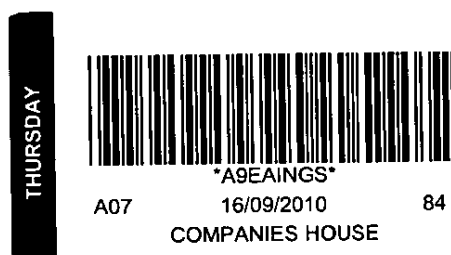


**PEACE DIRECT**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2010**



**Company No. 6458464**  
**Charity No. 1123241**

**PEACE DIRECT**

**FINANCIAL STATEMENTS**

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## PEACE DIRECT

### OFFICERS AND FINANCIAL ADVISORS

<b>Registered Name</b>	Peace Direct
<b>Trustees</b>	Andres Ilves (Chair from 5 August 2009) Eliot Lyne (Treasurer) Ruth Jenkins (Secretary) Dr Scilla Elworthy (Chair to 5 August 2009) Joel Voysey Berry Darcy (Resigned 14 June 2010) Joan Link Dylan Matthews Holly Pelham (Resigned 10 May 2010) Vesna Matovic Nicholas Bradbury
<b>Senior Management</b>	Carolyn Hayman – Chief Executive
<b>Secretary</b>	Ruth Jenkins
<b>Charity Number</b>	1123241
<b>Company Number</b>	6458464
<b>Registered Office</b>	Development House 56-64 Leonard Street London EC2A 4JX
<b>Patrons</b>	Dekha Ibrahim Abdi Prince El Hassan of Jordan Dame Margaret Anstee Mark Rylance Baroness Helena Kennedy
<b>Bankers .</b>	The Co-operative Bank P O Box 101 1 Balloon Street Manchester M60 4EP  CCLA Investment Management Limited 80 Cheapside London EC2V 6DZ
<b>Independent Auditors</b>	Ramon Lee & Partners Kemp House 152 – 160 City Road London EC1V 2DW
<b>Solicitor</b>	John Byrne & Co Sheraton House Castle Park Cambridge CB3 0AX

# PEACE DIRECT

## REPORT OF THE TRUSTEES

### FOR THE YEAR ENDED 31 MARCH 2010

The Trustees present their report together with the financial statements for the year ended 31<sup>st</sup> March 2010

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

We seek out effective and visionary local organisations and individuals working to end conflict and build peace in their own countries

We fund them to do what they think will be most effective in their unique context– we don't tell them what to do

We put them in contact with people in power - including donors, international agencies and the media

We are working for a world where the ideas and actions of local peacebuilders are central to all strategies for managing conflict, and where Peace Direct is recognised as a leading authority on local peacebuilding

## HIGHLIGHTS FROM THE YEAR

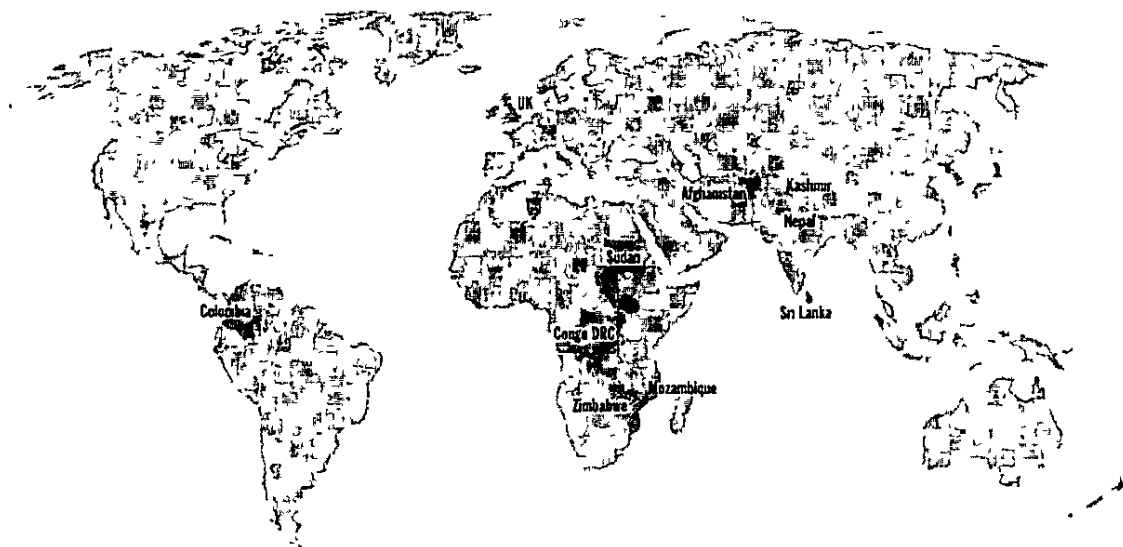
This has been a year of achievement and growth In a nutshell

