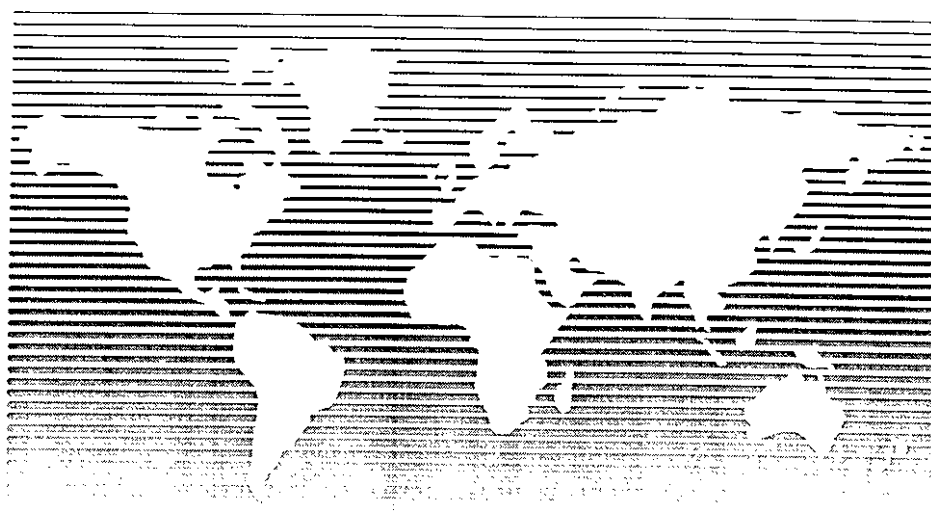


# INTERNATIONAL ALERT

STANDING INTERNATIONAL FORUM  
ON ETHNIC CONFLICT, GENOCIDE  
AND HUMAN RIGHTS  
(Limited by Guarantee)

REPORT AND CONSOLIDATED ACCOUNTS  
31 DECEMBER 1997



Company Registration Number 2153193  
Registered Charity Number 327553

## **INTERNATIONAL ALERT**

**Standing International Forum on Ethnic Conflict, Genocide and Human Rights**

### **ADMINISTRATIVE DETAILS**

**AS AT 31 DECEMBER 1997**

Board of Trustees:	Lord Judd of Portsea, Chairman Amir Bhatia, Honorary Treasurer Major General Sir David Thorne (appointed January 1998 ) Asbjorn Eide (term completed July 1997 ) Joel Joffe Rodolfo Stavenhagen (term completed July 1997 ) Leah Levin Ahmedou Ould-Abdallah Lieutenant General Arnold Quainoo (appointed November 1997 ) William Spencer Mr Peter Nobel (appointed May 1998 ) Mrs Marianne Heiberg (appointed July 1997)
Principal Officers:	Kumar Rupesinghe, Secretary General Martin Honeywell, Associate Director and Company Secretary Mark Boisson, Director of Finance and Support Services
Auditors:	Sayer Vincent Chartered Accountants 23 Angel Gate City Road London EC1V 2PT
Bankers:	National Westminster Bank plc PO Box 35 10 Southwark Street London SE1 1TT
Solicitors:	Bates Wells & Braithwaite 61 Charterhouse Street London EC1M 6HA
Status:	Company limited by guarantee without share capital incorporated on 6 August 1987. Registered as a charity on 24 September 1987.
Registered Office:	1 Glyn Street London SE11 5HT

# INTERNATIONAL ALERT

Standing International Forum on Ethnic Conflict, Genocide and Human Rights

## REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 1997

### Objectives

International Alert exists to relieve poverty, suffering and distress. It works to educate the public by promoting research into the causes and effects of conflict, the maintenance of human rights and development of economic well being, and to promote conciliation and resolution of such conflict.

### Activities

The organisation devises non-governmental bridge-building initiatives to unite peoples divided by internal conflict. It seeks to transform violent conflict into constructive dialogue and negotiations which will restore peace and social justice. Working with all parties, including government and opposition groups, International Alert analyses the root causes of internal conflict, enables mediation and dialogue to take place, sets standards of conduct to avoid violence, and helps develop the skills necessary to resolve conflict non-violently.

International Alert informs governments, inter-government and international agencies, non-government organisations and the public about the needs it detects to work together to prevent or resolve violent conflicts. It also aims to focus international opinion in order to help resolve conflict in the earliest stages, and takes all practical steps possible to persuade the parties in conflict to seek alternative problem-solving methods to deal with their differences.

