

# International Alert.

**INTERNATIONAL ALERT**  
**(Limited by Guarantee)**

**REPORT AND FINANCIAL STATEMENTS**  
**31 DECEMBER 2010**



**Company Registration Number 2153193**  
**Registered Charity Number 327553**

**WEDNESDAY**



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## INTERNATIONAL ALERT

### LEGAL AND ADMINISTRATIVE INFORMATION

#### Trustees

- \* Richard Dales (UK) Chair (resigned 09 12 2010)
- \* Frida Nokken (Norway) (Appointed Chair 09 12 2010)
- \* William Meredith Samuel (UK) Honorary Treasurer
- \* Craig McGilvray (UK) Honorary Treasurer (resigned 04 08 2010)
- Brendan O'Leary (Ireland)
- Paulina Lampsa (Greece) (resigned 09 12 2010)
- Pumla Gobodo-Madikizela (South Africa) (resigned 27 05 2010)
- \* Rosemary Bechler (UK)
- Stephen Stedman (USA)
- \* Martin Woollacott (UK)
- Dr J R Nereus Acosta (Philippines)
- \* Sir Edward Clay (UK) (appointed 27 05 2010)
- Michela Wrong (UK) (appointed 27 05 2010)
- Pierre Schori (Swedish) (appointed 27 05 2010)

\* Denotes Member of Management Advisory Committee

#### Principal Officers

Dan Smith	Secretary General
Susan McCready	Chief Operating Officer, Company Secretary
Philip Champain	Director of Programmes
Philip Vernon	Director of Programmes

#### Auditors

Kingston Smith LLP  
Chartered Accountants  
Devonshire House  
60 Goswell Road  
London EC1M 7AD

#### Bankers

National Westminster Bank  
PO Box 35  
10 Southwark Street  
London SE1 1TT

#### Solicitors

Bates Wells & Braithwaite  
Scandinavian House  
2-6 Cannon Street  
London  
EC4 6YH

#### Status

Company limited by guarantee without share capital, governed by Memorandum and Articles of Association, incorporated on 6 August 1987, registered as a charity on 24 September 1987

#### Registered Office

346 Clapham Road  
London SW9 9AP

## **INTERNATIONAL ALERT**

### **TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2010**

The trustees present their report for the year ended 31 December 2010 for the purposes of section 45 of the Charities Act 1993 and Directors report for the purposes of section 415 of the Companies Act 2006

The financial statements comply with current statutory requirements, the Memorandum and Articles of Association, and the Statement of Recommended Practice "Accounting and Reporting by Charities" (SORP 2005)

## **1 STRUCTURE, GOVERNANCE AND MANAGEMENT**

### **1.1 Organisational structure**

International Alert is a London-based non-governmental organisation, registered with Companies House and the Charities Commission. The charity is a company limited by guarantee and has no share capital. International Alert is governed by a Board of Trustees that may consist of 3-15 members. Normally the number has been 11-13. The Board is international in order to reflect the diversity of the organisation's work. In addition, the Board has established a sub-committee, the Management Advisory Committee (MAC), which is chaired by the Board Chair and includes the Treasurer and four further trustees. International Alert's Senior Management Team of 4 is comprised of the Secretary General, two Directors of Programmes and the Chief Operating Officer. There are around 150 multi-national staff based in London and the conflict regions in which we work – the Great Lakes region of Africa, West Africa, Lebanon, the Caucasus, Central Asia, South Asia and the Philippines. Work in these regions is organised into four programmes, while a fifth programme works on peacebuilding issues. The work of the programmes is supported by administrative, financial, IT and HR teams as well as communications and fundraising teams, all of which are located in London. During 2010 International Alert registered new branch offices in Belgium, Tajikistan, Lebanon and the Philippines.

### **1.2 Trustees**

New trustees are elected at the AGM or by the Board at a regular meeting, and serve for a period of 3 years. Thereafter, Trustees may be re-elected for one further term of three years. Before a decision is taken, meetings are arranged for the potential new Trustee with the Secretary General and with one or two senior Board members, normally including the Board Chair, unless special circumstances intervene. Upon appointment, new Trustees receive a full induction to their responsibilities under company law and charity law and to International Alert. The process includes both a pack of relevant documentation and a series of meetings for the new Trustee with senior and middle management.

### **1.3 Decision-making**

The Board meets three times a year and is responsible for governance, for establishing the organisation's strategic framework and annual objectives, and for setting the annual budget. The trustees are directors under Company Law and, in line with that responsibility they oversee the financial reporting by International Alert and ensure that proper financial statements are made for each financial year to give a true and fair view of the organisation's financial activities during the year and its financial position at the year-end.