	2009-10	2008-9
Income	£1,121,930	£704,213
Expenditure	£1,060,122	£682,065
No of financial supporters	1,891	1,464
Web traffic (unique visitors across all websites)	136,333	84,304
Staff at year end (fte)	10 (7.5)	8 (7.0)

- We won our first core grant - £878,000 over 18 months – from the Department for International Development (DfID) This has enabled us to increase funding to projects in Sri Lanka, DRC, Sudan and Zimbabwe and bring all of our peacebuilders together with five new organisations, in Nairobi, in the first of three Peace Exchanges
- We made the first moves in Peace Direct's expansion to Germany and the US
- We were chosen by the Independent as one of their three Christmas appeal charities – their campaign opened with a story about Henri Lady of the Centre Résolutions Conflits, DRC, whom they named as 'Africa's Schindler'
- Our Insight on Conflict website was relaunched with a completely new look, more video and blogs, and additional conflict areas Monthly traffic more than doubled, to over 6,000 unique visitors in March 2010

**PEACE DIRECT**  
**REPORT OF THE TRUSTEES (Cont/d)**  
**FOR THE YEAR ENDED 31 MARCH 2010**

**WHERE WE WORKED IN 2009/10**



**ASIA**

**Afghanistan CPAU**

Through CPAU we are supporting the Farza peace council which resolves local conflicts over land and resources Funds given £20,899

**Nepal YAPE**

The Nepal RRF brings together Nepalese civil society organisations working in areas most at risk from renewed violence Funds given £4,500

**Sri Lanka Dishani Jayaweera**

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 £58,707

**Kashmir Ashima Kaul**

Ashima builds links between women by creating Samanbais safe meeting places for women to begin the process of reconciliation and learn income generating skills Funds given £9,740

**LATIN AMERICA**

**Colombia Escuela**

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 £10,302

**EUROPE**

**UK Truce 2020**

Truce 2020 is a London-based training course for 16 to 21 year olds, training them in conflict resolution, mediation and running workshops Funds given £43,809

**UK Make a Difference (MAD)**

MAD is a youth organisation based in Milton Keynes that inspires young people to make a difference to their lives and the lives of others through volunteering and other activities  
Funds given £10,000

**PEACE DIRECT**  
**REPORT OF THE TRUSTEES (Cont/d)**  
**FOR THE YEAR ENDED 31 MARCH 2010**

**AFRICA**

**DR Congo Henri Burya Ladyi**

Henri recruits and trains taskforces across Eastern Congo who release and rehabilitate child soldiers, get militia to lay down their arms, help IDP's move home and act as early warning for erupting conflict Funds given £114,064

**Mozambique FOMICRES**

FOMICRES is developing training for community policing volunteers Funds given £1,769

**Sudan Collaboration for Peace in Sudan (CfPS)**

CfPS brings together organisations from across Sudan to reduce election violence, increase understanding of the peace Agreement and mitigate oil related conflicts Funds given £192,478

**Zimbabwe Envision**

Envision is introducing conflict resolution skills to the security services, women and schools in Zimbabwe Funds given £66,060

**PROGRESS AGAINST PLAN**

In our current five year plan, which ends March 2011, we make and measure progress in four areas

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

- Ashima Kaul's work in Kashmir in building a cross-community women's alliance on domestic violence legislation led to an invitation to advise the Indian Government on how women could help to achieve a peace agreement for Kashmir
- The DfID grant enabled us to increase funding to our four largest projects and start exploring funding five more organisations
- All our large projects now work to measurable indicators of impact which they have selected, and all are based on a conflict analysis This table shows how we aim to demonstrate the connection with the hallmarks of effective peacebuilding, defined by the Collaborative for Development Action (CDA) in Reflections on Peace Practice

