

CONCILIATION RESOURCES

**DIRECTORS' AND TRUSTEES' REPORT AND ACCOUNTS
FOR THE YEAR ENDED
31 DECEMBER 2021**

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CONCILIATION RESOURCES

REFERENCE AND ADMINISTRATIVE DETAILS YEAR ENDED 31 DECEMBER 2021

Directors and Trustees

Ms D Good (Chair – from 23 February 2021)
Mr A Peck (Treasurer)
Ms T Bajwa
Ms C Cheng (appointed 19 April 2021)
Mr D Donoghue (Chair - resigned 23 February 2021)
Mr G Graham
Ms N Hatendi (appointed 19 April 2021)
Ms D Hutter (appointed 19 April 2021)
Mr J Jinnah (appointed 19 April 2021)
Ms J Kemp
Mr R Marsden (resigned 16 November 2021)
Ms L Muir (appointed 19 April 2021)
Ms M Parlevliet - resigned 23 February 2021
Ms L Moore (appointed 19 April 2021)
Mr M van Bellinghen - resigned 23 February 2021

Company Secretary

Mr T Hansen

Executive Management Team

Mr J Cohen - Executive Director
Mr T Hansen - Chief Operating Officer
Dr T Dumasy - Research, Advisory and Policy Department Director
Ms L Aumeer - Europe-Asia Department Director (Member of EMT from 1 March 2021)
Mr C O'Toole - South East Asia and Pacific Programme Director (Member of EMT from 1 March 2021)
Mr A Abdi - Africa Department Director (Member of EMT from 1 March 2021)
Mr M Baah - Finance Director (Member of EMT from 1 March 2021)
Dr K Tomlinson – Director of Programmes (resigned 29 January 2021)

UK Company Number 03196482

UK Charity Number 1055436

UK VAT Number 249002623

Registered Office Burghley Yard
106 Burghley Road
London NW5 1AL

Auditor Haysmacintyre LLP
10 Queen Street Place,
London EC4R 1AG

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

COIF Charity Deposit Funds
80 Cheapside
London EC2V 6DZ

The Directors, who are the Trustees of the charitable company, present their report and audited accounts of the charity for the year ended 31 December 2021. The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and 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) (Second Edition effective 1 January 2019).

Structure, Governance and Management

Governing Document

Conciliation Resources is a Company limited by guarantee without share capital. 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

Board

Conciliation Resources is governed by a Board of Trustees that meets four to six times a year. During 2021, all meetings were held online. The consequent reduction in staff and Board interaction was mitigated by both 'breakout' rooms online for trustees to speak to staff before each Board meeting and an increase in Board Committee activity. In-person Board and staff contact has increased in 2022 through travel and increased office use. Financial and management reports are provided quarterly to the Board of Trustees, including information on programme and policy progress, restricted and unrestricted funds, risk management and staff wellbeing. The coronavirus pandemic, risk management and safeguarding were central topics during all meetings in 2021. Alongside 'day to day' governance, during the year the Board oversaw:

- Finalisation of a departmental restructure to improve support to teams and internal resource sharing
- A complete Risk Register and incident review
- Internal learning and development followed by the articulation of an Anti-Racism Plan
- A Strategic Processes review, at the midpoint of our five year Strategic Plan.
- A review of Fundraising diversification
- The creation of both a combined Board and staff Diversity and Inclusion Committee and a Board Remuneration Committee (which reviews EMT salaries), to work alongside the existing Risk and Audit Committee, Safeguarding Committee and Remuneration Committee
- Registration of an entity in Australia and further growth of the team in that region.
- A review and 're-launch' of safeguarding efforts as 'Keeping People Safe'
- An assessment of the peacebuilding, funding and partnership needs within the Africa Department

Executive Management Team

The Executive Management Team (EMT) includes the Executive Director, the Chief Operating Officer, the Research, Advisory and Policy Department Director, the three Programme Department Directors (Europe-Asia, Africa, South East Asia and Pacific) and the Finance Director.

The EMT meets fortnightly to discuss cross-organisational issues. The EMT is responsible for supporting the Executive Director in managing and overseeing the organisation. The EMT is the principal management decision-making body on strategic issues or matters of significant operational importance or risk. EMT members have delegated responsibility and accountability for decision-making as defined by parameters given to them by the Executive Director in their job descriptions or on an ad hoc basis. Further details of EMT workings are defined in EMT Terms of Reference.

In 2021, the EMT undertook a series of externally guided learning and development sessions regarding institutional racism and its prevalence in our society and in our sector. Alongside staff consultation, these sessions fed into the development of our Anti-Racism Plan. Our vision is an organisation in which all colleagues feel respected and are enabled to contribute their full potential to our peacebuilding mission. Decisions and decision making are guided by our organisational values of Collaboration, Creativity, Challenge, Commitment. We strive to keep in mind these principles in both our external work and in how we operate internally, with an awareness that all decision making must consider what is achievable, realistic, timely and for the benefit of the organisation as a whole over the short, medium and long term.

Organisation (continued)**Senior Leadership Team**

The EMT is supported by a Senior Leadership Team (SLT) made up of senior staff from across Conciliation Resources. This group meets every two months and functions as a forum for consultation, input and feedback to the EMT and to all staff. This is a two way function as SLT members bring ideas and challenges from their respective teams and also communicate decisions and information from the EMT to their teams. Further details of SLT workings are defined in SLT ToRs, which are currently under review to ensure the best mix of representation and function with our current scale and global spread of staff.

The restructure into three Programme Departments was initiated in 2020 and finalised in early 2021 after considerable internal and external consultation beginning in 2018. The changes required to move to this setup involved almost 30 internal recruitments and several additional posts, with no redundancies.

Global Locations and Staff

With around 85 staff globally, a small increase on 2020, we are primarily based in London, with staff also in Australia, Central African Republic, the Philippines and Ethiopia. These offices are set up in order to ensure awareness of, and compliance with, local laws and regulations as well as appropriate integration and coordination with our partners and the broader sector within the relevant area.

We also have a close connection with Conciliation Resources EU, an organisation registered in Germany with staff in Belgium. Conciliation Resources EU is the face of Conciliation Resources in Brussels to the European institutions and EU Member States. Our Brussels team focuses on providing mediation support expertise and policy advice on specific thematic and geographic peacebuilding priorities.

Within the three Programme Departments, each Programme Director is responsible for the management of their area of work and the organisation actively provides opportunities for mutual support and learning. Each Programme Director is assisted by project staff and very 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 which is reviewed and benchmarked regularly. The Board of Trustees sets the pay of the Executive Management Team each year through a Remuneration Committee, with reference to the grading and salary structure applied to all Conciliation Resources staff.

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. A vice-chair is also informally appointed. The Trustees are also the Directors and members of the Company. The Board of Trustees has power to appoint additional Trustees as it considers necessary and regularly reviews the required skills and the organisational policy underlying the role of the board of Conciliation Resources.

After a skills audit and following the departure of several long serving trustees, six Trustees, Mr J Jinnah, Ms L Muir, Ms D Hutter, Ms L Moore, Ms C Cheng and Ms N Hatendi were appointed in 2021. The Trustees in office and up to the date of this report are set out on page 2. In 2021, the Risk and Audit Committee, which consists of four Trustees, the Finance Director and the Chief Operating Officer / Company Secretary, oversaw the annual statutory audit process and supported the monitoring and updating of the organisational Risk Register. Two trustees acted as designated Safeguarding Trustees as part of the Safeguarding Committee, meeting with the Chief Operating Officer / Company Secretary and International Safety and Compliance Manager at least once a month. The Board and Staff Diversity and Inclusion Committee consists of four Trustees and four staff, including the Chair and Executive Director. The Remuneration Committee consists of the Chair, the chairs of the sub committees and the treasurer.

We are very fortunate to have on our Board trustees with a depth of experience and understanding of charity and financial management, and of peacebuilding, with the dedication and commitment to support this work. Thorough evaluations of the Chair and other Trustees, as well as internal board effectiveness analysis was undertaken at the beginning of 2022.

Trustee Induction and Training

The Trustees maintain a good working knowledge of charity and company law and best practice through training sessions provided internally and by external consultants. New Trustees are given copies of the Articles of Association, supporting information on Conciliation Resources' work and relevant organisational policies, and hold a series of meetings with key staff from across the organisation in a structured induction led by the Executive Director. These meetings provide access to staff for all Trustees in order to find out more about Conciliation Resources' ongoing work. 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, when training is not scheduled, on the morning or afternoon 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 2021, this was supplemented by staff and trustee 'breakout sessions' online without executive management present, to ensure direct access of staff to the Board.