The Management Advisory Committee (MAC) meets six times a year to advise and monitor the work of the senior management. The Trustees appoint a Secretary General who is accountable to the Board for all the work of the organisation and the three other members of the Senior Management Team report to the Secretary General. The Senior Management Team reports to each Board and MAC meeting on the organisation's work, its activities and finances, presenting progress against the budget, annual objectives and strategic framework.

### **1.4 Risk management**

The Board is responsible for the management of risks and is assisted by the Senior Management Team in the implementation of this responsibility. A risk management report is presented to three MAC meetings during the course of the year and an annual retrospective and forward looking review of risk is undertaken at the December Board meeting. The trustees recognise that risk is relative, that International Alert works in

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conflict zones, and that systems can provide reasonable but not absolute assurance that major risks have been adequately managed. Trustees are satisfied that the risk management process they have established is identifying the correct risks and addressing them adequately.

Alert's risk management systems and measures are consistent with SORP. 2011 major risks (as agreed at the December 2010 Board meeting) are *financial viability* in a difficult economic climate, *managing growth* in such a way that financial sustainability and good governance are maintained, *operating in high risk environments* as this relates to staff security, staff welfare, legal and reputational risks, *reputational risk* arising from undeserved misrepresentation.

## 2. OBJECTIVES AND ACTIVITIES

### 2.1 Overall objectives

International Alert works to build just and lasting peace in areas of violent conflict. It was established in 1985 by a group of human rights advocates in response to the escalation of violent conflict within many countries and the subsequent abuse of individual and collective human rights. The objects of the organisation are to contribute to the relief of poverty, suffering and distress, through advancing public knowledge of the causes and effects of conflict, and promoting reconciliation, reparation and resolution in cases of violent conflict. The term International Alert uses to describe these objects is *peacebuilding*, which it understands as a process of promoting the attitudes, behaviour and structural conditions that are conducive to long-term peace and prosperity in countries currently suffering, threatened by or attempting to recover from armed conflict.

### 2.2 Mission goals

On the basis of a strategic review conducted during 2004, International Alert adopted a Strategic Perspective for the period 2005 through 2009. The 2010 – 2014 Strategic Perspective (developed and adopted during 2009) re-affirms our three-part mission for the organisation:

- 1 To work together with people who live in areas affected or threatened by armed conflict, to make a positive difference for peace,
- 2 To improve both the substance and implementation of international policies that affect peacebuilding and the prospects for peace,
- 3 To strengthen the peacebuilding sector.

These three broad tasks are taken on in order to make progress towards fulfilling International Alert's vision of a world in which, when people pursue their human rights and seek chances for betterment for themselves and their communities, conflicts that arise are pursued with honesty, with forthrightness and also with wisdom so that they do not erupt into violence. In this vision, the problem is not conflict – the problem is violent conflict.

The five year Strategic Perspective charts a course for the Organisation to follow so that it can fulfil its overall goals in each part of its mission and in each country and region in which it works. The way International Alert works is guided by its Code of Conduct, which is publicly available and stresses impartiality, partnership and transparency in working for peaceful outcomes to conflict.

### 2.3 Objectives 2010

Against the background of the Strategic Perspective, and using it as a guide, International Alert annually identifies the major objectives in our programmes and key organisational priorities. The latter are defined as objectives that will be met only if there is a major organisational effort to achieve them. We present a brief description of the 2010 organisational and programme priorities.

#### 2.3.1 Organisational Priorities 2010

Each year, International Alert identifies organisation priorities that are needed to take our long-term strategic perspective closer to fulfilment. In preparation for 2010, we changed the focus and format of these priorities to concentrate exclusively on the organisational platform. The programmes maintain their strategic priorities for each year and are accountable for their fulfilment. International Alert's six organisational priorities for 2010 were as follows, drawing directly on the Strategic perspective for 2010-2014.

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- 1 Scale up across the organisation
- 2 Engage with key international peacebuilding institutions
- 3 Be among the agenda-setters on major international questions
- 4 Initiate work on community conflict in the UK
- 5 Validate our mission and its effect
- 6 Improved performance and coherence in advocacy and outreach

### 2.3.2 Key programme objectives 2010

The programmes maintain their strategic priorities for each year and are accountable for their fulfilment. In 2010 goals and priorities for each programme were as follows:

