Annual Report and Audited Financial Statements

1 April 2015 – 30 March 2016

Company number: 07931944
Charity number: 1162997
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Report of the Trustees for the year ending 30 March 2016

The Trustees are pleased to present their Annual Trustees’ Report together with the audited financial statements of the Charity for the year ending 30 March 2016.

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) (effective 1 January 2015).

Chair’s report

This is the first annual report produced by the Peaceful Change initiative (PCI), and its contents show a high level of activity and impact delivered by a relatively small and new charity with limited resources.

We work in countries affected by conflict, including Libya, Syria, and Ukraine. Even in these challenging contexts, our work:

- **Prevents the proliferation of violent conflict** by helping communities establish their own conflict resolution mechanisms, which enable inclusion of different stakeholder groups, and foster dialogue and collaboration between them.

- **Builds community resilience during violent conflict** by supporting negotiations and mediations that save lives of civilians, enable humanitarian access, and resolve on-going disputes.

- **Rebuilds relationships after violent conflict** by convening cross-divide dialogues, and supporting communities and their leaders to develop peace plans and implement peace initiatives.

During a year which saw the conflict in Syria become more violent and intractable, our work with local communities helped resolve more than 50 violent conflicts, as well as securing the delivery of critical humanitarian aid to more than 50,000 internally displaced persons. These interventions are offering an effective and sought after alternative for how communities can prevent or resolve local conflicts in the current environment.

In Libya, the Partnerships we established in 11 municipalities have brought together over 350 mayors, prominent business leaders, tribal elders, and local civil society activists to develop and implement social peace plans in their communities. By working together on resolving practical issues and delivering basic services, the Partnerships help communities feel safer, monitor tensions, and rebuild severed relationships. In many areas, the Partnerships are already working independently from PCI to resolve conflicts and respond to community needs.

From an organisational point of view, in the past year PCI has grown robustly in its ability to pursue its charitable objectives. We became a Charitable Company on 7 July 2015, with a Board of Trustees made up of Michael Holland, Anton Shihoff, and myself as Chair. PCI was first established as a Company Limited by Guarantee on 1 February 2012, when we began our work with a staff of just three and an income of £166,255 (FY 2012-13). Today, we have around 30 individuals working from five offices on three continents, implementing peacebuilding projects that are reflecting an annual income in excess of £2,500,000 (FY 2016-17).
To better respond to the steady growth that PCI is going through, the Trustees implemented a number of changes within the organisation after the end of this reporting period. On 1 August 2016, the Trustees appointed Fleur Auzimou as Chief Executive Officer. On 3 October 2016, Susan Lacey took up the position of Chief Operating Officer. On 5 December 2016, James Freeman was appointed as a member of the Board of Trustees. Finally, we have submitted applications for legal registration in Turkey and Tunisia, both of which are pending approval.

I would like to express the thanks of all the Trustees towards all of PCI’s staff, partners and donors for working so hard, often under very challenging circumstances, to help make peaceful change a reality in the lives of communities affected by conflict, especially when they most need hope for a better future.

Adam Darby
(Chair)
Objectives and activities

Charitable objectives

Our goal is to promote conflict resolution and reconciliation at the national and international levels.

Our objectives are relieving suffering, poverty and distress, and building and maintaining social cohesion, resilience, and trust within and between communities.

These objectives are achieved through the following activities:

1. Investigating and identifying causes of conflict.
2. Examining potential solutions to the conflict - or approaches to constructively engage with causes of conflict - through participatory research and analysis.
3. Building the capacity of communities to play active and constructive roles in managing conflict resolution and decision making processes, with a particular focus on socially and economically disadvantaged groups within communities.
4. Mediating and facilitating dialogue between different parties to the conflict and affected communities, enabling the discussion of possible solutions and building relationships of trust.
5. Recommending to the international community and the parties involved measures that can support the resolution of conflicts or contribute to preventing future conflicts.
7. Publishing reports on the causes of and recommended solutions to particular conflicts, and making these freely available for public fruition.

All activities aim to maintain the Charity's commitment to impartiality.

What we do

We work with societies in conflict to mitigate the effects of violence on people's lives, while laying the foundations for long-term peace and stability.

We support societies in which fundamental differences have broken down communication and torn apart relationships between different groups. We work to offer an alternative vision for how differences can be managed, so that people do not feel the need to use violence, but instead gain greater confidence in a shared future.

We do this by building channels of communication on the most difficult and sensitive issues, creating space for the inclusion of different voices within society, and empowering people across divides to work together. We help international governments and organisations analyse how their work can contribute to resolving or fuelling conflict, so that they can achieve a positive impact.

In setting the aims and activities of PCI, the Trustees have had due regard to the Charity Commission's guidance on public benefit.

How we work

We provide training and mentoring to local peacebuilding practitioners and community leaders, and support their work through a network of international staff and consultants. Our expertise includes a range of disciplines across mediation, reconciliation, community-based approaches to security and safety, change management, and psychology.
This approach allows us to adapt rapidly to fast-changing environments and to work in some of the
most unstable places in the world, before, during and after violent conflict.

How we make a difference

- We only work where we genuinely believe we can have a significant impact;
- Our flexible network structure allows us to work where others have withdrawn (for example in Libya and Syria);
- While ‘peacebuilding’ is usually carried out post-conflict, we work at all stages of violence: before, during and after violent conflict;
- We scale up our impact by working with and through others, sharing learning, making tools and methodologies freely available to other practitioners, and advising policy-makers; and
- Our organisation includes a diverse range of skills and experience, from mediation, reconciliation and anti-radicalisation, to community safety, change management and psychology.

Our values

Leadership
We support ‘transformational leaders’ who are able to mobilise, influence, and inspire their communities to manage conflicts through peaceful change.

Partnership
We foster effective working partnerships with the communities with which we work, as well as between different groups within those communities.

Compassion
We believe in the importance of listening, trying to understand and think from someone else’s perspective, and to engage with different views even if we do not agree with them.

Diversity
We value diversity, not only in terms of equal rights and opportunities; we believe that different skills, experiences and backgrounds are often more effective in understanding and responding to difficult challenges.

Activities and benefits

- By fostering working partnerships, we build trust and relationships between communities and local authorities, as well as between different groups across conflict divides.
- By supporting local leaders and civil society activists in practical peace actions, we reduce violence and improve people’s physical security and feelings of safety.
- We broaden our impact by developing and sharing practical tools and methodologies for peacebuilding, and making these freely available to local and international practitioners.
- We strengthen the skills of local and national leaders, so that they are better able to manage conflicts effectively and to build relationships across conflict divides.
- We create space for civil society organisations to connect and share experiences, so that they can be more effective in advocacy and decision-making, both nationally and internationally.
- By advising international agencies, NGOs, governments, and businesses, we increase awareness of how external assistance can influence conflicts, so that it can achieve positive impact.
Key performance indicators we use to measure success

In our 2015-2018 Business Plan, we adopted the following objectives:

- Consolidate our programme of work in the Middle East and North Africa, through:
  - improvements in the experience of human security, community safety, and resilience to conflict for our beneficiaries in Libya and Syria; and
  - expansion of existing programmes to reflect the regional nature of conflicts
- Establish a fully-funded Black Sea programme, with a focus on Ukraine and the South Caucasus region.
- Develop a fully-funded Learning Team with a clear programme of work and a linked network of experts.
- Establish a diverse board of trustees with a mix of (1) thematic peacebuilding expertise, (2) management experience, (3) financial management experience, (4) financial / fundraising connections, and (5) business development experience.
- Increase organisational performance through establishing more professional system for:
  - financial management capacity
  - security and risk management
  - human resource management capacity
  - project management capacity (including monitoring and evaluation)
- Develop a sustainable funding base of £2,000,000-2,500,000 per annum, with a mixture of restricted and un-restricted funding.