Indicator	Envision, Zimbabwe	Centre Resolution Conflicts, DRC	Collaborative for Peace in Sudan	CPBR, Sri Lanka
Effort contributes to stopping a key driver of the war or conflict	Y	Y	Y	Y
Effort contributes to a momentum for peace by causing communities to develop their own peace initiatives	Y	Y	Y	Y
Effort results in creation or reform of political institutions to handle grievances in situations where such grievances do genuinely drive the conflict	Y	P	P	P
Effort prompts people increasingly to resist violence and provocations to violence	P	Y	Y	P
Effort results in an increase in people's security or sense of security	P	P	P	P
Urgency of change (reducing violence quickly is important)	U	Y	Y	U
Sustained change (violence needs to be reduced long term)	Y	Y	Y	Y
Proportionality of change (violence can be widespread and efforts need to reflect that)	Y	Y	P	Y
Partner is increasingly recognised by the international community	Y	Y	P	Y
Partner has expanded its funding base away from Peace Direct	Y	Y	Y	Y
Partner has been involved in decision making processes	Y	Y	P	Y

Where "Y" indicates the criterion has been met, "P" indicates it is probable, and "U" indicates it is unlikely to be met

**PEACE DIRECT**  
**REPORT OF THE TRUSTEES (Cont/d)**  
**FOR THE YEAR ENDED 31 MARCH 2010**

- Two more of the projects we support have raised funding directly from other donors – the Collaborative for Peace in Sudan from Concordis, and the Centre Résolution Conflits from Food and Agriculture Organisation (United Nations) for its agricultural co-operatives for former militia members

***Make it easy for people with power and resources to find out about local peacebuilding***

- Insight on Conflict [www.insightonconflict.org](http://www.insightonconflict.org) now describes local peacebuilding initiatives in 15 conflict areas, including Pakistan and Israel/Palestine, with added blogs, video and stories, as well as maps. Monthly traffic has more than doubled compared to a year ago
- We gave a presentation to two groups of staff at the UN in New York on how locally led peacebuilding can also be large-scale, using examples from Mozambique, Kenya, Guyana and Somaliland
- We launched our publication 'How to Choose a Dance Partner', about how different 'outsider' organisations decide which local organisations to work with, to an audience of 70 with the All Party Parliamentary Group on Conflict Issues. We sent hard copies to over 300 people in the military, academics and practitioners, and gathered their reactions in a telephone survey
- We hosted visits from Ashima Kaul (Kashmir) and Albino Forquilha (Mozambique), the latter presenting at a lunchtime event organised by the All Party Parliamentary Group

***Get the public on board***

- The Independent newspaper chose Peace Direct as one of three Christmas charities and opened its appeal with a story about Henri Ladyi, described as 'Africa's Schindler' for his work in rescuing child soldiers. This raised £45,000 and led to a donation of \$100,000 from a US foundation (which will be received in 2010/11)
- We increased individual giving to cover over 80% of our core costs, giving us the flexibility to respond to crises and opportunities in the work of our partners
- We started discussions with groups in Germany and the US about setting up Peace Direct in those countries
- Young people from our UK peacebuilding programme, Truce 20/20, continued to present their skills to a wide range of audiences, winning the Peerlink Trainer of the Year award, and appearing on a Radio London phone-in. New links were established in Tower Hamlets and Slough, though lack of funding prevented the launch of a pilot in another London borough

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

We believe that individual peacebuilding groups can achieve a huge amount. But a different kind of impact can be achieved when groups work together to cover a larger area. Many donors can only fund projects at this scale. Accordingly we have

- Continued to support the Collaborative for Peace in Sudan, and its work through SOHSI, with enhanced funding from Humanity United. They have created a network of peace committees in the province of South Kordofan who can draw on a Rapid Response Fund to resolve conflicts. The first training in environmental and conflict mapping across three oil affected states took place in March
- Supported the Centre Résolution Conflits to continue to persuade militia members to leave the bush, secure the release of child soldiers and bring together people from the Congolese army, militias, government and civil society into two Task Forces in Eastern DRC

**PEACE DIRECT**  
**REPORT OF THE TRUSTEES (Cont/d)**  
**FOR THE YEAR ENDED 31 MARCH 2010**

**LOOKING AHEAD 2010-2011**

***Overall strategy***

We took the first step towards preparing our next five year plan with a Board/staff retreat in March, and will be involving our local partners and representatives from the future Peace Direct Boards in the US and Germany in a second stage during our next Peace Exchange in London in October 2010

***Find and fund***

We will be working closely with a group of Germans who are setting up Peace Direct in Germany, with a license from Peace Direct in the UK to make use of our brand. Their focus will be to build a public supporter base in Germany and fundraise from trusts and the German Government for local peacebuilding. We are exploring a parallel relationship with a group in the US.

We expect to begin to raise funds for at least two out of the five new organisations that attended the first Peace Exchange, based on the results from the small grants that we gave them in February.