Related Parties and Collaborations

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. We currently work with over 60 partners globally.

Management of risks

Major risks to which the charity is exposed (governance, reputational, legal, political, financial, programmatic), as identified by the Trustees, are compiled in a Risk Register and reviewed at least bi-annually or more frequently as needed. An initial review is conducted by the Risk and Audit Committee before the Risk Register is presented to the entire Board. The Risk Management Policy details the project and departmental approach to risk identification and management and the method for feeding that analysis into the organisational register.

Work environment

As the nature of Conciliation Resources' work involves countries affected by conflict, the security situation in these countries is more frequently reviewed via a structured 'Programme Security Plan' involving in depth safety and security due diligence which incorporates safeguarding, complemented with external monitoring services. We seek to take all appropriate steps to avoid undue risk to staff and project partners, in line with laws and regulations as well as our organisational and an individual's risk appetite. Systems developed to mitigate these risks include staff safety and security policies and guidelines, Safety and Security Due Diligence and spot check processes, as well as hostile environment awareness training (HEAT). In addition, Conciliation Resources has different insurance policies in place to support staff travelling to, or in, conflict zones.

Financial Risk

The external funding environment is increasingly challenging. We continue to see a general reduction in available peacebuilding funding, short termism of funding, commercialisation of grant making, increasing regulatory and compliance requirements, a push for localisation and increasing 'value for money' competition from humanitarian organisations and for-profit organisations. These trends are now compounded by pandemic impacted economies and diversion of government and private funding to immediate humanitarian and other needs related to the war in Ukraine. The risk that insufficient funds will be generated has been classified as high.

The Executive Management Team has undertaken some financial contingency planning. Under the new structure, Department Directors will be responsible for sufficient fundraising in line with the Financial Model and will be supported to pursue their fundraising plans by the rest of the organisation. We are planning to agree and implement more sustainable budgets in future years.

To mitigate financial risk and insecurity, as well as dependency on a small number of significant donors, we are aiming to have a broader donor base, both for the organisation as a whole and for each programme. We continue to seek long-term funding both institutionally and for individual programmes due to the criticality of continuous rather than ad-hoc support to peace processes. During 2021, outreach was undertaken to all European state donors, leading to several new funding relationships. Targeted outreach to Trusts and Foundations. In addition, investment in individual giving has led to some success that continues to be built on in 2022.

Financial Risk (continued)

We had two significant cuts to funding this year, by the Conflict, Stability and Security Fund (CSSF) and the Foreign, Commonwealth and Development Office (FCDO), both notified in April. These cuts fit into a broader developing reality of cuts for many NGOs as a result of the reduction of UK Government overseas development assistance funding from 0.7% to 0.5% of annual national income and broader dynamics within the CSSF and Department for International Development (DFID, now part of FCDO) funding streams. These two donors provide critical supporting funds for CR as an organisation and therefore these cuts have been met with active responses of cost reviews and strategic adjustments on our side. In total, UK funding made up nearly 50% of our funding in 2021 (noting that a large amount of that was 'Smart Peace' FCDO funding which did not continue into 2022).

Notwithstanding the cuts and challenges, CR has succeeded in winning new bids and also drawn on its deferred income pot to maintain appropriate levels of funding for its peacebuilding work.

We plan to manage the impact of unsuccessful bids, contract delivery challenges and cuts as described above through the quarterly re-forecast process.

Fundraising Activities

Conciliation Resources' approach to fundraising continues to evolve whilst remaining centred on institutional government funding. In 2021 we set targets for a small increase across a range of new income streams, ensuring that expectations are modest in line with the minimal investment and the challenging and competitive external environment. In 2021, we increased our reach and engagement across social media platforms, building on our bolder messaging and visual identity. Largely due to pandemic restrictions, we did not hold any in person fundraising events however a new 'human connection' video and an online #SeeTheHuman Campaign helped us reach new audiences.

80-85% of our income is project based. With the newly implemented Programme Department structure we intend to build on these established project donor relationships as well as undertake more proactive fundraising in donor capital cities and directly in the contexts where we work.

In 2021, our income was mainly derived from institutional donors, with small additional amounts from trusts and foundations and individuals. We did not work with professional fundraisers and donations from members of the public totalled less than 1% of income in 2021. We anticipate this may increase by 1-2% in coming years. Management and the fundraising team stay abreast of recognised public fundraising standards and we are registered with the Fundraising Regulator, showing our commitment to abide by the Code of Fundraising Practice and the Fundraising Promise. In 2021, no complaints were received in relation to our fundraising activities.

Keeping People Safe

Safeguarding is a responsibility of the entire Board, with the Board's Safeguarding (Keeping People Safe) Committee leading on this area of work. The Committee is made up of the Chair of the Board and 2-3 Safeguarding Trustees, one of whom chairs the Committee. The Committee, which meets on a quarterly basis is supported by the Chief Operating Officer and the International Safety and Compliance Manager.

Safeguarding risks became exacerbated in 2021 due to Covid-19, as a result of the pandemic making vulnerable individuals more so and many organisations' resources being too stretched to abide by their normal safeguarding practices. The concerns raised at CR increased in 2021. All concerns raised have been investigated and responded to. We view this increase in reporting as a positive indication of engagement with our systems and processes. Travel increased gradually at the end of 2021 and at the start of 2022, allowing partners and participants to raise concerns in person.

We continue to develop our systems, processes and policies in this area including our Risk Management Policy, Keeping People Safe Policy, Safety and Security Policy and Programme Security Plans. Given the initial decreased presence of staff in context, a key focus for 2021 was training partners remotely wherever possible to do so.

Among other policies, our Complaints Policy and Data Protection Policy are available on our website.

Staff Wellbeing

In early 2022, the EMT decided to set up a People and Culture Team of four staff within the Core and Ops Department. The People and Culture Director will sit on the EMT and report to the Executive Director. This structure and added capacity will facilitate a renewed focus on wellbeing and additional focus on diversity, inclusion and anti-racism as well as shift of human resources practice to clearer global/local setup in line with staff locations.

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 international organisation working with people in conflict to prevent violence, resolve conflicts and promote peaceful societies. We commit to providing our assistance, expertise and practical resources for the long-term. In addition, we share what we learn from our work with partners to government decision-makers and others working to end conflict, to improve policies and practice worldwide. Since 1996, 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 we will make significant and documented contributions to preventing and transforming violent conflicts and promoting peaceful and inclusive societies.

Conciliation Resources' 2025 Strategic Plan, "*Building Better Peace*", sets out four goals with corresponding strategic outcomes:

Goal 1: Adaptive and alternative paths to peace

Peacebuilding overcomes barriers to creating peaceful societies

Goal 2: Connecting people and peace efforts

More coherent initiatives help prevent and reduce violent conflict

Goal 3: Inclusion, gender and influence

Excluded groups influence approaches to building peace

Goal 4: People centred policy

International peacebuilding support puts people first

Our organisational values 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.

To help deliver the 2025 Strategic Plan, we have developed and costed a five-year Operational Plan under the following headings, with goal leads allocated to senior staff:

- Operational Goal 1. Invest in staff
- Operational Goal 2. Invest in partnerships
- Operational Goal 3. Locate and equip staff to provide effective peacebuilding support
- Operational Goal 4. Keep people safe
- Operational Goal 5. Develop evidence, learning and creativity
- Operational Goal 6. Ensure impactful external communications
- Operational Goal 7. Secure sufficient, flexible income
- Operational Goal 8. Ensure efficient financial systems and processes

Selected achievements in 2021

In 2021 we continued working towards our four strategic goals, to improve how peace is built.

**GOAL 1. ADAPTIVE AND ALTERNATIVE PATHS TO PEACE
PEACEBUILDING OVERCOMES BARRIERS TO CREATING PEACEFUL SOCIETIES**

2021 was another year that provided a host of challenges for peacebuilding in the various places in which we work. The COVID-19 pandemic impacted communities and travel globally, and new crises emerged in multiple locations. To respond, we worked with partners to adapt to changing circumstances and find incremental ways to build more peaceful societies.

Dialogue and mediation remained central to our work throughout the year. Supporting community-level mediation and dialogue processes, we successfully prepared community members to play leadership roles in resolving local conflicts. As a result, our work led to numerous examples of conflicting sides reaching compromise, for instance in Mindanao in the Philippines and Bougainville, Papua New Guinea.

In the Central African Republic (CAR), a district of Bossangoa where herders had once lived but had fled due to conflict, saw these pastoralists return following dialogue led by a local Mayor whom we supported. Likewise, on the back of a number of different interventions in northeast Nigeria, communities acknowledged their role in accepting people formerly associated with Boko Haram.