For our programmes, we use a mix of qualitative and quantitative indicators to measure the impact of the work that PCI does. We use regular surveys, for example, to assess community perceptions of resilience to conflict in Syria and perceptions of human security in Libya. We then deepen our understanding of our impact through conducting focus group discussions and key informant interviews that feed into case studies relating to particular initiatives and activities.

Key events in the year

In the reporting period, we:

- Registered as a charitable company and formed a Board of Trustees with diverse skills, including: peacebuilding experience, risk management, business development, and management experience.
- Established a Black Sea region team, including bringing in a former Foreign and Commonwealth Office expert in Russia and post-Soviet areas.
- Expanded PCI’s capacity to support its programmes by bringing in new human resources including a monitoring and communications officer and a human resources officer. We also increased the hours worked by our finance officer and brought in a temporary Director of Finance to develop further the Charity’s financial policies and controls.
Achievements and performance

We run programmes in the Middle East (Syria), North Africa (Libya), and the Black Sea region (Ukraine, Georgia, Armenia, and Azerbaijan, including disputed territories).
Libya Programme

Increasing the capacity of leaders across the country to manage conflict during the political transition

Libya Context
Since the Revolution in 2011, Libya has gone through a series of crises leading to significant on-going violence in the country, and resulting in the establishment of three governments, each of which is competing for national legitimacy. At the local level, virtually every town in Libya experiences intra-community tension, which frequently leads to violence between rival militias and the displacement of civilians from their homes.

Peacebuilding resources available through PCI’s programme

In this context, we are working to meet the following needs:

In the absence of a widely accepted national government, local authorities represent the main point of governance for most Libyans. Local mayors and their administrations need support in being able to manage tensions and build cohesion between different groups within their communities, and to deliver tangible development which benefits all groups.
Social Peace and Local Development Partnerships

We supported the establishment of Social Peace and Local Development Partnerships in 11 areas across Libya. The Partnerships bring together representatives of municipal councils, tribal and religious leaders, armed groups, civil society, and other community groups, with a particular focus on the inclusion of minorities and women.

By providing training and mentoring support, we help the partnerships become the main space for communities to discuss and resolve sensitive issues, map and monitor tensions, develop a shared vision for the future, and develop projects (social peace actions) that benefit the community as a whole. Planning and implementing these projects requires groups who have been in conflict to use dialogue to negotiate different needs and interests, and to work together towards a shared goal.

As well as building trust between different community groups, the social peace actions strengthen people’s confidence in the municipal authorities. As they reduce tensions and prevent the recurrence of violence, the social peace actions have a direct impact on protecting people’s physical security. Through improvements in the built environment or the provision of services, the actions also contribute to making people feel safer.

In the absence of a well-functioning police and court system, there is a strong reliance on people who are prominent within their communities (e.g. local activists, writers, tribal leaders, lawyers and others) to help mediate and negotiate conflicts, to help prevent them spiralling out of control. However, there are few opportunities for these local peacebuilders to come together with a view to increasing the effectiveness of their work.

Peacebuilding Practitioners Network

The Peacebuilding Network is made up of more than 30 community leaders who have direct experience in conducting peace actions across Libya. The Network provides a platform for reflecting on and learning from different experiences, analysing successes and challenges, listening to different perspectives, and building trust between practitioners across conflict divides. We aim to encourage members to join forces and carry out peace actions that involve different communities, whether these are developed by the Network or by individual members with the Network’s support.

The multiple and overlapping conflicts in Libya make it a very difficult place for governments and development agencies to work in. In particular, it is difficult to know when the assistance they are providing may be doing more harm than good.

Conflict Sensitive Assistance Forum

The Conflict Sensitive Assistance in Libya Forum brings together representatives of diplomatic missions and international NGOs working in Libya. The Forum provides updated conflict analysis and seeks to improve understanding of how external assistance (for example humanitarian aid) can influence local conflict dynamics. The aim is to minimise the negative impact of international assistance, and - when possible - to use assistance to actively contribute to preventing or resolving conflict.

The Forum is driven by a Leadership Group of ten missions to Libya. The Group has agreed to implement and promote a set of principles, according to which assistance should be delivered as
inclusive as possible, strengthen the democratic accountability of local partners, and strengthen communities' confidence in state institutions by delivering services and tangible improvements.

Challenges we faced

For a large part of the year, PCI’s international staff was unable to enter Libya due to a deterioration of security across the country. This put pressures on the programme in terms of delivering expertise to complex initiatives and undertaking monitoring and evaluation of activities and impact. As mitigation and adaptation measures, PCI increased opportunities for Libyan staff to hold trainings and meetings with international staff in Tunis and Istanbul, as well as investing in more robust systems for providing regular support remotely (e.g. through developing an online training curriculum). Overall, our Libyan team members have been empowered to provide leadership in managing PCI’s Libya-related work.

<table>
<thead>
<tr>
<th>NUMBERS</th>
<th>Social Peace and Local Development Partnerships</th>
<th>Peacebuilding Practitioners Network</th>
<th>Conflict Assistance Forum</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>11 Partnerships active in as many areas</td>
<td>29 peacebuilding practitioners (7 women) representing 22 areas</td>
<td>149 International representatives to Libya working in 75 missions, with a core group of 20 missions participating regularly</td>
</tr>
<tr>
<td></td>
<td>296 leaders (50 women, 39 youth) working in 11 areas in the East, West and South</td>
<td>4 inter-community social peace actions designed</td>
<td></td>
</tr>
<tr>
<td></td>
<td>20 Trainer-Mentors (8 women), trained by PCI, providing training and support to the Partnerships</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>9 intra-community social peace actions delivered</td>
<td></td>
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<tr>
<th>PROGRESS/ IMPACT</th>
<th></th>
<th></th>
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</thead>
<tbody>
<tr>
<td>Immediate improvements in the lives of beneficiaries, through delivery of services or improvements in the built environment.</td>
<td>Learning papers on critical success factors for engaging in inter-community conflicts and peacebuilding priorities in different parts of Libya made available to other conflict mediators.</td>
<td>Principles for conflict sensitive assistance to Libya endorsed by Leadership Group. Commitment by Group to mainstreaming the principles into programming (including UN Country Strategic Framework, EU Joint Programming Framework, and UNDP Stabilisation Facility).</td>
</tr>
<tr>
<td>Long term: greater trust in local institutions by improving their ability to respond to all community groups equally: improved relationships between community groups.</td>
<td>Network’s contact directory used by members to involve others in independent peacebuilding initiatives.</td>
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Impact story from Libya

PROVIDING PSYCHOLOGICAL SUPPORT FOR CHILDREN AND FAMILIES AFFECTED BY WAR IN BANI WALID

Background

Since 2011, Bani Walid had experienced internal political instability and violent conflict, mainly due to fighting between forces loyal to the ousted Gadhafi regime and revolutionary forces. Residents faced a number of challenges as a result of the conflict; infrastructure and private properties were extensively damaged, and a number of people suffered psychological trauma due to the war.

