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Chairman’s Report

Peaceful Change initiative, operating in its sixth year, continued to deliver programmes for Libya and Syria and we are pleased to report we added a new programme for Ukraine. We continue to focus our support on these core aims:

- **Local** - To save lives by building what is called ‘Social Peace’: reduction of violence within local communities even during wider conflict
- **National** - To help mend fractured societies by creating and training country-wide networks of Social Peace practitioners
- **International** - To assist international governments and organisations with analysis of how their work may help to resolve (or inadvertently to fuel) a specific conflict

Our work in the year is detailed in our Trustees’ Report below, alongside our financial statements. Two objectives have been to build resilience in fundraising and to grow our expertise and we are pleased to report that we were supported by 10 separate donors across 15 programmes in the year. We also met our goal to build six months of operating costs (including across restricted funds) as financial reserves and carry a healthy cash balance. In brief, our programme highlights are:

In Libya, PCI has delivered actions that contribute to local peace, development and stabilisation through the 14 Social Peace Partnerships supporting conflict management at the sub-national level, and through the Peacebuilding Network supporting a network of 44 Libyan peacebuilding practitioners from 26 communities across the country. A number of Social Peace Partnerships have also played an important role as consultative and conflict sensitivity mechanisms to support the implementation of UNDP’s ‘Strengthening Local Capacities for Resilience and Recovery’ and ‘Stabilisation Facility for Libya’ interventions.

In Syria, PCI has delivered actions to strengthen the capacity of a group of Syrian youth in transformational leadership skills and how to apply these across conflict lines. In addition, PCI facilitated a Conflict-Sensitive Assistance for Syria Retreat in November 2017 (and April 2018) and subsequently published a report on the Conflict-Sensitive Assistance for Syria Retreat in April 2018.

In Ukraine, PCI has worked with civil society organisations working along the line between government- and rebel-controlled Ukraine to build their skills as dialogue facilitators and accompanied community groups to deal with practical issues in constructive ways. At the international level, PCI has commissioned research and convened discussions to inform the international response to the crisis in Ukraine and to develop understanding of how assistance can contribute to addressing underlying drivers of conflict.

On the organisational front, we have recruited to strengthen our capability in finance and operations and in communications, and have expanded our outsourced services for managing human resources and payroll. Looking ahead to 2019, we are aiming to complete a strategy review, an upgrade of Finance capabilities, and investment and training for improving our programme and business development frameworks.

On board matters, the Trustees created a risk management subcommittee which draws on expertise from across the organisation, supported by two Trustees, Jim Freeman and Anton Shihoff. One Trustee and founder, Adam Darby, left us to focus on his work in Romania. We wish him well for the future. I took over his role as Chair of the Board of Trustees in December 2017.

Michael Holland
Chair of the Board of Trustees

Peaceful Change Initiative | 2017-18 Annual Report
Annual Report

The Trustees present their Annual Report together with the audited financial statement of Peaceful Change initiative (hereafter "PCI" or "the Charity") for the period 31 March 2017 to 30 March 2018. The Trustees confirm that the Annual Report and financial statements of the Charity comply with the current statutory requirements, the requirements of the Charity's governing document and the provisions of the Statement of Recommended Practice (SORP), 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) as amended by Update Bulletin 1 (effective 1 January 2015).

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 engage constructively 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;
6. Promoting respect for human rights among individuals and groups, and raising awareness of human rights issues; and
7. Publishing reports on the causes of and recommended solutions to particular conflicts, and making these freely available for public consumption.

All activities aim to maintain the Charity's commitment to impartiality. The Trustees have had due regard to the Charity Commission's guidance on public benefit when reviewing the aims and objectives of the Charity and planning future activities.

Our 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.

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

We broaden our impact by developing and sharing practical tools and methodologies for peacebuilding, and making these freely available to local and international practitioners.
Our work benefits from our staff’s expertise in a range of disciplines including mediation, reconciliation, community-based approaches to security and safety, change management, and psychology.

Using these methods, our work:

- **Prevents the proliferation of violent conflict** by helping communities establish their own conflict resolution mechanisms, which enable the inclusion of different stakeholder groups, and which foster dialogue and collaboration between them;
- **Builds community resilience during violent conflict** by supporting negotiations and mediations that save the lives of civilians, enable humanitarian access, and resolve ongoing disputes; and
- **Rebuilds relationships after violent conflict** by convening cross-divide dialogues, and supporting communities and their leaders to develop peace plans and implement peace initiatives.

**Why 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;
- While ‘peacebuilding’ is usually carried out post-conflict, we work at all stages of violence: before, during and after violent conflict; and
- 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.

**Key objectives and 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 Syria and Libya; 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;
- Investigate the possibility of setting up a programme in one other country, to be determined;
- Develop a fully-funded Learning team with a clear programme of work and a linked network of experts;
- Establish a diverse board of directors 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 systems for:
  - Financial management capacity
  - Security and risk management
  - Human resource management capacity
  - Project management capacity (including monitoring and evaluation); and
- Develop a sustainable funding base, with appropriate levels of organisational support and resources.

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 in Libya, we:

- Saw that our programming in Libya contributed to, amongst other issues: a) improving the inclusion of women in conflict resolution and b) creating new, more positive, narratives about cross-divide relationships between some areas that have been locked in conflict since the end of the Libyan revolution in 2011. For more information, please see page 8;
- Saw that initiatives conducted by our Syria programme re-established trust and understanding between young people from different sides of the conflict and began building a cadre of young people within government-controlled areas with peacebuilding outlooks and skills. For more information, please see page 14;
- Established a fully-funded programme in Ukraine that promotes community safety for people who live along the line of contact between government- and non-government-controlled areas in Ukraine and support Ukrainian parliamentarians and line ministries to develop approaches to conflict resolution based on international best practice. For more information, please see page 18;
- Built up a funding relationship with a new donor – the Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH (GIZ) – in our Syria programme;
- Achieved our goal of a £250k reserve (across all funds) on a 5% admin allowance through disciplined cost control;
- Bolstered our finance and operations capacity by establishing a Finance and Operations Manager role;
- Began registration of a branch office in Ukraine and progressed the registration of PCI in Tunisia;
- Established a Risk Management Committee, chaired by a Trustee, James Freeman, to structurally monitor and mitigate risk across the organisation; and
- Appointed a new Chairman (Michael Holland).
Achievements and performance

With programmes in the Middle East (Syria), North Africa (Libya) and the Black Sea Region (Ukraine), our work focuses on:

- Strengthening the skills of local and national leaders who are able to build relationships across conflict divides;
- Supporting local leaders and civil society activists in practical actions to reduce violence and improve the sense of security of communities;
- Fostering working partnerships between communities and local authorities, as well as between different local and national groups across conflict divides, to build confidence in a shared future;
- Supporting civil society organisations to connect, share experiences, and be part of decision making;
- Developing and sharing practical tools and methodologies for peacebuilding; and
- Advising international agencies, NGOs, governments, and companies on how to achieve greater impact.

