grant income included in this category provides funding to support performance activities and is recognised where there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability. Income is deferred when:

- Performance related grants are received in advance of the performance or event to which they relate.

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

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

**1.3 Volunteers and donated services and facilities**

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

Where services are provided to the charity as a donation that would normally be purchased from our suppliers, this contribution is included in the financial statements at an estimated based on the value of the contribution to the charity. The income equivalent is recognised within incoming resources as a donation, and corresponding charges included within resources expended under the relevant cost categories.

**1.4 Resources expended**

Expenditure is recognised when a liability is incurred.

**Costs of generating funds**

Costs of generating funds are those cost incurred in attracting voluntary income.

**Charitable activities**

Charitable activities include expenditure associated with the main objectives of the charity and include both the direct costs and support costs relating to these activities.

**Governance costs**

Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity and include the audit fees and costs linked to the strategic management of the charity.

**Support costs**

Support costs include central functions and have been allocated to activity cost categories on a basis consistent with the use of resources.

**1.5 Pension**

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

## Notes to Accounts

### 1.6 Tangible fixed assets for use by the charity and depreciation.

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

Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives.

Computer equipment	- 3 years
Fixtures and fittings	- 4 years

### 1.7 Stock

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

### 1.8 Funds structure

Unrestricted funds are available for use at the discretion of the Trustees and in furtherance of the general objectives of the charity. Unrestricted funds include a revaluation reserve representing the restatement of investment assets at market value.

The restricted funds are monies raised for, and their use restricted to, a specific purpose or donations subject to donor imposed conditions.

### 1.9 Grants

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

### 1.10 Operating leases

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

### 1.11 Irrecoverable VAT

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

### 1.12 Taxation

The Charity is a registered charity and, therefore, is not liable for Income Tax or Corporation Tax on income derived from its charitable activities, as it falls within the various exemptions available to registered charities.

## 2 VOLUNTARY INCOME

	<b>Unrestricted Funds</b>	<b>Restricted Funds</b>	<b>TOTAL 2009 £</b>	<b>2008 £</b>
Data Connection	-	-	-	5,000
Colchester Society of Friends	5,000	-	5,000	-
Joseph Rowntree Charitable Trust	25,000	-	25,000	31,250
Network for Social Change	72,424	-	72,424	86,718
Man Group Plc Charitable Trust	5,000	-	5,000	5,000
Yael Dowker	5,000	-	5,000	-
Anonymous donation	-	5,000	5,000	-
Donations	109,477	-	109,477	154,136
Legacy	3,000	-	3,000	1,000
Donated services	37,000	-	37,000	19,410
	<u>261,901</u>	<u>5,000</u>	<u>266,901</u>	<u>302,514</u>

The charity is indebted to Morning and James Kerr for providing brand design, English Group and Digital Craftsmen for website design and maintenance, and Ted Giffords for photography. The values placed on these contributions by the donors are £30,000, £5,000 and £2,000 respectively. The income equivalent was recognised within incoming resources as a donation, and corresponding expense included within communications and information technology.

## 3 INCOMING RESOURCES FROM ACTIVITIES IN FURTHERANCE OF THE CHARITY'S OBJECTS

<b>Fund:</b>	<b>Unrestricted Funds</b>	<b>Restricted Funds</b>	<b>TOTAL 2009 £</b>	<b>2008 £</b>
Alistair Berkley Charitable Trust	-	20,945	20,945	-
Baring Foundation	-	44,994	44,994	-
British Embassy Khartoum	-	-	-	24,556
City Bridge Trust	-	15,500	15,500	44,500
Cyril Corden Trust	-	4,500	4,500	-
Data Connection	-	5,000	5,000	-
Department for International Development	5,000	34,647	39,647	-
Dulverton Trust	-	-	-	15,000
Equality and Human Rights Commission	-	33,327	33,327	-
Haramend Trust	-	10,000	10,000	-
Humanity United	-	15,520	15,520	-
Jack Petchey Foundation	-	15,000	15,000	-
Man Group Plc Charitable Trust	-	30,000	30,000	28,191
Margaret Hayman Charitable Trust	-	-	-	15,000
McLaughlin, Stuart	-	5,224	5,224	-
Network for Social Change	-	22,690	22,690	4,404
Newham Council	-	25,000	25,000	-
Polden Puckham	-	-	-	5,000
Pula Trust	-	-	-	5,100
Radio 4 Appeal	-	-	-	12,300
Rayne Foundation	-	5,000	5,000	-
Ross, Roger	-	6,000	6,000	-
Saving Zimbabwe Fund	-	5,000	5,000	-
Tudor Trust	-	24,000	24,000	30,000
V Volunteering	-	11,884	11,884	-
Anonymous donors	-	10,000	10,000	10,000
Other grants and donations	-	47,230	47,230	42,429
	<u>5,000</u>	<u>391,462</u>	<u>396,461</u>	<u>236,480</u>
<b>Promote:</b>				
Allan & Nesta Ferguson Trust	-	5,000	5,000	-
Fetzer Institute	-	17,494	17,494	-
Man Group Plc Charitable Trust	-	-	-	1,809
Margaret Hayman Charitable Trust	-	-	-	60,000
Polden Puckham	-	1,000.00	1,000	2,000
Yael Dowker	-	6,410.00	6,410	-
	-	<u>29,904</u>	<u>29,904</u>	<u>63,809</u>
	<u>5,000</u>	<u>421,365</u>	<u>426,365</u>	<u>300,289</u>