We aim to extend our Truce 20/20 project to a formal relationship with an organisation in Slough.

***Promote***

We will expand the number of conflict areas covered by Insight on Conflict to at least 20.

We will use the presence of all the peacebuilders in London in October to bring them into contact with representatives from DfID and other donor countries.

We will increase the number of our individual supporters to at least 2,000.

**RECOGNITION AND THANKS**

None of this would be possible without those who are at the centre of everything we do – the peacebuilders. We have been all too conscious, over the last year, of the risks they take and the extraordinary perseverance they possess. Time and again we have been taken aback by their insights into their own conflicts, which are way ahead of our own. This year we have seen that it is possible to formalise the way that they look at the impact of their work, without losing any of the passion and ingenuity which their work also requires. We have also seen that, although they lead us in their understanding of conflict resolution, there are practical skills in areas such as financial management, storytelling, and monitoring and evaluation, which we can support them to acquire.

The other half of the Peace Direct equation is our supporters. We have tapped into a deep concern about conflict in the world, and an enthusiasm for Peace Direct's approach – practical, local and vocal.

Their commitment to Peace Direct energises us when the going is hard, and gives us the flexibility to respond to the needs of the work on the ground, as conflicts unfold in unpredictable ways.

We also thank the trusts and foundations who have funded us. Two thirds of them do not have peace or conflict resolution as an explicit focus, so we and they are extending the funds available to this field. And we are grateful to DfID for recognising the importance of the work we support, and having the confidence in our ability to use public funds wisely.

And finally, we thank all of those who work for Peace Direct, whether paid or unpaid, giving time and talents, ideas and initiatives. Peace Direct is all of the above. As we contemplate the challenges of establishing Peace Direct in different countries, we are above all excited by the possibilities ahead for creating security – that most basic human need – for a growing number of people in conflict areas across the world.



**PEACE DIRECT**  
**REPORT OF THE TRUSTEES (Cont'd)**  
**FOR THE YEAR ENDED 31 MARCH 2010**

**Public Benefit statement**

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. Reduced conflict overseas also benefits the UK in terms of enabling development funding to have a positive impact and creates greater stability worldwide. We are confident that the work that local peacebuilders do in conflict areas can only be of public benefit. The effect of this work is summarised in the table under "Progress against Plan".

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. We also hope to demonstrate that local is almost always more cost effective – sometimes by an order of magnitude – than bringing in outside help. 40% of conflicts reignite within 10 years of a ceasefire but there is a growing body of evidence that conflict 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.

Therefore, the Trustees consider that they have complied with Section 4 of the Charities Act 2006 with regard to the guidance on public benefit published by the Charity Commission.

**STRUCTURE, GOVERNANCE AND MANAGEMENT**

**Governing document**

The Charity's operations are governed by its Memorandum and Articles of Association dated 20<sup>th</sup> December 2007 (as amended December 2008). 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 18<sup>th</sup> March 2009 under registration number 1123241.

**Recruitment and appointment of Trustees**

The Trustees in office during the year are set out on page 2. New Trustees are nominated either by the existing Trustees or by a Trustee, having given the necessary notice period. The nomination is subject to the approval of the Trustees at a meeting of the Trustees. 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 Trustees at the next annual general meeting.

**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. Board Trustees contribute in many ways to particular aspects of Peace Direct's work, for example through sub-committees, mentoring staff, and advising on fundraising.

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.

**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.

**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 Charity (2009 - £NIL) and none of the Trustees were reimbursed expenses incurred in the performance of their duties.

**PEACE DIRECT**  
**REPORT OF THE TRUSTEES (Cont/d)**  
**FOR THE YEAR ENDED 31 MARCH 2010**

**Risk Management**

The Trustees have discussed and approved a full risk assessment at the February 2010 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

- Operational – overseas and in UK
- Reputational
- Financial
- 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

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

**FINANCIAL REVIEW**

Peace Direct's income increased from £704,213 in the year ended 31<sup>st</sup> March 2009 to £1,121,930 in the year ended 31 March 2010. Of this income, £402,495 was given for specific projects and the balance was unrestricted

Peace Direct ended the year with a surplus of £61,809 resulting in reserves of £217,211 of which £105,571 are unrestricted and £111,640 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**

As mentioned above, we received a major grant from Government, which was 36.5% of our total funding. Other funding was split between personal donations from individuals (18.4%) and high net worth individuals (12.6%), and grants from trusts and foundations, including those linked with companies (32.3%). Generated income, mainly bank interest, contributed the balance of 0.2%.