Established 14 Partnerships that continue to function and develop with 500+ Partnership members active in Social Peace and Local Development (SPLD)

Trained 22 Trainer Mentors in peacebuilding skills, who actively provide constant and tailored support to the Partnerships, and disseminate SPLD methodology

Created a network of 84 peacebuilding practitioners who carry out peace actions involving 26 communities across the country

Convened a Conflict Sensitive Assistance Forum, comprising 54 international missions/organisations, to improve understanding of how external assistance can influence conflict

12 persons trained as dialogue facilitators to form the basis of 4 Dialogue Initiative Groups in Donetsk

Trained volunteer ‘Peace Resources’ working in 28 communities in Syria and neighbouring countries

Supported 32 initiatives that have stopped local conflicts, improved human security, contributed towards stabilisation, saved lives, and bridged societal divides to improve Social Peace

Supported Syrian civil society by strengthening skills for dialogue, negotiation, and advocacy
LIBYA

The context

Since the Revolution in 2011, Libya has gone through a series of political and military crises. This has led to significant, ongoing violence across the country and resulted in the creation of three different governments, each of which is competing for – but has so far failed to achieve – nation-wide legitimacy.

How ordinary citizens experience conflict

| VIOLENCE BETWEEN RIVAL ARMED GROUPS: Killings, kidnappings, damage to public buildings and homes, displacement, psychological trauma, limitations to freedom of movement. | TENSIONS AND VIOLENCE BETWEEN DIFFERENT TRIBES AND ETHNIC GROUPS: Violence, hate speech, and divisive narratives undermine social cohesion and affect ordinary citizens’ safety and security. | LACK OF BASIC SERVICES: Local authorities and service providers are under pressure but have limited capacity to provide electricity, security, jobs, housing, education, and healthcare. | LACK OF FUNCTIONING POLICE AND COURT SYSTEM: Communities rely on prominent local people (e.g., peacebuilders, tribal leaders, elders, etc.) to help mediate disputes and conflicts. | DIVISIONS AND LIMITED FREEDOM OF MOVEMENT WITHIN THE COUNTRY: Local peacebuilders and civil society from different communities have few opportunities to meet and coordinate action. |

What we do to respond to these challenges

At the local level

- We create a safe space in which groups that have been in conflict can slowly rebuild trust and dialogue.
- We build working relationships and communication between community groups and local authorities, so that together they are better able to prevent conflict.
- We help local authorities deliver services and improvements that make communities feel safer and more resilient, while also building trust in government.
- We strengthen the skills of local leaders and peacebuilders so that they are able to build bridges across divides.

At the national level

- We foster networking and collaboration opportunities between peacebuilders from across Libya, so that they can build relationships between different communities, learn from one another, and work together.

At the international level

- We help international governments, NGOs, multilateral agencies, and companies better understand how their work might contribute to either resolving or furthering conflict in Libya’s fast-changing, complex environment.
HOW IT WORKS IN PRACTICE

Local Partnerships

Partnerships build the trust and relationships that make peace possible and durable.

Partnerships at the local level bring together different community groups and local authorities.

Partnership members work together to map relationships, monitor tensions, and identify community needs.

The Partnership model encourages people to focus on common goals by negotiating different interests and needs.

Once relationships are in place, the Partnership becomes a resource for managing community issues and conflicts.

Partnerships deliver peace actions that build social cohesion, reduce violence, and increase trust in government.

Peace Actions within communities

Peace Actions enhance communities' safety and resilience by delivering tangible improvements, while also building people's trust in government.

Benghazi: established an Air Conditioner Repair Centre for former combatants with skills training and workshop facilities, providing a deterrent against joining armed fighting.

Murzuk: installed toilet facilities for students and teachers in 17 schools, benefiting the Tebu and Arab communities.

Sebha: installed street lights, increasing community safety and well-being of citizens, particularly for women after dark, as well as supporting the regeneration of public spaces.

International Forum

The Conflict Sensitive Assistance (CSA) Forum helps the international community deliver assistance in Libya in a way that strengthens peace.

Insights from the Forum meetings are intended to help assistance providers ensure that their programming is conflict-sensitive, minimising potential harms and maximising opportunities to build sustainable peace. Six Conflict Sensitive Assistance Forum meetings have been conducted. The meetings continue to provide the opportunity for many international assistance providers to come together to jointly review the changing context in Libya and reflect on how their programming interacts with conflict in the country. In addition, ongoing conflict analysis has been provided to participants through PG's innovative use of the online OPSECA conflict analysis platform.

Training and Mentoring

Regular training and tailored support - in mediation and negotiation, gender inclusion, leadership, peacebuilding, and other practical tools - are provided to local leaders and peacebuilders to make their work more effective.

National Peacebuilders' Network

The Network provides space for collaboration between peacebuilders from different communities.

Workshops and dialogue sessions continue to help peacebuilders and local leaders who are making a difference locally to connect, learn from one another, and work together, broadening the reach and impact of individual peace initiatives. The National Peacebuilders' Network has consolidated its status by registering as an independent organisation in Libya, and is working to identify common peacebuilding priorities and agree on a strategy to achieve greater independence.

Peace Actions between communities

Peace Actions reduce violence and rebuild trust between communities across conflict divides.

Tebu and Zwai communities in Sebha: established youth consultation groups in each of their communities to feed into a dialogue between elders, which led to a peace agreement in April 2017.

Sahba-Oba: Countering divisive narratives and hate speech, by training teachers to deal with hate speech in the classroom and facilitating exchange visits between towns.
Social Peace and Local Development (SPLD) Partnerships

14 Social Peace and Local Development (SPLD) Partnerships continue to function and develop

500+ active Partnership members across 14 areas
- East: 4 | West: 4 | South: 3 | Central: 3
- 28% women | 72% men | 27% youth

15 additional Social Peace and Local Development Partnerships self-generated or established ad hoc

8 Social Peace and Local Development Partnerships collaborate with the Stabilisation Facility for Libya as consultation and conflict sensitivity mechanisms to implement recovery and reconstruction and projects

22 Libyan Trainer Mentors provide training and support to local leaders and peacebuilders
- 7 women | 15 men

20+ SPLD independent activities conducted by Trainer Mentors upon request

500+ additional beneficiaries reached by Trainer Mentors upon request

100+ women trained in SPLD and leadership skills across 6 areas (300+ since 2016)

Social Peace and Trust Perceptions

10 areas (out of 14 surveyed) where citizens observe improvements in intra-community relations

7 areas (out of 14 surveyed) where citizens have greater trust that local authorities are acting fairly

7 areas (out of 14 surveyed) where citizens have greater trust in the work of international organisations

Peacebuilders' Network

44 Peacebuilders' Network members representing 26 communities
- East: 14 | West: 22 | South: 8
- 18% women | 82% men

Conflict Sensitive Assistance

113 representatives from 56 international missions/organisations regularly attending Conflict Sensitive Assistance (CSA) Forums

28 individual representatives from 20 different missions/organisations in the reporting period

CASE STUDY: A platform for dialogue on local affairs – Al Seann Radio, Baten Al-Jabal

The only local media outlet in Baten Al-Jabal Municipality was able to reopen with the support of a Social Peace Action grant under the Tiji Social Peace Partnership. Al Seann Radio is supporting community members to voice their concerns and bring them to the attention of the municipal authorities; it also provides a platform for dialogue and the resolution of local issues.
Community members expressed their concerns about the lack of street lighting along the main road, which had caused serious car accidents at night. As a result, an Al Seann Radio host invited the manager of the local electricity company and a Municipal Council member onto his programme to discuss street lighting. On air, the manager from the electricity company and the Municipal Council member listened to and acknowledged the concerns raised by community members but explained that there was not enough money to repair the street lights. However, community members were impressed by the efforts of both radio guests to engage with their concerns. Many community members called in and volunteered to help install the new lighting, so that the electricity company would only need to cover the cost of the lamp posts and provide a small team of labourers. The electricity company manager and Municipal Council member welcomed the proposal and agreed to move forward with the repairs.