## 4 TOTAL RESOURCES EXPENDED

	<u>Basis of allocation</u>	<u>Fundraising</u> £	<u>Fund</u> £	<u>Promote</u> £	<u>Governance</u> £	<u>2009</u> £	<u>2008</u> £
<i>Costs directly allocated to activities:</i>							
Project costs	Direct	-	278,688	21,688	-	300,376	202,569
Staff costs	Direct	34,501	104,243	91,987	5,248	235,979	216,991
Fundraising costs	Direct	43,949	19	-	-	43,968	17,255
Trustees expenses	Direct	-	-	-	212	212	155
Audit fees	Direct	-	-	-	4,025	4,025	4,112
<i>Support costs allocated to activities:</i>							
General office and finance staff	Number of Staff	4,779	5,974	5,974	1,859	18,586	27,288
Premises costs	Number of Staff	744	12,120	6,462	513	19,839	30,117
Communications	Number of Staff	11,422	11,422	11,422	5,711	39,977	12,081
Information technology	Number of Staff	2,028	2,028	2,028	1,013	7,097	24,618
Legal and professional costs	Number of Staff	-	-	-	5,218	5,218	6,258
Other office costs	Number of Staff	2,380	1,587	1,587	1,234	6,788	4,041
		<u>99,803</u>	<u>416,081</u>	<u>141,148</u>	<u>25,033</u>	<u>682,065</u>	<u>545,485</u>

## 5 GRANTS PAYABLE

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

	<u>2009</u> £	<u>2008</u> £
Athwaas - Kashmir	4,000	5,500
Centre for Peacebuilding and Reconciliation - Sri Lanka	14,600	-
Centre Resolution Conflicts – Congo	22,443	8,030
Collaborative for Peace in Sudan - Sudan	36,628	52,579
Co-operation for Peace and Unity - Afghanistan	11,115	-
Envision - Zimbabwe	11,170	-
Horn of Africa Development Initiative - Somalia	10,622	-
Humanitarian Liaison Centre - Iraq	2,420	9,695
Leap Confronting Conflict - UK	-	7,000
Newham Conflict and Change - UK	5,300	10,149
Nomadic Primary Health Care - Kenya	12,000	27,500
Peace Women of Cali - Colombia	6,000	11,038
Save Somali Women and Children - Somalia	32,255	-
UN High Commission for Refugees - Iraq	3,810	-
YAPE - Nepal	19,500	15,700
	<u>191,863</u>	<u>147,191</u>

## 6 DIRECTORS AND EMPLOYEES

## STAFF COSTS

	<u>2009</u> £	<u>2008</u> £
Salaries	209,218	205,409
National Insurance	21,373	19,679
Pension costs	7,543	7,366
	<u>238,134</u>	<u>232,454</u>

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

There were no employees whose annual emoluments were £60,000 or more.