**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.

**PEACE DIRECT**  
**REPORT OF THE TRUSTEES (Cont/d)**  
**FOR THE YEAR ENDED 31 MARCH 2010**

**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 reviewed the 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 projects not covered by specific grant funding. Trustees estimate this would give a target for unrestricted reserves at March 2010 of £ 94,000, compared with actual unrestricted reserves of £105,571.

Trustees regularly review the adequacy of unrestricted reserves, having regard to the plans of the Charity and the wider economic climate.

**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.

**STATEMENT OF DIRECTORS AND TRUSTEES' RESPONSIBILITIES**

The Trustees (who are also Directors of Peace Direct for the purposes of company law) are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of its income and expenditure for that period. In preparing these financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- observe the methods and principles in the Charities SORP,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. 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.

**STATEMENT OF DISCLOSURE TO AUDITORS**

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

  
**A Ilves**  
Chair

**3 August 2010**

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

We have audited the financial statements of Peace Direct for the year ended 31 March 2010 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 Trustees, 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 Trustees 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 Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

## **RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS**

The 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) and for being satisfied that the financial statements give a true and fair view are set out in the Statement of Trustees' Responsibilities.

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

We report to you our opinion as to whether the financial statements give a true and fair view, have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and have been prepared in accordance with the Companies Act 2006. We also report to you whether in our opinion the information given in the Trustees' Annual Report is consistent with those financial statements.

In addition we report to you if, in our opinion, the charity has not kept adequate accounting records, if the charity's financial statements are not in agreement with the accounting records and returns, if we have not received all the information and explanations we require for our audit, or if certain disclosures of Trustees' remuneration specified by law are not made.

We read the Trustees' Annual Report and consider the implications for our report if we become aware of any apparent misstatements within it.

## **BASIS OF OPINION**

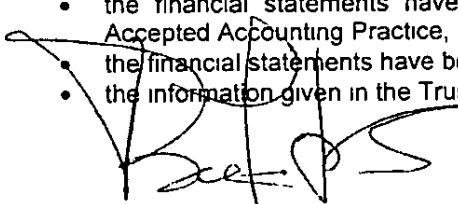
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of significant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

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

## **OPINION**

In our opinion:

- the financial statements give a true and fair view of the state of the charity's affairs as at 31<sup>st</sup> March 2010 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended,
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice,
- the financial statements have been properly prepared in accordance with the Companies Act 2006, and
- the information given in the Trustees' Annual Report is consistent with the financial statements.

  
**BRUCE JONES (Senior Statutory Auditor)**  
for and on behalf of **RAMON LEE & PARTNERS**  
**CHARTERED ACCOUNTANTS**  
**STATUTORY AUDITOR**

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

**3 AUGUST 2010**

**PEACE DIRECT**  
**STATEMENT OF FINANCIAL ACTIVITIES**  
**FOR THE YEAR ENDED 31 MARCH 2010**

	<u>Notes</u>	<u>Unrestricted</u> <u>Funds</u> £	<u>Restricted</u> <u>Funds</u> £	<u>Total</u> <u>2010</u> £	<u>Total</u> <u>2009</u> £
<b>INCOMING RESOURCES</b>					
<i>Incoming resources from generating funds:</i>					
<i>Voluntary income</i>					
Donations and grants	2	717,751	-	717,751	266,901
<i>Activities for generating funds</i>					
Other income		973	-	973	224
Investment interest		1,109	-	1,109	10,723
<i>Activities in furtherance of the charity's objects</i>					
Donations and grants	3	-	402,097	402,097	426,365
<b>TOTAL INCOMING RESOURCES</b>		<b>719,833</b>	<b>402,097</b>	<b>1,121,930</b>	<b>704,213</b>
<b>RESOURCES EXPENDED</b>					
Costs of generating funds	4	97,160	-	97,160	99,803
Charitable activities	4	540,177	390,893	931,070	557,229
Governance costs	4	31,892	-	31,892	25,033
<b>TOTAL RESOURCES EXPENDED</b>		<b>669,229</b>	<b>390,893</b>	<b>1,060,122</b>	<b>682,065</b>
Net (outgoing) / incoming resources		50,604	11,204	61,808	22,148
<b>Net movement in funds after transfers</b>		<b>50,604</b>	<b>11,204</b>	<b>61,808</b>	<b>22,148</b>
Funds brought forward		54,967	100,436	155,403	133,255
Funds carried forward		<b>105,571</b>	<b>111,640</b>	<b>217,211</b>	<b>155,403</b>