To help shape future prospects for peace in the South Caucasus, we continued to focus on initiatives to document and learn from the past in relation to the Georgian-Abkhaz conflict. In several places, we also brought people together across conflict divides both online and in person, sharing ideas from dialogue with the wider public and enabling more formal dialogue processes to continue. This included across the Line of Control in Jammu and Kashmir, and in the South Caucasus. While in the Somali Regional State of Ethiopia (SRS), we continued to support dialogue processes as well as connecting political parties to work together on a common agenda to reduce violence.

GOAL 2. CONNECTING PEOPLE AND PEACE EFFORTS**MORE COHERENT INITIATIVES HELP PREVENT AND REDUCE VIOLENT CONFLICT**

This year our work focused on supporting, strengthening and connecting various peace processes and structures, to help those experiencing violent conflict find creative ways to address it. Convening meetings and spaces both online and in person, we sought to ensure people working on peace at different levels and with multiple perspectives, were sharing and learning from each other.

In all contexts, we worked within communities to build and strengthen peace networks and develop communities' understanding of peacebuilding approaches. In Bougainville, Papua New Guinea and in northeast Nigeria we supported diverse groups of young people and women to develop mediation knowledge, and lead peacebuilding initiatives. In Jammu and Kashmir we expanded networks of peacebuilders and groups working for peace, both within the respective sides and across the dividing Line of Control.

Community Security Working Groups in Mindanao, the Philippines, provided spaces for communities to interact with local government – strengthening trust and transparency and enabling practical solutions to be found for the issues people are facing. In CAR, we supported civil society to propose alternative approaches to dialogue, and both here and in Bougainville, we successfully demonstrated the effectiveness of community-led peacebuilding activities to decision-makers.

We connected community peacebuilding initiatives with national and regional processes to enable activities to be coherent and joined-up. Supporting local efforts in Afghanistan, we developed the skills of community members to engage in dialogue and advocate deescalation of local-level conflicts. In the SRS, linking a network of victims and survivors of the conflict, as well as other remote communities, to local and regional governments and political parties increased visibility for the network, and facilitated direct support from the President of the SRS.

In South Asia, publishing a report advocating the resumption of cross-Line of Control trade, we contributed to shaping a positive narrative for bilateral economic engagement between India and Pakistan and for promoting measures which build confidence between the sides. We also helped improve trust and collaboration between traders and the Kashmir Chamber of Commerce and Industry, despite an ongoing suspension of trade across the Line-of-Control.

Working with Women Mediators across the Commonwealth (WMC), we continued to promote the work of women mediators across the globe, and in particular provided direct support to members' ongoing practical mediation endeavours through the provision of small grants.

GOAL 3. INCLUSION, GENDER AND INFLUENCE**EXCLUDED GROUPS INFLUENCE APPROACHES TO BUILDING PEACE**

A substantial focus of our work across all geographies in 2021 was ensuring greater inclusion in processes to build peace. Reaching out to groups who are often marginalised, we found ways to include them in initiatives that respond to the conflicts they are impacted by. Taking an intersectional approach to our work, we considered the way that issues such as gender, age and ethnicity relate to each other.

We helped diverse women to actively participate in peacebuilding, for example in Indian-administered Kashmir we made space for women from different backgrounds to take part in women-only dialogue groups. Taking these online meant we successfully brought new women into these conversations, such as those with disabilities. In the Philippines, indigenous leaders – including women – began playing leadership roles in building peace, including taking on formal local government roles. At the same time, the WMC Strategic Mediation Fund enabled women mediators in Cameroon to increase their visibility within communities, and work to bridge the intergenerational divide between women peacebuilders. In several countries, we worked to include persons with disabilities in peacebuilding, and we published research on this topic. In the Philippines, a woman we worked with was appointed chair of a municipal Persons with Disabilities Affairs Office.

Involving armed groups and former combatants is a crucial part of peacebuilding – in 2022 we engaged with and supported previous members of armed groups in a number of countries. In northeast Nigeria, we helped the reintegration of those formerly associated with Boko Haram back into their communities, taking account of the differing needs of men and women. In the Philippines, we provided practical support to enable former combatants to transition back to civilian life, and through our work in Ethiopia, we supported women ex-combatants to advocate for their needs.

GOAL 3. INCLUSION, GENDER AND INFLUENCE**EXCLUDED GROUPS INFLUENCE APPROACHES TO BUILDING PEACE (continued)**

We continued to champion the integration of gender into peacebuilding, providing guidance to governments and other institutions, and promoting a gender-sensitive approach to conflict analysis. For example, in South Asia, we trained remotely UNDP Pakistan's local partners using our gender conflict analysis tool and facilitator's guide. We led research which explored how peacebuilders can better consider masculinities in their work, and addressed violence caused by toxic masculinity, for example, organising a regional exchange meeting for those in the Pacific working specifically with men and boys. With WMC, we helped increase the visibility of women mediators, publishing a report which examined the factors supporting women in mediation, and launching an independent website and database for WMC members.

We supported young people to grow in confidence and participate in dialogue and peace processes. We engaged with young people in the Georgian-Abkhaz context in the South Caucasus in work responding to COVID-19 and in recording oral histories, and we continued to connect, support and inspire youth in northeast Nigeria. Research we published focused on the views of diverse youth and young combatants in CAR, and as a result of trauma and resiliency training in Fiji, young people took the lead in organising activities to support their communities to deal with trauma.

GOAL 4. PEOPLE CENTRED POLICY**INTERNATIONAL PEACEBUILDING SUPPORT PUTS PEOPLE FIRST**

Throughout 2021, we engaged with policy- and decision-makers in the UK, EU and in the countries in which we work, to promote approaches to addressing conflict which focus on the views and needs of the people affected. Undertaking research, and drawing lessons from our practical experience, we shared learning which helped advance the knowledge of what works and what doesn't in peacebuilding.

Exploring specific peacebuilding themes, we contributed to national and international debate on climate change and the impacts of this on conflicts in Fiji and the wider Pacific region. We published research on reconciliation and how it can help deal with the legacies of past conflict and shape the future, sharing knowledge with governments and peacebuilding practitioners. Our two substantive pieces of research on gender and masculinities informed the Swiss National Action Plan on Women Peace and Security. Leading the Smart Peace consortium, we shared lessons about innovation in peacebuilding and our latest Accord Spotlight provided expert guidance on developments in ceasefire support and monitoring as a key ingredient in transitions from war to peace.

We continued working collaboratively with the UK Government, NGOs and banks to counter the negative impact of counter-terrorism legislation and sanctions on peacebuilding and humanitarian work. Separately, we examined the issue of how best to finance and fund peacebuilding activities. We published media articles to promote conflict prevention and peacebuilding, and worked to influence the UK Government's Integrated Review of Security, Defence, Development and Foreign Policy, which included a commitment to conflict prevention. In the EU, we engaged with policymakers and collaborated with civil society organisations and networks, to amplify support for peacebuilding and mediation efforts as a first-response to violent conflict. We also contributed to debates on conflict topics including gender, peace and security, and climate change and peacebuilding.

Working to influence policies in the countries in which we work, we undertook a number of initiatives to connect with opinion-formers and decision-makers, and propose new ideas and thinking on how to respond to conflicts. For example, we increased our influence and visibility among those working to move CAR towards peace. Advocating increased inclusion and greater consideration of local dynamics in CAR's peace process, we published a number of reports, media articles and commentaries. In Nigeria, we helped bring the issue of the reintegration of those formerly associated with Boko Haram to the attention of key policymakers and international players.

Monitoring and Evaluation

Conciliation Resources utilises an Outcome Harvesting approach to measure and analyse the impact of its work. Outcome Harvesting brings together elements of 'outcome mapping' – which looks at changes in behaviour – and 'utilisation-focused evaluation', which aims to make evaluations as useful as possible for the intended users.

Outcome Harvesting collects evidence of what has changed (outcomes) and then works backwards to determine whether and how an intervention has contributed to these changes. Outcomes are defined as changes in behaviours, actions, relationships, policies or practices of one or more social actors influenced by an intervention. The outcomes can be positive or negative, intended or unintended, direct or indirect, as long as the connection between the intervention and the outcomes is reasonable.

Monitoring and Evaluation (continued)

Unlike some evaluation approaches, Outcome Harvesting does not limit itself to measuring progress towards predetermined objectives or indicators. It explores much more than that including which other actors also contributed to that change and how. Therefore the Outcome Harvesting methodology takes into consideration the fact that conflict transformation is a long-term and complex process where set indicators and linear attribution are difficult to draw and the process of doing so would be flawed.