"It was interesting to see how the audience’s attitude changed as soon as they realised that the guests on the programme were receptive and willing to find a solution to the problem."

Al Seann Radio Host

As repair work got underway, the electricity company team were inspired that local residents had turned out to help, demonstrating their commitment to contribute to the common good of the community.

**Improving the participation of women**

The Social Peace Partnerships have seen an increase in the representation and participation of women, leading to an improved capacity for actions that address women’s needs. More than 100 women were trained in social peace, and existing Partnership members were trained in gender sensitivity and inclusion.

In Wadi Albawanees, for example, women from different ethnic and tribal groups within the Social Peace Partnership expressed the need to have a local medical facility for antenatal and postnatal care to avoid travelling out of town to reach the nearest hospital. The Partnership, working closely with the Municipal Council, used one of PCI’s Social Peace grants to support the opening of a new obstetrics and gynaecology unit, which now provides much-needed healthcare services to women in the town.
Sustainability

Social Peace Actions have the potential to develop and mature, and show evidence of sustainability, with some of the projects succeeding in independently securing funding and support. For example, the Hanaya Centre for women in Bani Walid opened in July 2017, through a Youth Grant allocated in the previous programme phase. The Centre has successfully trained 300 women, providing them with an income generating opportunity and empowering them economically to support their families; their contribution both economically and socially in their communities has boosted their confidence. The Hanaya Centre continues to build on its success and will deliver a Social Peace Action, focused on the establishment of a Catering Centre that will train and employ widowed women in Bani Walid, supporting women’s economic empowerment and building cohesion between local and IDP families.

In another example, the Sea Rescue Centre, established by a former fighter from Alsaheb (through a Youth Grant in the previous programme phase), has saved more than 50 lives and has now been accredited by the Municipal Council as an official lifeguard service provider for the next summer season.

"Upon becoming a member of the Partnership, I felt a sense of belonging to my community; being able to help people on a daily basis has made me a new person."
Member of the Sea Rescue Centre

"The accreditation from the Municipal Council is a very important step for our work: this means that we can continue to grow in the upcoming swimming seasons and, with their support, be able to save more lives than before."
Member of the Sea Rescue Centre

Complementarity of programming

The Social Peace Partnerships and the experienced Trainer Mentors represent critical peace capital and infrastructure that other international partners can utilise to support or implement their programmes. For example, in the 8 areas across Libya where the United Nations Development Programme’s (UNDP) Stabilisation Facility for Libya and Strengthening Local Capacity for Resilience and Recovery (known as ‘SLCRR’) interventions are being implemented, the Social Peace Partnerships are used as enabling and consultation bodies; PCI’s Trainer Mentors have delivered a training to International Organisation for Migration (IOM) staff in Libya.

PCI formed a partnership with the SLCRR to work with the Social Peace Partnership in Ubari, to ensure that that the implementation of the rehabilitation and reconstruction work in the town could be done in a conflict-sensitive manner, given the highly complex conflict context there. Although the Ubari context remains fragile, the communities have developed capacity to engage and hold dialogues, in potentially sensitive situations, in order to avoid conflict and violence. The Social Peace Partnership has provided support to instigate the engagement and dialogue process.

"After being physically abused for expressing sympathy towards a Tebu colleague who had died, it almost looks surreal to me to see all the three tribes sitting around the same table in
Challenges we faced

In the reporting period PCI’s international staff remained unable to enter Libya due to sustained security challenges across the country. This continued to put pressures on the programme in terms of delivering expertise to complex initiatives and undertaking monitoring and evaluation of activities and impact. PCI has continued to increase opportunities for Libyan staff to hold trainings and meetings with international staff in Tunis, as well as strengthening support provided remotely.

Incidents such as road and airport closures (e.g. Tripoli’s Mitiga airport) had an impact on operations, causing delays in delivering activities or preventing staff and partners from participating in meetings. The ongoing fuel crisis led to growing transportation costs, especially in the south and east, which at times affected the number of participants able to attend meetings and trainings. A liquidity crisis, the depreciation of the currency, and intense black market activity caused high inflation. PCI in-country staff have been increasingly required to operate using cash instead of bank transfers.

International NGOs in Libya continue to be under intense scrutiny from government authorities and are treated with suspicion. While this did not translate into any incidents of authorities directly confronting PCI staff or partners, national staff reported that growing difficulties were evidenced in the process of obtaining registration with government authorities in both the east and the west.
The context:

The peaceful revolution that began in 2011 quickly turned violent and has descended into a full-scale civil war. In the reporting period the Government of Syria made some substantial military gains across Syria, re-taking control of many parts of the country. International negotiation forums have made little progress towards a peaceful political settlement to the conflict.

How ordinary Syrians experience conflict

**LARGE SCALE VIOLENCE:**
Government forces and some armed groups either deliberately target or negligently hit civilians.

**DISPLACEMENT:**
Millions of Syrians have fled their homes to new areas within Syria or into neighbouring countries. Tensions between host communities and refugees/IDPs are rising.

**HUMAN RIGHTS ABUSES:**
Ordinary people suffer from widespread human rights abuses such as arbitrary arrest, and restrictions on freedom of speech and of movement.

**BREAKDOWN IN LAW AND ORDER:**
In many areas, police and judiciary systems are not functioning properly. Crime is rising and minor disputes easily escalate into major violent conflicts.

**DESTRUCTION OF THE SOCIAL FABRIC:**
Before the conflict, different ethnic and religious groups relied on and supported each other. The conflict has increased divisions and mistrust.

What we do to respond to these challenges

**At the community level**

- **We save lives** by supporting Syrian community leaders to negotiate ceasefires between rival armed opposition groups, the release of kidnapped or detained civilians, safe passage for civilians through hostile territory, and the safe delivery of humanitarian aid.
- **We reduce violence** by supporting Syrian community leaders to establish conflict resolution committees that can resolve local disputes before they escalate into violence and that help communities address key challenges they are facing (e.g., the arrival of large numbers of displaced people or a collapse in law and order).
- **We promote coexistence** by rebuilding relationships between different groups within communities and supporting communities to rebuild the social fabric at a local level, and by training and convening local leaders to be resources for peace within their communities.
- **We are building a cadre of young civic leaders** who are developing skills in conflict resolution, good governance, and community consultation methodologies.

**At the national level**

By convening community representatives from across Syria, **we facilitate and mediate conversations on how to build peace** at a national level. In this way, Syrian civilians on different sides of the conflict can speak with a strong and more cohesive voice during peace negotiations.

**At the international level**

We help international governments, NGOs, multilateral agencies, and companies better understand how their work might contribute to resolving or, inadvertently, furthering conflict in Syria’s fast-changing environment.
HOW IT WORKS IN PRACTICE

1. We identify Peace Resources within communities – individual local leaders who get involved in preventing, managing, and resolving conflict.

2. We train them in peacebuilding skills (conflict analysis, negotiation and mediation, confidence building) to improve their effectiveness.

3. We convene Peace Resources from different parts of Syria to build trust and collaboration; by working in networks and engaging in joint analysis and planning, they are better able to address conflict challenges within communities across Syria.

4. With mentoring and financial support, Peace Resources undertake a range of initiatives that reduce violence, mitigate the impact of conflict and build understanding between ordinary Syrians.

5. The methodologies used by the network rebuild broken relationships and recreate dialogue-based ways of managing conflicts without violence.