When the Partnership conducted a Community Needs Assessment, the issue of children affected by secondary trauma associated with experiences of violence and conflict was identified as a top priority. Families reported that loud noises would trigger nervous episodes in children, as they reminded of gunfire or an imminent threat. Families were also suffering as adult male members self-isolated or fell into depression as a result of trauma, losing jobs or businesses as a consequence.

The Social Peace action

To respond to these needs, in Autumn 2015, the Partnership designed a Social Peace action that aimed to provide free psychological support to children (below 15 years old) and male family members affected by the war in Bani Walid, as well as to displaced communities that had moved to Bani Walid.

The plan was to initially train 15 civilian activists, who would then provide psychological support through outreach events in 4 schools and 2 centres for children with learning difficulties. In addition, as part of the project, two qualified psychologists would offer individual counselling sessions for male family members (either fathers or adult sons) affected by deep levels of trauma.

Transformational impact

The immediate result of the action was that over 300 children benefitted from psychological support provided by 15 trained activists, and 25 male family members received individual counselling from 2 professional psychologists. In addition, the project helped the community overcome the stigma associated with psychological trauma, and as such it had a positive impact on parents, who are now more willing to seek psychological support for their children and family members.

As a Municipal Council has yet to be elected in Bani Walid, a Local Council and a Social Council represent two separate points of local authority. The project had an immediate impact on improving relationships between these two councils, both of which gave their political backing to the project.

The two councils agreed to cooperate on establishing a psychological support centre. The Local Council issued a decree to allocate a building (controlled by a local armed group) in the town as a centre; the Social Council then used its social influence to ensure that the group occupying the building evacuated it. This was not part of the initial plan, but rather a result of both councils recognising the importance of psychological support and being willing to work together.

The stronger relationships between the Local and the Social councils have endured beyond the project. This is visible in their recent cooperation on the provision of housing to displaced families in state-owned buildings, which resulted in 150 families (approximately 750 people) being housed.
addition, the project has helped to increase cooperation between civil society organisations working in Bani Walid on the issue of displaced families in the town. The subsequent campaign 'Bani Walid Al Kheir' ('The Good Intention of Bani Walid'), which provided humanitarian aid for refugees, was an example of such cooperation.

**Syria Programme**

*Improving human security and transforming the way in which communities manage conflicts*

**Syria context**

A range of narratives describe the conflict in Syria in different ways: a neo-cold war confrontation between Russia and the West; a proxy war pitting Shia Iran against Sunni Saudi Arabia; an ethnic, religious and sectarian conflict; a revolution for freedom and dignity; a fight against terrorism. As PCI, we have chosen ordinary Syrian communities as our angle of analysis, and our focus is on actions that can help them feel safer while they live under the constant threat of war and violence.
In this context, as well as physical harm, many other things contribute to a sense of insecurity:

- **Feeling a constant anxiety about whether they will be able to meet the basic needs of their families** – and not trusting that local institutions are going to be able to help.
- **Feeling that the social fabric of norms and values is being torn apart, and that problems are now solved by violence instead of through dialogue or a functioning justice system.**
- **Feeling that the rift between different community groups is growing wider and wider.**

**Syria Peace Resources Network**

The Syria Peace Resources Network is made up of effective volunteer community leaders (Peace Resources) who:

- **Save lives** by negotiating the release of hostages and detainees, securing safe passage for people and humanitarian aid, establishing local peace agreements, and stopping violent conflicts.
- **Reduce violence** by using dialogue, mediation and negotiation to peacefully resolve local disputes.
- **Secure inclusion and participation** of marginalised and vulnerable groups, such as women, internally displaced persons, refugees, and minority groups.

The work of our Peace Resources Network aims to strengthen resilience to conflict in vulnerable communities. We achieve this by strengthening the skills of local and national leaders who are able to (re)build relationships across conflict divides, and by supporting local leaders and civil society activists in practical actions to reduce violence and improve the sense of safety of communities.

Our research shows that the definition of safety held by local communities goes beyond just physical security, encompassing factors such as their ability to meet basic needs, a strong social fabric, trust in local institutions, and feelings of inclusion in decision making processes.

By providing peaceful and inclusive ways for communities to identify, prioritise and resolve local conflicts, we help them transform the way in which conflicts are managed.

> In this war of narratives, in which louder and more extreme positions often dominate the public debate around the conflict, we aim to ensure that the views and aspirations of Syrian communities are heard in any high-level peace talks.

**Syria Civil Society Platform**

The Syria Civil Society Platform is a network of Syrian organisations and independent individuals from different regions of Syria and refugee communities. It brings together a diverse range of voices to foster dialogue around issues that will be at the centre of any negotiation process on the future of Syria (for example, the rights of women and minorities). By connecting these voices and promoting their participation in national and international fora, the Platform builds the capacity of grassroots civil society groups to effectively engage in dialogue, negotiation, and advocacy.
Challenges we faced

Delivering projects inside Syria is a challenge due to the ongoing war. PCI does not have staff inside Syria, but works in partnership with a Syrian organisation, the Center for Civil Society and Democracy (CCSD), which has a series of offices inside the country. We have developed robust systems for remote project management, and we facilitate face-to-face trainings and dialogues with our Syrian participants in neighbouring countries. We work closely with CCSD to monitor the risks involved in the work inside Syria; we have developed an online training curriculum and increased our use of web-based meeting platforms to reduce travel risks for Syrian participants.

Stricter controls imposed at the Syria-Turkey border translated into increased difficulties for our Syrian Peace Resources to cross into Turkey in order to attend trainings, dialogue workshops, and other activities. To mitigate against this, PCI put in place different kinds of measures: 1) we asked our donor to mediate with the Turkish government to ease travel for the peace resources; and 2) we created an online Community Peacebuilding Training Portal, a distance learning tool to develop the knowledge and skills of Peace Resources remotely.

During the spring and summer of 2015, as the scale of violence in Syria intensified, huge numbers of Syrians left their country to seek refuge in neighbouring countries or Europe. A number of key staff members of our partner organisation and a smaller number of peace resources left Syria, leaving significant gaps in terms of project knowledge, relationships, and expertise. Focusing on developing distance learning tools has been a key mitigating measure to bring new peace resources on board.

During the reporting period, we experienced the loss of one of the community leaders we had been supporting in Syria, who died in an airstrike in Lattakia Province. The Syria team was deeply affected by his loss. After an analysis of the incident undertaken in collaboration with our partner organisation, it was established that his death was not related to his engagement with PCI.

In January 2016, a former contractor, whose employment had been recently terminated, gave interviews to media outlets that contained factually incorrect statements relating to PCI’s work. PCI invoked its media management strategy to contain the spread of the factually incorrect statements. Lessons learned from this experience were incorporated into internal recruitment and media management procedures.

