

CONCILIATION RESOURCES

DIRECTORS' AND TRUSTEES' REPORT AND ACCOUNTS

FOR THE YEAR ENDED

31 DECEMBER 2016

	Page
Legal and Administrative Details	2
Report of the Directors and Trustees	3-16
Report of the Independent Auditor	17-18
Statement of Financial Activities (including the Income and Expenditure Account)	19
Balance Sheet	20
Statement of Cash Flows	21
Notes to the Financial Statements	22-39

CONCILIATION RESOURCES

COMPANY INFORMATION

Directors and Trustees

Right Reverend P Price (Chair)
Mr M van Bellinghen
Mr C Cavanaugh
Ms M Davis
Ms K Fearon – co-opted 14 November 2016
Ms D Good – co-opted 14 November 2016
Ms K Hayward – co-opted 14 November 2016
Mr J Lester (Treasurer)
Ms A Kilmurray
Mr F Lyons – retired 18 May 2016
Ms R Marsden – co-opted 14 November 2016
Ms M Parlevliet
Ms C Sexton – retired 18 May 2016

Secretary

Mr M Waterson

Executive Management Team

Mr A Carl – Executive Director (until 31 January 2016)
Mr J Cohen – Acting Executive Director from 1 February 2016 formally appointed Executive Director 18 May 2016
Mr M Waterson – Director of Operations

UK Company Number

03196482

UK Charity Number

1055436

UK VAT Number

249002623

Registered Office

Burghley Yard
106 Burghley Road
London NW5 1AL

Auditor

PKF Littlejohn LLP
1 Westferry Circus
Canary Wharf
London E14 4HD

Bankers

Royal Bank of Scotland
40 Islington High Street
London N1 8XJ

COIF Charity Deposit Funds
80 Cheapside
London EC2V 6DZ

Triodos Bank
Brunel House
11 The Promenade
Bristol BS8 3NN

The Directors and Trustees present their report and audited accounts of the charity for the year ended 31 December 2016. The Directors and Trustees have adopted the provisions of the Statement of Recommended Practice "Accounting and Reporting by Charities" ("FRS 102 SORP") in preparing the annual report and financial statements of the charity.

Structure, Governance and Management

Governing Document

Conciliation Resources is a Company limited by guarantee and not having a capital divided by shares.

The Company was incorporated on 9 May 1996 and is a registered charity constituted as a limited company under the Articles of Association. The charity registration number is 1055436 and the company registration number is 03196482.

Organisation

Conciliation Resources is governed by a Board of Trustees, which meets four times a year. Financial and management reports are provided quarterly to the Board of Trustees, including information on restricted and unrestricted funds.

Following the stepping down of Andrew Carl at the end of January 2016, the Director of Programmes, Jonathan Cohen, was asked by the Board of Trustees to be the Acting Executive Director whilst the open recruitment process for a permanent successor as Executive Director was carried out. At the May 2016 Board meeting the Board endorsed the recommendation of the Executive Director Recruitment Sub-Committee and offered the Executive Director role to Jonathan Cohen, who accepted.

For 2016 the Executive Management Team has consisted of two, the Executive Director and the Director of Operations. This has been supported by the creation of an 8-person Senior Leadership Team made up of senior staff from across Conciliation Resources, plus the two executive directors. This group meets monthly, has a developed Terms of Reference and receives a regular finance update, reviews strategy and discusses areas of cross-organisational working to identify ways in which organisationally Conciliation Resources can operate more efficiently and effectively.

During 2017, Conciliation Resources commenced the recruitment process for a new Director of Programmes to assume the responsibility of managing and oversight of the organisation's programmatic work.

Each Programme Director is responsible for the management of their area of work and the organisation actively provides opportunities for mutual support and learning through "brown bag" lunches and short-focussed "download" sessions from staff and visitors. Each Programme Director is assisted by project staff and occasionally volunteers. In addition to its in-house staff, Conciliation Resources works closely with external consultants.

Pay and remuneration for key management personnel is set by reference to the grading and salary structure last externally reviewed and benchmarked in 2011. The Board of Trustees sets the pay of the Executive Director each year, with reference to the grading and salary structure applied to all Conciliation Resources staff. Any pay increase for key management personnel, as with all staff, is comprised of two elements, a cost of living adjustment and a spine point adjustment. The cost of living adjustment is determined by reference to both the annual change as at October in the retail prices index and consumer prices index combined with analysis from a third party organisation of public sector pay changes and broader analysis of the rates and expected rates of pay changes in the wider economy. Each spine point adjustment is set at a 2.5% increase, with each grade having 6 spine points within it. Conciliation Resources is based in London.

Recruitment and Appointment of Trustees

As set out in the Articles of Association, the Board of Trustees of Conciliation Resources nominates the Chair of the Trustees. The Board of Trustees has power to appoint additional Trustees as it considers fit to do so in-line with a regularly reviewed skills audit and organisational policy on the 'role of the board of Conciliation Resources'.

The Trustees in office in 2016 are set out on page 2. The Trustees are also the legal directors and members of the Company with their financial responsibilities limited by guarantee.

Structure, Governance and Management (continued)

We are very fortunate to have on our Board trustees with a depth of experience and understanding in our field and in their own fields of expertise. The Chair leads the Nomination Sub-Committee of the Board. During 2016 an open recruitment process took place, and from a very strong field of over 35 applications, four Trustees were co-opted at the November 2016 Board meeting and they will stand down and offer themselves for appointment for a three-year term at the May 2017 Board meeting.

Trustee Induction and Training

The Trustees maintain a good working knowledge of charity and company law and best practice through training sessions provided by external consultants. New Trustees are given copies of the Articles of Association, supporting information on Conciliation Resources on its work and relevant organisational policies, and hold a series of meetings with key staff from across the organisation. These meetings are intended to provide access to staff for each new Trustee in order to find out more about Conciliation Resources. At the same time it provides a chance for staff to understand some of the experiences and strengths that are available to them, and more broadly across Conciliation Resources, at Board level.

As part of the on-going development of each Trustee's understanding of Conciliation Resources and its work, on the morning of each Board meeting sessions are arranged between Trustees and staff at which key topics or areas of work are explored and insights shared. During 2016 this was supplemented by an organisational Retreat where staff and Trustees worked on strengthening learning and how better to represent the change and impact resulting from Conciliation Resources' work.

Related Parties

Conciliation Resources has close working relationships with other charities and organisations (local and international) with which it cooperates in pursuit of its charitable objectives. This includes collaborative project partnerships, consortium initiatives and cooperative networks. These include a consortium funded by the EC in support of the European Partnership for the Peaceful Settlement of the Conflict over Nagorno-Karabakh with International Alert, the Crisis Management Initiative, Kvinna Til Kvinna and LINKS.

In respect of the joint People's Peacebuilding Perspectives Project funded by the European Union, project payments totalling £NIL (2015 - £NIL) were made to Saferworld and printing costs of £NIL (2015 - £NIL).

As at the 31 December 2016 there was no amount outstanding due to Conciliation Resources from Saferworld in respect of the European Union funded Capacities for Peace project which ended on 28 February 2016; £NIL (2015 - £124,472).

Jeremy Lester, Treasurer of Conciliation Resources is also a Board member of Saferworld.

In 2016 Ms A Kilmurray received a fee, on an arms length basis, of £2,400 for work on preparing a learning paper on sustainable funding for Fiji civil society partners. The work was completed in 2015.

Management

Major risks to which the charity is exposed, as identified by the Trustees (governance, operational, financial and external), are compiled in a 'Risk Register' and are reviewed at least annually and more as needed. As the nature of Conciliation Resources' work in countries affected by conflict, the security situation in these countries is more frequently reviewed and Conciliation Resources seeks to take all appropriate steps to avoid undue risk to staff and project partners. Systems developed to mitigate these risks include staff safety and security policies and guidelines and hostile environment training. In addition, Conciliation Resources has different insurances in place to support staff travelling to, or in, conflict zones. To mitigate financial risk and insecurity, as well as dependency on any single donor, Conciliation Resources aims to have a broad donor base, both for the organisation as a whole and for each programme. Conciliation Resources is also continuing to seek and secure long-term funding both institutionally and for programmes. Conciliation Resources currently holds its cash funds across three banks.

Structure, Governance and Management (continued)***Public Benefit Statement***

The Trustees consider that they have complied with Section 17 of the Charities Act 2011 with regard to the guidance on public benefit published by the Charity Commission. The paragraphs below demonstrate the public benefit arising through the Charity's activities.

Objectives and activities

Conciliation Resources is an independent organisation working with people in conflict to prevent violence and build peace. We commit to providing our advice, expertise and practical resources for the long-term. In addition, we take what we learn to government decision-makers and others working to end conflict, to improve policies and practice worldwide. Since 1994, Conciliation Resources has worked in partnership with local and international civil society actors, helping people work together to find their own solutions to the conflicts affecting them.

Our vision is a world where people work together to resolve conflicts and promote peaceful and inclusive societies.

Our mission is to provide practical support to help people affected by violent conflict achieve lasting peace. We draw on our shared experiences to improve peacebuilding policies and practice worldwide.

The Trustees have paid due regard to the Charity Commission's Guidance on Public Benefit when determining the activities of Conciliation Resources which has the purposes of:

“the advancement of human rights, conflict resolution or reconciliation or the promotion of religious or racial harmony or equality and diversity”.

Our ambition (impact) is that by 2020 we will make significant and documented contributions to preventing and transforming violent conflicts and promoting peaceful and inclusive societies.