6. We then measure whether our work is making a positive change.

Peace Initiatives

Aleppo: Preventing escalation of conflict between military factions

A dispute between two moderate military factions in the village of Abzmo in Atarib countryside threatened to escalate, placing the civilian population in danger. The problem occurred when a member of one of the factions issued an arrest warrant against a member of the other military faction, resulting in escalating tensions. Community leaders, assisted by the Peace Resources network supported by PCI, met with faction leaders which resulted in an interim order for no attacks to be made by one armed group against the other until talks had taken place. Eventually, both sides were brought together by the community leaders with support from the Network; the dispute was resolved without further conflict.

National conversations on the future of Syria

The Peace Resources Network received an invitation from the UN-led peace negotiation process to participate in consultations on dialogue for peace. A female member of the Network team attended the meetings in Switzerland. Discussion focused around possibilities of meaningful national dialogue. A follow-up meeting was held by the Geneva Civic Society Room in Turkey, during which the Network was asked to share its experience in facilitating local dialogue and social cohesion.

National trust building

After 7 years of civil war, Syrians on different sides of the conflict are deeply mistrustful of each other and are even afraid to meet. PCI is working to bridge this trust gap by preparing people with influence within their own communities to meet representatives of communities from the other side of the conflict. For example, PCI convened a group of youths from politically diverse areas to participate in a dialogue forum focusing on facilitating the beginning of a bridge-building process among the group, promoting a culture of debate and perspective sharing, and developing a genuine respect for ‘the other’. One participant said:

“I came to the dialogue forum without any hope and now I have begun to think how I will go and be active for peace in Syria. It was difficult from me to hear someone speak about what is going on in the regime areas – yet it has been a positive experience for me.”

Building skills for conflict resolution across Syria

PCI contributed to building the conflict resolution skills of a range of prominent Syrian civil society organisations. Through training, participants developed an understanding of how to integrate peacebuilding approaches into their work. This enables these organisations to work for peace through providing medical aid, education, livelihood support etc.
Impact and numbers

70,000 people with access to water and basic services following mediation work supported by PCI
39 ‘rapid response’ human security interventions, such as conflict negotiation and mediation, release of detainees and kidnapped persons, and access to basic services for vulnerable populations
35 representatives of donor governments and international aid organisations who have a better understanding of conflict dynamics in Syria and greater clarity on how their work may be contributing to those conflict dynamics
47 representatives of Syrian civil society organisations who received conflict resolution and peacebuilding training

CASE STUDY: Securing increased access to resources for internally Displaced Persons in al-Rukban camp

The al-Rukban camp is located along the demilitarised zone between the Syrian and Jordanian borders in the province of De’rāa. It is home to more than 70,000 Syrians who have fled conflict in their country. Due to instability caused by conflict between armed groups, residents there were suffering from a lack of water, relief items, and medicine. Their movement was severely restricted and education was available only sporadically due to insecurity in the area. Supported by PCI, a network of local Peace Resources entered into a dialogue with moderate armed groups and civil society organisations in the area to understand the situation. Through these mediation efforts, conflict between the armed groups was reduced. Eventually the armed groups were able to work together with a local aid organisation to coordinate a response to the challenges faced by residents of the al-Rukban camp. The camp residents felt more secure and were able to access the resources to meet their urgent basic needs. Importantly, these coordination efforts also led to an improvement in the water provision to the camp.

Challenges we faced

Military gains made by the Government of Syria and its international allies have reduced the capacity of civil society to operate and therefore to implement initiatives focused on conflict resolution. Over the course of the reporting period, PCI therefore saw a reduction in the areas across the country where it was possible to carry out programming. We have continued to support our Syrian partner organisations in planning how to operate in this new environment, and in maintaining relationships within the networks of Peace Resources that we have created over the past four years – even if those networks have had to reduce their level of activity.

As a corollary result of the Government of Syria’s military gains across the country, mainstream international donor governments have been reducing their financial support for activities in Syria. Many donors now focus exclusively on humanitarian aid or activities with refugee populations in neighbouring countries. In the reporting period there was a significant reduction in funds available for peacebuilding activities. PCI has been able to maintain our work by building strong relationships with donors and engaging with them in robust risk management conversations.
Delivering projects inside Syria continued to be a challenge due to the ongoing security challenges. PCI does not have staff inside Syria, but works in partnership with several Syrian organisations, using robust systems for remote project management. To ensure that all moneys are spent in an appropriate manner inside Syria we require from partners detailed, itemised lists of all transactions made in relation to our project along with receipts and proof of authorisation against all items on the list of transactions. Funds are released in small tranches and no new funds are released before the previous tranche has been accounted for.
UKRAINE

The context

Since the street protests that unseated the country’s president in 2014, Ukraine has experienced armed conflict that has led to the formation of two de facto states on its territory, separated from the rest of the country by a militarised contact line.

How ordinary citizens experience conflict

| POLARISATION IN SOCIETY: Divisions and distrust leave little space for constructive engagement between different sides, with significant parts of population feeling unrepresented in politics. |
| DISPLACEMENT: More than 1.4 million people have been displaced inside the country, having to restart their lives without the support of their usual social networks. |
| REDUCED FREEDOM OF MOVEMENT: Hundreds of thousands of people experience military checkpoints on a regular basis when travelling for work, education, or essential services. |
| PHYSICAL INSECURITY: Repeated ceasefire violations and widespread remnants of war pose ongoing insecurity challenges to communities in the east of the country. |

What we do to respond to these challenges

At the local level

- PCI and its implementing partners are working with representatives of civil society organisations to build their skills as dialogue facilitators.
- We are working with local government officials to see how dialogue approaches and other restorative practices can be institutionalised in the community.
- We are accompanying community groups to deal with practical issues in constructive ways.

At the national level

- We are bringing conflict experts from a variety of contexts to share their experience with Ukrainian ministry officials on policies in countries that have experienced violent conflict.
- We are helping experienced dialogue facilitators across the country make their work more effective by creating more opportunities for cooperation and making learning materials more available to support their work.

At the international level

- We have commissioned research and convened discussions to inform the international response to the crisis in Ukraine and to disseminate understanding of how assistance can contribute to addressing underlying drivers of conflict.
The city of Bakhmut is located 30 kilometres from the frontline with the de facto Donetsk People’s Republic. It suffered direct military action in February 2015 and more than 42,000 people were displaced from their homes into the Bakhmut area. This change and upheaval put tremendous pressure on the local administration’s capacity to provide services at a time when the cumulative effect of the war was leading to a general economic decline. Conflict between the local authorities and newly arrived families was intensifying. As one new resident said, “We were made to feel that we had somehow done something wrong. We could feel aggression from all sides. I wouldn’t leave the house unless it was absolutely essential. When we used to try to bring attention to our problems, it was like we were opening a taboo subject.”

PCI and Ukrainian partners established Dialogue Initiative Groups, providing training for facilitators and dialogue organisers so that the groups could convene dialogues on issues of importance to the local population. The head of Bakhmut’s Internal Policy department was trained alongside civil society representatives to be part of the Dialogue Initiative Group. The Dialogue Initiative Group members addressed a meeting of the heads of departments within the municipality. This meeting developed a proposal to institutionalise dialogue in Bakhmut and galvanised greater inter-departmental coordination and collaboration to address the conflict-related challenges in the town.