International Alert relies on grants and donations to sustain its work. Donors include intergovernmental organisations, governments, development and human rights NGOs, religious bodies, trusts, foundations and individuals.

In 1997 International Alert was active within parts of Africa, the states and republics of the former Soviet Union and parts of South East Asia. International Alert was also involved in thematic programmes which address issues of early warning, preventive diplomacy, conflict resolution training, self-determination and minority rights, networking and citizen-based peacemaking throughout the world.

A review of activities for the year and future developments is contained in the Annual Report.

### Results for the year

Total incoming resources during the year ended 31 December 1997 were £2,295,000 (1996 £2,642,000). The reduction from the 1996 level is due to factors such as the volatile political environment in the areas in which the organisation works, and the continuing increased pressures on donors. However, there was continuing support for International Alert's work from donors in Canada, Denmark, Finland, Germany, Japan, the Netherlands, Norway, the Republic of Ireland, Sweden, the United Kingdom and the United States of America, as well as from the European Community and the UN.

Total resources expended were £2,848,000 (1996 - £3,116,000), a decrease of 8.6% compared to the previous year.

Unrestricted reserves at 31 December 1997 totalled £155,000 (1996 £567,000) of which £88,000 are represented by fixed assets. This is lower than the targeted level, based on our policy on reserves which is described on page 8 note 1 to the accounts. A further increase in unrestricted reserves is desirable to provide the ability to respond to unexpected events and to manage the risks and cash flow challenges arising from International Alert's continuing dependence upon a small number of large donations which are received mainly during the second quarter of the year.

International Alert has a subsidiary undertaking registered in the Netherlands (Stichting Standing International Forum on Ethnic Conflict Development and Human Rights - International Alert). Its financial results for 1997 and 1996 have been included in the Statement of Financial Activities and in note 4. The Balance Sheet shows the position for the group and for the company separately. The process of closing down our subsidiary undertaking has begun and the funds from its bank account have been remitted to our United Kingdom bank account in April 1998.

### Trustees

A list of Trustees is given in this report. The Board of Trustees met three times in 1997. In addition, there were seven meetings of the Management Advisory Committee of the Board which is made up of Trustees based in the United Kingdom plus Ms Marianne Heiberg and is chaired by Lord Judd.

The charitable company is limited by guarantee and has no share capital. In the event of winding up each member is liable to contribute a sum not exceeding £5 whilst a member or within 12 months of ceasing membership.

### **Employees**

The Trustees would like to record their appreciation of the commitment to International Alert's objectives of all staff and also the many volunteers and interns who willingly give their time to the immense benefit of the charity.

### **Contracts**

There were no contracts of significance in which a Trustee is or was materially interested either during or at the end of the financial year.

### **Statement of Trustees' responsibilities**

Company law requires the Trustees, who are Directors under company law, to prepare accounts for each financial year which give a true and fair view of the state of the affairs of the charitable company and of the incoming resources and application of resources including income and expenditure for that period. In preparing those accounts the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to

any material departures disclosed and explained in the financial statements;

- prepare the accounts on a going concern basis unless it is inappropriate to presume that the charitable company will continue its operations.

The Trustees are responsible for the keeping of proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the accounts comply with the Companies Act 1985. 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.

### **Auditors**

In accordance with the Companies Act 1985, a resolution regarding the re-appointment of Sayer Vincent will be proposed at the forthcoming annual general meeting.

### **By order of the Board**



Martin Honeywell  
Secretary

17 June 1998

## **REPORT OF THE AUDITORS**

### **TO THE MEMBERS OF**

### **INTERNATIONAL ALERT**

**Standing International Forum on Ethnic Conflict, Genocide and Human Rights**

We have audited the accounts on pages 6 to 13 in accordance with the accounting policies on page 8 and 9.