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<thead>
<tr>
<th>Peace Resources Network</th>
<th>Civil Society Platform</th>
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<tbody>
<tr>
<td><strong>NUMBERS</strong></td>
<td></td>
</tr>
<tr>
<td>48 Peace Resources</td>
<td>191 Syria organisations and 145 independent individuals representing 14 different regions of Syria and refugee communities</td>
</tr>
<tr>
<td>Working in 26 communities (21 in Syria, 4 in Turkey, and 1 in Jordan)</td>
<td>91 Women</td>
</tr>
<tr>
<td>283 activities that have stopped local conflicts, used local resources to improve human security, contributed towards stabilisation, saved lives, and bridged societal divides to improve social peace.</td>
<td>336 Connected representatives</td>
</tr>
<tr>
<td>684 detainees released through more than 27 separate negotiations</td>
<td>Following consultations with regional and local platforms based in Syria, Iraq, Turkey, Lebanon, and Jordan, representatives of the Civil Society Platform have produced a set of recommendations that will feed into</td>
</tr>
</tbody>
</table>

Annual Report 2015-16 | Peaceful Change Initiative
Impact story from Syria

SOCIAL COMMITTEES IN ATAREB, ALEPPO

Background

Following the withdrawal of the Damascus government from Atareb, a town in the Aleppo province with 55,000 inhabitants, the area experienced an increasing number of local conflicts, stalled services, and general lawlessness. Families and community groups suffered as a result of the fragility, which in some circumstances aggravated old grievances between families.

Local councils in the area were formed by opposition groups. However, the relationships between these local councils in the area were characterised by a lack of communication and coordination. This made it difficult to properly address security and service issues in the area.

The initiative

In light of the deteriorating human security situation in Atareb, our Peace Resources Network sought to fill the leadership void through creating local committees empowered to resolve disputes, an initiative that began on November 2015. Through this initiative, the Network convened 150 local community leaders to form Social Committees.

The Social Committees are civilian structures that seek to strengthen systems for security and service provision in the area. The Committees provide a mechanism for active and influential figures from local communities to address problems in new, more consultative and collaborative ways that help restore trust between institutions and the people.

Communities in the Atareb area had experienced high levels of kidnappings, assassinations, arbitrary arrests, and thefts. In response, the Social Committees released an announcement for the recruitment of a cadre of volunteer civilians to work as civilian police. The Committee convened meetings with The Free Police and a number of revolutionary armed groups. The aim of these meetings was to form a partnership between security providers in Atareb, to enhance coordination and collaboration in order to provide more robust security in the town and surrounding areas.

Transformational impact

After the adoption of the partnership, the Network noted a significant improvement in security. The voluntary civilian police took an active role in ensuring people committing crimes were arrested.
Importantly, the revolutionary armed groups agreed that people arrested would be referred to the courts and not held arbitrarily. By the end of January 2016, the overall security situation had improved, with no more kidnappings or thefts recorded after January. Community members felt safer, and had begun to go out in the evenings as a result of improved security.

The Network’s extensive efforts to establish the Social Committees, and their methods grounded in partnership and inclusive approaches to decision-making, have had a transformative effect on the overall behaviour of traditional leadership in the area. While a reliance on traditional leaders is still very strong, their methods of dealing with people and conflict are changing in favour of more inclusive and participatory methods. Traditional leaders are seeking to address problems through mediation, dialogue and negotiation, rather than imposing laws or implementing prohibitions and fines to deter people from crime.

Equally, trust between citizens and the local councils has been strengthened. In an effort to engage with communities, the local councils have conducted surveys to find out citizens’ views on what services need to be provided. In addition, civilians are increasingly turning to the Social Committees for assistance on solving problems, proving their relevance and effectiveness locally.

Ukraine Programme
Helping communities contribute to a peaceful and resilient society

**Ukraine Context**

The protests against President Yanukovich at the end of 2013 – named the Revolution of Dignity – were at first seen by many as the birth of a new country, driven by active citizens, leaving behind a corrupt elite that had not governed in the people’s interests. The drastic changes that followed, however, have left the country with a territorial conflict with Russia over the Crimean peninsula, two separatist territories divided from the rest of Ukraine by militarised lines, more than 9000 people killed, and more than 2 million displaced. Internal tensions and damaged relations threaten to undermine Ukraine’s development for many years to come.

Our response is fourfold. We are looking to transfer our experience of the Social Peace Survey in Libya to help communities monitor the source of tensions and develop strategies to deal with them. We are
Looking to draw on learning from the Peace Resources Network in Syria on how to build skills amongst members of Ukraine’s galvanised civil society to respond to work in conflict environments and to tackle conflict. We are drawing learning from the Social Peace and Local Development work in Libya for ways of building partnerships between local authorities and civil society. And we are applying our experience of the Conflict-Sensitive Assistance in Libya forum to assist the international community reflect on the way it delivers assistance in Ukraine.

Our work in Ukraine started in late 2015, when we trained a pool of 53 civil society activists in peacebuilding and confidence building. This was followed by scoping missions and research trips, and we have been working since on expanding our network of contacts and designing a full programme to be implemented in 2017-18.
Technology for peacebuilding

In meeting some of the challenges of working in conflict-affected areas, we have sought to find innovative solutions that support our 'Peace Resources', colleagues, and partners to work as effectively - and safely - as possible. The use of technology has proven to be particularly crucial in order to make our resources available for peacebuilding practitioners, and to provide constant support remotely, as well as in person.

Online curriculum for Libyan Trainer Mentors

The online curriculum is designed to complement the face-to-face Training of Trainers' workshops. It works as a knowledge hub that provides Trainer Mentors access to online learning modules, as well as additional tools and templates to support their work with the Partnerships in Libya, in 5 training areas:

1. Social peace and transformational leadership
2. Coaching and mentoring
3. Mediation and negotiation
4. Gender sensitivity & inclusion of women and girls
5. Peacebuilding programme design and delivery

Online platform for Conflict Sensitivity Forum

OPSECA is an online analysis and data management platform developed by our partner organisation, humandev.tech. OPSECA stores information gathered during the Conflict Sensitive Assistance (CSA) Forum sessions, and captures analysis on conflict trends, providing 'snapshots' of the conflict in Libya.

The platform allows participants to log on to the system, comment, and interact with others regarding the analysis. Additional modules for the online platform are developed as required by the CSA process activities.

Community Peacebuilding Training Portal

The Community Peacebuilding Training Portal is designed to develop the knowledge and skills of the Syria Peace Resources Network members who are based in Syria and refugee communities in Turkey and Jordan.

All members of the Network can consult, download, and share the materials. Each module includes assignments to help trainees think about practical scenarios that are relevant to their activities. Assignments are not evaluated; however, trainers provide individual feedback to help trainees identify areas of further development, as well as providing practical advice on conflict issues.
Financial Review

PCI's financial situation improved in FY2016. This was due to our success in attracting awards from institutional donors, which are mainly the overseas aid agencies of a number of governments and the United Nations, to fund our portfolio of programmes. As our income has increased, so has our expenditure, much of it in support of activities undertaken by our partners in Libya and Syria.

In the year we received funding from:

- The UK Foreign and Commonwealth Office
- The European Union
- The Swiss Federal Department of Foreign Affairs
- The United Nations Development Programme
- The US Department of State (via CCSD)
- The Civic Capital Charity Foundation

Reserves policy

In the year, the Trustees agreed a policy to attain a financial reserve of £250,000, required to fund our payroll and overheads for approximately 6 months. In the interim, PCI arranged a £100,000 loan with Charities Aid Foundation to provide a baseline cash flow position whilst it sought to improve reserves. The charity will begin implementation of the reserve policy in FY17 - FY18.