Publications and Other Resources Produced in 2021

Produced 38 publications and films which were downloaded or watched 34,218 times.

Multimedia

Audio recording: [Masculinities and peacebuilding in Nigeria](#)
 Film: [Accord 29 – Self determination and peace processes](#)
 Film: [Addressing toxic masculinities through peacebuilding training and education in the Pacific](#)
 Film: [Engaging people with disabilities in peacebuilding in the Philippines](#)
 Film: [Integrating masculinities into peacebuilding work in the Pacific](#)
 Film: [Introducing the Annual Review 2020](#)
 Film: [Lessons from Smart Peace, an adaptive and collaborative peacebuilding consortium](#)
 Film: [See The Human](#)
 Film: [Supporting diverse youth engagement in peacebuilding in the Democratic Republic of Congo](#)
 Film: [The role of young people in the peace process in the Somali Regional State of Ethiopia](#)
 Film: [What is Outcome Harvesting?](#)
 Slideshow: [Climate change and peacebuilding: What is the connection?](#)
 Slideshow: [Explaining “reconciliation”](#)
 Slideshow: [Integrating gender into the DNA of peacebuilding](#)
 Slideshow: [Key results of Conciliation Resources’ work in 2020](#)
 Slideshow: [Six practical lessons for engaging diverse youth in peacebuilding](#)
 Slideshow: [Why engaging people with disabilities is important for peacebuilding](#)
 Slideshow: [Why monitor ceasefires?](#)
 Slideshow: [Youth visions for peace in the Central African Republic](#)

Publications

[Accord Spotlight: Ceasefire monitoring: Developments and complexities](#)
[Annual Review 2020](#)
[Beyond the vertical: What enables women mediators to mediate](#)
[Climate Change and Conflict Risks in the Pacific](#)
[Experiences of young ex-combatants in the Central African Republic](#)
[Financing Peace: Enhancing adaptation, maximising impact](#)
[Integrating gender in the DNA of peacebuilding: Learning with peers](#)
[Integrating masculinities in peacebuilding: shifting harmful norms and transforming relationships](#)
[Interactive online platform: Smart Peace – Peacebuilding through learning](#)
[Lessons from an adaptive and collaborative peacebuilding consortium](#)
[Outcome harvesting for adaptive programming in the Smart Peace programme](#)
[Peer review for adaptive strategy and quality assurance in the Smart Peace consortium](#)
[Reconciliation in focus: Approaching reconciliation in peacebuilding practice](#)
[Strategy testing: Connecting learning to action in the Smart Peace consortium](#)
[Supporting diverse youth engagement in peacebuilding](#)
[Untapped peacebuilders: Including persons with disabilities in building peace](#)
[Using a narrative inquiry approach to guide project interventions: Sensemaker in practice](#)
[Youth visions for peace in the Central African Republic](#)

Financial Review

During 2021, Conciliation Resources consolidated a departmental restructure undertaken in 2020 and funded through a planned reduction in reserves, bringing the programmes teams into three Programme Departments and re-aligning the makeup and orientation of the renamed Research, Policy and Advisory Department. On the back of this departmental restructure, in 2021 we successfully implemented a revised Financial Model, passing more flexible funding and more decision making to our peacebuilding departments. We have also cautiously expanded or shifted small amounts of programmes and support work to our global offices, a process that we anticipate will continue gradually in the coming years as we continue to develop our strategies related to decolonisation and localisation.

These changes came about after significant planning and consultation in 2018-2020 and will continue to require significant investment through the Operational Plan 2020-2025. The Statement of Financial Activities shows net income of £54,197 (2020 - £6,703) for the year and total funds available stand at £1,836,763 (2020 - £1,992,946). We will undertake a 'spending down' of reserves in 2022 to reach our reserves ceiling, fund the continued embedding of this new structure as well as the continuation of several critical peace processes and other peacebuilding programmes.

With this planned investment and necessary reserves reduction in 2022, we believe the organisation is in a reasonable position to pursue sustainable finances and a return to a small surplus in 2023.

Despite the pandemic, income recognised in 2021 rose to £10,786,525 (2020 - £9,336,001) mainly as a result of the increased spend against our deferred income balances; the deferred income balances represent funds carried forward from a prior period against which programme expenditure can be charged or recognised. Consequently, the level of deferred income balances as at the end of 2021 reduced to £2,896,650. (2020 - £3,848,330); see note 16. 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 evolving and welcome focus on safeguarding, keeping staff and people we interact with safe, alongside evolving regulatory requirements such as the development of the UK's sanctions regime and Ukraine related sanctions and funding re-alignment, will all require continued attention and increased financial resources in the years ahead due to the nature and location of our work.

Increasingly, donor funds are allocated to short term projects or large consortia, rather than to individual organisations over a longer term, which would provide us with strategic flexibility over a longer period. Conciliation Resources continues to plan, adapt and adjust to these changing and emerging trends through our Fundraising Strategy which now incorporates an increased focus on diversification and new income streams as well as on an inevitable increased attention to commercial contracting and attention to cost recovery. The challenge of recovering organisational support costs at an appropriate level has recently been amplified by reductions in overall UK aid and significant difficulties and uncertainty in accessing funding and partnership from the European Union. This is occurring at a time when external requirements are becoming increasingly complex, costly and time consuming to manage.

We are fortunate to have the support of the Swedish International Development Cooperation Agency (Sida) for the period 2020 - 2023. This continues the longstanding and much valued relationship between our two organisations.

Principal Financial Management Policies

Conciliation Resources has financial regulations and control policies set up and reviewed regularly. These set 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. In 2021, the finance team, under the direction of the Finance Director, successfully shifted to a new financial accounting system and overhauled the entire cross-organisational financial accounting and management system and processes as part of this shift.

Regardless of project simplicity or complexity, 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 safety and compliance, 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.

Every quarter, as part of the budget reforecasting process, the Finance Team meets with all teams to discuss the respective changes in planned activities that may impact the annual finances or cashflow. In 2021, these meetings included cautious estimates regarding the impact of the pandemic on our own as well as partner's operations and the impact this would have on recoverable funding. These team forecasts are consolidated into a reforecast of expected income and expenditure each quarter and are presented to the Board of Trustees for their awareness and consideration.

Conciliation Resources holds accounts in six main currencies; Australian dollar, Euro, US dollar, Ethiopian Birr, Central African Francs and Pound Sterling. In 2021, we also held accounts in Swedish Krona and Norwegian Krone.

Exchange rate risk is considered at a project and organisational level on a rolling basis. Currency exchange rates are monitored by the Finance Director, who works with the Finance Team to ensure that incoming funds are deposited into the appropriate account, and transfers are made in a timely manner. Projects that are planned based on income in a foreign currency carry an element of risk that is identified and responded to at the project planning phase.

Funding to partners is made in a currency that is agreed with the partner, to reduce exchange rate risk to the partner without creating unreasonable risk to Conciliation Resources. Overseas expenditure is predominantly in USD and Australian Dollars.

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. The policy for investment is outlined in our Ethical Fundraising and Investment Policy. We currently retain funds as cash and place them on bank deposit, or on deposit with the COIF Charities Deposit Fund.

Reserves Policy

Conciliation Resources aims to keep a prudent working balance of unrestricted reserves to cover future contractual liabilities, mainly staff salaries and rent, to ensure that the organisation has sufficient funds for the orderly winding down of activities in the event that the organisation had to close. This amount was set at £756,000 in 2021 in accordance with the Reserves Policy.

In addition to the reserves, to ensure cashflow and the ability to pre-fund work that is funded in arrears, or to respond to emergency situations, the organisation also retains an operational contingency fund that is built around a full month of programmatic activity costs. This amount was set at £356,000 in 2021.

The unrestricted funds balance at the end of the year under review was £1,836,763. Of the total reserves held at the end of the year, £259,179 was in fixed assets. Consequently, the charity had free reserves of £1,577,584 at the year end. We will undertake a 'spending down' of reserves in 2022 to reach our reserves ceiling, fund the continued embedding of this new structure as well as the continuation of several critical peace processes and other peacebuilding programmes.

The Board of Trustees keeps the reserves policy under regular review and particular attention will be given to the increasingly global spread of financial risk and liability as and when the Board and EMT decide to provide the further office locations with increased direct financial management responsibility.

Plans for the Future

In early 2022, the peacebuilding sector is needed more than ever yet faces significant challenges. Despite the challenges of the pandemic, a changing UK Aid funding environment and the ongoing consequences of the UK's departure from the European Union, the Trustees are pleased with the second year of the 2020-2025 Strategic Plan and the 2020-2025 Operational Plan. We are having a positive impact and we see a continued need for our work and for our peacebuilding approach. We believe that our message is continuing to gain traction.