- 1 In the *Great Lakes*, our continuing objective is to help the people of the region put in practice a shared vision of living together productively and peacefully. Particular priorities in 2010 included achieving a tighter linkage between regional activities and country programmes with a number of cross-border initiatives including dialogues on commerce, a regional conference on reconciliation, and research on women's political participation.
- 2 In the *West Africa Programme*, our long-term goal is to promote the culture of peace and to enable people to influence and adapt to the changing environment. Particular priorities in 2010 included continued implementation of regional work on gender and security issues, and dialogue on governance and reconciliation in Guinea.
- 3 In the *Eurasia Programme*, Alert seeks to strengthen relationships across conflict divides and encourage regional and bilateral economic cooperation. In 2010, key priorities included work with Georgian and Abkhaz legal experts on a legislative proposal for legalising economic cooperation across the conflict divide, promoting dialogue on the Nagorny Karabakh conflict and taking forward our initial work in Tajikistan.
- 4 In the *South Asia Programme*, Alert's objectives are to strengthen local peacebuilding processes and the peacebuilding role of the international community in the region, with particular focus on Nepal and Sri Lanka. Priorities in 2010 were to develop new regional work on climate and security, to focus on community security in Nepal and to broaden discussion of economic prospects and governance in Sri Lanka, especially with diaspora involvement.
- 5 In the *Peacebuilding Issues Programme*, the overarching aim is to place peacebuilding at the heart of international relations, by influencing the perspectives, policy and practice of key donor governments, of the EU and UN, and of other important actors including businesses, NGOs and governments and civil society groups in conflict countries.
- 6 In other programmes
  - a In the Philippines we seek to promote good governance and, specifically in 2010, set out to encourage peace advocacy groups to broaden their participation and the issues they address, and will ourselves address the issues of exclusion and marginalisation in Mindanao,
  - b In Lebanon, our aim is an inclusive dialogue that moves the peace process forward by reframing difficult issues. In 2010 we aimed at expanding the political discourse and starting a new research programme to inform a broader process of advocacy on selected issues,
  - c In Colombia and Peru we continued our work on conflict sensitivity in the extractive industries, working with civil society groups, including indigenous, environmental and labour leaders, as well as business representatives to develop new joint approaches.

### 2.4 Strategies for achieving the 2010 objectives

International Alert has its 25<sup>th</sup> anniversary in 2011. It has been working for significant periods in most of the countries where its activities are now located. The organisation also has an established record as a source of expert advice on the shaping and implementation of policy in the field of peacebuilding. This experience and the lessons it has offered us are essential ingredients in the formulation of our strategic approach.

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Working with people to make a positive difference for peace in countries affected or threatened by armed conflict, the approach to the peacebuilding objective has to be tailor-made for the specific circumstances. General features of International Alert's strategies in different locations are to emphasise partnership with local organisations, to base every activity and project on a thorough analysis of the prevailing situation, to prepare to sustain the engagement for a long period of time (at least 5 to 10 years), to bring groups affected by the conflict into dialogue with each other, and to ensure that national dialogues include all the important groups into the process of building peace.

Equally, in working to improve the substance and implementation of policies on peacebuilding, the approach to an advocacy goal is shaped by the specifics of the goal, the issue, and the constituency towards whom it is promoted. Whether the policy issue relates to a government, an inter-governmental organisation such as the United Nations or European Union, to other Non-Governmental Organisations or to businesses, defines how International Alert addresses each issue. General features of Alert's work in different contexts and on different issues are that it is non-confrontational and evidence-based, often brings voices from conflict countries to speak directly to donor governments and international organisations, and reflects an ongoing engagement with the issues and with our interlocutors.

### 2.5 Main activities 2010

Activities undertaken by International Alert in 2010 in support of its mission goals and to fulfil the objectives and priorities of each programme included the following:

**In support of Mission Goal 1, *working with people in conflict-affected or threatened areas to make a positive difference for peace*, we:**

- Helped genocide survivors and ex-prisoners achieve reconciliation and economic empowerment in Rwanda,
- Supported and built the capacity of civil society organisations in the Democratic Republic of Congo,
- Following the 2009 publication of *Harnessing Oil for Peace and Development in Uganda*, this report received considerable interest in 2010 and Alert has been engaged in a number of follow-up activities with civil society, community leaders and the private sector to help improve transparency with regards oil,
- Supported women's organisations in West and Central Africa to contribute to local peacebuilding processes,
- Laid the foundations for handing over management responsibility for eight community radio stations in Liberia, ensuring sustainability beyond the project term,
- Worked with diverse political groups in Guinea so that civil peace could survive the crisis of coup and political violence and through this played a part in preparing the transition to democracy,
- Fostered dialogue on business and especially the extractive sector, human rights and security amongst diverse civil society groups in Colombia, including indigenous, environmental and labour leaders,
- Worked with Sri Lanka's Chamber of Commerce to map out youth employment creation strategies in conflict-affected areas,
- Took forward our engagement with the Sri Lankan diaspora through initial meetings with groups in the UK, especially in the business community,
- Started work with rural communities in Nepal to identify and articulate their immediate security needs,
- Continued to enhance the capacity and visibility of the Caucasus Business Development Network (CBDN) including the South Caucasus Businesswomen's Economic Forum which has become the leading women's economic event in the region,
- Convened two Armenian-Azerbaijani Public Peace Forums in Vienna and Moscow bringing together international mediators and civil society to share views on the Nagorny-Karabakh conflict,
- Opened an office in Tajikistan on the theme of the relationship between peacebuilding and adaptation to climate change, involving both civil society and representatives of government in an open exchange of views,
- Held a series of meetings in Beirut followed by a three day session in London with 17 leaders of the youth wings of Lebanon's main political parties, the first time in over five years these party representatives had come together,
- Responded to urgent invitations from the government in Kyrgyzstan and civil society groups to help identify strategic paths to a sustainable peace in that country and to assess whether Alert could