Risk & Uncertainties

The Charity has a risk management policy in place and the Trustees track risk trends and mitigation measures on an on-going basis. In addition, the Charity has a range of insurance policies in place and enlists the services of specialist companies to help analyse risks in the specific areas in which we operate. The key risks that are tracked by the Trustees include:

- Physical security of staff and beneficiaries in the areas in which we operate
- Solvency and cash flow
- Misappropriation of funds or other benefits by proscribed groups within conflict zones
- Reliance on limited group of institutional funders
- Psychological wellbeing of staff working overseas or in conflict zones.
Plans for future periods

The strategic priority for the Trustees is to diversify PCI’s funding sources in order to maintain PCI’s neutrality and impartiality, and improve a) our financial sustainability by building up reserves and b) our ability to invest in new projects and learning initiatives. In this regard, we are looking to both diversify the range of donors that directly support our programmes through restricted grants, as well as increasing our unrestricted grants income. To diversify our restricted grants funding, we are particularly focused on building relationships with new donors for our Syria programme, which is currently almost exclusively reliant on one major institutional donor. The Trustees have undertaken a review of unrestricted funding needs and have set a goal of raising £150,000 per annum. The Trustees have set aside a budget to bring in external expertise and build internal skills to identify potential foundations, corporations and individuals who would be interested in supporting PCI’s charitable objectives, and to make approaches to explain PCI’s case for support.

We anticipate continuing our relationship with the Charities Aid Foundation, and will submit an application for a £100,000 draw-down facility.

We are planning to expand the Board of Trustees to bring in different sources of expertise by bringing the Board membership up to five. In line with our fundraising objectives, a focus of recruitment of Board members will be on persons who can support the organisation in raising unrestricted funds.

In terms of our programmes, the Trustees are planning for a moderate expansion in PCI’s Syria programme, opening up a new stream of programming based in Lebanon in partnership with at least two new institutional donors. For Libya, we are planning to consolidate the areas that we work in, but to deepen the work that we do in those areas. We are anticipating a moderate expansion of funding from existing donors and are aiming to add at least one new donor to our donor portfolio. For the Black Sea programme, we aim to make this programme self-funded in 2017-18 with a focus of work in Ukraine. Over the past four years, PCI has invested in developing the peacebuilding capacity of our own teams in Libya and Syria, as well as the capacity of our partners. As Trustees, we have identified the need for PCI to extend its peacebuilding expertise in order to ensure that, as an organisation, we can continue to tackle increasingly complex conflict issues and add value to our partners.
Structure, governance, and management

The Peaceful Change initiative (PCI) was registered as Charitable Company on 7 July 2015 (number 1162997). It has been registered as a Company Limited by Guarantee (number 07931944) since 1 February 2012. PCI is governed by a Memorandum of incorporation dating from 1 February 2012 and Articles of Association as amended by special resolution dated 7 July 2015.

Overseas Legal Entities

As the organisation operates internationally, it has had to establish legal entities where it works:

- Libya – Peaceful Change initiative, Libya (registered as a Civil Society Organisation)
- Turkey – Peaceful Change initiative, Syria (registration as a Branch Office, pending approval by Government of Turkey)
- Tunisia – Peaceful Change initiative, Tunisia (registration as external entity, pending approval by Government of Tunisia)

Board of Trustees

PCI is governed by a Board of Trustees, which governs in accordance with Charities Commission guidance laid out in its publications. The aim is to have an inclusive board, with a mix of experience in thematic peacebuilding, management, financial management, fundraising, business development, and legal/risk management. The Board consists of:

- Adam Darby (Chair), existing director appointed 29 May 2015
- Michael Holland appointed as director and trustee on 29 May 2015
- Anton Shihoff appointed as director and trustee on 29 May 2015
- James Freeman appointed as director and trustee on 5 December 2016
- David Wood and Fleur Just resigned as directors of PCI on 29th May 2016.

Identification and Induction of New Trustees

New trustees are identified by fellow trustees together with the Chief Executive Officer and invited to join the Board, following a process of due diligence and substantial engagement to ensure that PCI’s charitable objectives are well understood by the incumbent trustee. They are vetted in accordance with the Charity Commission guidance laid out in its publication CC30. Orientation for trustees, carried out by existing trustees and PCI senior management, includes familiarisation with:

- The duties and responsibilities expected of trustees and as outlined in CC3;
- PCI’s legal framework and governance;
- PCI’s finances (including audit reports);
- The mission of PCI and the principles that underpin the delivery of that mission;
- The details of the current and future programmatic work of the organisation.

Meetings, minutes and decision making

The Board of Trustees meets regularly, usually in London, with PCI’s first AGM in December 2016. Trustees are in frequent communication between meetings both between themselves and with the Chief Executive Officer, and with other senior management as appropriate.
Financial Controls
Financial controls have been put in place, with the Board being accountable for the Charity’s finances, with responsibility for execution delegated to the Chief Executive Officer. The Board closely monitors the Charity’s accounts, analysing fund income and expenditure and planning overall spend against overheads. Appropriate policies and procedures are in place, and annual audits are carried out by Goodman Jones LLP. Goodman Jones also carries out audits at the close of individual grant funds.

Remuneration of Key Management Personnel
Remuneration of key management personnel (Chief Executive Officer and other key senior positions) are set by the Board, with due attention to availability of funds, responsibilities undertaken, market rates, and the charitable nature of the organisation.

Management Structure
In mid-2015, the management of PCI was restructured to meet the evolving needs of the Charity as its activities increased. Founding directors David Wood and Fleur Just stood down as Directors and took up positions in PCI’s executive team. Adam Darby, the third founder of PCI, remained in post as a Director and was joined on the Board by Michael Holland and Anton Shihoff. On 1 August 2016 Fleur Just was appointed as Chief Executive Officer, reporting directly to the Board of Trustees. A Chief Operating Officer was appointed in October 2016 to provide support to and management of PCI’s non-programmatic operations.

Management Team
A Management Team, consisting of the Chief Executive Officer, Chief Operating Officer, country and regional managers, and Dean of the College of Advisors, was established in 2016 and meets regularly.

College of Advisors
The College of Advisors was established in 2016, with membership made up of PCI’s Senior Peacebuilding Advisors, to provide:

- Platform for enhancing coordination and collaboration between Senior Advisors
- Platform for driving organisational learning and the on-going enhancement of PCI’s methodologies, approaches and tools
- Forum for discussing the impact of PCI’s programmes and for sharing ideas/advice for how to increase/leverage impact
- Forum for peer support and appraisal

It meets monthly and, on a rotational basis, each Senior Peacebuilding Advisor acts as Dean of the College for a period of six months, to, inter alia, act as key point of interface with the Chief Executive Officer.
Reference and administrative details

Registered office address
Hub Islington
5 Torrens Street
London
EC1V 1NQ

Company registered number
07931944

Charity registered number
1162997

Chief executive officer
Fleur Just

Independent Auditors
Goodman Jones LLP
Chartered Accountants
29-30 Fitzroy Square
London
W1T 6LQ

Bankers
Co-operative Bank
PO Box 101
1 Balloon Street
Manchester
M60 4EP

Solicitors
Reculver Solicitors
1st Floor
330 High Holborn
London
WC1V 7QT

Other Financial Services Providers:
- The Charities Aid Foundation
- Western Union Business Solutions
- Clements Worldwide

Financial Adviser – Higgs Boson Consultants LLP
Trustees’ responsibilities statement

The Trustees (who are also directors of Peaceful Change Initiative for the purposes of company law) are responsible for preparing the Trustees’ Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year. 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 charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company 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 judgments and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company’s transactions and disclose with reasonable accuracy at any time the financial position of the charitable 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 charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditors

Each of the persons who are Trustees at the time when this Trustees’ Report is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the charitable company’s auditors are unaware; and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charitable company’s auditors are aware of that information.