Conciliation Resources' Strategic Plan, “*Partnering for Peace*”, sets out three Goals with corresponding strategic outcomes:

1. Causes and drivers of conflict are peacefully transformed.
 - Relationships among and between communities and other parties to conflict are collaborative and constructive.
 - Formal and informal governance structures and processes in conflict-affected areas are more responsive to local priorities.
 - The legacies of violence are addressed in conflict-affected societies.
2. Approaches to building peace support inclusion.
 - People affected by conflict are leading the design and implementation of peace initiatives.
 - Greater access and representation for marginalised groups in peace processes and peacebuilding initiatives.
 - Programming undertaken by Conciliation Resources and other practitioners is gender-sensitive.
 - Armed conflict parties are better prepared to engage in non-violent conflict resolution.
3. Policy is prioritising conflict prevention and peacebuilding.
 - Greater recognition at policy level of the need for and value of locally-owned non-violent and long-term conflict prevention and peacebuilding initiatives.
 - Greater political and financial investment in inclusive practice, and in people engaged in peacebuilding in conflict contexts, which builds both their capacity and influence.
 - A stronger evidence base for why and how peacebuilding is available to policymakers.

Objectives and activities (continued)

Our organisational values are, and both support and underpin everything we do and seek to achieve:

Collaboration: We believe that everybody affected by conflict has a stake in peace. We work to create peaceful and inclusive change within societies in partnership with local people, to respond to violence, inequality, injustice and exclusion.

Challenge: We believe that peace can only come about if people have a chance to better understand their conflict and if difficult conversations are held between allies and adversaries. We stand alongside those who, with courage and integrity, reach out across conflict divides.

Creativity: We believe that peacebuilding needs to be flexible and adaptive to the specific and evolving realities of each conflict context. We support innovative ways to influence change, and we share insights from people's lived experience globally to build collective knowledge and expertise.

Commitment: We believe that building sustainable peace takes time. That's why we make long-term commitments to support just and resilient transitions from protracted conflict to lasting peace.

Selected achievements in 2016

At Conciliation Resources, we believe that the communities directly affected by armed conflict are best placed to build and sustain peace. In such communities, courageous individuals work together to deal with violence and the damaging effect it has on their lives. To play a meaningful role, they must ensure that the communities' needs and situation are fully understood and represented in peacebuilding processes. But these people, while vital to building peace in their locality, often work in isolation and lack the support, capacity and resources to do this well.

We work in close partnership with a diverse range of over 50 local partners, with very different roles in society. From community-based media organisations to women's rights groups, from the business community to religious leaders. Our partners are exceptional people who have made difficult choices to challenge violence and work in their communities for a better future. In 2016, we continued to work closely alongside them and other civil society organisations to develop their abilities as peacebuilders. We supported them to better understand the power of their work – promoting tolerance and sustainable solutions – and we encouraged them to learn practical lessons from other conflict situations. Our support also enabled them to engage with and influence their governments, often in fluid and challenging contexts.

During 2016 we continued our work implementing our Strategic Plan 2020, *Partnering for Peace*, which supports Conciliation Resources to incorporate an emphasis on results while staying true to the ideals and conceptual basis of our peacebuilding mission and mandate.

Goal 1 – Causes and drivers of conflict are peacefully transformed

Relationships among and between communities and other parties to conflict are collaborative and constructive.

In **Southeast Asia**, Community Security Working Groups (CSWGs) in two areas of the Philippines consisting of 200 members and 35 officers, resolved conflicts between communities and acted as intermediaries between populations and their local governments. In South Upi, the CSWG successfully mediated land disputes, acted as a 'voice' for the people on issues around agricultural development, and resolved conflict between indigenous peoples and Muslim communities. In Pagalungan, Municipal Secretary, Richard Abedin said the CSWG there had been beneficial to the people in addressing safety and security issues. In 2016, Pagalungan received the Seal of Good Local Governance in Peace and Order award from the Department of Interior and Local Government, which could be partly attributed to the work of the CSWG. Mayor Datu Salik Mamasabulod welcomed the development of the CSWG and said: "*My commitment to peace and development is unconditional because it will be beneficial to the people.*"

Objectives and activities (continued)

Individuals and groups working with Conciliation Resources in **South Asia** proved to be significant voices calling for restraint and dialogue during the 2016 crisis in the Kashmir Valley in Indian-administered Kashmir. Despite worsening relations between India and Pakistan, and a significant deterioration in the security and political situation in the Valley from July onwards, these groups positively influenced the debate and climate, keeping some spaces open, for constructive discussions to take place between different civil society groups, and between civil society and policymakers.

2016 saw the culmination of our 30-month EU funded Capacities for Peace work, carried out jointly with Saferworld, which involved a total of 3,406 participants from 32 different conflict contexts. Conciliation Resources successfully developed the skills of local organisations and individuals in conflict prevention and the identification of conflict threats, in **Southeast Asia, South Asia, Lebanon, West Africa, East and Central Africa and Latin America**. These skills helped communities, institutions and officials better work together to stop the potential escalation of conflicts into violence. For example, in the Philippines, training enabled participants to mediate disputes between landlords and farmers, improve conflict analysis and interact constructively with the military. Work undertaken in remote areas of south-eastern Central African Republic (CAR), helped to improve relationships between communities and military forces in the region, leading to better coordination of approaches to preventing violence.

“The people say the assessment has helped prevent violence – both in the smaller community structure and with Armed Forces of the Philippines and the New People’s Army.” – Joyce, civil society representative and Capacities for Peace participant, the Philippines

As part of our **Pacific** programme, we organised two study trips to the UK for Papua New Guinean politicians and ex-combatants from Bougainville (an autonomous part of Papua New Guinea). These visits explored issues relating to both ex-combatants and Bougainville’s referendum on political status, and included exposure to examples from South Sudan, the Scottish referendum and ex-combatants in Northern Ireland. The visits contributed to an increased awareness of Bougainville’s post-conflict issues within the Papua New Guinean national government, as well as to increased dialogue between ex-combatant leaders in Bougainville.

Formal and informal governance structures and processes in conflict-affected areas are more responsive to local priorities.

We enabled civil society to hold their local and national governments in Liberia, **West Africa** to account over their post-Ebola strategies. Previously, tensions existed between citizens and their respective governments on the use of the post-Ebola recovery budget. At an event organised with our partner, the Ministries of Education, Agriculture and Justice explained to the public how the money had been used. This meant that people, especially civil society, were better informed and empowered to demand more effective use of funds. The meeting resulted in significant public debate, discussion and media coverage of the issues, including government officials broadcasting on national radio to share details of the recovery strategy and budget spending. In addition, through monitoring the delivery of the recovery strategy, Conciliation Resources’ supported District Platforms for Dialogue, were able to identify districts where the strategy was poorly implemented leading to the retraining or replacement of officials in these areas.

The legacies of violence are addressed in conflict-affected societies.

In the **Caucasus**, despite a deteriorating situation regarding the conflict over Nagorny Karabakh, we kept space open for constructive conversation between civil society from either side to take place. At a time of strained relations, Armenian and Azerbaijani partners renewed their commitments to work together and they began a new phase of dialogue exploring how individuals and societies deal with the legacies of the past. Being able to convene such meetings and sustain this core group of people dedicated to working collaboratively towards peace and finding ways to better understand each other and their different historical perspectives, is an essential component of progressing towards negotiated peace.

Objectives and activities (continued)

We contributed to healing the impacts of the **Colombian** conflict through support to the Truth Memory and Reconciliation Commission of Colombian Women in the Diaspora (TMRC). This initiative is developing an innovative methodology for women's participation in peace processes through psychosocial healing and empowerment. In its pilot phase, Colombian women in London and Barcelona came together to share their testimonies, contributing to documenting a historical memory of the Colombian diaspora. This information will feed into the peace process when the official Colombian Truth and Memory Commission is created in 2018. Insights into the effects of war and migration on women gained through this work, were shared with influential individuals in Colombia, and contributed to developing strategies on how to involve diaspora women in Colombia's transition to peace. Our film documenting the work of the TMRC, *Breaking the Silence*, was viewed over 112,000 times from September and was shortlisted for a Charity Film Award.

In **East and Central Africa** we contributed significantly towards reconciling different communities, as well as civilians with the state, through supporting the Government of the Central African Republic on its approach towards reconciliation. Meeting with the Minister of Social Affairs and National Reconciliation, we advised on how the Ministry could create new relationships focusing on reconciliation – from grassroots to the national level – particularly in areas that have experienced extreme violence. This included explaining to a wider group of government officials how Conciliation Resources supported the 12 Local Peace Cells (LPCs) and how the LPCs operated. This led to the production of a policy document by the Government which included Conciliation Resources' views on the importance of relationships in the promotion of local and national level reconciliation. The Ministry is now conducting a pilot scheme to establish a national structure of LPCs.

Goal 2 – Approaches to building peace support inclusion**People affected by conflict are leading the design and implementation of peace initiatives**

Since July 2016 there has been an increase in the sense of crisis in the Kashmir Valley in India-administered Kashmir, **South Asia**. A Journalists' Forum established by our partners across the Line of Control (LoC) helped reporting of the crisis on either side of the LoC to be more informed, thus avoiding exacerbation of the tense situation. The journalists working for different news outlets on both sides of Kashmir, set up a joint online platform to facilitate regular contact with each side – fact-checking and sharing information on developments on either side of the LoC.

"It is very important in a volatile situation that people consult each other. Both sides of Kashmir are trying hard to put forward their state narratives, meaning facts and truth become the first casualty. With such collaboration between journalists, we can correct each other." – Ershad Mahmud, member of the Journalists' Forum and Executive Director of the Centre for Peace, Development and Reforms, Pakistan-administered Kashmir

"Previously, they were only hearing stories – mostly stereotypes – from both sides. But they [the journalists] now exchange views with each other virtually. This kind of connection breaks the walls of myth and contributes positively to peacebuilding." – Shujaat Bukhari, member of the Journalists' Forum and Editor in Chief of Rising Kashmir, Indian-administered Kashmir

In **West Africa** we helped strengthen commitments made in the signing of the *Accra Declaration* between Liberia and Côte d'Ivoire on border region security. A meeting with Liberian and Ivorian government representatives identified implementation roadblocks and discussed solutions. As a result, national authorities took practical steps to improve security, travel and trade across the border. Each national delegation appointed teams responsible for advancing the agenda of the Declaration and raising awareness of the Declaration with other state institutions and the public. The two governments also agreed to establish cultural exchanges in the border regions as a way of building confidence.