Most recently, an impact evaluation of 2010-2020 commissioned by the Swiss Federal Department of Foreign Affairs (FDFA) confirmed our *"high quality input to peacebuilding processes resulting in identifiable positive changes in specific conflict and policy contexts"* and also commended our significant structural, system and process adaptations in recent years.

Now that the organisation has been restructured, over the next 2 years we will not be seeking significant growth of the overall operational budget or staff body. Instead we will be seeking to improve our systems and processes and to develop our internal workflows, financial model, international governance approach and international office structure in particular. A recently completed 'Africa Needs Assessment' concluded that we will open a branch office (regional hub) in Nairobi to help represent, coordinate and support our work.

In 2021, we implemented our revised Financial Model that outlines an approach to allocating funds across our areas of work that acknowledges that continuity and long term partnership are necessary elements of good peacebuilding and seeks to ensure a level of flexibility to enable this. We built internal understanding of this model and put in place the team management to work towards full alignment with the model. We are aware that a reduction in direct unrestricted funding alongside continued donor hesitancy to cover support costs would challenge the premises of our financial model and we will continue to make the case for long term support as we seek to avoid further projectisation of long term peacebuilding.

In many contexts where we work, the impact of the pandemic has been significantly less severe than in the UK where most of our staff are based. Despite the restriction on travel, particularly in and out of the UK, peacebuilding programmes led or run by our partner organisations have cautiously continued, or a change has been made to online workshops and dialogues. In some areas this will continue throughout 2022.

Trustees' Responsibilities in Relation to the Financial Statements

The Trustees 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

In November 2020, the Board agreed to appoint Haysmacintyre LLP for the audit of CR's Financial Statements for 2020 and three further years, subject to an annual review and approval by the CR Risk & Audit Committee and the Trustee Board.

The trustees have agreed to re-appoint the auditors to undertake the 2022 Year End audit and Haysmacintyre LLP has indicated its willingness to continue in office.

Approval

This report was approved by the Board of Directors and Trustees on 26 May 2022 and signed on its behalf.

Diana Good

Diana Good
Director and Chair of Trustees

INDEPENDENT AUDITOR'S REPORT TO T/HE MEMBERS OF CONCILIATION RESOURCES

Opinion

We have audited the financial statements of Conciliation Resources for the year ended 31 December 2021 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

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 2021 and of the charitable company's net movement in funds, including the 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Trustees' Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Annual Report (which includes the strategic report and the directors' report prepared for the purposes of company law) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the Trustees' Annual Report have been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CONCILIATION RESOURCES

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual Report (which incorporates the strategic report and the directors' report).

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

- adequate accounting records have not been kept by the charitable company; or
- the charitable company 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.

Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement set out on page 15, 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, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the charitable company and the sector in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to regulatory requirements of the Charity Commission, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Charities Act 2011, Companies Act 2006 and payroll taxes.

We evaluated management's opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries and management bias in certain accounting estimates and judgements such as the income recognition policy applied to grant income. Audit procedures performed by the engagement team included:

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CONCILIATION RESOURCES

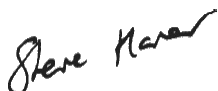
Auditor's responsibilities for the audit of the financial statements (continued)

- Inspecting correspondence with appropriate regulators and tax authorities;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Review of minutes of meetings to identify expected material amounts of voluntary income;
- Identifying and testing journals, in particular journal entries posted with significant values or with descriptions containing certain key words; and
- Challenging assumptions and judgements made by management in their critical accounting estimates, including review of how grant income has been recognised at the year end.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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.



Steven Harper (Senior Statutory Auditor)
For and on behalf of Haysmacintyre LLP
Statutory Auditors

10 Queen Street Place
London
EC4R 1AG

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..... May 2022

CONCILIATION RESOURCES

STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING AN INCOME AND EXPENDITURE ACCOUNT) YEAR ENDED 31 DECEMBER 2021

	Notes	Unrestricted funds £	Restricted funds £	Total 2021 £	Total 2020 £
Income from:					
Donations and legacies	2	1,792,043	-	1,792,043	856,452
Charitable activities	3	21,599	8,972,618	8,994,217	8,477,375
Investments	4	265	-	265	2,174
Total income		<u>1,813,907</u>	<u>8,972,618</u>	<u>10,786,525</u>	<u>9,336,001</u>
Expenditure on:					
Raising funds	5	214,928	-	214,928	152,935
Charitable activities	6	2,227,563	8,289,837	10,517,400	9,176,363
Total expenditure		<u>2,442,491</u>	<u>8,289,837</u>	<u>10,732,328</u>	<u>9,329,298</u>
Net (expenditure)/income		<u>(628,584)</u>	<u>682,781</u>	<u>54,197</u>	<u>6,703</u>
Transfers between funds	19	682,781	(682,781)	-	-
Foreign exchange (losses)/gains		(210,380)	-	(210,380)	137,801
Net movement in funds		<u>(156,183)</u>	<u>-</u>	<u>(156,183)</u>	<u>144,504</u>
Reconciliation of funds:					
Total funds brought forward		1,992,946	-	1,992,946	1,848,442
Total funds carried forward	19	<u>1,836,763</u>	<u>-</u>	<u>1,836,763</u>	<u>1,992,946</u>

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.

Full comparative figures for the year ended 31 December 2020 are shown in note 26.

The accompanying notes form part of these Financial Statements.

CONCILIATION RESOURCES

BALANCE SHEET AT 31 DECEMBER 2021

Company Registration No. 03196482

	Notes	£	2021	£	£	2020	£
Fixed assets							
Intangible fixed assets	12			191,425			3,418
Tangible fixed assets	13			67,754			81,061
				<u>259,179</u>			<u>84,479</u>
Current assets							
Debtors	14	1,540,936			1,170,692		
Cash at bank and in hand		3,585,985			5,706,012		
		<u>5,126,921</u>			<u>6,876,704</u>		
Creditors: amounts falling due within one year	15	(3,453,423)			(4,873,647)		
Net current assets				1,673,498			2,003,057
Provisions	18			(95,914)			(94,590)
Total Net assets				<u>1,836,763</u>			<u>1,992,946</u>
Charity Funds							
Unrestricted funds							
- General funds	19			1,836,763			1,939,578
- Designated funds	19			-			53,368
Restricted funds	19			-			-
TOTAL FUNDS				<u>1,836,763</u>			<u>1,992,946</u>

The financial statements were approved and authorised for issue by the Board of Directors and Trustees on 26 May 2022 and were signed on its behalf by:

Diana Good

..... D Good (Director and Chair of Trustees)

..... 

..... T Hansen (Company Secretary)

The accompanying notes form part of these Financial Statements.

CONCILIATION RESOURCES**STATEMENT OF CASH FLOWS
AT 31 DECEMBER 2021**

	Notes	2021 £	2020 £
Cash flow from operating activities	22	(1,659,712)	1,541,368
Net cash flow provided by operating activities		<u>(1,659,712)</u>	<u>1,541,368</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(30,237)	(48,199)
Additions to intangible fixed assets		(219,963)	(3,729)
Dividend and interest receivable		265	2,174
Net cash (used in)/ provided by investing activities		<u>(249,935)</u>	<u>(49,754)</u>
(Decrease)/increase in cash and cash equivalents in the year		(1,909,647)	1,491,614
Cash and cash equivalents at the beginning of the year		5,706,012	4,076,597
Change in cash and cash equivalents due to exchange rate movements		(210,380)	137,801
Total cash and cash equivalents at year end		<u>3,585,985</u>	<u>5,706,012</u>
Cash and cash equivalents consists of:			
Cash at bank and in hand		3,585,985	5,706,012
Cash and cash equivalents at 31 December		<u>3,585,985</u>	<u>5,706,012</u>

The accompanying notes form part of these Financial Statements.

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 Registered in England and Wales. 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 included in the Report of the Directors and Trustees.

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 2019.

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 accounts are rounded to the nearest pound.

Going Concern

The Directors are required, under the rules governing the preparation of accounts, to consider each year whether it is appropriate to prepare the accounts on a going concern basis. This requires them, therefore, to take a view that the charity can continue in operation for the foreseeable future.

Over the year 2021, Conciliation Resources has grown and managed to widen its institutional funding streams, providing a more diverse funding base coming into 2021, however, there have been reductions in funding and other challenges, particularly the operational challenges, both in the UK and overseas, arising from the impact of the pandemic. The Directors have reviewed the future requirements of Conciliation Resources and the likely levels of financing, a significant amount of which has already been secured for 2021, as well as the satisfactory levels of cash and reserves which it holds. Hence, the directors have not identified any material uncertainty in the charity's ability to continue as a going concern. Accordingly, the Directors are satisfied that resources are fully adequate for the foreseeable future and that it is appropriate that the accounts should be prepared on the going concern basis.