This report was approved by the Trustees on and signed on their behalf by:

Michael Holland
Trustee
Date: 19th December 2016.
Independent auditors' report to the members of Peaceful Change Initiative

We have audited the financial statements of Peaceful Change Initiative for the year ended 30 March 2016 set out on pages 29 to 43. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. 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 auditors' 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 its members, as a body, for our audit work, for this report, or for the opinion we have formed.

Respective responsibilities of Trustees and auditors

As explained more fully in the Trustees' responsibilities statement on page 26, the Trustees (who are also the directors of the Charity 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.

The Trustees have elected for the financial statements to be audited in accordance with the Charities Act 2011 rather than the Companies Act 2006. Accordingly we have been appointed as auditors under section 144 of the Charities Act 2011 and report to you in accordance with regulations made under section 154 of that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 30 March 2016 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the Trustees' report is inconsistent in any material respect with the financial statements; or
- the Charity has not kept adequate accounting records; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit; or
- the Trustees were not entitled to take advantage of the small companies' exemption from the requirement to prepare a Strategic report.

Goodman Jones LLP
Chartered Accountants

29-30 Fitzroy Square
London
W1T 6LQ

Date: 20/12/2016

Goodman Jones LLP is eligible to act as auditors in terms of section 1212 of the Companies Act 2006.
Statement of Financial Activities Incorporating Income and Expenditure Account
For The Year Ended 30 March 2016

<table>
<thead>
<tr>
<th>Income from:</th>
<th>Unrestricted funds 2016</th>
<th>Restricted funds 2016</th>
<th>Total funds 2016</th>
<th>Total funds 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Donations and legacies</td>
<td>9,587</td>
<td>1,853,628</td>
<td>1,863,215</td>
<td>1,290,514</td>
</tr>
<tr>
<td>Charitable activities</td>
<td>5,898</td>
<td>-</td>
<td>5,898</td>
<td>-</td>
</tr>
<tr>
<td>Investments</td>
<td>143</td>
<td>-</td>
<td>143</td>
<td>182</td>
</tr>
<tr>
<td><strong>Total income</strong></td>
<td>15,628</td>
<td>1,853,628</td>
<td>1,869,256</td>
<td>1,290,696</td>
</tr>
<tr>
<td>Expenditure on:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Charitable activities</td>
<td>11,705</td>
<td>1,853,628</td>
<td>1,865,333</td>
<td>1,236,671</td>
</tr>
<tr>
<td><strong>Total expenditure</strong></td>
<td>11,705</td>
<td>1,853,628</td>
<td>1,865,333</td>
<td>1,236,671</td>
</tr>
<tr>
<td>Net income before other recognised gains and losses</td>
<td>3,923</td>
<td>-</td>
<td>3,923</td>
<td>54,025</td>
</tr>
<tr>
<td>Net movement in funds</td>
<td>3,923</td>
<td>-</td>
<td>3,923</td>
<td>54,025</td>
</tr>
<tr>
<td>Reconciliation of funds:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total funds brought forward</td>
<td>33,390</td>
<td>-</td>
<td>33,390</td>
<td>(20,635)</td>
</tr>
<tr>
<td>Total funds carried forward</td>
<td>37,313</td>
<td>-</td>
<td>37,313</td>
<td>33,390</td>
</tr>
</tbody>
</table>

All activities relate to continuing operations.

The notes on pages 32 to 43 form part of these financial statements.
### Balance Sheet

**As At 30 March 2016**

Peaceful Change Initiative (a company limited by guarantee) – registered number 07931944

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Fixed assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tangible assets</td>
<td>9</td>
<td>2,115</td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debtors</td>
<td>10</td>
<td>262,253</td>
</tr>
<tr>
<td>Cash at bank and in hand</td>
<td>483,013</td>
<td>4,876</td>
</tr>
<tr>
<td></td>
<td>745,266</td>
<td>330,045</td>
</tr>
<tr>
<td><strong>Creditors: amounts falling due within one year</strong></td>
<td>11 (710,068)</td>
<td>(301,338)</td>
</tr>
<tr>
<td><strong>Net current assets</strong></td>
<td></td>
<td>35,198</td>
</tr>
<tr>
<td><strong>Net assets</strong></td>
<td></td>
<td>37,313</td>
</tr>
<tr>
<td><strong>Charity Funds</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unrestricted funds</td>
<td>12</td>
<td>37,313</td>
</tr>
<tr>
<td><strong>Total funds</strong></td>
<td></td>
<td>37,313</td>
</tr>
</tbody>
</table>

The Trustees consider that the Charity is entitled to exemption from the requirement to have an audit under the provisions of section 477 of the Companies Act 2006 ("the Act") and members have not required the Charity to obtain an audit for the year in question in accordance with section 476 of the Act. However, an audit is required in accordance with section 144 of the Charities Act 2011.

The Trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements.

The financial statements were approved by the Trustees and signed on their behalf, by:

---

Michael Holland, Trustee

Date: 19th December 2016

The notes on pages 32 to 43 form part of these financial statements.
# Cash Flow Statement

## Cash flows from operating activities

Net cash provided by/(used in) operating activities

## Cash flows from investing activities:

Purchase of tangible fixed assets

## Net cash used in investing activities

## Cash flows from financing activities:

Repayments of borrowings
Cash inflows from new borrowing

## Net cash provided by financing activities

## Change in cash and cash equivalents in the year

Cash and cash equivalents brought forward

Cash and cash equivalents carried forward

<table>
<thead>
<tr>
<th>Note</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>14</td>
<td>403,584</td>
<td>(207,392)</td>
</tr>
<tr>
<td>9</td>
<td>(1,050)</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>(1,050)</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>(24,397)</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>100,000</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>75,603</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>478,137</td>
<td>(207,392)</td>
</tr>
<tr>
<td>15</td>
<td>483,013</td>
<td>4,876</td>
</tr>
</tbody>
</table>
Notes to the Financial Statements

1. Accounting policies

1.1 Basis of preparation of financial statements

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) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Peaceful Change Initiative meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

The financial statements are prepared in sterling, which is the functional currency of the Charity. Monetary amounts in these financial statements are rounded to the nearest £.

In the previous accounting period (for the year ended 30 March 2015), the financial statements were not prepared in accordance with charity accounting regulations since charitable status was not received until August 2015. The comparative information included within these financial statements has been restated so as to be in accordance with the Charities SORP 2015.

1.2 First time adoption of FRS102 and reconciliation with previous Generally Accepted Accounting Practice

This is the first year that the Charity has presented its financial statements in accordance with SORP 2015 and FRS102. The last financial statements prepared under previous UK GAAP were for the year ended 30 March 2015 and the date of transition to FRS102 and Charities SORP 2015 was 31 March 2014.