"Peace at the border regions means peace for our nations. We must continuously engage our youth, women and other associations to ensure that they are part of what we do. Peace is not just a word, it is a behaviour. To reach peace we must change our behaviour." – Minister Varney A. Sirleaf, Liberian Deputy Minister of Internal Affairs.

Greater access and representation for marginalised groups in peace processes and peacebuilding initiatives.

In the **Horn of Africa**, consultations with over 60 members of the Ogaden refugee community in Dadaab refugee camps, Kenya, provided us with clear insights to feed into the peace process between the Ogaden National Liberation Front and Ethiopian Government. The discussions with a diverse range of individuals involved the equal participation of men and women, and drew out views on the short- and long-term solutions to

Objectives and activities (continued)

the Ogaden conflict. Sharing these perspectives with the conflict parties as well as the Kenyan facilitation team, donor governments and external agencies, will enable these different groups to base their responses on a more nuanced understanding of the conflict as lived by the refugees.

Across Lord's Resistance Army-affected areas of **East and Central Africa**, we supported women leaders to represent the voices of often-marginalised local women and advocate for long-term reconciliation initiatives. As a result of our training, Central African women peacebuilders helped to shape national dialogue on reconciliation through discussions with traditional authorities and the Government. In South Sudan, analysis based on consultations with marginalised women, was shared with policymakers at the state, national and international levels – helping to design effective responses to conflict. Meanwhile, nine radio broadcasts throughout the year in the Western Equatoria State of South Sudan reached around 100,000 people, in particular LRA-returnees. These programmes successfully highlighted relevant issues such as returnee access to land and education.

Programming undertaken by Conciliation Resources and other practitioners is gender-sensitive.

A new Assessment Framework developed by our **global policy** team for determining the gender-sensitivity of our work, has enabled us to develop specific baselines for each of our programmes. This innovative framework will allow us to measure changes in how we respond to issues of gender in our work, and ensure we are continually learning and developing. At the same time, our *Gender and Conflict Analysis toolkit* – which provides guidance on gender-sensitive conflict analysis and support for programme work – is helping staff and others to be more aware of how to recognise and incorporate issues around gender into programme design and implementation. This toolkit has been used extensively by partners, and other peacebuilders, to improve their practical knowledge of this topic. It has also been used for our own trainings, including advocacy sessions for women peacebuilders from South Sudan, the Central African Republic and the Democratic Republic of Congo.

In **South Asia** we took important steps towards the increased participation of women in measures to build confidence across the Line of Control (LoC) in Kashmir. In activities relating to cross-LoC trade, tourism and disaster management, in 2016, 30 per cent of the 1,019 participants were women – a figure that is higher than normal for such activities in this region. Entrenched patriarchal attitudes, other cultural and political factors, make increasing the inclusion of women challenging. We continue to work towards even greater participation. As a result of our ongoing work with the Kashmiri business community, the Joint Chamber of Commerce and Industry, for the first-time, involved women from either side in cross-LoC trade processes. In Pakistan-administered Kashmir, we supported the formation of a Women's Chamber of Commerce to build the entrepreneurial abilities of women. The development of networks, policy messages and new ideas, in relation to cross-LoC disaster response, fully integrated women's needs and perspectives.

In **West Africa**, the 18 District Platforms for Dialogue (DPDs) guaranteed strong representation of women. Across the four countries where they operate, there were 110 female DPD members, equating to 41 per cent of the total number of members. During community discussions, the DPDs made sure that at least 39 per cent of discussion participants were women. In addition, there were four female DPD chairpersons, and other women who played leading roles in DPD activities, such as being a key community contact person. Working through a DPD platform, Hélène Zogbelemou from Forest Guinea, dedicated herself to working to reconcile ostracised female Ebola survivors with their communities. She said: *"Coming to help with reconciliation was very important to us. We saw how we also contributed to restoring the peace."*

Armed conflict parties are better prepared to engage in non-violent conflict resolution.

In **Latin America**, in the run up to the initiation of formal peace talks between the Government of Colombia and the National Liberation Army (ELN), we met with two prominent ELN members, Mr. Eduardo Martinez and Mr. Juan Carlos Cuellar – both of whom were serving time in prison. Through these meetings, we discussed options for how to increase public participation in the peace negotiations, a topic which is fundamental to the ongoing talks. The two ELN members have since been nominated by the Government as 'peace brokers' and granted freedom to join the peace negotiations in Ecuador.

Through tailored research and engagement, we gained a deeper understanding of the perspectives and motivations of combatants in armed groups in the **Central African Republic**. Through 70 interviews with members of ex-Seleka, anti-Balaka and self-defence groups, we identified their motivations to remain in or leave the respective groups. The insights informed national and international policymakers, mediators, peacebuilding practitioners and analysts on what steps are needed to encourage combatants to find pathways out of violence, and how best to support them to do this.

Objectives and activities (continued)

In **Southeast Asia**, we contributed to the peaceful transition of Mindanao in the Philippines, by providing training to over 700 Moro Islamic Liberation Front combatants in camps across the island. The training enabled participants to gain a greater understanding of their move from combatants to civilians, as well as voice their aspirations and concerns on the process. Women, in particular the widows and children of combatants who have been killed, were included.

Goal 3 – Policy is prioritising conflict prevention and peacebuilding**Greater recognition at policy level of the need for and value of locally owned non-violent and long-term conflict prevention and peacebuilding initiatives.**

It is often difficult to encourage progress in protracted conflicts that seem stuck in a downward spiral. Nonetheless, in the **Caucasus**, in collaboration with partners from across the divide, we moved forward the policy agenda on the Georgian-Abkhaz conflict regarding access to education – specifically focusing on improving the quality of higher education in Abkhazia. Increasing access to education is an important way of addressing the isolation of people in Abkhazia, thereby building confidence that the people have a stake in the future. Following the production of our second discussion paper in the 'Realm of the Possible' series, which drew on extensive Georgian-Abkhaz dialogue, we presented the key findings to education practitioners and policymakers in Germany. Positive practical results have come from this, including discussions with local and European institutions and in diplomatic circles, which explore how to adapt current systems to improve access to education across Europe for young Abkhaz people.

On the **Colombia** conflict, the women of the Truth Memory and Reconciliation Commission of Colombian Women in the Diaspora (TMRC) gained acknowledgement from Colombian President Santos for the experiences of diaspora women and the innovative work of the Commission. When meeting him as part of a community event during his state visit to the **UK**, members of the TMRC discussed their work and received recognition from him of their contribution to the Colombian peace process. The women also created opportunities for further collaboration with a number of institutes and individuals, including the consulates of Colombia in Barcelona and London, and the Office of the Mayor of London.

In the **UK**, drawing on our submission to the Joint Committee on the National Security Strategy, we prepared a briefing note on the Conflict, Security and Stability Fund (CSSF), which was used by members of the House of Lords in a business debate during which the CSSF was scrutinised. The briefing included questions about the Fund's transparency, interaction with and support to civil society and its conflict prevention focus. Our concerns were cited directly by two members of the House, and a number of other peers voiced opinions supportive of our observations of the CSSF.

Greater political and financial investment in inclusive practice, and in people engaged in peacebuilding in conflict contexts, which builds both their capacity and influence.

Our input helped shape a *Guidance Note on Integrating Gender* for programmes under the **UK** Government's CSSF. The guidance is given to all UK Government staff accessing CSSF funding to help them design and implement peace programmes. CSSF manages around £1.1 billion each year across 65 countries. Gender-sensitive analysis is a core tool in the development of programmes that can support the meaningful participation of women in peacebuilding, and gender is a core theme against which all CSSF programmes are assessed.

Across **Europe**, through our public engagements, leadership of and participation in networks and coalitions, we successfully raised the profile of peacebuilding and argued for greater investment in it. For example, we supported the activities and strategy development of *The Ammerdown Group: Rethinking Security*, hosting a discussion for international NGOs on alternatives to the current approach to national security. Executive Director, Jonathan Cohen, gave the keynote speech to the Working Group on Peace and Development (FriEnt), a German association of nine governmental organisations, church development agencies, civil society networks, and political foundations, highlighting the need to put communities and relationships at the centre of peacebuilding work. We contributed to the efforts of the platform of European peacebuilding NGOs, the European Peacebuilding Liaison Office, emphasising the need to remain focused on long-term conflict prevention instead of short-term crisis response – including through the EU's new Global Strategy. We also continued to lead efforts of humanitarian, peacebuilding and development NGOs in developing dialogue with the UK Government on ways to mitigate the negative impact of counter-terrorism legislation and regulations on their work.

CONCILIATION RESOURCES REPORT OF THE DIRECTORS AND TRUSTEES

Objectives and activities (continued)

A stronger evidence base for why and how peacebuilding works is available to policymakers.

Through our involvement in the **Political Settlements Research Programme (PSRP)** consortium, we contributed to improving knowledge and evidence in the area of political settlements and strengthened ties with policymakers and civil society on this topic. Specifically, we provided input for the *World Bank Development Report 2017* on governance and law, providing examples on legitimacy and peace processes, and case studies from Somalia, Yemen, Afghanistan and Fiji, to the head of the consortium for a consultation meeting in the USA.

To coincide with the signing of the **Colombian** peace agreement, we created an infographic, produced a report and gave numerous media interviews, which articulated and promoted the innovations in the Colombia peace process, such as the placement of victims at the centre of the peace talks. We appeared over 110 times in the media across 22 countries, including coverage on the BBC World Service, Al Jazeera English, Radio France International, Deutsche Welle, TRT World and in the Miami Herald, The Christian Science Monitor, Foreign Policy and Semana. In addition, we reached more than 630,000 people online, with the infographic and related content being viewed almost 140,000 times via our website, social media and e-newsletters.