Income Recognition

All income is 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 recognised on receipt, unless there are conditions attached to the donation that have to be satisfied 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 its activities. Income from government grants and other grants are recognised at fair value when the charity has an entitlement to it, when performance conditions have been met, it is probable that the income will be received and the amount can be measured reliably. If entitlement conditions are not met then these amounts are deferred.

Investment income is recognised on a receivable basis.

1. Accounting Policies (continued)**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.

During 2021, the charity had no volunteers.

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:

- Raising funds are those costs incurred in attracting voluntary contributions and 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 7.

Accounting for transfers to partners

In delivering its charitable activities, Conciliation Resources works closely with a range of local partners. The delivery of these charitable activities is in conjunction with local partners. On this basis, costs incurred by partners are categorised within the accounts as direct costs rather than as grants made, as in the trustees view this is the most appropriate category having considered the substance of the costs.

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	7 years
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Tangible Fixed Assets and Depreciation

Tangible fixed assets are stated at cost less depreciation. The cost of minor additions or those costing less than £900 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:

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

1. Accounting Policies (continued)**Debtors**

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

Creditors and Provisions

Creditors and 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. Creditors and provisions are normally recognised at their settlement amount after allowing for any discounts due.

Financial Instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at the settlement value.

Funds

Unrestricted general funds are available for use at the discretion of the Trustees in furtherance of the general objectives 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 is 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 pension plan for the benefit of its employees. Contributions are expensed as they become payable.

Tax

The charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Part 10 Income Tax Act 2007 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable 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.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Charity's accounting policies, the Trustees are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The Trustees do not consider there are any critical judgements or sources of estimation uncertainty affecting assets or liabilities at the balance sheet date which is likely to result in a material adjustment to their carrying amount in the next financial year.

1. Accounting Policies (continued)

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.

2. Income from donations and grants

	Total 2021 £	Total 2020 £
Donations	15,315	25,091
Grants	1,776,728	831,361
	<u>1,792,043</u>	<u>856,452</u>

100% (2020: 100%) of unrestricted grants is attributable to geographical areas outside the United Kingdom.

Income from donations and legacies was £1,792,043 (2020 - £856,452) all of which was attributable to unrestricted funds (2020 - all).

Grant income includes £1,768,578 (2020 - £826,361) of government grants receivable in the year. These grants were awarded as follows:

	Total 2021 £	Total 2020 £
Federal Department of Foreign Affairs, Switzerland	166,900	167,400
Swedish International Development Co-operation Agency (SIDA)	1,501,745	613,932
Irish Aid	99,933	45,029
	<u>1,768,578</u>	<u>826,361</u>

3. Income from charitable activities

	Total 2021 £	Total 2020 £
Grants	8,988,028	8,475,979
Other charitable income	6,189	1,396
	<u>8,994,217</u>	<u>8,477,375</u>

Income from charitable activities was £8,994,217 (2020 - £8,477,375) of which £8,972,618 (2020 - £8,394,419) was attributable to restricted funds and £21,599 (2020 - £82,956) was attributable to unrestricted funds.

3. Income from charitable activities (continued)

Grant income includes £8,090,099 (2020 - £7,658,089) of government grants receivable in the year. The government grants received are identified by a * below:

	Total 2021 £	Total 2020 £
Accord, Policy, Practice		
Joseph Rowntree Charitable Trust, UK	64,435	35,609
* European Union	-	4,977
* Federal Department of Foreign Affairs, Switzerland	-	70,261
Sasakawa Foundation	55,597	64,008
* Department for International Development, UK	74,889	3,822,963
Chemonics	70,977	18,460
Saferworld	150,115	-
	<hr/> 416,013	<hr/> 4,016,278
Caucasus		
* European Union	955,263	(29,886)
* Federal Department of Foreign Affairs, Switzerland	74,611	158,545
* UK's Conflict, Stability and Security Fund	338,271	114,385
COBERM	97,696	12,827
SwissPeace	42,509	42,386
Sigrid Rausing Trust	45,971	53,508
	<hr/> 1,554,321	<hr/> 351,765
West Africa		
National Endowment for Democracy, USA	13,969	47,654
* UK's Conflict, Stability and Security Fund	123,227	-
* Federal Minister for Foreign Affairs, Germany	-	42,879
* Minister for Foreign Trade and Development, Netherlands	13,152	73,043
	<hr/> 150,348	<hr/> 163,576
East and Central Africa		
Zivik	24,511	-
* UK Foreign and Commonwealth Office	-	10,358
* European Union	-	(25,110)
Folke Bernadotte Akademin	-	(49)
War Child UK	-	187,928
	<hr/> 24,511	<hr/> 173,127

3. Income from charitable activities (continued)

	Total 2021 £	Total 2020 £
Horn of Africa		
* Federal Minister for Foreign Affairs, Germany	398,169	302,080
* UK Conflict Stability and Security Fund	499,330	301,301
* Irish Department for Foreign Affairs and Trade	496,276	221,015
	<u>1,393,775</u>	<u>824,396</u>
South Asia		
Ploughshares Fund	13,466	(14,132)
Allen & Nesta Ferguson	20,088	-
UNDP	30,797	-
* Commonwealth Fellowship	-	343,600
Misereor	12,586	187,866
* European Union	199,947	578,443
* Swedish International Development Agency (SIDA)	367,628	32,346
	<u>644,512</u>	<u>1,128,123</u>
Pacific		
* Department of Foreign Affairs and Trade, Australia	374,260	438,604
* Ministry of Foreign Affairs	285,280	-
Misereor	142,858	70,334
* UK Foreign and Commonwealth Office	-	38,375
* European Union	487,642	395,242
* United Nations Development Program (UNDP)	55,680	8,338
* German Foreign Office	168,480	67,144
	<u>1,514,200</u>	<u>1,018,037</u>
Philippines and Colombia		
* Department of Foreign Affairs, Canada	-	(12,699)
* European Union	33,581	175,387
Conflict, Stability and Security Fund	96,944	29,931
	<u>130,525</u>	<u>192,619</u>
Cross Regional Project		
* UK Foreign and Commonwealth Office	3,016,314	526,498
* UN Women	128,099	-
	<u>3,144,413</u>	<u>526,498</u>
Total grants	<u>8,972,618</u>	<u>8,394,419</u>

52% (2020 - 66%) of grants within charitable activities is attributable to geographical areas outside the United Kingdom.

4. Income from investments

	Total 2021 £	Total 2020 £
Bank interest	265	2,174
	<u>265</u>	<u>2,174</u>

Income from investments was £265 (2020 - £2,174) of which all (2020 – all) was attributable to unrestricted funds.

5. Costs of raising funds

	Total 2021 £	Total 2020 £
Salaries and staff costs	160,006	114,508
Direct costs	14,140	7,344
Support costs	40,782	31,083
	<u>214,928</u>	<u>152,935</u>

All £214,928 (2020 - £152,935) of the above costs were attributable to unrestricted funds.

CONCILIATION RESOURCES

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2021

6. Analysis of expenditure on charitable activities

	Salaries and Staff costs £	Direct costs £	Support costs £	2021 £
Accord, Policy, Practice	511,994	181,621	162,434	856,049
Caucasus	255,476	1,080,457	312,854	1,648,787
West Africa	124,159	215,545	79,554	419,258
East and Central Africa	186,994	207,664	92,423	487,081
Horn of Africa	191,838	787,915	229,443	1,209,196
South Asia	195,649	455,265	152,434	803,348
Pacific	687,050	499,471	277,864	1,464,385
Philippines and Columbia	41,570	276,518	74,491	392,579
Cross Regional Project	106,803	2,200,955	540,441	2,848,199
Africa Department	126,292	13,009	32,622	171,923
Europe Asia Department	173,257	2,240	41,098	216,595
Total	2,601,082	5,920,660	1,995,658	10,517,400

£8,289,837 (2020 - £8,429,025) of the above costs were attributable to restricted funds and £2,227,563 (2020 - £747,338) of the above costs were attributable to unrestricted funds.