In preparing these financial statements, the Trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102 the restatement of comparative items was required. No restatements were required.

1.3 Company status

The Charity is a company limited by guarantee, in the event of the Charity being wound up, the liability in respect of the guarantee is limited to £10 per member of the Charity.

1.4 Fund accounting

General funds are unrestricted funds which 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.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the Charity for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.
1.5 Income

All income is recognised once the Charity has entitlement to the income, it is probable that the income will be received, and the amount of income receivable can be measured reliably.

Grant income is recognised once the above criteria are met, together with any performance conditions attached to the grant. Grant income received is deferred only when the Charity has yet to fulfil the performance conditions.

Donated services or facilities are recognised when the Charity has control over the item, any conditions associated with the donated item have been met, the receipt of economic benefit from the use of the Charity of the item is probable and that economic benefit can be measured reliably.

On receipt, donated professional services and donated facilities are recognised on the basis of the value of the gift to the Charity which is the amount the Charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

1.6 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement, and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated to the appropriate activity or fund on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

All resources expended are inclusive of irrecoverable VAT.

1.7 Tangible fixed assets and depreciation

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

- Fixtures and fittings - 33.33% straight line
Notes to the Financial Statements

1.8 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Charity; this is normally upon notification of the interest paid or payable by the bank.

1.9 Operating leases

Rentals under operating leases are charged to the statement of financial activities incorporating income and expenditure account on a straight line basis over the lease term.

1.10 Debtors

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

1.11 Cash at Bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1.12 Liabilities and provisions

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the Charity anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.13 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 their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

1.14 Taxation

The Charity has been considered by HM Revenue & Customs to meet the definition of a charitable company for UK corporation tax purposes in accordance with Paragraph 1 Schedule 6 of the Finance Act 2010. Accordingly, the Charity is exempt from taxation in respect of income or capital gains received.
Notes to the Financial Statements

1.15 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate that is ruling on the date of the transaction.

Exchange gains and losses are recognised in the Statement of Financial Activities.

2. Income from donations and legacies

<table>
<thead>
<tr>
<th>Unrestricted funds</th>
<th>Restricted funds</th>
<th>Total funds</th>
<th>Total funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>2016</td>
<td>2016</td>
<td>2015</td>
</tr>
<tr>
<td>£</td>
<td>£</td>
<td>£</td>
<td>£</td>
</tr>
</tbody>
</table>

Grants

9,587  1,853,628  1,863,215  1,290,514

In 2015, all grant income related to unrestricted funds.

3. Income from charitable activities

<table>
<thead>
<tr>
<th>Unrestricted funds</th>
<th>Restricted funds</th>
<th>Total funds</th>
<th>Total funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>2016</td>
<td>2016</td>
<td>2015</td>
</tr>
<tr>
<td>£</td>
<td>£</td>
<td>£</td>
<td>£</td>
</tr>
</tbody>
</table>

Conflict resolution and peacebuilding

5,898

In 2015, all income from charitable activities related to unrestricted funds.

4. Investment income

<table>
<thead>
<tr>
<th>Unrestricted funds</th>
<th>Restricted funds</th>
<th>Total funds</th>
<th>Total funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>2016</td>
<td>2016</td>
<td>2015</td>
</tr>
<tr>
<td>£</td>
<td>£</td>
<td>£</td>
<td>£</td>
</tr>
</tbody>
</table>

Investment income

143  143  182

In 2015, all investment income related to unrestricted funds.
## Notes to the Financial Statements

### 5. Analysis of resources expended by activities

<table>
<thead>
<tr>
<th>Activities undertaken directly</th>
<th>Support costs</th>
<th>Total 2016</th>
<th>Total 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conflict resolution</td>
<td>£1,689,273</td>
<td>£176,060</td>
<td>£1,865,333</td>
</tr>
</tbody>
</table>

In 2015, all expenditure related to unrestricted funds.
Notes to the Financial Statements

6. Support costs

<table>
<thead>
<tr>
<th>Governance</th>
<th>Conflict resolution</th>
<th>Total 2016</th>
<th>Total 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£</td>
<td>£</td>
<td>£</td>
</tr>
<tr>
<td>Travel</td>
<td>-</td>
<td>12,846</td>
<td>12,846</td>
</tr>
<tr>
<td>Rent</td>
<td>-</td>
<td>14,579</td>
<td>14,579</td>
</tr>
<tr>
<td>Insurance</td>
<td>-</td>
<td>20,801</td>
<td>20,801</td>
</tr>
<tr>
<td>Light and heat</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Office expenses</td>
<td>-</td>
<td>654</td>
<td>654</td>
</tr>
<tr>
<td>Printing, postage and stationery</td>
<td>-</td>
<td>11,390</td>
<td>11,390</td>
</tr>
<tr>
<td>Telephone</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Computer</td>
<td>-</td>
<td>9,469</td>
<td>9,469</td>
</tr>
<tr>
<td>Legal and professional fees</td>
<td>-</td>
<td>17,597</td>
<td>17,597</td>
</tr>
<tr>
<td>Accountancy</td>
<td>-</td>
<td>43,288</td>
<td>43,288</td>
</tr>
<tr>
<td>Audit</td>
<td>8,400</td>
<td>-</td>
<td>8,400</td>
</tr>
<tr>
<td>Staff welfare and training</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Bank charges</td>
<td>-</td>
<td>10,550</td>
<td>10,550</td>
</tr>
<tr>
<td>Surplus/deficit on foreign currency</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Sundry expenses</td>
<td>-</td>
<td>3,621</td>
<td>3,621</td>
</tr>
<tr>
<td>Subscriptions</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Corporation tax</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Loan interest</td>
<td>-</td>
<td>1,493</td>
<td>1,493</td>
</tr>
<tr>
<td>Trustees' meeting expenses</td>
<td>1,345</td>
<td>-</td>
<td>1,345</td>
</tr>
<tr>
<td>Wages and salaries</td>
<td>-</td>
<td>16,759</td>
<td>16,759</td>
</tr>
<tr>
<td>Depreciation</td>
<td>-</td>
<td>3,268</td>
<td>3,268</td>
</tr>
</tbody>
</table>

|                             | 9,745               | 166,315    | 176,060    | 208,952    |
Notes to the Financial Statements

7. Net incoming resources/(resources expended)

This is stated after charging:

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£</td>
<td>£</td>
</tr>
<tr>
<td>Depreciation of tangible fixed assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- owned by the Charity</td>
<td>3,618</td>
<td>3,267</td>
</tr>
<tr>
<td>Audit fees</td>
<td>8,400</td>
<td>9,200</td>
</tr>
</tbody>
</table>

During the year, none of the Trustees received for their role as trustees. Related party transactions are disclosed in note 16.
During the year, no Trustees received any benefits in kind (2015 - £nil).
During the year, no Trustees received any reimbursement of expenses (2015 - £nil).

8. Staff costs

Staff costs were as follows:

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£</td>
<td>£</td>
</tr>
<tr>
<td>Wages and salaries</td>
<td>842,081</td>
<td>419,051</td>
</tr>
<tr>
<td>Social security costs</td>
<td>22,887</td>
<td>44,587</td>
</tr>
<tr>
<td>Total</td>
<td>864,968</td>
<td>463,638</td>
</tr>
</tbody>
</table>

The average number of persons employed by the Charity during the year was as follows:

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No.</td>
<td>No.</td>
</tr>
<tr>
<td>Administration and management</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Projects</td>
<td>13</td>
<td>13</td>
</tr>
<tr>
<td>Total</td>
<td>15</td>
<td>15</td>
</tr>
</tbody>
</table>

No employee received remuneration amounting to more than £60,000 in either year.