In **West Africa**, we shared with national, regional and international policymakers lessons learnt from the work of the District Platforms for Dialogue (DPDs). Through the production, dissemination and presentation of two policy briefs and two films, we highlighted how the DPDs have played a role in reconciling individuals, communities and the authorities, and we made recommendations for what further steps are needed. The publications, films and related content generated several articles in the regional press, reached nearly 600,000 people via digital media and were viewed over 350,000 times online. Comments made by policymakers following regional screenings, indicated that the films successfully changed their perceptions and raised awareness of the issues.

Publications and Other Resources Produced in 2016

Accord Insight 3: Transforming broken relationships – Making peace with the past – <http://www.c-r.org/resources/making-peace-past-transforming-broken-relationships>

Accord Spotlight: Peace, power and inclusive change in Nepal – <http://www.c-r.org/resources/peace-power-and-inclusive-change-nepal>

Beyond reintegration towards reconciliation in the post-Ebola context – <http://www.c-r.org/resources/beyond-reintegration-towards-reconciliation-post-ebola-context>

Bridging divides – Towards effective disaster preparedness and response in Kashmir – <http://www.c-r.org/resources/bridging-divides>

Building Blocks for Peace – <http://www.c-r.org/news-and-views/multimedia/building-blocks-peace>

Capacities for peace: East and Central Africa – <http://www.c-r.org/resources/capacities-peace-east-and-central-africa>

Capacities for peace: Lebanon – <http://www.c-r.org/resources/capacities-peace-lebanon>

Capacities for peace: Lessons from the Ivorian-Liberian border region – Ebola: beyond the health crisis – <http://www.c-r.org/news-and-views/multimedia/ebola-beyond-health-crisis>

Capacities for peace: South Asia – <http://www.c-r.org/resources/capacities-peace-south-asia>

Capacities for peace: West Africa – <http://www.c-r.org/resources/capacities-peace-west-africa>

Central African Republic – <http://www.c-r.org/resources/impact-snapshot-central-african-republic>
Perspectives on non-state armed groups in the Central African Republic – <http://www.c-r.org/resources/perspectives-non-state-armed-groups-central-african-republic>
<http://www.c-r.org/resources/les-points-de-vue-des-groupes-arm%C3%A9s-non-%C3%A9tatiques-en-%C3%A9publique-centrafricaine> (in French)

Objectives and activities (continued)

Dialogue for peace – Reflections and lessons from community peace platforms in the Mano River region – <http://www.c-r.org/resources/dialogue-peace>

Disarmament of the heart – <http://www.c-r.org/resources/disarmament-heart>

Effective local action: from early warning to peacebuilding – Source: Conciliation Resources and Saferworld – <http://www.c-r.org/resources/effective-local-action-early-warning-peacebuilding>

General/ Policy Proscribing peace: The impact of terrorist listing on peacebuilding organisations – <http://www.c-r.org/resources/proscribing-peace>

Infographic - The Colombian peace process – <http://www.c-r.org/news-and-views/multimedia/infographic-colombian-peace-process>
<http://www.c-r.org/news-and-views/multimedia/infograf%C3%ADa-el-proceso-de-paz-colombiano> (in Spanish)

Innovations in the Colombian peace process - Source: Conciliation Resources / NOREF – <http://www.c-r.org/resources/innovations-colombian-peace-process>

Joint Analysis Workshop: Peacebuilding and Reconciliation – Addressing the past to build an inclusive future – Accord Insight 3 – <http://www.c-r.org/resources/joint-analysis-workshop-peacebuilding-and-reconciliation>

A Fijian's path to peacebuilding – <http://www.c-r.org/news-and-views/multimedia/fijians-path-peacebuilding>

Rethinking Security – A discussion paper from The Ammerdown Group – <http://www.c-r.org/resources/rethinking-security>

The Peace Promise – Source: Various – <http://www.c-r.org/resources/peace-promise>

2020 Strategic Plan: Partnering for Peace – Source: Conciliation Resources – <http://www.c-r.org/resources/2020-strategic-plan-partnering-peace>

The realm of the possible: education - Finding ways forward in the Georgian-Abkhaz context: challenges in education – <http://www.c-r.org/resources/realm-possible-education>

Trading Confidence – A compelling case for cross Line of Control trade – <http://www.c-r.org/resources/trading-confidence>

Vision 2020 – Shared values and ideas for the future by young people in Jammu and Kashmir – <http://www.c-r.org/resources/vision-2020>

Why is reconciliation important to build peace? – <http://www.c-r.org/news-and-views/multimedia/why-reconciliation-important-build-peace>

Women's voices in the Bangsamoro – Experiences and expectations in conflict and peace – <http://www.c-r.org/resources/womens-voices-bangsamoro>

Multimedia Outputs

Film: Breaking the silence – <http://www.c-r.org/news-and-views/multimedia/film-breaking-silence>

Film: Bridging divides – Southeast Asia Capacities for peace: The Philippines – <http://www.c-r.org/resources/capacities-peace-philippines>

Film: Dialogue for peace – <http://www.c-r.org/news-and-views/multimedia/film-dialogue-peace>

Video: The essentials of gender-sensitive conflict analysis – <http://www.c-r.org/news-and-views/multimedia/video-essentials-gender-sensitive-conflict-analysis>

Financial Review

The Statement of Financial Activities shows a decrease of £312,218 (2015 – increase of £186,954) for the year and total funds available stand at £2,224,236 (2015 – £2,536,454).

Conciliation Resources income has decreased to £4.655 million reflecting the different points in the life cycle of various programmes of work as some come to an end and others were at the point of mobilisation. The level of Deferred Income, funds received from donors although not yet recognised as income against which programme expenditure can be matched increased to £1,511,889 (2015 – £475,069); see note 17. A contract by contract level review informs the decision as to whether income should be recognised in the current year or whether it is recognised as Deferred Income (further information is included in Note 1 – Income Recognition).

The outcome in late June 2016 of the UK referendum on membership of the European Union followed by the result from the US Election in November 2016 changed confidence levels. The unrelentingly hostile media view of the UK government's aid budget and traditional governmental supporters of peacebuilding and conflict resolution work becoming more cautious and spending less has translated into fewer funding opportunities emerging. Conciliation Resources was delighted to have been able to sign a multi-year funding agreement with the Swedish International Development Cooperation Agency (Sida) for the period 2016 – 2019. This continues the longstanding and much valued relationship between our two organisations.

The ending of the Programme Partnership Agreement (PPA) funded by the UK Department for International Development at the end of December 2016 means Conciliation Resources, and over 40 other civil society organisations, will have less operating flexibility. Increasingly donor funds are projectised over short-time frames instead of providing strategic flexibility over a longer period. Conciliation Resources continues to plan, adapt and adjust to these changing and emerging trends. The ability to recover organisational support costs at an appropriate level remains a challenge at a time when external requirements are becoming increasingly complex, costly and time consuming to both manage.

The reduction in spending on charitable activities reflects the ending of funding contracts for some areas of work such as the Caucasus, East and Central Africa and the Philippines. As we enter 2017, the programme of work in Bougainville through the Pacific programme team is gathering pace. In early January 2017 new funding contracts to fund work in South Asia and Democratic Republic of Congo for 18 – 24 months started.

During 2016 considerable time and effort continued to be invested in the Access accounting system. There are identifiable benefits from the investment that has been made however it is taking longer than hoped to gain the full benefits anticipated.

From 1 July 2016 Conciliation Resources has been registered for VAT. It is unable to reclaim any VAT that it pays as it makes no supplies on which the VAT can be used to offset the VAT incurred on purchases in the UK or through the reverse charge mechanism.

Principal Financial Management Policies

Conciliation Resources has a financial regulations policy set up and reviewed in consultation with the Board of Trustees. This sets out the allocation of financial management responsibilities, identifying lines of reporting for all aspects of operations, including controls, with the delegation of authority and responsibilities clearly defined. Conciliation Resources uses a nominal ledger coding system for all financial transactions.

All project expenditure is checked against budget and authorised by the appropriate budget-holder, who is responsible for ensuring that expenditure remains within budget. It is then double-checked by two authorised signatories before any payment is made.

An annual planning process is carried out by all budget-holders covering their proposed work for the upcoming period along with a fundraising plan, financial budget and cashflow. This information is reviewed by the Executive Management Team and cross-organisational functions, such as monitoring and evaluation and finance. A consolidated report is presented to the Board of Trustees for their endorsement at the final Board meeting of the year.

Each month the Finance team meets with budget-holders to discuss the respective management accounts and changes in planned activities that may impact the cashflow. This is consolidated into a reforecast of expected income and expenditure for the year and is presented, half-yearly, to the Board of Trustees for their further endorsement.

Principal Financial Management Policies (continued)

Conciliation Resources operates in four main currencies, Australian dollar, Euro, US dollar and Pound Sterling. An account is held in each currency and to the extent possible income and expenditure is matched.

Principal Funding Sources

The principal funding sources for the charity are currently grant income and donations mainly from governments and charitable organisations. Further details of funding are provided in notes 2 and 3 to the Financial Statements.

Investment Powers and Policy

Conciliation Resources received income through donations, grants, project income and other sources. Conciliation Resources plans its activities over one, three and five-year time horizons and budgets to use all anticipated income. The only funds that Conciliation Resources holds that are not expendable within 12 months of receipt are reserves and any grants or contracts for activities over a longer period. Consequently, its policy for investment is to retain funds as cash and place them on bank deposit, or on deposit with the COIF Charities Deposit Fund at the best rate available.

Reserves Policy

Conciliation Resources aims to keep a prudent working balance of unrestricted operating reserves equalling six months core operating costs to cover future contractual liabilities, mainly staff salaries and rent (estimated at £591,056 in 2016 and £571,419 in 2015).

The unrestricted funds balance at the year-end was £2,023,519 of which £1,970,151 was the unrestricted reserves balance and £53,368 was the designated staff contingency fund balance.

The unrestricted operating reserve for Conciliation Resources for 2017 is estimated at £612,621. The Trustees will decide at the end of 2017 whether to allocate a share of any surplus in the Net Movement in Unrestricted Funds towards the unrestricted operating reserves.