<i>2020 Comparative Information</i>	Salaries and Staff costs £	Direct costs £	Support costs £	2020 £
Accord, Policy, Practice	288,330	189,037	121,772	599,139
Caucasus	260,470	181,034	112,623	554,127
West Africa	178,744	101,183	71,407	351,334
East and Central Africa	200,466	125,588	83,173	409,227
Horn of Africa	181,609	710,867	227,663	1,120,139
South Asia	217,901	488,536	180,205	886,642
Pacific	469,278	251,215	183,791	904,284
Philippines and Columbia	38,469	201,843	61,302	301,614
Cross Regional Project	221,728	3,005,017	823,112	4,049,857
Total	2,056,995	5,254,320	1,865,048	9,176,363

CONCILIATION RESOURCES

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2021

7. Allocation of support costs

	Management Administration and Staff costs	Premises costs	Communication costs	Information Technology	Governance costs	Other charitable expenses	2021
	£	£	£	£	£	£	£
Costs of raising funds	24,363	7,024	1,281	4,681	636	2,797	40,782
Accord, Policy, Practice	97,037	27,978	5,102	18,643	2,533	11,141	162,434
Caucasus	186,897	53,887	9,826	35,907	4,878	21,459	312,854
West Africa	47,525	13,703	2,499	9,130	1,240	5,457	79,554
East and Central Africa	55,213	15,919	2,902	10,608	1,441	6,340	92,423
Horn of Africa	137,068	39,520	7,206	26,334	3,578	15,737	229,443
South Asia	91,063	26,256	4,788	17,495	2,377	10,455	152,434
Pacific	165,994	47,861	8,727	31,891	4,333	19,058	277,864
Philippines and Columbia	44,501	12,830	2,340	8,549	1,162	5,109	74,491
Cross Regional Project	322,856	93,087	16,974	62,027	8,427	37,070	540,441
Africa Department	19,488	5,619	1,024	3,744	509	2,238	32,622
Europe Asia Department	24,552	7,079	1,291	4,717	641	2,818	41,098
Total	1,216,557	350,763	63,960	233,726	31,755	139,679	2,036,440

Support costs are allocated in accordance with the accounting policy on page 23.

<i>2020 Comparative Information</i>	Management Administration and Staff costs	Premises costs	Communication costs	Information Technology	Governance costs	Other charitable expenses	2020
	£	£	£	£	£	£	£
Costs of raising funds	20,958	4,081	1,164	2,925	435	1,520	31,083
Accord, Policy, Practice	82,102	15,989	4,560	11,461	1,706	5,954	121,772
Caucasus	75,934	14,788	4,218	10,600	1,578	5,506	112,624
West Africa	48,145	9,376	2,674	6,721	1,000	3,491	71,407
East and Central Africa	56,078	10,921	3,115	7,828	1,165	4,066	83,173
Horn of Africa	153,497	29,892	8,526	21,427	3,189	11,131	227,662
South Asia	121,501	23,661	6,749	16,960	2,524	8,810	180,205
Pacific	123,918	24,132	6,883	17,298	2,574	8,986	183,791
Philippines and Columbia	41,331	8,049	2,296	5,770	859	2,997	61,302
Cross Regional Project	554,969	108,076	30,826	77,469	11,529	40,243	823,112
Total	1,278,433	248,965	71,011	178,459	26,559	92,704	1,896,131

8. Governance costs

	2021 £	2020 £
Board costs	847	1,910
Governance training	-	50
Auditors' remuneration (UK)	12,500	12,000
Auditors' remuneration (Ethiopia)	5,000	-
Legal, professional fees and other support costs	13,408	12,599
	<u>31,755</u>	<u>26,559</u>

9. Net income for the year

The net income is stated after charging:

	2021 £	2020 £
Depreciation of tangible fixed assets	43,544	33,067
Amortisation of intangible fixed assets	31,956	311
Operating lease rentals	155,000	134,759
Audit's remuneration – Statutory audit (current auditor)	12,500	12,000
Statutory audit (Ethiopia)	5,000	-
Under/(over) accrual of prior year audit fee	-	4,700
Grant audits (previous auditor)	54,600	52,800
Foreign Exchange Translation Gains/(Losses)	<u>(210,380)</u>	<u>137,801</u>

10. Trustees' and key management personnel remuneration and expenses

Expenses reimbursed for airfares, travel, telephone, hospitality and accommodation totalling £847 (2020 - £1,690) were paid on behalf of three (2020 – three) trustees.

The number of key management personnel in the year was seven (2020 – four). The rise in numbers was as a result of an organisational restructure effective from 1 March 2021. The total amount of employee benefits received by key management personnel during the year was £600,668 (2020 – £350,082). The Charity considers its key management personnel to be the Executive Management Team.

11. Staff costs and employee benefits

The total staff costs and employee benefits were as follows:

	2021 £	2020 £
Employee salaries	2,620,644	2,373,950
Social security	281,538	249,909
Defined contribution pension costs	235,013	212,393
	<u>3,137,195</u>	<u>2,836,252</u>
Termination payment	17,496	-
	<u>3,154,691</u>	<u>2,836,252</u>

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

	2021	2020
£80,001 to £90,000	1	1
£70,001 to £80,000	3	1
£60,000 to £70,000	4	3

During the year the charity paid £51,469 (2020 - £27,817) 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:

	2021 Number	2021 FTE	2020 Number	2020 FTE
Executive Management Team	8.9	8.9	4.0	4.0
Accord, Policy, Practice	8.6	8.1	6.2	5.7
Africa Department	2.0	2.0	-	-
Caucasus	4.5	4.5	5.0	4.6
West Africa	2.0	2.0	2.0	2.0
East and Central Africa	4.0	4.0	5.0	5.0
Europe Asia Department	2.8	2.6	-	-
Horn of Africa	4.4	4.4	5.0	5.0
South Asia	3.4	3.4	4.1	4.1
Pacific	4.7	4.3	7.2	7.2
Philippines and Columbia	2.0	2.0	1.8	1.8
South East Asia Department	6.8	6.8	-	-
Cross Regional Project	1.6	1.6	5.2	5.2
Administrative, financial management and fundraising support	20.2	18.9	22.6	21.2
Total	<u>75.9</u>	<u>73.5</u>	<u>68.1</u>	<u>65.8</u>

CONCILIATION RESOURCES

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2021

12. Intangible fixed assets

	Computer Software £
Cost	
Balance as at 1 January 2021	77,233
Additions in the year	219,963
At 31 December 2021	<u>297,196</u>
Amortisation	
Balance as at 1 January 2021	73,815
Charge for the year	31,956
At 31 December 2021	<u>105,771</u>
Net book value	
As at 31 December 2021	<u>191,425</u>
As at 31 December 2020	<u>3,418</u>

13. Tangible fixed assets

	Leasehold Improvements £	Computer equipment £	Fixtures & fittings £	Total £
Cost				
Balance as at 1 January 2021	316,564	168,106	54,287	538,957
Additions	-	30,237	-	30,237
Disposals	-	(12,080)	-	(12,080)
At 31 December 2021	<u>316,564</u>	<u>186,263</u>	<u>54,287</u>	<u>557,114</u>
Depreciation				
Balance as at 1 January 2021	288,776	120,115	49,005	457,896
Charge for the year	8,702	32,213	2,629	43,544
Depreciations on Disposals	-	(12,080)	-	(12,080)
At 31 December 2021	<u>297,478</u>	<u>140,248</u>	<u>51,634</u>	<u>489,360</u>
Net book value				
As at 31 December 2021	<u>19,086</u>	<u>46,015</u>	<u>2,653</u>	<u>67,754</u>
As at 31 December 2020	<u>27,788</u>	<u>47,991</u>	<u>5,282</u>	<u>81,061</u>

14. Debtors

	2021 £	2020 £
Grants receivable	546,434	66,944
Other debtors	241,532	137,181
Prepayments and accrued income	223,013	398,674
Grants accrued	529,957	567,893
	<u>1,540,936</u>	<u>1,170,692</u>

Other debtors includes a rent deposit of £32,500 (2020 - £32,500) which is receivable in more than one year.