#### **Respective responsibilities of the Trustees and Auditors**

As described on page 4 the charitable company's Trustees, who are Directors under Company Law, are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

#### **Basis of opinion**

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

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

#### **Opinion**

In our opinion the accounts give a true and fair view of the state of the charitable company's affairs and of the group as at 31 December 1997 and of the incoming resources and application of resources of the group including income and expenditure of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Sayer Vincent  
Chartered Accountants  
Registered Auditors

23 Angel Gate  
City Road  
London EC1V 2PT

*Sayer Vincent*

*22 June 1998*

# INTERNATIONAL ALERT

Standing International Forum on Ethnic Conflict, Genocide and Human Rights

## CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 DECEMBER 1997

	Notes	Unrestricted £'000	Restricted £'000	1997 Total £'000	1996 Total £'000
<b>Income and Expenditure</b>					
<b>Incoming Resources</b>					
Grants Receivable		902	1,246	2,148	2,442
Deferred Income	2	40		40	144
Other income receivable		52	17	69	1
Interest received/receivable		23	15	38	55
Total incoming resources		1,017	1,278	2,295	2,642
<b>Resources expended</b>					
Direct charitable expenditure					
Programme operation costs		892	1,226	2,118	2,336
Programme support costs		11	183	194	315
	3	903	1,409	2,312	2,651
<b>Other Expenditure</b>					
Fundraising and publicity	3	133	10	143	108
Management and administration	3	371		371	325
Net expenditure of subsidiary	4	22	0	22	32
		526	10	536	465
Total Resources Expended		1,429	1,419	2,848	3,116
Net Outgoing Resources for the Year		(412)	(141)	(553)	(474)
Funds at 1 January 1997		567	551	1,118	1,592
Funds at 31 December 1997		155	410	565	1,118

All of the Group's activities and programmes are classed as continuing. The Group had no recognised gains or losses other than the net outgoing resources for the the year. The movement on funds is shown above and in note 12 .

The notes on pages 8 to 13 form part of these financial statements.

## CONSOLIDATED SUMMARY INCOME & EXPENDITURE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 1997

	Notes	1997 £'000	1996 £'000
Total income of continuing operations		2,295	2,642
Total expenditure of continuing operations		2,848	3,116
Net expenditure for the year		(553)	(474)

Detailed analyses of expenditure are provided in the Statement of Financial Activities and note 3.

The summary of Income and Expenditure Account is derived from the Statement of Financial Activities which together with the notes to the accounts on pages 8 to 13 provides full information on the movements during the year on all the funds of the Group.

# INTERNATIONAL ALERT

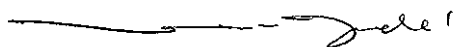
Standing International Forum on Ethnic Conflict, Genocide and Human Rights

## BALANCE SHEET

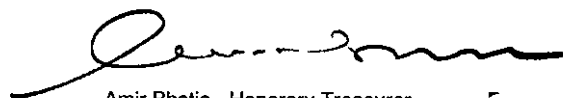
AS AT 31 DECEMBER 1997

	Notes	Group		Company	
		1997 £'000	1996 £'000	1997 £'000	1996 £'000
<b>Fixed assets</b>	7	88	165	88	165
<b>Current Assets</b>					
Debtors & Prepayment	8	263	488	342	542
Cash at Hand and in bank		513	789	467	752
		776	1,277	809	1,294
<b>Creditors</b>					
Amounts falling due within one year	9	289	314	259	290
<b>Net current assets</b>		487	963	550	1,004
Total assets less current liabilities		575	1,128	638	1,169
Maintenance Provision	10	(10)	(10)	(10)	(10)
<b>Net assets</b>		565	1,118	628	1,159
<b>Funds</b>					
Unrestricted (incl £88K fixed assets)		155	567	218	608
Restricted		410	551	410	551
Total funds		565	1,118	628	1,159

Approved by Board of Trustees on 17 June 1998



Lord Judd of Portsea - Chairman



Amir Bhatia - Honorary Treasurer

The Notes on pages 8 to 13 form part of the financial statements

# INTERNATIONAL ALERT

Standing International Forum on Ethnic Conflict, Genocide and Human Rights

## Notes to the Consolidated Accounts for the year ended 31 December 1997

### 1 Accounting policies

- a) The accounts have been prepared in accordance with applicable accounting standards in the United Kingdom. The recommendations of the Statement of Recommended Practice: Accounting by Charities issued in October 1995 have been followed.

#### Group Accounts

Consolidated accounts ("Group Accounts") have been prepared in respect of International Alert and its subsidiary undertaking Stichting Standing International Forum on Ethnic Conflict Development and Human Rights. The detail of income, expenditure and net liabilities of the subsidiary undertaking has been included in note 4.