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

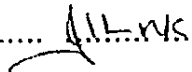
All movements derive from continuing activities

The notes on pages 14 to 22 form part of these accounts

**PEACE DIRECT**  
**BALANCE SHEET AS AT 31 MARCH 2010**

	<u>Notes</u>	<u>2010</u>	<u>2009</u>
		£	£
<b>FIXED ASSET</b>			
Tangible assets	7	4,322	276
<b>CURRENT ASSETS</b>			
Debtors	8	40,816	56,425
Cash at bank & in hand		322,479	251,851
		<u>363,295</u>	<u>308,276</u>
<b>CREDITORS: Amounts falling due within one year</b>	9	100,406	58,149
		<u>100,406</u>	<u>58,149</u>
<b>NET CURRENT ASSETS</b>		262,889	250,127
<b>Total assets less current liabilities</b>		<u>267,211</u>	<u>250,403</u>
<b>CREDITORS Amounts falling due after more than one year</b>	10	50,000	95,000
<b>NET ASSETS</b>		<u>217,211</u>	<u>155,403</u>
<b>Represented by</b>			
Unrestricted funds	11	105,571	54,967
Restricted Funds	11	111,640	100,436
		<u>217,211</u>	<u>155,403</u>

Approved by and signed on behalf of the Board of Trustees on 3 August 2010

.....  ..... Trustee

.....  ..... Trustee

Company Number 6458464

**PEACE DIRECT**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 31 MARCH 2010**

**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

**1.2 Income**

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

- The donor specifies that the grant or donation must only be used in future accounting periods, or
- The donor has imposed conditions which must be met before the charity has unconditional entitlement

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

- Performance related grants are received in advance of the 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, eg allocating property costs by number of staff, staff costs by the time spent and other costs by their usage or transactions

# PEACE DIRECT

## NOTES TO THE ACCOUNTS (Cont/d)

### FOR THE YEAR ENDED 31 MARCH 2010

#### 1.5 Pension

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

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

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

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

Computer equipment	-	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



PEACE DIRECT

NOTES TO THE ACCOUNTS (Cont'd)

FOR THE YEAR ENDED 31 MARCH 2010

2. VOLUNTARY INCOME

	<u>2010</u>	<u>2009</u>
	£	£
Colchester Society of Friends	5,000	5,000
Department for International Development	378,500	-
HCD Memorial fund	30,000	-
Joseph Rowntree Charitable Trust	20,000	25,000
Network for Social Change	53,347	72,424
Paget Charitable Trust	500	-
Fulmer Charitable Trust	1,000	-
Jem Charitable Trust	500	-
Livingstone Trust	1,000	-
Owen Willis Charitable Trust	2,000	-
Radley Charitable Trust	250	-
Violet Mauray Charitable Trust	1,500	-
Man Group Plc Charitable Trust	-	5,000
Serve All Trust	20,000	-
Yael Dowker	1,040	5,000
J&M Moody Stuart	2,000	-
Anonymous donation	-	5,000
Donations	149,968	109,477
Legacy	-	3,000
Donated services	51,146	37,000
	<u>717,751</u>	<u>266,901</u>

The charity is indebted to Google and Gordon Maw for providing Adwords and press cuttings as pro bono services. The value placed on these contributions by the donor is £50,686, and £460 respectively. The income equivalent has been recognised within incoming resources as a donation, and a corresponding expense included within communication costs.

PEACE DIRECT

NOTES TO THE ACCOUNTS (Cont/d)

FOR THE YEAR ENDED 31 MARCH 2010

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

<i>Fund*</i>	<u>2010</u> £	<u>2009</u> £
Alistair Berkley Charitable Trust	-	20,945
Baring Foundation	57,688	44,994
Bryan Guinness Charitable Trust	5,000	-
City Bridge Trust	-	15,500
Cyril Corden Trust	-	4,500
Data Connection	-	5,000
Department for International Development	12,600	39,647
Dulverton Trust	8,500	-
Equality and Human Rights Commission	3,703	33,327
Haramstead Trust	-	10,000
Hilden Charitable Trust	5,000	-
Hinchley Charitable Trust	5,000	-
Humanity United	78,428	15,520
Jack Petchey Foundation	-	15,000
Man Group Plc Charitable Trust	-	30,000
McLaughlin, Stuart	6,993	5,224
Mustardseed Charitable Trust	4,963	-
Network for Social Change	21,000	22,690
Newham Council	25,000	25,000
PACT	24,951	-
Pula Trust	5,000	-
Rayne Foundation	5,000	5,000
Serve All Trust	10,000	6,000
Saving Zimbabwe Fund	-	5,000
Southall Trust	6,000	3,000
Tudor Trust	24,000	24,000
V Volunteering	8,913	11,884
Anonymous donor	-	10,000
Other grants and donations	53,893	44,230
	<u>371,632</u>	<u>396,461</u>
<b>Promote:</b>		
Allan & Nesta Ferguson Trust	-	5,000
Fetzer Institute	17,465	17,494
Polden Puckham	3,000	1,000
Yael Dowker	-	6,410
Serve All Trust	10,000	-
	<u>30,465</u>	<u>29,904</u>
	<u>402,097</u>	<u>426,365</u>