CONCILIATION RESOURCES

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2021

15. Creditors: Amounts Falling Due Within One Year

	2021 £	2020 £
Trade creditors	99,121	-
Social security and other taxes	141,050	87,537
Other creditors	196,982	154,944
Accruals	119,620	782,836
Deferred income (Note 16)	2,896,650	3,848,330
	<u>3,453,423</u>	<u>4,873,647</u>

16. Deferred income

	2021 £	2020 £
Balance as at 1 January	3,848,330	2,280,080
Amount released to income in the year	(3,848,330)	(2,280,080)
Amount deferred in the year	2,896,650	3,848,330
	<u>2,896,650</u>	<u>3,848,330</u>

	2021 £	2020 £
UK Foreign & Commonwealth Office	27,825	-
Commonwealth Fellowship	-	20,270
Swedish International Development Co-operation Agency (SIDA)	112,208	715,107
Irish Aid	772,643	534,024
Conflict, Stability and Security Fund	51,943	20,210
European Union	684,783	1,469,591
Department of Foreign Affairs & Trade (Australia)	143,635	606,125
Misereor	7,127	42,908
National Endowment for Democracy, USA	18,809	-
Federal Department of Foreign Affairs, Switzerland	83,111	40,256
War Child	-	-
DFID	-	171,137
Joseph Rowntree Charitable Trust	29,806	30,423
Ploughshares	40,386	28,670
Minister for Foreign Trade and Development, Netherlands	531,644	-
Sasakawa Foundation	5,055	38,431
COBERM	-	10,762
Federal Minister for Foreign Affairs Germany	44,466	43,923
SwissPeace	-	46,493
Alan & Nesta Ferguson Charitable Trust	9,913	30,000
UN Women	168,537	-
Sigrid Rausing	150,522	-
Zivik	1,387	-
Saferworld	1,469	-
Chemonics	9,234	-
International Idea	2,147	-
	<u>2,896,650</u>	<u>3,848,330</u>

17. Operating leases

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

	2021 £	2020 £
Not later than one year	165,543	146,168
Later than one and not later than five years	193,750	348,750
	<u>359,293</u>	<u>494,918</u>

18. Provisions for liabilities

	2021 £	2020 £
Balance as at 1 January	94,590	93,284
Additions during the year	1,324	1,306
	<u>95,914</u>	<u>94,590</u>

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

Charges to the Statement of Financial Activities resulting from provisions during the year amount to £1,324 (2020 - £1,306) of which all (2020 - all) was attributable to unrestricted funds.

CONCILIATION RESOURCES

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2021

19. Fund reconciliation 2021

	Balance as at 01.01.21 £	Income £	Expenditure £	Transfers and gains/(losses) £	Balance as at 31.12.21 £
Restricted Funds:					
Charitable Activities:					
Accord, Policy, Practice	-	416,013	(392,291)	(23,722)	-
Caucasus	-	1,554,322	(1,507,667)	(46,655)	-
West Africa	-	150,348	(122,678)	(27,670)	-
East and Central Africa	-	24,511	(22,224)	(2,287)	-
Horn of Africa	-	1,393,774	(1,238,955)	(154,819)	-
South Asia	-	644,512	(609,192)	(35,320)	-
Pacific	-	1,644,725	(1,492,038)	(152,687)	-
Philippines and Columbia	-	-	-	-	-
Cross Regional Project	-	3,144,413	(2,904,792)	(239,621)	-
Total Restricted Funds	-	8,972,618	(8,289,837)	(682,781)	-
Designated Funds:					
Staff contingency fund	53,368	-	-	(53,368)	-
General Funds	1,939,578	1,813,907	(2,442,491)	525,769	1,836,763
Total Unrestricted Funds	1,992,946	1,813,907	(2,442,491)	472,401	1,836,763
Total Funds	1,992,946	10,786,525	(10,732,328)	(210,380)	1,836,763

Fund reconciliation 2020

	Balance as at 01.01.20 £	Income £	Expenditure £	Transfers £	Balance as at 31.12.20 £
Restricted Funds:					
Charitable Activities:					
Accord, Policy, Practice	-	594,882	(554,553)	(40,329)	-
Caucasus	-	351,765	(393,664)	41,899	-
West Africa	-	163,576	(175,482)	11,906	-
East and Central Africa	-	173,127	(199,169)	26,042	-
Horn of Africa	-	1,169,024	(1,156,360)	(12,664)	-
South Asia	-	813,536	(813,536)	-	-
Pacific	-	979,663	(995,212)	15,549	-
Philippines and Columbia	-	192,619	(205,318)	12,699	-
Cross Regional Project	-	3,956,227	(3,935,731)	(20,496)	-
Total Restricted Funds	-	8,394,419	(8,429,025)	34,606	-
Designated Funds:					
Staff contingency fund	53,368	-	-	-	53,368
General Funds	1,795,074	941,582	(900,273)	103,195	1,939,578
Total Unrestricted Funds	1,848,442	941,582	(900,273)	103,195	1,992,946
Total Funds	1,848,442	9,336,001	(9,329,298)	137,801	1,992,946

19. Fund reconciliation 2021 (continued)

Purposes of Restricted Funds:

Restricted funds are funds which are subject to restrictions on use imposed by donors and are not available for use generally by Conciliation Resources. Restricted funds held by the charity are used to fulfil its objects and goals, in accordance with the terms and conditions specified by the sources of the relevant funds. Restricted funds are currently held for the Accord, Policy and Practice team to deliver informed, improved support for inclusive peace and transition processes and for the Programmes teams to support national and regional stakeholder dialogues, promote reconciliation in communities, to enhance prospects for lasting peace, ensure inclusive policy making and to support innovative paths to peace.

During the year, most funds received were performance related. In accordance with the accounting policy (see note 1), funds received and not recognised as income have been carried forward as deferred income (see note 16).

During the year a number of grants came to an end and a final submission prepared to the donor. Any previously unrecognised overhead contributions were transferred to unrestricted reserves at the year end.

Purposes of Designated Funds - Staff Contingency Fund:

The designated funds brought forward of £53,368 represent a contingency set aside by the trustees towards unforeseen staffing costs including maternity, paternity and redundancy costs. The trustees agreed to close the fund in the year and the balance moved back to general funds.

Transfers between funds:

In 2021, a transfer was made from restricted to unrestricted funds in respect of Indirect Cost Recovery (ICR) for funded projects during the financial year.

20. Analysis of net assets between funds

	General Funds £	Designated Funds £	Restricted Funds £	Total 2021 £
Fixed assets	259,179	-	-	259,179
Cash	3,585,985	-	-	3,585,985
Other current assets/liabilities	(1,912,487)	-	-	(1,912,487)
Provisions	(95,914)	-	-	(95,914)
	<u>1,836,763</u>	<u>-</u>	<u>-</u>	<u>1,836,763</u>

Analysis of net assets between funds – 2020 comparative

	General Funds £	Designated Funds £	Restricted Funds £	Total 2020 £
Fixed assets	84,479	-	-	84,479
Cash	5,652,644	53,368	-	5,706,012
Other current assets/liabilities	(3,702,955)	-	-	(3,702,955)
Provisions	(94,590)	-	-	(94,590)
	<u>1,939,578</u>	<u>53,368</u>	<u>-</u>	<u>1,992,946</u>

21. Analysis of changes in net funds

	At start of year	Cash- Flows	Foreign exchange movements	Other non- cash changes	At end of year
	£	£	£	£	£
Cash	<u>5,706,012</u>	<u>(1,909,647)</u>	<u>(210,380)</u>	<u>-</u>	<u>3,585,985</u>

As at 31 December 2021, Conciliation Resources had no net debt.

22. Reconciliation of net expenditure to net cash flow from operating activities

	2021 £	2020 £
Net income/(expenditure) for the year	(156,183)	144,504
Interest receivable	(265)	(2,174)
Depreciation of tangible fixed assets	43,544	33,067
Amortisation of intangible fixed assets	31,956	311
(Increase)/decrease in debtors	(370,244)	(83,752)
Increase/(decrease) in creditors and provisions	(1,418,900)	1,587,213
Unrealised exchange rate gains/(loss) on cash and cash equivalents	210,380	(137,801)
Net cash flow from operating activities	<u>(1,659,712)</u>	<u>1,541,368</u>

23. 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 £235,013 (2020 - £212,393).

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 24.

24. Related party transactions

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

There were no related party transactions during 2021 (2020: None).

25. 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.

26. Comparative Statement of Financial Activities (2020)

	Unrestricted funds £	Restricted funds £	Total 2020 £
Income from:			
Donations and legacies	856,452	-	856,452
Charitable activities	82,956	8,394,419	8,477,375
Investments	2,174	-	2,174
Total income	<u>941,582</u>	<u>8,394,419</u>	<u>9,336,001</u>
Expenditure on:			
Raising funds	152,935	-	152,935
Charitable activities	747,338	8,429,025	9,176,363
Total expenditure	<u>900,273</u>	<u>8,429,025</u>	<u>9,329,298</u>
Net income/(expenditure)	41,309	(34,606)	6,703
Transfers between funds	(34,606)	34,606	-
Foreign exchange gains/(losses)	137,801	-	137,801
Net movement in funds	<u>144,504</u>	<u>-</u>	<u>144,504</u>
Reconciliation of funds:			
Total funds brought forward	<u>1,848,442</u>	<u>-</u>	<u>1,848,442</u>
Total funds carried forward	<u><u>1,992,946</u></u>	<u><u>-</u></u>	<u><u>1,992,946</u></u>