Since the dialogue, service provision for persons displaced by conflict has been reformed. With systems put in place to deal with a specific set of requests relevant to their needs. By the end of the project, the municipality boasts that there are no longer queues and the system in place has eased the pressure on the administration’s staff. From the point of view of those that were displaced by conflict, “It was good to be heard. The city has received us, and I suppose we should already be grateful, but we do now feel that changes are taking place with our participation and we can also raise our voices rather than just sit and accept.”

Challenges we faced

In the reporting period, PCI observed that it became more difficult for its Ukrainian partner organisations to operate. New regulations placed increasing burdens on Ukrainian partners and made it more difficult to work with international organisations. At the same time, there were more signs of violence against civil society activists who were seeking to tackle sensitive issues such as governance and corruption. PCI worked with partners to identify practical solutions to these challenges, taking a strong risk management approach.
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 crucial in order to make our resources available for peacebuilding practitioners, and to provide constant support remotely, as well as in person.

**Online Peacebuilding Knowledge Hub**

The Knowledge Hub is designed to complement the face-to-face trainings provided to Trainer Mentors and PCI members working on the Social Peace and Local Development programme in Libya, [https://libya.elva.org](https://libya.elva.org).

The Hub is regularly updated with new resources, providing peacebuilders working in the field with access to online learning and training materials in a range of peacebuilding subjects – from PCI's Social Peace and Local Development methodology and tools, to international best-practice and evidence-based approaches in mediation and negotiation, conflict sensitivity, gender inclusion, and others.

**Online platform for Conflict Sensitivity Forum**

OPSECA is an online analysis and data management platform developed by our partner organisation, humanidev.tech, in order to improve information sharing and coordination among international missions and agencies delivering assistance to Libya. As well as storing the analysis of conflict trends produced by participants during PCI-facilitated Forum sessions, the platform provides users with practical conflict analysis tools that they can use in their work.

[https://opseca.humanidev.tech/](https://opseca.humanidev.tech/)

**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 in refugee communities in Turkey and Jordan. All members of the Network can consult, download, and share the materials. Over the past year, PCI has further developed the Portal with the addition of more interactive video resources:

- Relationship Mapping: [https://youtu.be/I1Na4QpfyOU](https://youtu.be/I1Na4QpfyOU)
- PIN Tool: [https://youtu.be/6ohrzoCglg](https://youtu.be/6ohrzoCglg)
- Contact Hypothesis: [https://youtu.be/4KRSv2XhEmE](https://youtu.be/4KRSv2XhEmE)
- Key Messages: [https://youtu.be/1fGZQhcXzLA](https://youtu.be/1fGZQhcXzLA)
Financial Review

PCI’s financial situation continued to improve in FY2018. This was due to our success in attracting awards from institutional donors, which are mainly the overseas aid agencies of a number of governments, the European Union, 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. Our financial position was also helped by improved payment terms with donors, with a significant increase in upfront payments.

In the reporting 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 Ministry of Foreign Affairs of The Netherlands
- The German Corporation for International Cooperation (GIZ)

We also carried out consultancy work for:

- DAI Global LLC
- International Organization for Migration
- Ukraine Non-Governmental Organization Forum

Reserves policy

The Board of Trustees continued its efforts towards implementing a policy of attaining a financial reserve of £250,000 across all funds, required to fund our core payroll and overheads for approximately six months. At the balance sheet date, PCI held reserves of £683,817 (2017: £167,328), of which £640,942 (2017: £129,500) related to restricted funds (received for specific and budgeted programmes), thus achieving the goal. FY2018 will see continued effort to maintain general funds in line with the above policy, as noted in the Plans for Future Periods section on page 22.

Fundraising

PCI does not currently generate funds from the public at large and does not use professional fundraisers.

Risks and uncertainties

The Charity has a risk management policy in place and the Trustees track risk trends and mitigation measures through a risk register on an ongoing 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 a limited group of institutional funders; and
- Psychological wellbeing of staff working overseas or in conflict zones.
Plans for future periods

The strategic priority for the Trustees remains the diversification of PCI’s funding sources and the development of a strong unrestricted income funding stream. 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 put in place the materials, tools, and expertise that PCI needs to successfully fundraise. At this stage, PCI will focus its unrestricted fundraising efforts on trusts and foundations, and high net worth philanthropic individuals.

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

To ensure that PCI remains able to function as a well-run charity as it continues to grow in income and operational complexity, the Trustees are focusing their governance oversight on the following key areas:

- Enhancing organisational resilience at all levels and reviewing management structures to ensure that they are as effective as possible;
- Introducing a new finance management system;
- Training key staff in crisis management and ensuring that crisis management plans are in place;
- Strengthening contract management expertise; and
- Strengthening human resource management processes and capacities.

These operational priorities sit alongside PCI’s ongoing investments of time and resources to develop and strengthen PCI’s policies and procedures on procurement and compliance.

In terms of our programmes, the Trustees are planning for an ongoing expansion in PCI’s Syria programme, building on new streams of work including supporting Syrian and international organisations to deliver assistance in Syria in a conflict-sensitive manner, as well as working with young people to develop a culture of dialogue and constructive debate on sensitive issues. The Trustees plan to continue to diversify the funding base for the organisation’s work in Syria. For Libya, we are planning to consolidate the areas in which we work, but also to deepen the work 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 expand our programme of work in Ukraine and, again, to diversify our funding base.
Structure, governance, and management

Peaceful Change initiative (PCI) was registered as a 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.

Subsidiary legal entities

As the organisation operates internationally, it has established legal entities where it works:

- Libya – Peaceful Change initiative, Libya (registered as a Civil Society Organisation)
- Tunisia – Peaceful Change initiative, Tunisia (registration as an external entity)
- Ukraine – Representative Office of Peaceful Change initiative in Ukraine (registration as a separate division of a foreign non-governmental organisation is in progress)

These registrations enable PCI to operate locally in these and/or neighbouring countries but all management, operations, and finances are run from the PCI UK charity.

Board of Trustees

PCI is governed by a Board of Trustees, which governs in accordance with the Charity 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 currently consists of:

- James Freeman
- Michael Holland (Chair)
- Anton Shihoff

Adam Darby resigned as a trustee and director on 30 November 2017.

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 incoming 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; and
- 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 AGM held on 8 November 2018. Trustees are in frequent communication between meetings, both amongst 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, and day-to-day 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 as required.

Remuneration of key management personnel

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

Management structure

Fleur Just remains as Chief Executive Officer, reporting directly to the Board of Trustees. A new Chief Operating Officer was appointed in March 2018, who provides support to and management of PCI’s non-programme operations.

Management Team

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

- Input to the development of PCI strategic and business plans, and coordination of and collaboration on their implementation as agreed by the Board of Trustees;
- A platform for planning organisational activities that span different teams/programmes;
- A clearing house for the development and approval of new PCI policies and systems;
- A forum for discussing critical issues that affect the organisation as a whole; and
- Recommendations to the Chief Executive Officer and Chief Operating Officer regarding issues being discussed at Board level.

College of Advisors

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

- A platform for enhancing coordination and collaboration between Senior Advisors;
- A platform for driving organisational learning and the ongoing enhancement of PCI’s methodologies, approaches and tools;
- A forum for discussing the impact of PCI’s programmes and for sharing ideas/advice for how to increase/leverage impact; and
- A forum for peer support and appraisal.