- b) Grants by donors for a particular period of time are allocated to the period to which they apply. Grants for expenditure in a future accounting period received in advance are carried forward as deferred income. All other income is accounted for when receivable.
- c) Restricted funds are grants received for specific purposes as laid down by the donor. Expenditure which meets these criteria is identified to these funds together with a fair allocation of support costs. Funds unspent at the year end which will be spent in future accounting periods are carried forward as restricted reserves. Interest received on these funds prior to their expenditure is classified as restricted funds.
- d) Unrestricted funds are grants and other income received or generated for charitable purposes.
- e) Unrestricted reserves are held by the charitable company to fund fixed assets and working capital and to provide an ability to respond rapidly to opportunities arising in a very dynamic environment. Unrestricted reserves at the year end are being built up in accordance with the policy approved by Trustees in July 1995 to cover the net book value of fixed assets and three to six months expected expenditure from unrestricted funds in the following year.
- f) Staff and support costs are allocated to activities to reflect the amount of staff time and direct costs on those activities.
- g) Grants payable for projects with local partners are accounted for when paid.
- h) Depreciation is provided in order to write off the cost of the assets over their estimated useful lives on a straight line basis at the following rates:-
- |                       |     |
|-----------------------|-----|
| Office equipment      | 25% |
| Fixtures and fittings | 20% |
| Improvements          | 20% |
- i) Management and administration costs of the charitable company relate to the central costs of management including the cost of administrative staff, meetings, audit and statutory compliance.
- j) Transactions in foreign currencies are translated into sterling at the rates of exchange ruling at the date of the transaction. Exchange differences are accounted for in the Statement of Financial Activities.
- k) No provision has been made for taxation since the company obtained charitable status following incorporation.



## INTERNATIONAL ALERT

Standing International Forum on Ethnic Conflict, Genocide and Human Rights

### Notes to the Consolidated Accounts for the year ended 31 December 1997

- l) The charitable company as an employer contributes to personal pension plans of its employees. The contributions are set at 10% of gross salary and are available to all employees whose contracts are for more than six months and who have successfully completed the first six months of their employment.
- m) A maintenance provision is being built up to meet redecoration and repair costs at the end of the office lease.
- n) Rentals payable under operating leases where substantially all the risks and rewards of ownership remain with the lessor are charged to the Statement of Financial Activities in the period in which they fall.

#### 2 Deferred income

	1997 £'000	1996 £'000
Deferred income brought forward	40	184
Less grants transferred to incoming resources	(40)	(184)
	0	0
Grants received for expenditure in a future accounting period		40
Deferred income carried forward	0	40
Net movement during the year	(40)	(144)

#### 3 Total resources expended

	Programme £'000	Fundraising & Publicity £'000	Management & Admin £'000	1997 Total £'000	1996 Total £'000
Employment costs	975	101	237	1,313	1,387
Consultants	146	10	1	157	257
Travel	442	11	22	475	365
Grants to local partners	194	0	0	194	269
Conference & training	30	0	0	30	245
Facilities overseas	1	0	0	1	-
Print, translation etc	50	1	1	52	74
Telephone, fax & post	90	3	31	124	103
Professional fees	31	0	20	51	53
Bank charges	2	0	5	7	4
Office costs	257	12	10	279	176
Depreciation	76	4	6	86	85
Staff training & welfare	8	1	21	30	22
Recruitment	10	0	17	27	44
Net expenditure of subsidiary	16	0	6	22	32
	2,328	143	377	2,848	3,116

## INTERNATIONAL ALERT

Standing International Forum on Ethnic Conflict, Genocide and Human Rights

### Notes to the Consolidated Accounts for the year ended 31 December 1997

#### 4 Results of subsidiary undertaking

The charity has one subsidiary undertaking with which it has common directors, a charitable foundation registered in Netherlands, Stitching Standing International Forum on Ethnic Conflict, Development and Human Rights-International Alert. Its aims are closely in line with those of the charity. A summary of its results are shown below and audited accounts will be filed in Netherlands.

##### Income and Expenditure Account

	1997 £'000	1996 £'000
Income	1	1
Expenditure	(23)	(33)
Net Expenditure	(22)	(32)

The foundation had net liabilities at 31 December 1997 of £63,000 (1996 - £41,000).