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

	<u>2009</u>	<u>2008</u>
Chief Executive	1.0	1.0
Fund	2.0	1.0
Promote	2.0	1.5
Learn	-	0.5
Administration & support	2.0	1.5
	<u>7.0</u>	<u>5.5</u>

## 7 FIXED ASSETS

	<b>Computer equipment &amp; software £</b>	<b>Fixtures &amp; fittings £</b>	<b>Total £</b>
<b>COST</b>			
As at 1st April 2008	23,055	3,390	26,445
Additions during year	275	-	275
As at 31st March 2009	<u>23,330</u>	<u>3,390</u>	<u>26,720</u>
<b>DEPRECIATION</b>			
As at 1st April 2008	22,213	2,754	24,967
Charge for the year	842	635	1,477
As at 31st March 2009	<u>23,055</u>	<u>3,389</u>	<u>26,444</u>
<b>NET BOOK VALUES</b>			
As at 31st March 2009	<u>275</u>	<u>1</u>	<u>276</u>
As at 31st March 2008	<u>842</u>	<u>636</u>	<u>1,478</u>

## 8 DEBTORS

	2009	2008
	£	£
Grant debtors	44,959	14,176
Prepayments and other debtors	11,466	10,801
	<u>56,425</u>	<u>24,977</u>

## 9 CREDITORS: Amounts falling due within one year

	2009	2008
	£	£
Deferred income	3,000	23,945
Taxation and social security	6,839	-
Creditors and accruals	23,310	16,777
Loans	25,000	-
	<u>58,149</u>	<u>40,722</u>

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

	2009	2008
	£	£
Loans due after more than one year:		
Repayable between one and five years	45,000	70,000
Repayable in five years or more	50,000	70,000
	<u>95,000</u>	<u>140,000</u>

£70,000 of the above is in interest free loans to provide cashflow and longer term security (see Financial Review on page 10). £25,000 is explicitly for fundraising initiatives.

## 11 MOVEMENTS IN FUNDS

	<u>Balance</u> <u>31.03.08</u> £	<u>Income</u> £	<u>Expenditure</u> £	<u>Balance</u> <u>31.03.09</u> £
<b><u>Restricted funds:</u></b>				
Anonymous donation	-	5,000	1,762	3,238
<b><u>Fund:</u></b>				
Alistair Berkley Charitable Trust	-	20,945	20,945	-
Baring Foundation	-	44,994	13,620	31,374
British Embassy Khartoum	4,600	-	4,600	-
City Bridge Trust	16,991	15,500	32,491	-
Newham Council	-	25,000	7,941	17,059
Data Connection	-	5,000	5,000	-
Department for International Development	-	39,647	39,115	532
Dulverton Trust	7,500	-	7,500	-
Haramead Trust	-	10,000	10,000	-
Humanity United	-	15,520	15,520	-
Jack Petchey Foundation	-	15,000	15,000	-
Equality and Human Rights Commission	-	33,327	33,327	-
Rayne Foundation	-	5,000	-	5,000
Ross, Roger	-	6,000	6,000	-
Tudor Trust	-	24,000	-	24,000
Man Group Plc Charitable Trust	7,500	30,000	37,500	-
McLaughlin, Stuart	-	5,224	5,224	-
Network for Social Change	4,381	22,690	27,071	-
Saving Zimbabwe Fund	-	5,000	5,000	-
V Volunteering	-	11,884	5,984	5,900
Anonymous donor	3,511	5,000	8,511	-
Other grants and donations	3,776	51,730	45,266	10,240
<b><u>Promote:</u></b>				
Allan & Nesta Ferguson Trust	-	5,000	5,000	-
Fetzer Institute	-	17,494	15,811	1,683
Margaret Hayman Charitable Trust	18,696	-	18,696	-
Yael Dowker	-	1,000	1,000	-
Other grants and donations	-	6,410	5,000	1,410
	<u>66,955</u>	<u>426,365</u>	<u>392,884</u>	<u>100,436</u>
<b><u>General funds</u></b>	66,300	277,848	289,181	54,967
<b>Total funds</b>	<u>133,255</u>	<u>704,213</u>	<u>682,065</u>	<u>155,403</u>

## Purpose of Restricted Funds:

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

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



12 ANALYSIS OF FUND BALANCES BETWEEN NET ASSETS

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
	£	£	£
Tangible fixed assets	276	-	276
Net current assets	149,691	100,436	250,127
Long Term Loans	(95,000)	-	(95,000)
	<u>54,967</u>	<u>100,436</u>	<u>155,403</u>

13 RELATED PARTY TRANSACTIONS

For the whole of the period, the charity was under the control of the trustees as shown on page 1. No trustees were reimbursed expenses during the year (2008 - £nil).