The goal of building these unrestricted operating reserves is balanced against the need of specific programme areas. The Board of Trustees keeps the reserves policy under regular review.

Future Plans

Following a comprehensive planning process the 2017 programme plans and budgets have been approved. Below is a summary of these plans.

Accord, Policy and Practice: Accord / Practice will continue its development as a proactive forum for comparative learning and expert guidance for peacebuilding practice/policy, and as a vehicle for pioneering new thematic/geographic interest, engagement and organisational expertise for Conciliation Resources: Afghanistan (potential programme); reconciliation. The Policy element will take forward work our gender orientated work using the milestones for progress identified in the baseline assessment conducted in 2016, also through gender based peacebuilding activities in Kashmir and Somalia under an EU-funded project led by International Crisis Group and involving both Conciliation Resources and Saferworld. The team will also be working with peer organisations, including the Ammerdown Group, and with our Communications team on a sustained political and public-facing 'campaign'. The focus of this campaign is advocating, in the UK, and at UN and EU levels, the prioritisation of conflict prevention and peacebuilding as a viable and essential element of foreign and development policy.

South Caucasus: The team has an ambitious programme of work funded by the EU's grant mechanism for Nagorny Karabakh, EPNK3, and the Conflict, Security and Stabilisation Fund (CSSF), so will limit programme development to Track 1.5 technical level dialogue in Nagorny Karabakh building on high-level buy-in from international diplomats.

There is potential for some exchange with Ukraine to evolve into a more sustained piece of work/programme, which would involve greater engagement with Russia.

Future Plans (continued)

East and Central Africa: The aim of the programme is the empowerment of communities through their national and local leaders to contribute towards ending inter-communal violence and contribute to sustainable peace and reconciliation across Democratic Republic of Congo, Central African Republic and South Sudan. The team will work with civil society actors, women's groups, conflict-affected communities and Government representatives to enable them to spearhead efforts aimed at reducing violence in communities and develop policies that promote peace implementing funded projects in South Sudan and the Democratic Republic of Congo.

Pacific: The emphasis of the Fiji programme remains supporting partners to take on a direct lead role with Conciliation Resources providing support to their partner activities.

A key strand of the team's work is the development of a Bougainville Comparative Learning component through an exchange project, bringing ex-combatants (from Northern Ireland and Mindanao) to Bougainville to share lessons with Bougainvillean ex-combatants. This will be complemented by developing a programme of comparative learning activities, primarily targeted at politicians and civil society leaders that will be engaged in organising the upcoming referendum.

Horn of Africa: The team will continue to explore and support alternative mediation and dialogue in Ogaden in the absence of a formal Kenyan-led peace process as well as exploring peacebuilding opportunities more widely in Ethiopia in light of the escalating ethnic and political violence in the country. We will explore potential opportunities for engagement in Prevention of Violent Extremism in Kenya and Ogaden, based on the findings of our current Swiss-funded study on the potential negative impact of suspension of Kenyan-led talks (including understanding potential radicalization and violent extremism).

South Asia: The South Asia Programme will fully implement the next phase of the EU funded work in Kashmir with an expanded and deepening peacebuilding through joint disaster preparedness and tourism and other confidence building measures. Other activities include further engagement with regional platforms and processes, such as the South Asia Association for Regional Cooperation on issues relevant to Kashmir as well as other bilateral issues between India and Pakistan; developing regional analysis and potential engagement in relation to Afghanistan (with the Accord team); developing analysis and work in relation to business and conflict sensitivity with a particular focus on the China-Pakistan Economic Corridor's impact on the Kashmir conflict.

Philippines and Colombia (Transition to Peace): Transition is the key concept framing the current phase of the Mindanao peace process, and Conciliation Resources' will provide support to the it through scaling up our work in mediation support in Mindanao; and renewed work with local partners promoting an increased public participation in the peace processes. Main potential donors: Norway, EU, UK, Switzerland and Germany. The outcome of the presidential process in the Philippines introduced a new political dynamic which is still being adjusted too. The Philippines has become one of the main references for the Colombian peace process because it achieved the most recent peace agreement in the world.

Transition from war to peace in 2016 presented considerable challenges in Colombia. Conciliation Resources will be scaling up its engagement on the ELN process, directly or through supporting the Peace Manager appointed by the Colombian President.

Nigeria: Building on the successful work Conciliation Resources has carried out in Nigeria, it is looking to build on the experiences to date and extend the work into the North and / or North-Central Nigeria. The causes of violence in these areas is over-simplified and as such security and policy interventions risk missing the nuances and constantly evolving nature of community fears. Violence is often falsely attributed to Boko Haram however this represents just one of many threats to the peace, stability and security. Communities in North and North-Central Nigeria face the threat of military and security force abuses, cattle-rustling, farmer-pastoralist violence, reprisal attacks and 'silent killings'.

Mano River Region: Given the changing funding priorities and the increasing threat to sustainable peace, we plan to develop country-specific projects for Sierra Leone and Liberia during 2017 supporting the District Platforms for Dialogue to improve community- authority relations in both countries. Building on the Accra Declaration signed in October 2015, we intend to deepen our engagement and support for local and national actors in Liberia and Côte d'Ivoire to conduct joint monitoring of the amended commitments and consolidate a wider governmental commitment to finding collaborative solutions to cross-border instability.

Trustees' Responsibilities in Relation to the Financial Statements

The Trustees (who are also directors of Conciliation Resources 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 Trustees to prepare financial statements for each financial year. Under that law the Trustees have elected to prepare the financial statements in accordance with the United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Trustees 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 Trustees 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 Trustees 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 Auditor

In accordance with company law, the Company's Directors certify that:

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

Auditor

PKF Littlejohn LLP was reappointed as auditor to the Company during 2016 and have indicated their willingness to continue in office.

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

Approval

This report was approved by the Board of Directors and Trustees on 16 May 2017 and signed on its behalf.

M Waterson
Company Secretary

CONCILIATION RESOURCES

REPORT OF THE INDEPENDENT AUDITOR

We have audited the Financial Statements of Conciliation Resources for the year ended 31 December 2016 which comprise the Statement of Financial Activities (including an Income and Expenditure Account), the Balance Sheet, the Statement of Cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 "the financial Reporting Standard applicable in the UK and Republic of Ireland.

This report is made solely to the Charitable Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Charitable Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone, other than the Charitable Company and the Charitable Company's members as a body, for our audit work, for this report, or for the opinions we have formed..

Respective Responsibilities of Trustees and Auditors

As explained more fully in the Trustees' Responsibilities Statement set out on page 16, the Trustees (who are also the Directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the Audit of the Financial Statements

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

Opinion on the Financial Statements

In our opinion the financial statements:

- give a true and fair view of the state of the Charitable Company's affairs as at 31 December 2016 and of the Charitable Company's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on the Other Matter Prescribed by the Companies Act 2006

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

Matters on Which we are Required to Report by Exception

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

- adequate and sufficient accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made or;
- we have not received all the information and explanations we require for our audit; or
- the Trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the Directors' and Trustees' report and take advantage of the small companies' exemption from the requirement to prepare a Strategic Report.

Alastair Duke (Senior Statutory Auditor)
For and on behalf PKF Littlejohn LLP
Statutory Auditor

1 Westferry Circus
Canary Wharf
London E14 4HD

May 2017

CONCILIATION RESOURCES

**STATEMENT OF FINANCIAL ACTIVITIES
(INCLUDING AN INCOME AND EXPENDITURE ACCOUNT)
YEAR ENDED 31 DECEMBER 2016**

	Notes	Unrestricted Funds £	Restricted Funds £	Total 2016 £	Total 2015 £
Income and endowments from:					
Donations and legacies	2	1,637,799	-	1,637,799	1,578,993
Charitable activities	3	48,453	2,966,014	3,014,467	4,167,343
Investments	4	3,117	-	3,117	3,820
Total Income and endowments		1,689,369	2,966,014	4,655,383	5,750,156
Expenditure on:					
Raising funds	5	177,692	-	177,692	184,451
Charitable activities	6	1,370,152	3,419,757	4,789,909	5,378,751
Total expenditure		1,547,844	3,419,757	4,967,601	5,563,202
Net income / (expenditure)	9	141,525	(453,743)	(312,218)	186,954
Transfers between funds	19	201,138	(201,138)	-	-
Net Movement in Funds		342,663	(654,881)	(312,218)	186,954
Reconciliation of Funds:					
Total funds, brought forward		1,680,856	855,598	2,536,454	2,349,500
Total funds carried forward	19	2,023,519	200,717	2,224,236	2,536,454

The Statement of Financial Activities also complies with the requirement for an Income & Expenditure Account under the Companies Act 2006.

All income and expenditure derives from continuing activities.

The Statement of Financial Activities includes all gains and losses recognised during the year.

The notes on page 22 to 39 form part of these Financial Statements.

CONCILIATION RESOURCES

**BALANCE SHEET
AT 31 DECEMBER 2016**

	Notes	2016		2015	
		£	£	£	£
Fixed Assets					
Intangible assets	12		47,778		62,478
Tangible assets	13		99,612		207,094
Current Assets					
Debtors	14	617,816		1,160,405	
Cash at bank and in hand		3,469,345		2,204,678	
		4,087,161		3,365,083	
Creditors: Amounts Falling Due Within One Year	15	(1,920,842)		(1,009,963)	
Net Current Assets			2,166,319		2,355,120
Provisions	18		(89,473)		(88,238)
Total Net Assets			2,224,236		2,536,454
Charity Funds					
Unrestricted funds – General	19		1,970,151		1,627,488
– Designated	19		53,368		53,368
Restricted funds	19		200,717		855,598
			2,224,236		2,536,454

The financial statements were approved and authorised by the Board of Directors and Trustees on May 2017 and were signed on its behalf by:

..... **P Price (Chair)**

..... **J Lester (Hon. Treasurer)**

Company Registration No. 03196482

The notes on pages 22 to 39 form part of these Financial Statements.