#### 5 Net outgoing resources

The figure for net outgoing resources for the year is stated after charging :

	1997 £'000	1996 £'000
Auditors Remuneration		
Audit fees	10	7
Other services	4	1
Operating leases	1	1
Depreciation	86	85

#### 6 Staff costs and numbers

	1997 £'000	1996 £'000
Staff costs during the year were as follows:		
Salaries, wages and allowances	1,128	1,179
Social security costs	100	110
Pension costs	85	98
	1,313	1,387

The average weekly number of employees during the year was as follows:

	No.	No.
Programmes	18	37
Fundraising & publicity	5	5
Management and administration	18	11
	41	53

Total emoluments of employees were:

Emoluments of employees £50,000 to £59,999	1	1
Emoluments of employees £80,000 to £89,999	1	1

# INTERNATIONAL ALERT

Standing International Forum on Ethnic Conflict, Genocide and Human Rights

## Notes to the Consolidated Accounts for the year ended 31 December 1997

### 7 Tangible fixed assets

	Group & Company			
	Improvements £'000	Office Equipment £'000	Fixtures & Fittings £'000	Total £'000
Cost				
At 1 January 1997	39	258	66	363
Additions	0	9	0	9
At 31 December 1997	39	267	66	372
Accumulated depreciation				
At 1 January 1997	14	146	38	198
Charge for the year	7	67	12	86
At 31 December 1997	21	213	50	284
Net book values				
At 31 December 1997	18	54	16	88
At 31 December 1996	25	112	28	165

There were no commitments for capital expenditure at 31 December 1997.

	Group		Company	
	1997 £'000	1996 £'000	1997 £'000	1996 £'000
8 Debtors				
International Alert (Netherlands)	-	-	79	54
Grant income	224	454	224	454
Sundry debtors	20	27	20	27
Prepayments and accrued income	19	7	19	7
	263	488	342	542

### 9 Creditors: Amounts falling due within one year

Taxation and social security	61	59	61	59
Deferred income	0	40	0	40
Sundry creditors and accruals	228	215	198	191
	289	314	259	290

### 10 Maintenance provision

Balance 1 January 1997	10	10	10	10
Additional provision during the year		-		-
Balance 31 December 1997	10	10	10	10

### 11 Operating leases

The charitable company's office premises are held under a ten year operating lease (with a five year break clause), which expires in the year 2005. The annual commitment is £69,355 (currently under review).

## INTERNATIONAL ALERT

Standing International Forum on Ethnic Conflict, Genocide and Human Rights

### Notes to the Consolidated Accounts for the year ended 31 December 1997

The charitable company holds/held the following operating leases:

Equipment	Term	Expiry date	Total commitment £'000
Franking machine	5 years	22.12.02	3

## 12 Restricted funds

The restricted funds of the charitable company comprise the following unexpended balances of grants held on trust to be applied for specific purposes (negative figures arise where commitments have yet to be received for projects which have already commenced):

	1 January 1997 £'000	Incoming £'000	Outgoing £'000	31 December 1997 £'000
M Ennals Fund	19	-	-	19
<i>Africa:</i>				
Early warning and preventive diplomacy	-	115	50	65
Peacemaking in Africa	(84)	87	3	-
Burundi	245	526	517	254
Kenya	25	-	12	13
Rwanda	65	60	103	22
Sierra Leone	46	33	76	3
Rapid response	6	150	156	-
Uganda: mission			13	(13)
<i>Eastern Europe:</i>				
Former Soviet Union	2	63	74	(9)
 Preventive diplomacy	22	30	52	-
Small Arms	101	-	94	7
<i>Development Aid &amp; conflict prevention</i>		10	10	-
<i>South Asia:</i>				
Kashmir	10	-	10	-
South Asia peacemaking	4	-	-	4
Sri Lanka peacemaking	111	131	230	12
<i>Training:</i>				
Africa seminars				
Manual and materials	(21)	17	9	(13)
Regional centres				
Training for trainers				
Implementation of Evaluation		46	-	46
Fund Raising:S Korea		10	10	-
<b>Total</b>	<b>551</b>	<b>1,278</b>	<b>1,419</b>	<b>410</b>

## INTERNATIONAL ALERT

Standing International Forum on Ethnic Conflict, Genocide and Human Rights

### Notes to the Consolidated Accounts for the year ended 31 December 1997

#### 13 Analysis of group net assets between funds at 31 December 1997

	Unrestricted funds £'000	Restricted funds £'000	Total £'000
Fixed assets	88	-	88
Net current assets less provisions	67	410	477
Total net assets	155	410	565

#### 14 Trustees' remuneration

The Trustees received no remuneration in 1997 (1996 - Nil). Costs of their travel, accommodation and related expenses amounted to £28,157 (1996 - £10,180). During 1997 there were ten trustees coming from the United Kingdom, Norway, Sweden, Mexico, the United States of America and Ghana. The full Board met three times and the Management Advisory Committee met seven times.