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

Registered office address:
25B Lloyd Baker Street
London
WC1X 9AT

Company registered number:
07931944

Charity registered number:
1162957

Chief Executive Officer:
Fleur Auzimour 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

Dechert LLP
160 Queen Victoria Street
London
EC4V 4QQ

Other financial services providers:
- The Charities Aid Foundation
- Western Union Business Services
- Clements Worldwide
- Arthur J Gallagher
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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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.

Auditors

The auditors, Goodman Jones LLP, have indicated their willingness to continue in office. A motion proposing the re-appointment of the auditors will be raised at a meeting of the Trustees.

This report was approved by the Trustees on 8 November 2018 and signed on their behalf by:

Michael Holland
Trustee
Independent Auditors’ Report to the Members of Peaceful Change Initiative

Opinion

We have audited the financial statements of Peaceful Change Initiative for the year ended 30 March 2018 set out on pages 30 to 43. 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 30 March 2018 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 Charities Act 2011.

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 ‘Auditors’ responsibilities for the audit of the financial statements’ section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council’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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees’ use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company’s ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other Information

The Trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors’ Report thereon. Our opinion on the financial statements does not cover the other information and 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.

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Charities (Accounts and Reports) Regulations 2008 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.

**Responsibilities of Trustees**

As explained more fully in the Trustees’ Responsibilities Statement, 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, 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.

**Auditors’ responsibilities for the audit of the financial statements**

We have been appointed as auditors under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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 Auditors’ 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.

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 Auditors’ Report.
Use of our report

This report is made solely to the charitable company's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charitable company's trustees 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 trustees, as a body, for our audit work, for this report, or for the opinions we have formed.

Goodman Jones LLP

Chartered Accountants

29-30 Fitzroy Square
London
W1T 6LQ

Date: 8 November 2018

Goodman Jones LLP are 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 2018

<table>
<thead>
<tr>
<th>Note</th>
<th>Unrestricted funds 2018 £</th>
<th>Restricted funds 2018 £</th>
<th>Total funds 2018 £</th>
<th>Total funds 2017 £</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income from:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Donations and legacies</td>
<td>2</td>
<td>-</td>
<td>4,029,076</td>
<td>4,029,076</td>
</tr>
<tr>
<td>Charitable activities</td>
<td>3</td>
<td>101,300</td>
<td>-</td>
<td>101,300</td>
</tr>
<tr>
<td>Investments</td>
<td>4</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total income</td>
<td></td>
<td>101,300</td>
<td>4,029,076</td>
<td>4,130,376</td>
</tr>
</tbody>
</table>

| Expenditure on: | | | | |
| Charitable activities | 5 | 71,964 | 3,541,923 | 3,613,887 | 3,321,826 |
| Total expenditure | | 71,964 | 3,541,923 | 3,613,887 | 3,321,826 |

| Net surplus before transfers | | 29,336 | 487,153 | 516,489 | 130,015 |
| Transfers between funds | (24,289) | | 24,289 | - | - |
| Net surplus before other recognised gains and losses | | 5,049 | 511,442 | 516,489 | 130,015 |
| Net movement in funds | | 5,049 | 511,442 | 516,489 | 130,015 |

| Reconciliation of funds: | | | | |
| Total funds brought forward | | 37,828 | 129,500 | 167,328 | 37,313 |
| Total funds carried forward | | 42,875 | 640,942 | 683,817 | 167,328 |

The notes on pages 33 to 43 form part of these financial statements.
Peaceful Change Initiative  
Balance Sheet as at 30 March 2018  
Company number 07931944

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£</td>
<td>£</td>
</tr>
<tr>
<td><strong>Fixed assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tangible assets</td>
<td>6,314</td>
<td>12,087</td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debtors</td>
<td>100,188</td>
<td>171,422</td>
</tr>
<tr>
<td>Cash at bank and in hand</td>
<td><strong>1,340,189</strong></td>
<td><strong>330,040</strong></td>
</tr>
<tr>
<td></td>
<td><strong>1,440,377</strong></td>
<td><strong>501,462</strong></td>
</tr>
<tr>
<td><strong>Creditors: amounts falling due within one year</strong></td>
<td><strong>(762,874)</strong></td>
<td><strong>(346,221)</strong></td>
</tr>
<tr>
<td><strong>Net current assets</strong></td>
<td><strong>677,503</strong></td>
<td><strong>155,241</strong></td>
</tr>
<tr>
<td><strong>Net assets</strong></td>
<td><strong>683,817</strong></td>
<td><strong>167,328</strong></td>
</tr>
<tr>
<td><strong>Charity Funds</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Restricted funds</td>
<td>640,942</td>
<td>129,500</td>
</tr>
<tr>
<td>Unrestricted funds</td>
<td>42,875</td>
<td>37,828</td>
</tr>
<tr>
<td><strong>Total funds</strong></td>
<td><strong>683,817</strong></td>
<td><strong>167,328</strong></td>
</tr>
</tbody>
</table>

The Charity's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

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 and authorised for issue by the Trustees on 8 November 2018 and signed on their behalf, by:

Michael Holland  
Trustee

The notes on pages 33 to 43 form part of these financial statements.
Statement of Cash Flows
For the year ended 30 March 2018

<table>
<thead>
<tr>
<th>Note</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£</td>
<td>£</td>
</tr>
<tr>
<td><strong>Cash flows from operating activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net cash provided by/(used in) operating activities</td>
<td>15</td>
<td>1,010,816</td>
</tr>
<tr>
<td><strong>Cash flows from investing activities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase of tangible fixed assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net cash used in investing activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Cash flows from financing activities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Repayments of borrowings</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net cash used in financing activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Change in cash and cash equivalents in the year</td>
<td>16</td>
<td>1,010,149</td>
</tr>
<tr>
<td>Cash and cash equivalents brought forward</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents carried forward</td>
<td>16</td>
<td>1,340,189</td>
</tr>
</tbody>
</table>

The notes on pages 33 to 43 form part of these financial statements.
Notes to the Financial Statements
For the year ended 30 March 2018

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 £.

1.2 **Company status**

The Charity is a company limited by guarantee. The members of the company are the Trustees named on page 23. 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.

1.3 **Going concern**

The Charity receives nearly all of its income in the form of grants for specific programme expenditure. Many of these grant agreements include an allowance for overheads. After reviewing the level of recurring expenditure, expected income for FY2019, and the future plans of the Charity, the Trustees consider that the Charity is a going concern. As noted in the Trustees’ Report on page 21, FY2019 will see continued efforts to increase unrestricted funding.

1.4 **Consolidation**

The Charity operates internationally and has established a legal entity in Libya (Peaceful Change Initiative, Libya - registered as a Civil Society Organisation) allowing it to operate in Libya. During the year, the Charity has also established a legal entity in Tunisia (Peaceful Change Initiative, Tunisia). Registration of a further legal entity, a division of a foreign non-governmental organisation) in Ukraine (Representative Office of Peaceful Change initiative in Ukraine), is currently in progress. These entities are to enable operation of PCI at local level and all operations and accounting transactions are managed and accounted for through the UK charity for both entities. As such consolidated financial statements are not required.

1.5 **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.
Notes to the Financial Statements
For the year ended 30 March 2018

1. Accounting Policies (continued)

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 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.

1.6 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 have been 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.

1.7 Expenditure

Expenditure is recognised inclusive of irrecoverable VAT 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 on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Grants payable are charged in the year when the offer is made except in those cases where the offer is conditional, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to conditions which have not been met at the year-end are noted as a commitment, but not accrued as expenditure.