CONCILIATION RESOURCES

**STATEMENT OF CASH FLOWS
AT 31 DECEMBER 2016**

	Notes	2016 £	2015 £
Cash flow from operating activities	21	1,189,164	420,493
Net cash flow provided by operating activities		<u>1,189,164</u>	<u>420,493</u>
Cash flow from investing activities			
Payments to acquire intangible fixed assets		-	(73,504)
Payments to acquire tangible fixed assets		(8,629)	(22,460)
Interest receivable		3,117	3,820
Net cash flow used in investing activities		<u>(5,512)</u>	<u>(92,144)</u>
Change in cash and cash equivalents in the year		1,183,652	328,439
Cash and cash equivalents at 1 January		2,204,678	1,928,597
Change in cash and cash equivalents due to exchange rate movements		81,015	(52,268)
Cash and cash equivalents at 31 December		<u>3,469,345</u>	<u>2,204,678</u>
Cash and cash equivalents consists of:			
Cash at bank and in hand		3,469,345	2,204,678
Cash and cash equivalents at 31 December		<u>3,469,345</u>	<u>2,204,678</u>

1. Summary of significant accounting policies

The significant accounting policies applied in the preparation of these financial statements are set out below. The accounting policies have been applied consistently throughout the year and in the preceding year, unless otherwise stated.

Basis of Preparation of Accounts and General Information

Conciliation Resources is a charitable company in the United Kingdom. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity. The address of the registered office is given in the charity information on page 2 of these financial statements. The nature of the charity's operations and principal activities are given on page 5.

The charity constitutes a public benefit entity as defined by FRS 102. The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011, the Companies Act 2006 and UK Generally Accepted Practice as it applies from 1 January 2016.

The financial statements have been prepared on a going concern basis under the historical cost convention. The financial statements are prepared in sterling which is the functional currency of the charity.

The charity adopted SORP (FRS 102) in the financial year 2015.

Going Concern

The Trustees consider that the use of the going concern basis is appropriate. The long overdue outcome of the UK Government Civil Society Review was published in July 2016. This set the direction of the relationship between the UK Government, through the Department for International Development, and civil society organisations working with it in delivering change and impact in fragile and conflict affected states. During the period since April 2011, Conciliation Resources was a recipient of £1 million per annum of strategic funding through the Department for International Development managed, Programme Partnership Agreement which ended on 31 December 2016. The Civil Society Review set the parameters for the future relationship between the UK Government and civil society organisations and outlined four funding instruments of which Conciliation Resources is eligible to apply for two, UK Aid Direct and UK Aid Connect. The April 2017 announcement of a General Election to be held in early June 2017 has affected the timing of the launch of the UK Aid Connect funding instrument, and depending on the outcome of the Election and the Government of the day's priorities, may result in further delay or cancellation of this instrument. No benefit from a UK Aid Connect funding contract is included in current plans and forecasts.

The Trustees are aware of the reduction in availability of strategic funding and the affect this has on providing operational flexibility in responding to opportunities, meeting increasing compliance requirements as well as prefinancing, from internal resources, the mobilisation of programme work funded through reimbursement by a donor. The Trustees believe that the current pipeline of funding applications will yield a number of funding awards in coming months that will contribute funding towards programmatic work as well as organisational support costs.

The Trustees consider the plans in place to adjust the organisational structure to the resources available, in the event that this should prove necessary, and the reserves held to support this, are currently adequate and Conciliation Resources will continue in operational existence for the foreseeable future.

Income Recognition

All incoming resources are included in the Statement of Financial Activities (SoFA) when the charity is legally entitled to the income, after any performance conditions have been met, when the amount can be measured reliably and when it is probable that the income will be received.

Income from donations, including gifts and grants that provide core funding or are of general nature, are

1. Accounting Policies (continued)

recognised on receipt, unless there are conditions attached to the donation that require a level of performance before entitlement can be obtained. In this case income is deferred until those conditions are fully met or the fulfilment of those conditions is within the control of the charity and it is probable that they will be fulfilled.

The charity receives grant income, including government grants, which provides funding to support the performance activities. Income from government grants and other grants are recognised at fair value when the charity has entitlement after any performance conditions have been met, it is probable that the income will be received and the amount can be measured reliably. If entitlement is not met then these amounts are deferred.

Investment income is recognised on a receivable basis.

Volunteers and Donated Services and Facilities

Where services that would normally be purchased from suppliers are provided to the charity free of charge, this contribution is included as both income and expenditure in the financial statements at an estimate of the value of the contribution to the charity. There were no such donations during the year.

Expenditure Recognition

All expenditure is accounted for on an accruals basis. Expenditure is recognised where there is a legal or constructive obligation to make payments to third parties, it is probable that the settlement will be required and the amount of the obligation can be measured reliably. It is categorised under the following headings:

- Costs of raising funds (fundraising costs) are those costs incurred in attracting voluntary contributions donations, and those incurred in trading activities that raise funds and do not include the costs of disseminating information in support of the charitable activities;
- Expenditure on charitable activities includes expenditure associated with the main objectives of the charity and include both direct costs and support costs relating to these activities; and
- Other expenditure represents those items not falling into the categories above.

Irrecoverable VAT is charged as an expense against the activity for which expenditure arose.

Support costs allocation

Support costs are those that assist the work of the charity but do not directly represent charitable activities and include office costs, communications costs, governance costs, and project management costs. They are incurred directly in support of expenditure on the objects of the charity. Where support costs cannot be directly attributed to particular headings they have been allocated to each programme activity based on the size of the programme expenditure as a proportion of the total expenditure on charitable activities and raising funds.

The analysis of these costs is included in note 8.

Intangible Assets

Intangible assets are stated at cost less accumulated amortisation and are amortised on a straight-line basis over their useful lives. The useful lives of intangible assets are as follows:

Computer software	5 years
-------------------	---------

Tangible Fixed Assets and Depreciation

Tangible fixed assets are stated at cost less depreciation. The cost of minor additions or those costing less than £1,000 are not capitalised. 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 on a straight line basis:

1. Accounting Policies (continued)

Computer Equipment	3 years
Office Furniture & Fittings	3 years
Leasehold Improvements	3 to 10 years

Provisions

Provisions are recognised when the charity has an obligation at the balance sheet date as a result of a past event, it is probable that an outflow of economic benefits will be required in settlement and the amount can be reliably estimated.

Funds

Unrestricted general funds are available for use at the discretion of the Trustees in furtherance of the general objective of the charity and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the Trustees for specific purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

Restricted funds are monies raised for, and their use restricted to, a specific purpose or donations subject to donor-imposed conditions. The cost of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

Employee Benefits

When employees have rendered service to the charity, short-term employee benefits to which the employees are entitled are recognised at the undiscounted amount expected to be paid in exchange for that service.

The charity operates a defined contribution plan for the benefit of its employees. Contributions are expensed as they become payable.

Tax

The charity is an exempt charity within the meaning of schedule 3 of the Charities Act 2011 and is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010. It therefore meets the definition of a charitable company for UK corporation tax purposes.

Foreign Currency

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are initially recorded at the rate ruling at the date of the transaction. All differences are taken to the Statement of Financial Activities.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the statement of financial activities on a straight-line basis over the period of the lease.

CONCILIATION RESOURCES

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2016**

2. Income from donations and grants

	Total 2016 £	Total 2015 £
Donations	1,638	2,649
Grants	1,636,161	1,576,344
	<hr/>	<hr/>
	1,637,799	1,578,993
	<hr/> <hr/>	<hr/> <hr/>

39% (2015: 36%) of unrestricted grants is attributable to geographical areas outside the United Kingdom.

Income from donations and legacies was £1,637,799 (2015 - £1,578,993) of which £1,637,799 (2015 - £1,577,493) was attributable to unrestricted funds and £nil (2015 - £1,500) was attributable to restricted funds.

Grant income includes £1,636,161 (2015 - £1,576,344) of government grants receivable in the year. These grants were awarded as follows:

	Total 2016 £	Total 2015 £
UK Aid (PPA)	1,002,578	1,002,579
Federal Department of Foreign Affairs, Switzerland	116,074	87,325
Ministry of Foreign Affairs, Norway	26,593	38,115
Swedish International Development Co-operation Agency	490,916	385,220
Department of Foreign and Trade Represented by Irish Aid	-	63,105
	<hr/>	<hr/>
	1,636,161	1,576,344
	<hr/> <hr/>	<hr/> <hr/>

3. Income from Charitable Activities

	Total 2016 £	Total 2015 £
Grants	2,966,014	4,127,766
Other charitable income	48,453	39,577
	<hr/>	<hr/>
	3,014,467	4,167,343
	<hr/> <hr/>	<hr/> <hr/>

Income from charitable activities was £3,014,467 (2015 - £4,167,343) of which £2,966,014 (2015 - £4,127,766) was attributable to restricted funds and £48,453 (2015 - £39,577) was attributable to unrestricted funds.