PEACE DIRECT

NOTES TO THE ACCOUNTS (Cont'd)

FOR THE YEAR ENDED 31 MARCH 2010

4. TOTAL RESOURCES EXPENDED

	Basis of allocation	Fundraising £	Fund £	Promote £	Governance £	2010 £	2009 £
<i>Costs directly allocated to activities</i>							
Project costs	Direct	-	601,725	30,345	-	632,070	300,376
Staff costs	Direct	56,599	89,000	112,262	5,705	263,566	235,979
Fundraising costs	Direct	26,867	-	-	-	26,867	43,968
Trustees expenses	Direct	-	-	-	7,340	7,340	212
Audit fees	Direct	-	-	-	4,113	4,113	4,025
<i>Support costs allocated to activities</i>							
General office and finance staff	Transactions	2,416	10,706	10,706	2,416	26,245	18,586
Premises costs	Number of Staff	6,911	8,238	6,836	451	22,435	19,839
Communications	Number of Staff	1,823	2,173	52,952	119	57,067	39,977
Information technology	Number of Staff	766	913	1,313	49	3,041	7,097
Legal and professional costs	Transactions	-	-	-	11,505	11,505	5,218
Other office costs	Number of Staff	1,778	2,130	1,770	194	5,873	6,788
		<u>97,160</u>	<u>714,885</u>	<u>216,185</u>	<u>31,892</u>	<u>1,060,122</u>	<u>682,065</u>

# PEACE DIRECT

## NOTES TO THE ACCOUNTS (Cont/d)

### FOR THE YEAR ENDED 31 MARCH 2010

#### 5. GRANTS PAYABLE

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

	<u>2010</u> £	<u>2009</u> £
Athwaas - Kashmir	9,740	4,000
Centre for Peacebuilding and Reconciliation - Sn Lanka	58,707	14,600
Centre Resolution Conflicts - Congo	114,064	22,443
Collaborative for Peace in Sudan - Sudan	192,478	36,628
Co-operation for Peace and Unity - Afghanistan	20,899	11,115
Envision - Zimbabwe	66,060	11,170
Fomicres - Mozambique	1,769	-
Horn of Africa Development Initiative - Somalia	-	10,622
Humanitarian Liaison Centre - Iraq	-	2,420
MAD - UK	10,000	-
Newham Conflict and Change - UK	43,809	5,300
Nomadic Primary Health Care - Kenya	-	12,000
Peace Women of Cali - Colombia	10,302	6,000
Save Somali Women and Chilren - Somalia	-	32,255
UN High Commission for Refugees - Iraq	-	3,810
YAPE- Nepal	4,500	19,500
	<u>532,328</u>	<u>191,863</u>

#### 6. DIRECTORS AND EMPLOYEES

##### STAFF COSTS

	<u>2010</u> £	<u>2009</u> £
Salaries	229,342	209,218
National Insurance	22,644	21,373
Pension costs	9,701	7,543
	<u>261,687</u>	<u>238,134</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 equivalent number of staff employed by the charity during the period was as follows

	<u>2010</u>	<u>2009</u>
Chief Executive	10	10
Fund	25	20
Promote	20	20
Fundraising	10	10
Administration & support	10	10
	<u>75</u>	<u>70</u>