Included within wages and salaries above are amounts paid to third party project workers.
Notes to the Financial Statements

9. Tangible fixed assets

<table>
<thead>
<tr>
<th>Cost</th>
<th>Fixtures and fittings £</th>
</tr>
</thead>
<tbody>
<tr>
<td>At 31 March 2015</td>
<td>9,804</td>
</tr>
<tr>
<td>Additions</td>
<td>1,050</td>
</tr>
<tr>
<td>At 30 March 2016</td>
<td>10,854</td>
</tr>
</tbody>
</table>

Depreciation

| At 31 March 2015 | 5,121 |
| Charge for the year | 3,618 |
| At 30 March 2016 | 8,739 |

Net book value

| At 30 March 2016 | 2,115 |
| At 30 March 2015 | 4,683 |

10. Debtors

<table>
<thead>
<tr>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>£</td>
<td>£</td>
</tr>
<tr>
<td>Trade debtors</td>
<td>81,591</td>
</tr>
<tr>
<td>Other debtors</td>
<td>1,022</td>
</tr>
<tr>
<td>Prepayments and accrued income</td>
<td>179,640</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>262,253</strong></td>
</tr>
</tbody>
</table>
Notes to the Financial Statements

11. Creditors: Amounts falling due within one year

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other loans</td>
<td>75,604</td>
<td>-</td>
</tr>
<tr>
<td>Trade creditors</td>
<td>-</td>
<td>3,900</td>
</tr>
<tr>
<td>Corporation tax</td>
<td>-</td>
<td>5,121</td>
</tr>
<tr>
<td>Other taxation and social security</td>
<td>-</td>
<td>32,473</td>
</tr>
<tr>
<td>Other creditors</td>
<td>119,470</td>
<td>195,757</td>
</tr>
<tr>
<td>Accruals and deferred income</td>
<td>514,994</td>
<td>64,087</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>710,068</td>
<td>301,338</td>
</tr>
</tbody>
</table>
Notes to the Financial Statements

12. Statement of funds

<table>
<thead>
<tr>
<th></th>
<th>Brought Forward</th>
<th>Income</th>
<th>Expenditure</th>
<th>Carried Forward</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Unrestricted funds</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Funds</td>
<td>33,390</td>
<td>15,628</td>
<td>(11,705)</td>
<td>37,313</td>
</tr>
<tr>
<td><strong>Restricted funds</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Libya programmes</td>
<td></td>
<td>986,339</td>
<td>(986,339)</td>
<td></td>
</tr>
<tr>
<td>Syria programmes</td>
<td></td>
<td>867,289</td>
<td>(867,289)</td>
<td></td>
</tr>
<tr>
<td><strong>Total of funds</strong></td>
<td>33,390</td>
<td>1,853,626</td>
<td>(1,865,333)</td>
<td>37,313</td>
</tr>
</tbody>
</table>

Restricted comprise the following:

Libya - this programme focuses on strengthening the capacity of local leaders to manage conflict during the country’s political transition, and aims to reduce tensions within and between communities as well as contributing to laying the foundations for a political settlement at the national level.

Syria - the work in Syria focuses on human security (strengthening resilience to conflict in vulnerable communities and contributing towards stabilisation efforts) and civil society work (supporting civil society organisations to connect, share experiences, and be part of decision-making).

13. Analysis of net assets between funds

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted funds</th>
<th>Restricted funds</th>
<th>Total funds</th>
<th>Total funds</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2016</td>
<td>2016</td>
<td>2016</td>
<td>2015</td>
</tr>
<tr>
<td><strong>£</strong></td>
<td><strong>£</strong></td>
<td><strong>£</strong></td>
<td><strong>£</strong></td>
<td><strong>£</strong></td>
</tr>
<tr>
<td>Tangible fixed assets</td>
<td>2,115</td>
<td>-</td>
<td>2,115</td>
<td>4,683</td>
</tr>
<tr>
<td>Current assets</td>
<td>71,472</td>
<td>673,794</td>
<td>745,266</td>
<td>330,046</td>
</tr>
<tr>
<td>Creditors due within one year</td>
<td>(36,274)</td>
<td>(673,794)</td>
<td>(710,068)</td>
<td>(301,339)</td>
</tr>
<tr>
<td><strong>£</strong></td>
<td><strong>£</strong></td>
<td><strong>£</strong></td>
<td><strong>£</strong></td>
<td><strong>£</strong></td>
</tr>
<tr>
<td><strong>37,313</strong></td>
<td><strong>-</strong></td>
<td><strong>37,313</strong></td>
<td><strong>33,390</strong></td>
<td><strong>-</strong></td>
</tr>
</tbody>
</table>
Notes to the Financial Statements

14. Reconciliation of net movement in funds to net cash flow from operating activities

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income for the year (as per Statement of financial activities)</td>
<td>3,923</td>
<td>54,025</td>
</tr>
<tr>
<td><strong>Adjustment for:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation charges</td>
<td>3,618</td>
<td>3,267</td>
</tr>
<tr>
<td>Decrease/(increase) in debtors</td>
<td>62,916</td>
<td>(271,899)</td>
</tr>
<tr>
<td>Increase in creditors</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net cash provided by/(used in) operating activities</strong></td>
<td>403,584</td>
<td>(207,392)</td>
</tr>
</tbody>
</table>

15. Analysis of cash and cash equivalents

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash in hand</td>
<td>483,013</td>
<td>4,876</td>
</tr>
<tr>
<td>Total</td>
<td>483,013</td>
<td>4,876</td>
</tr>
</tbody>
</table>
Notes to the Financial Statements

16. Related party transactions

During the year, the Charity paid amounts totalling £8,141 (incl. VAT) to Thurston Olive Limited, a company under the control of Michael Holland, trustee, for three months of services provided to the Charity. Mr Holland temporarily acted as Charity’s finance director after recruitment for a senior finance position failed.

During the year, Anton Shihoff, a trustee of the Charity, advanced a one month short-term loan of USD 46,278 to the Charity to assist with short-term cash needs and was repaid in full during the year.

At the balance sheet date £nil (2015: £35,046) was owed to Adam Darby, one of the trustees of Peaceful Change Initiative in respect of loan made to the company prior to obtaining charitable status. During the year, the Charity paid amounts totalling £7,000 to Adam Darby for services provided to the Charity. Mr Darby provided technical expertise and workshop development and delivery to the Charity’s Syria-related programme to mitigate for resource attrition.

At the balance sheet date, amounts of £5,723 (2015: £42,323) and £10,617 (2015: £13,993) respectively were owed to Fleur Just and David Wood, key management personnel and prior directors of the Charity, in respect of loans made to the company prior to obtaining charitable status. During the year, £45,782 was paid to Anthony Foreman, spouse of Fleur Just (the Chief Executive of the Charity) for consultancy services provided during the year. At the balance sheet date an amount totalling £812 (2015: £11,790) was owed by the Charity.

17. Controlling party

The Charity is under the control of the members. There is no overall individual controlling party.