CONCILIATION RESOURCES

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2016**

3. Income from Charitable Activities (continued)

Grant income includes £2,701,151 (2015 - £3,871,240) of government grants receivable in the year. The government grants received are identified by a * below:

	Total 2016 £	Total 2015 £
Accord, Policy, Practice		
Joseph Rowntree Charitable Trust, UK	23,345	30,000
* Ministry of Foreign Affairs, Finland	39,611	28,046
* Ministry of Foreign Affairs, Norway	30,000	114,349
Norwegian Peacebuilding Resource Centre	-	9,795
Peace Nexus Fund	19,182	-
* UK Aid	312,108	51,087
* Federal Department of Foreign Affairs, Switzerland	39,861	26,559
United States Institute for Peace	27,963	53,433
United Nations Entity for Gender Equality and the Empowerment of Women	-	9,735
	<hr/>	<hr/>
	492,070	323,004
	<hr/>	<hr/>
Caucasus		
* UK Aid	-	52,656
* European Union	176,436	403,391
* Ministry of Foreign Affairs, Netherlands	-	59,370
* USAID	56,622	63,481
COBERM	-	2,675
Robert Bosch Stiftung	21,040	-
* UK Foreign and Commonwealth Office	258,245	137,309
* Federal Department of Foreign Affairs, Switzerland	50,770	95,862
	<hr/>	<hr/>
	563,113	814,744
	<hr/>	<hr/>
West Africa		
National Endowment for Democracy, USA	30,404	35,639
Institute of Development Studies, UK	31	1,916
* European Union	385,129	756,608
	<hr/>	<hr/>
	415,564	794,163
	<hr/>	<hr/>
East and Central Africa		
Baring Foundation, UK	-	45,000
* European Union	45,272	137,978
Folke Bernadotte Akademin	110,804	-
Australian Embassy's Direct Aid Programme	1,500	-
UNICEF	-	41,003
	<hr/>	<hr/>
	157,576	223,981
	<hr/>	<hr/>

CONCILIATION RESOURCES

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2016**

3. Income from Charitable Activities (continued)

	Total 2016 £	Total 2015 £
Horn of Africa		
* UK Aid	-	64,513
Robert Bosch Stiftung	8,469	-
* Federal Department of Foreign Affairs, Switzerland	41,653	-
	<hr/>	<hr/>
	50,122	64,513
	<hr/>	<hr/>
South Asia		
Commonwealth Fellowship	22,125	17,538
* European Union	474,047	833,279
	<hr/>	<hr/>
	496,172	850,817
	<hr/>	<hr/>
Pacific		
* Department of Foreign Affairs and Trade, Australia	167,219	328,916
* European Union	187,094	-
	<hr/>	<hr/>
	354,313	328,916
	<hr/>	<hr/>
Philippines and Colombia		
* Ministry of Foreign Affairs, Norway	35,000	76,230
* UK Aid	43,434	179,429
* European Union	242,252	211,446
* United Nations Development Programme	45,303	9,686
The British Council	-	2,275
	<hr/>	<hr/>
	365,989	479,066
	<hr/>	<hr/>
Capacities for Peace		
* European Union	71,095	241,045
Humanity United	-	7,517
	<hr/>	<hr/>
	71,095	248,562
	<hr/>	<hr/>
Total grants	2,966,014	4,127,766
	<hr/> <hr/>	<hr/> <hr/>

91% (2015 - 86%) of grants within charitable activities is attributable to geographical areas outside the United Kingdom.

4. Income from investments

	Total 2016 £	Total 2015 £
Bank interest	3,117	3,820
	<hr/>	<hr/>

Income from investments was £3,117 (2015 - £3,820) of which all (2015 – all) was attributable to unrestricted funds.

5. Costs of raising funds

	Total 2016 £	Total 2015 £
Salaries and staff costs	130,089	123,986
Direct costs	8,162	11,989
Support costs	39,441	48,476
	<hr/>	<hr/>
	177,692	184,451
	<hr/>	<hr/>

All £177,692 (2015 - £184,451) of the above costs were attributable to unrestricted funds.

DRAFT

CONCILIATION RESOURCES

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2016**

6. Analysis of expenditure on charitable activities

	Salaries and Staff costs £	Direct costs £	Support costs £	2016 £	2015 £
Accord, Policy, Practice	271,209	148,005	119,595	538,809	530,690
Caucasus	207,844	380,603	174,267	762,714	946,325
West Africa	174,510	456,166	191,531	822,207	731,077
East and Central Africa	141,118	300,542	137,765	579,425	1,173,035
Horn of Africa	76,206	76,951	55,302	208,459	136,157
South Asia	167,654	656,661	241,554	1,065,869	679,984
Pacific	113,583	204,123	97,029	414,735	433,561
Philippines and Colombia	84,988	178,225	81,482	344,695	608,935
Capacities for peace	25,549	27,447	-	52,996	119,422
Organisational Investment	-	-	-	-	19,565
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	1,262,661	2,428,723	1,098,525	4,789,909	5,378,751
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

£3,419,757 (2015 - £3,904,583) of the above costs were attributable to restricted funds and £1,370,151 (2015 - £1,658,619) of the above costs were attributable to unrestricted funds.

Organisational investment costs are those costs considered one off organisational investments, and as such do not include any associated running costs which would be allocated as part of the Support costs. During 2016 there were no such investments made.

CONCILIATION RESOURCES

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2016**

7. Allocation of support Costs

	Management Administration and Staff costs £	Premises costs £	Communication costs £	Information technology £	Governance costs £	Other charitable expenses £	2016 £	2015 £
Costs of raising funds	24,122	9,706	1,303	2,222	1,791	297	39,441	48,476
Accord, Policy, Practice	73,145	29,431	3,950	6,734	5,431	904	119,595	134,857
Caucasus	108,994	41,313	5,616	9,455	7,624	1,265	174,267	249,146
West Africa	121,579	44,277	6,014	10,115	8,172	1,374	191,531	223,528
East and Central Africa	88,757	31,007	4,232	7,079	5,722	968	137,765	327,384
Horn of Africa	38,261	10,753	1,514	2,461	1,984	329	55,302	47,212
South Asia	150,148	57,872	7,838	13,225	10,679	1,792	241,554	184,958
Pacific	61,755	22,305	3,065	5,103	4,116	685	97,029	121,340
Philippines and Colombia	52,247	18,479	2,551	4,227	3,410	568	81,482	166,178
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	719,008	265,143	36,083	60,621	48,929	8,182	1,137,966	1,503,079
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Support costs are allocated in accordance with the accounting policy on page 25.

Support costs now include the governance costs.

8. Governance costs

	2016 £	2015 £
Directors' expenses	22,110	10,074
Auditors' remuneration	9,966	17,184
Accountancy fees	1,080	20,025
Legal fees	15,773	6,299
	<hr/>	<hr/>
	48,929	53,582
	<hr/>	<hr/>

9. Net income for the year

The net income is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets	116,109	106,815
Amortisation of intangible fixed assets	14,700	11,026
Directors remuneration (including pension)	183,510	107,784
Operating lease rentals	117,087	117,087
Audit's remuneration – Statutory audit	10,050	9,984
Under/(over) accrual of prior year audit fee	(84)	7,200
Grant audits	10,800	9,720
FRS102 assistance and accountancy work	-	19,080
Non-audit remuneration	(1,104)	945
Foreign Exchange Translation (Gains)/Losses	(92,776)	81,407
	<hr/>	<hr/>

10. Trustees' and key management personnel remuneration and expenses

Mr A Carl as both the Executive Director and a member of the Board of Trustees (until 6 January 2016) received remuneration (excluding pension contributions) of £1,663 (2015 - £101,361) and pension contributions to a defined contribution scheme of £150 (2015 - £6,423).

This arrangement was in accordance with the Charity's Articles of Association, which stipulated that one Trustee who is also a Chief Executive can be paid in good faith as long as inclusion in the Trustee body is expedient and in the interests of the Charity. The Articles of Association has now been amended and the Chief Executive is no longer a Trustee.

Expenses for airfares, travel, telephone, hospitality and accommodation totalling £22,110 (2015 - £10,074) were paid on behalf of eight (2015 – seven) trustees.

Expenses of £nil (2015 - £5,669) were reimbursed to Mr A Carl (both the Executive Director and a Trustee) in relation to employee-related activities.

The total amount of employee benefits received by key management personnel during the year was £198,232 (2015 – £269,218). The Charity considers its key management personnel to be the Executive Management Team.

During 2015 Ms A Kilmurray was contracted to prepare a learning paper on sustainable funding for Fiji civil society partners and received a fee of £2,400. This sum was paid in January 2016.

11. Staff costs and employee benefits

The total staff costs and employee benefits were as follows:

	2016 £	2015 £
UK employee salaries	1,675,324	1,889,116
Social security	168,938	199,169
Defined contribution pension costs	140,706	169,176
Termination payments	9,044	30,000
	<hr/>	<hr/>
	1,994,012	2,287,461
	<hr/>	<hr/>

The number of employees who received total employee benefits (excluding employer pension costs and termination payments) of more than £60,000 is as follows:

	Number of employees	
	2016	2015
£70,001 to £80,000	-	1
£60,000 to £70,000	2	1

During the year the charity paid £11,814 (2015 - £11,946) under a defined contribution pension scheme on behalf of the staff members/director earning over £60,000.

The average monthly number of employees and full time equivalent (FTE) during the year was as follows:

	Number of employees			
	2016 Number	2016 FTE	2015 Number	2015 FTE
Executive Management Committee	2.1	2.1	4.0	4.0
Accord, Policy, Practice	5.0	5.0	5.0	5.0
Programme Support	2.0	1.9	2.5	2.5
Caucasus	4.7	4.5	5.0	4.6
West Africa	3.6	3.2	3.1	2.7
East and Central Africa	3.1	3.1	5.6	5.5
Horn of Africa	1.0	1.0	1.0	1.0
South Asia	3.5	3.5	2.7	2.7
Pacific	2.0	2.0	2.0	2.0
Philippines and Colombia	2.6	2.6	2.9	2.9
Administrative, financial management and fundraising support	17.3	15.3	18.7	18.0
	<hr/>	<hr/>	<hr/>	<hr/>
	47.0	44.2	52.5	50.9
	<hr/>	<hr/>	<hr/>	<hr/>

CONCILIATION RESOURCES

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2016

12. Intangible fixed assets

	Computer Software £
Cost	
As at 1 January 2016	73,504
Additions	-
	<hr/>
As at 31 December 2016	73,504
	<hr/> <hr/>
Amortisation	
As at 1 January 2016	11,026
Charge for the year	14,700
	<hr/>
As at 31 December 2016	25,726
	<hr/> <hr/>
Net Book Values	
As at 31 December 2016	47,778
	<hr/> <hr/>
As at 1 January 2016	62,478
	<hr/> <hr/>

13. Tangible Fixed Assets

	Leasehold Improvements £	Computer Equipment £	Furniture & Fittings £	Total £
As at 1 January 2016	263,591	95,761	95,393	454,745
Transfer	52,973	-	(52,973)	-
Additions	-	8,629	-	8,629
	<hr/>	<hr/>	<hr/>	<hr/>
As at 31 December 2016	316,564	104,390	42,420	463,374
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Depreciation				
As at 1 January 2016	145,478	73,810	28,364	247,652
Charge for the year	93,697	12,838	9,575	116,110
	<hr/>	<hr/>	<hr/>	<hr/>
As at 31 December 2016	239,175	86,648	37,939	363,762
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Net Book Values				
As at 31 December 2016	77,389	17,742	4,481	99,612
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
As at 1 January 2016	118,113	21,951	67,029	207,093
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

CONCILIATION RESOURCES
**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2016**
14. Debtors

	2016	2015
	£	£
Grants receivable	293,576	135,522
Other debtors	73,838	60,471
Prepayments and accrued income	130,832	212,903
Grants accrued	119,570	751,509
	<u>617,816</u>	<u>1,160,405</u>

Other debtors includes a rent deposit of £32,500 (2015 - £32,500) which is receivable in more than one year.