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.
Notes to the Financial Statements  
For the year ended 30 March 2018

1. Accounting Policies (continued)

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 Tangible fixed assets and depreciation

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Financial Activities incorporating Income and Expenditure Account.

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

1.11 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.

1.12 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.

1.13 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.

1.14 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.
Notes to the Financial Statements
For the year ended 30 March 2018

1. Accounting Policies (continued)

1.15 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.

1.16 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 ruling on the date of the transaction. Exchange gains and losses are recognised in the Statement of Financial Activities incorporating Income and Expenditure Account.

1.17 Pension

The Charity operates a defined contribution pension scheme and the pension charge represents the amounts payable by the Charity to the fund in respect of the year.

2. Income from donations and legacies

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted funds 2018</th>
<th>Restricted funds 2018</th>
<th>Total funds 2018</th>
<th>Total funds 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grants</td>
<td></td>
<td>4,029,076</td>
<td>4,029,076</td>
<td>3,446,615</td>
</tr>
<tr>
<td>Total 2017</td>
<td>-</td>
<td>3,446,615</td>
<td>3,446,615</td>
<td></td>
</tr>
</tbody>
</table>

Grant income is received from UK and non-UK governments and governmental organisations. During the year, the Charity received grants totalling £1,406,208 (2017: £2,145,701) from the UK government.

3. Income from charitable activities

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted funds 2018</th>
<th>Restricted funds 2018</th>
<th>Total funds 2018</th>
<th>Total funds 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conflict resolution and peacebuilding</td>
<td>101,300</td>
<td>-</td>
<td>101,300</td>
<td>4,793</td>
</tr>
<tr>
<td>Total 2017</td>
<td></td>
<td></td>
<td>4,793</td>
<td>4,793</td>
</tr>
</tbody>
</table>
Notes to the Financial Statements
For the year ended 30 March 2018

4. Investment income

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted funds</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018</td>
</tr>
<tr>
<td>Bank interest</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total 2017</strong></td>
<td>433</td>
</tr>
</tbody>
</table>

5. Analysis of expenditure by activities

<table>
<thead>
<tr>
<th>Activities undertaken directly</th>
<th>Grant funding of activities</th>
<th>Support costs</th>
<th>Total 2018</th>
<th>Total 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>2018</td>
<td>2018</td>
<td>2018</td>
<td>2017</td>
</tr>
<tr>
<td>Conflict resolution</td>
<td>3,223,387</td>
<td>235,101</td>
<td>155,399</td>
<td>3,613,887</td>
</tr>
<tr>
<td><strong>Total 2017</strong></td>
<td>2,762,085</td>
<td>451,411</td>
<td>108,330</td>
<td>3,321,826</td>
</tr>
</tbody>
</table>

6. Analysis of grants

<table>
<thead>
<tr>
<th>Grants to Institutions</th>
<th>Total 2018</th>
<th>Total 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>2018</td>
<td>2017</td>
</tr>
<tr>
<td>Conflict resolution</td>
<td>235,101</td>
<td>235,101</td>
</tr>
<tr>
<td><strong>Total 2017</strong></td>
<td>451,411</td>
<td>451,411</td>
</tr>
</tbody>
</table>

Grants were awarded in the year to local organisations in Libya and Syria towards intra-community, social integration, and peacebuilding projects. Grants are only awarded where the activities and projects being funded will be used in line with Peaceful Change Initiative’s charitable objectives.
Notes to the Financial Statements
For the year ended 30 March 2018

7. Support costs

<table>
<thead>
<tr>
<th></th>
<th>Governance</th>
<th>Conflict resolution</th>
<th>Total 2018</th>
<th>Total 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Travel</td>
<td>-</td>
<td>8,772</td>
<td>8,772</td>
<td>14,302</td>
</tr>
<tr>
<td>Rent</td>
<td>-</td>
<td>30,938</td>
<td>30,938</td>
<td>20,026</td>
</tr>
<tr>
<td>Insurance</td>
<td>-</td>
<td>2,227</td>
<td>2,227</td>
<td>11,654</td>
</tr>
<tr>
<td>Office expenses</td>
<td>-</td>
<td>573</td>
<td>573</td>
<td>1,497</td>
</tr>
<tr>
<td>Printing, postage and stationery</td>
<td>-</td>
<td>1,442</td>
<td>1,442</td>
<td>208</td>
</tr>
<tr>
<td>Telephone</td>
<td>-</td>
<td>350</td>
<td>350</td>
<td>310</td>
</tr>
<tr>
<td>Computer</td>
<td>-</td>
<td>15,347</td>
<td>15,347</td>
<td>17,273</td>
</tr>
<tr>
<td>Legal and professional fees</td>
<td>-</td>
<td>11,574</td>
<td>11,574</td>
<td>2,670</td>
</tr>
<tr>
<td>Accountancy</td>
<td>-</td>
<td>2,070</td>
<td>2,070</td>
<td>10,800</td>
</tr>
<tr>
<td>Audit</td>
<td>8,750</td>
<td>-</td>
<td>8,750</td>
<td>8,400</td>
</tr>
<tr>
<td>Staff welfare and training</td>
<td>-</td>
<td>3,774</td>
<td>3,774</td>
<td>7,476</td>
</tr>
<tr>
<td>Bank charges</td>
<td>-</td>
<td>5,995</td>
<td>5,995</td>
<td>1,237</td>
</tr>
<tr>
<td>Surplus/deficit on foreign currency</td>
<td>-</td>
<td>34</td>
<td>34</td>
<td>2,880</td>
</tr>
<tr>
<td>Sundry expenses</td>
<td>-</td>
<td>3,733</td>
<td>3,733</td>
<td>(204)</td>
</tr>
<tr>
<td>Loan interest</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2,062</td>
</tr>
<tr>
<td>Trustees’ meeting expenses</td>
<td>-</td>
<td>16</td>
<td>16</td>
<td>105</td>
</tr>
<tr>
<td>Wages and salaries</td>
<td>-</td>
<td>53,429</td>
<td>53,429</td>
<td>-</td>
</tr>
<tr>
<td>Depreciation</td>
<td>-</td>
<td>6,375</td>
<td>6,375</td>
<td>7,634</td>
</tr>
</tbody>
</table>

8,750  146,642  155,392  108,330

Total 2017

8,505  99,825  108,330

8. Net Income/(expenditure)

This is stated after charging:

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Depreciation of tangible fixed assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- owned by the charity</td>
<td>6,441</td>
<td>7,634</td>
</tr>
<tr>
<td>Audit fees</td>
<td>8,750</td>
<td>8,400</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 (2017 - £NIL).
1 Trustee received reimbursement of expenses amounting to £16 in the current year, (2017 - 1 Trustee - £105).
Notes to the Financial Statements
For the year ended 30 March 2018

9. Staff costs

Staff costs were as follows:

\[
\begin{array}{lrr}
\text{2018} & \text{2017} \\
\text{\£} & \text{\£} \\
\hline
\text{Wages and salaries} & 1,101,571 & 1,167,524 \\
\text{Social security costs} & 26,131 & 26,571 \\
\text{Other pension costs} & 11,583 & - \\
\hline
\text{\£} & \text{\£} \\
\hline
\text{Total} & 1,139,285 & 1,194,095 \\
\end{array}
\]

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

\[
\begin{array}{ll}
\text{2018} & \text{2017} \\
\text{No.} & \text{No.} \\
\hline
\text{Administration and management} & 2 & 3 \\
\text{Projects} & 14 & 15 \\
\hline
\text{Total} & 16 & 18 \\
\end{array}
\]

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. Remuneration totalling £138,641 (2017: £110,855) was paid to key management personnel.