**PEACE DIRECT**  
**NOTES TO THE ACCOUNTS (Cont/d)**  
**FOR THE YEAR ENDED 31 MARCH 2010**

**7. FIXED ASSETS**

	<u>Computer equipment &amp; software</u> £	<u>Fixtures &amp; fittings</u> £	<u>Total</u> £
<b>COST</b>			
As at 1st April 2009	23,330	3,390	26,720
Additions during year	6,025	283	6,308
Disposals during the year	-	-	-
As at 31st March 2010	<u>29,355</u>	<u>3,673</u>	<u>33,028</u>
<b>DEPRECIATION</b>			
As at 1st April 2009	23,055	3,389	26,444
Charge for the year	2,191	71	2,262
Disposals during the year	-	-	-
As at 31st March 2010	<u>25,246</u>	<u>3,460</u>	<u>28,706</u>
<b>NET BOOK VALUES</b>			
As at 31st March 2010	<u>4,109</u>	<u>213</u>	<u>4,322</u>
As at 31st March 2009	<u>275</u>	<u>1</u>	<u>276</u>

**8. DEBTORS**

	<u>2010</u> £	<u>2009</u> £
Grant debtors	30,319	44,959
Prepayments and other debtors	10,497	11,466
	<u>40,816</u>	<u>56,425</u>

**9. CREDITORS: Amounts falling due within one year**

	<u>2010</u> £	<u>2009</u> £
Deferred income	-	3,000
Taxation and social security	-	6,839
Creditors and accruals	55,406	23,310
Loans	45,000	25,000
	<u>100,406</u>	<u>58,149</u>

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

	<u>2010</u> £	<u>2009</u> £
Loans due after more than one year	-	45,000
Repayable between one and five years	50,000	50,000
Repayable in five years or more	50,000	95,000
	<u>50,000</u>	<u>95,000</u>

These are interest free loans to provide cashflow and longer term security (see Financial Review on page 9)

# PEACE DIRECT

## NOTES TO THE ACCOUNTS (Cont'd)

### FOR THE YEAR ENDED 31 MARCH 2010

#### 11. MOVEMENTS IN FUNDS

	Balance 01.04.09 £	Income £	Expenditure £	Balance 31 03 10 £
<b>Restricted funds:</b>				
Anonymous donation	3,238	-	3,238	-
<b>Fund:</b>				
Barrg Foundation	31,374	57,688	64,002	25,060
Bryan Guinness Chantable Trust	-	5,000	5,000	-
Community Links	-	8,913	8,913	-
Newham Council	17,059	25,000	21,271	20,788
Department for International Development	532	12,600	13,132	-
The Dulverton Trust	-	8,500	8,500	-
Hilden Chantable Trust	-	5,000	5,000	-
Hinchley Chantable Trust	-	5,000	5,000	-
Humanity United	-	78,428	65,591	12,837
Equality and Human Rights Commission	-	3,703	3,703	-
Mustardseed Chantable Trust	-	4,963	4,963	-
Rayne Foundation	5,000	5,000	10,000	-
Serve All Trust	-	10,000	10,000	-
The Tudor Trust	24,000	24,000	24,000	24,000
McLaughlin, Stuart	-	6,993	6,993	-
Network for Social Change	-	21,000	21,000	-
PACT	-	24,951	24,951	-
PULA	-	5,000	5,000	-
Southall Trust	-	6,000	6,000	-
V Volunteering	5,900	-	5,900	-
Other grants and donations	10,240	53,893	50,603	13,530
<b>Promote:</b>				
Fetzer Institute	1,683	17,465	3,723	15,425
Polden Puckham	-	3,000	3,000	-
Serve All Trust	-	10,000	10,000	-
Other grants and donations	1,410	-	1,410	-
	<u>100,436</u>	<u>402,097</u>	<u>390,893</u>	<u>111,640</u>
<b>General funds</b>	54,967	719,833	669,229	105,571
<b>Total funds</b>	<u>155,403</u>	<u>1,121,930</u>	<u>1,060,122</u>	<u>217,211</u>

#### Purpose of Restricted Funds

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

The balance carried forward represents funding carried forward for project costs to be incurred in 2010/2011

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

The balance carried forward represents funding carried forward for project costs to be incurred in 2010/2011

**PEACE DIRECT**  
**NOTES TO THE ACCOUNTS (Cont/d)**  
**FOR THE YEAR ENDED 31 MARCH 2010**

**12. ANALYSIS OF FUND BALANCES BETWEEN NET ASSETS**

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
	£	£	£
Tangible fixed assets	4,322	-	4,322
Net current assets	151,249	111,640	262,889
Long term loans	(50,000)	-	(50,000)
	<u>105,571</u>	<u>111,640</u>	<u>217,211</u>

**13. RELATED PARTY TRANSACTIONS**

For the whole of the period, the charity was under the control of the Trustees as shown on page 2. No Trustees were reimbursed expenses during the year (2009 - £nil)