15. Creditors: Amounts Falling Due Within One Year

	2016	2015
	£	£
Trade creditors	115,637	104,739
Social security & other taxes	45,160	52,501
Other creditors	71,198	117,341
Accruals	176,958	260,313
Deferred income (Note 18)	1,511,889	475,069
	<u>1,920,842</u>	<u>1,009,963</u>

16. Operating leases

Total future minimum lease payments under non-cancellable operating leases are as follows:

	2016	2015
	£	£
Not later than one year	141,979	141,979
Later than one and not later than five years	523,463	535,929
Later than five years	292,500	390,000
	<u>957,942</u>	<u>1,067,908</u>

17. Deferred Income

	2016	2015
	£	£
Balance as at 1 January	475,069	293,576
Amount released to income in the year	(475,069)	(293,576)
Amount deferred in the year	1,511,889	475,069
	<u>1,511,889</u>	<u>475,069</u>

17. Deferred Income (continued)

	2016	2015
	£	£
UK Foreign & Commonwealth Office	133,446	-
National Endowment of Democracy (USA)	4,648	-
Irish Aid	75,988	-
Robert Bosch Stiftung	34,870	-
European Union	848,403	224,424
Department of Foreign Affairs & Trade (Australia)	217,362	-
Federal Department of Foreign Affairs (Switzerland)	59,547	-
Australian Embassy's Direct Aid Programme	28,675	-
Folke Bernadotte Akademin	46,410	-
Institute of Development Studies (UK)	7,556	-
UK Aid (PPA)	-	250,645
DFID	133	-
Joseph Rowntree Charitable Trust	11,491	-
Finnish MoFA	8,360	-
Allan & Nesta Ferguson Charitable Settlement	20,000	-
The Sigrid Rausing Trust	15,000	-
	<hr/>	<hr/>
Balance as at 31 December	1,511,889	475,069
	<hr/> <hr/>	<hr/> <hr/>

18. Provisions for liabilities

	2016	2015
	£	£
Balance as at 1 January	88,238	87,020
Additions during the year	1,235	1,218
	<hr/>	<hr/>
Balance as at 31 December	89,473	88,238
	<hr/> <hr/>	<hr/> <hr/>

The provision relates to the dilapidations expense expected for the London office lease.

Charges to the SoFA resulting from provisions during the year amount to £1,235 (2015 - £1,218) of which all (2015 - all) was attributable to unrestricted funds.

CONCILIATION RESOURCES

**NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2016**

19. Fund reconciliation

	Balance as at 01.01.16 £	Income £	Expenditure £	Transfer £	Balance as at 31.12.16 £
Restricted Funds:					
Charitable Activities:					
Accord, Policy, Practice	36,813	492,070	(433,077)	(95,806)	-
Caucasus	108,012	563,113	(612,908)	(17,466)	40,751
West Africa	217,014	415,564	(640,175)	7,597	-
East and Central Africa	45,000	157,576	(164,799)	(37,777)	-
Horn of Africa	-	50,122	(130,515)	80,393	-
South Asia	324,962	496,172	(899,519)	78,385	-
Pacific	123,797	354,313	(318,144)	-	159,966
Philippines and Colombia	-	365,989	(167,624)	(198,365)	-
Capacities for Peace	-	71,095	(52,996)	(18,099)	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total restricted funds	855,598	2,966,014	(3,419,757)	(201,138)	200,717
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Designated Funds:					
Staff contingency fund	53,368	-	-	-	53,368
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
General Funds	1,627,488	1,689,369	(1,547,844)	201,138	1,970,151
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total unrestricted funds	1,680,856	1,689,369	(1,547,844)	201,138	2,023,519
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Funds	2,536,454	4,655,383	(4,967,601)	-	2,224,236
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Purposes of Restricted Funds:

Accord, Policy, Practice

- Programme Outcome – To have informed, improved and influenced support for inclusive peace and transition processes.

Caucasus

- Programme Outcome – Targeted actors are better equipped to sustain relationships and to inform policy and practice on building peace and preventing conflict in the Georgian-Abkhaz and Nagorny Karabakh contexts.
- Balance of funds is funding received from the Federal Department of Foreign Affairs (Switzerland), and the European Union.

19. Fund reconciliation (continued)**West Africa**

- Programme Outcome – To promote peaceful resolution of insecurities in Mano River border regions and support improved national and regional stakeholder responses.

East and Central Africa

- Programme Outcome (South Sudan) – Community leaders in South Sudan with whom Conciliation Resources works are spearheading efforts to prevent violence and promote reconciliation in their communities, including through influencing policy change.

Horn of Africa

- Programme Outcome – An inclusive, sustainable and broad-based peace is promoted in the Somali region of Ethiopia (Ogaden) and northern Kenya.

South Asia

- Programme Outcome – To enhance prospects for lasting peace in Kashmir through the inclusion of Kashmiri voices in the Indo-Pak peace process.

Pacific

- Programme Outcome – Fiji's political system is more inclusive, with more effective and sustained participation of communities and civil society in local and national policymaking to address Fiji's conflict issues.
- Leaders and peacebuilders in Bougainville are working effectively and collaboratively to address Bougainville's peace and stability challenges.
- Balance of funds relates to programme activities funded by the Australian Department of Foreign Affairs and Trade promoting national constitutional engagement.

Philippines and Colombia

- Programme Outcome – By 2018 Conciliation Resources has undertaken, supported, assessed and documented innovative approaches enabling Transitions to Peace in Colombia and Philippines.

Purposes of Designated Funds:**Staff Contingency Fund**

- Designated reserve for unforeseen staff expenses, including maternity, paternity and redundancy costs.

Transfers between funds:

In 2015 the accounting practice regarding fund management changed. Previously any recovery of organisational support costs from restricted funds was identified at the project end and a transfer made. In 2015 the recovery or organisational support costs due at the end of the financial year was calculated and a transfer made between funds with respect to prior years and 2015.

In 2016 an extensive review of each live project was carried out and balances agreed back to the financial statement for each relevant year. This resulted in a number of adjustments required between each programme area within the restricted funds. It also identified that the recovery of organisational support costs had been understated in 2015 and a further transfer was carried out between the restricted and unrestricted funds.

19. Fund reconciliation (continued)

Moving forward, reconciliation of funds will be carried out monthly with any surplus or deficit within the projects will be recognised in accordance with our accounting policies as outlined under note 1.

20. Analysis of net assets between funds

	General Funds	Designated Funds	Restricted Funds	Total 2016	Total 2015
	£	£	£	£	£
Fixed assets	147,390	-	-	147,390	269,572
Cash	1,983,260	53,368	1,432,718	3,469,345	2,204,678
Other current assets / (liabilities)	(71,026)	-	(1,232,001)	(1,303,026)	150,443
Provisions	(89,473)	-	-	(89,473)	(88,238)
	<u>1,970,151</u>	<u>53,368</u>	<u>200,717</u>	<u>2,224,236</u>	<u>2,536,454</u>

21. Reconciliation of net income to net cash flow from operating activities

	2016 £	2015 £
Net income for year	(312,218)	186,954
Interest receivable	(3,117)	(3,820)
Depreciation of tangible fixed assets	116,110	106,815
Amortisation of intangible fixed assets	14,700	11,026
Loss on disposal of tangible fixed assets	-	86
(Increase)/decrease in debtors	542,589	(377,819)
Increase/(decrease) in creditors and provisions	912,115	444,983
Unrealised exchange rate loss on cash and cash equivalents	(81,015)	52,268
	<u>1,189,164</u>	<u>420,493</u>

22. Pensions and other post-retirement benefits**Defined contribution pension plans**

The Charity operates a defined contribution pension plan for its employees. The amount of contributions recognised as an expense during the year was £140,706 (2015 - £169,176).

The pension expense has been charged to specific programmes where staff are engaged in particular activities. The pension expense included with support costs has been allocated across the activities between unrestricted and restricted funds in accordance with the accounting policy on page 23.

23. Related party transactions and ex gratia payments

For the whole of the year, the charity was under the control of the Directors and Trustees as shown on page 2.

During 2016 Saferworld made a one-off payment of €34,319 to Conciliation Resources to settle expenditure disallowed by auditors appointed by the European Union for the People's Peacebuilding Perspectives Project.

Mr J Lester is a Trustee of both Saferworld and Conciliation Resources.

23. Related party transactions and ex gratia payments (continued)

During 2016 Conciliation Resources received £71,095 from Saferworld relating to the European Union funded Capacities for Peace programme which ended 28 February 2016. As at 31 December 2016 there is nothing outstanding from Saferworld to Conciliation Resources in respect of the Capacities for Peace project funds totalling £nil (2015 - £124,472).

24. Financial instruments

The charity holds a number of financial assets (for example debtors and cash) and financial liabilities (for example creditors and provisions for grants payable) which meet the definition of basic financial instruments under the FRS 102 SORP. Details of the measurement bases, accounting policies and carrying values for these financial assets and liabilities are disclosed in the notes above.

DRAFT