10. Tangible fixed assets

\[
\begin{array}{lrr}
\text{Fixtures and fittings} & \text{\£} \\
\hline
\text{Cost} & \\
\text{At 31 March 2017} & 28,460 \\
\text{Additions} & 667 \\
\text{At 30 March 2018} & 29,127 \\
\hline
\text{Depreciation} & \\
\text{At 31 March 2017} & 16,373 \\
\text{Charge for the year} & 6,441 \\
\text{At 30 March 2018} & 22,813 \\
\hline
\text{Net book value} & \\
\text{At 30 March 2018} & 6,314 \\
\text{At 30 March 2017} & 12,087 \\
\end{array}
\]
Notes to the Financial Statements
For the year ended 30 March 2018

11. Debtors

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade debtors</td>
<td>21,952</td>
<td>4,027</td>
</tr>
<tr>
<td>Other debtors</td>
<td>2,600</td>
<td>2,600</td>
</tr>
<tr>
<td>Prepayments and accrued income</td>
<td>75,636</td>
<td>164,795</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100,188</strong></td>
<td><strong>171,422</strong></td>
</tr>
</tbody>
</table>

12. Creditors: Amounts falling due within one year

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other creditors</td>
<td>5,174</td>
<td>15,924</td>
</tr>
<tr>
<td>Accruals and deferred income</td>
<td>757,700</td>
<td>330,297</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>762,874</strong></td>
<td><strong>346,221</strong></td>
</tr>
</tbody>
</table>

Deferred income

Deferred income at 31 March 2017 | 221,450
Resources deferred during the year | 716,855
Amounts released from previous years | (221,450)

Deferred income at 30 March 2018 | 716,855

Deferred income represents grant income received for programme expenditure where associated performance conditions had not been met at the balance sheet date.
Notes to the Financial Statements
For the year ended 30 March 2018

13. Statement of funds

Statement of funds - current year

<table>
<thead>
<tr>
<th></th>
<th>Balance at 31 March 2017</th>
<th>Income</th>
<th>Expenditure</th>
<th>Transfers in/out</th>
<th>Balance at 31 March 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrestricted funds</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Funds</td>
<td>37,828</td>
<td>101,300</td>
<td>(71,964)</td>
<td>(24,289)</td>
<td>42,875</td>
</tr>
<tr>
<td>Restricted funds</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Libya Programs</td>
<td>129,500</td>
<td>3,308,477</td>
<td>(2,798,354)</td>
<td>-</td>
<td>639,623</td>
</tr>
<tr>
<td>Syria Programs</td>
<td>-</td>
<td>556,494</td>
<td>(580,783)</td>
<td>24,289</td>
<td>-</td>
</tr>
<tr>
<td>Black Sea Programs</td>
<td>-</td>
<td>164,105</td>
<td>(162,786)</td>
<td>-</td>
<td>1,319</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>129,500</td>
<td>4,029,076</td>
<td>(3,541,923)</td>
<td>24,289</td>
<td>640,942</td>
</tr>
<tr>
<td>Total of funds</td>
<td>167,328</td>
<td>4,130,376</td>
<td>(3,613,887)</td>
<td></td>
<td>683,817</td>
</tr>
</tbody>
</table>

Statement of funds - prior year

<table>
<thead>
<tr>
<th></th>
<th>Balance at 31 March 2016</th>
<th>Income</th>
<th>Expenditure</th>
<th>Balance at 31 March 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Funds</td>
<td>37,313</td>
<td>5,226</td>
<td>(4,711)</td>
<td>37,828</td>
</tr>
<tr>
<td>Restricted funds</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Libya programs</td>
<td>-</td>
<td>2,225,572</td>
<td>(2,096,072)</td>
<td>129,500</td>
</tr>
<tr>
<td>Syria programs</td>
<td>-</td>
<td>1,221,043</td>
<td>(1,221,043)</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total of funds</td>
<td>37,313</td>
<td>3,451,841</td>
<td>(3,321,826)</td>
<td>167,328</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).

Black Sea – this programme focuses on strengthening the capacity of civil society organisations to design and carry out effective peace and confidence building projects across conflict boundaries.
Notes to the Financial Statements
For the year ended 30 March 2018

14. Analysis of net assets between funds

Analysis of net assets between funds - current year

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted funds</th>
<th>Restricted funds</th>
<th>Total funds</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018</td>
<td>2018</td>
<td>2018</td>
</tr>
<tr>
<td>Tangible fixed assets</td>
<td>£6,314</td>
<td>£</td>
<td>£6,314</td>
</tr>
<tr>
<td>Current assets</td>
<td>£52,028</td>
<td>£1,388,349</td>
<td>£1,440,377</td>
</tr>
<tr>
<td>Creditors due within one year</td>
<td>(15,467)</td>
<td>(747,407)</td>
<td>(855,266)</td>
</tr>
<tr>
<td></td>
<td>42,875</td>
<td>640,942</td>
<td>683,817</td>
</tr>
</tbody>
</table>

Analysis of net assets between funds - prior year

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted funds</th>
<th>Restricted funds</th>
<th>Total funds</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2017</td>
<td>2017</td>
<td>2017</td>
</tr>
<tr>
<td>Tangible fixed assets</td>
<td>£12,088</td>
<td>£</td>
<td>£12,088</td>
</tr>
<tr>
<td>Current assets</td>
<td>£51,305</td>
<td>£450,156</td>
<td>£501,461</td>
</tr>
<tr>
<td>Creditors due within one year</td>
<td>(25,565)</td>
<td>(320,656)</td>
<td>(346,221)</td>
</tr>
<tr>
<td></td>
<td>37,828</td>
<td>129,500</td>
<td>167,328</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income for the year (as per Statement of Financial Activities)</td>
<td>£516,489</td>
<td>£130,015</td>
</tr>
</tbody>
</table>

Adjustment for:

- Depreciation charges 6,441 7,632
- Decrease in debtors 71,234 90,831
- (Decrease)/increase in creditors 416,652 (288,242)

Net cash (used in)/provided by operating activities 1,010,816 (59,764)
Notes to the Financial Statements
For the year ended 30 March 2018

16. Analysis of cash and cash equivalents

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash in hand</td>
<td>£1,340,189</td>
<td>£330,040</td>
</tr>
<tr>
<td>Total</td>
<td>£1,340,189</td>
<td>£330,040</td>
</tr>
</tbody>
</table>

17. Pension commitments

The Charity operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Charity in an independently administered fund. The pension cost charge represents contributions payable by the Charity to the fund and amounted to £11,583 (2017 - £nil). Contributions totalling £1,532 (2017 - £nil) were payable to the fund at the balance sheet date and are included in creditors.

18. Related party transactions

At the balance sheet date £13 (2017: £13) was owed to M Holland, one of the Trustees, in respect of expenses to be reimbursed.

At the balance sheet date, amounts totalling £1,775 (2017: £7,770) were owed to key management personnel in respect of expenses paid in behalf of the Charity to be reimbursed.

During the year, £49,989 (2017: £41,652) was paid to the spouse of a member of key management personnel for consultancy and project advisory services provided during the year. At the balance sheet date an amount totalling £nil (2017: £1,010) was owed by the Charity in respect of these services.

19. Controlling party

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