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play an active part to that end, as a result, we initiated training activities with NGOs and began the work of establishing a national-level dialogue process

### **In support of Mission Goal 2, *improving the substance and implementation of international policies relevant to peacebuilding*, we:**

- Advised international extractive industries – and the international bodies which regulate them – on how to make their projects more conflict-sensitive,
- Advocated with donor governments and multilateral institutions on how to take account of conflict dynamics more effectively in their policies and programmes,
- Led two EU NGO consortiums to provide EU institutions with advice on a broad range of key peacebuilding issues,
- Designed and ran an advanced course on conflict sensitivity for senior UK government officials,
- Continued to engage with negotiating panels of the peace process in preparation for the eventual resumption of talks between the Government of Republic of the Philippines and the National Democratic Front,
- Worked through the Advisory group of the UN Peacebuilding Fund to encourage the UN peacebuilding architecture to develop a more strategic approach based on clearer understanding of the requirements of peacebuilding,
- Worked in with international NGOs to help them identify how to make their practices more conflict sensitive,
- Participated in numerous policy discussions and forums on the challenges for peacebuilding, development and humanitarian action and how to address them,

### **In support of Mission Goal 3, *strengthening the peacebuilding sector*, we:**

- Provided training to civilian peace workers from the UK and other European governments, NGOs and those interested in pursuing a career in peacebuilding work,
- Led the discussion on aid effectiveness with other development and peacebuilding practitioners to examine what is and isn't working with aid funding and practices
- Held lectures, made presentations at numerous seminars and conferences, organised and addressed public meetings – all on the themes of conflict and peacebuilding

Further information on activities for the year and future developments is contained in the Annual Review

## **2.6 Grant making**

Approximately a fifth of International Alert's annual income is passed on to partner organisations in the form of grants. In some cases, this is because International Alert is the lead organisation in a consortium, while in others the project involves capacity building of a specific and named recipient organisation, and in others a number of local NGOs receive small grants for their own specific projects

In all cases International Alert conducts due diligence to ensure that its charitable purposes and its aims will be furthered by the grant and to establish that the grant is in line with the agreed strategy for the particular programme of work within which it falls. Before any grant is agreed, International Alert ensures that it is able to monitor the use of the grant, ensure that the required work is done, and ensure that the funds are properly managed and spent for the purposes intended

## **3. ACHIEVEMENTS AND PERFORMANCE**

### **3.1 Identifying and measuring achievement**

Peace processes are of their nature volatile and full of risk. The measurement of outputs and results, therefore, does not necessarily add up to an effective assessment of impact. This is a generally recognised issue in the international field of peacebuilding and a number of studies and initiatives have been launched in recent years to address it and to improve confidence in the impact of peacebuilding. As part of this broad effort, International Alert initiated a new internal programme in 2006 to strengthen our programme design, monitoring and evaluation. This work was completed in 2009. Its two main outputs were a Programming Framework and an Assessment Framework. In 2010 the two frameworks have been rolled out within the organisation. They enable International Alert to use qualitative and, where available and appropriate, quantitative information and indicators both to plan activities and to assess performance achieved against

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objectives set. Alongside these, International Alert provides narrative reports of performance compared to set objectives.

In relation to advocacy work, it is also difficult to provide firm and concrete evidence of clear causal relationships between advocacy efforts and changed policy. One way of measuring effectiveness, however, is by looking at access to policy debates.

### 3.2 Review of performance against objectives

Each two months, International Alert's management team reports to the Board or its sub-committee, the Management Advisory Committee, on progress against the annual objectives. A detailed review of performance against objectives takes place at the December meeting of the Board of Trustees, at which objectives for the coming year are also discussed and established on the basis of earlier discussion by the senior management team, programme managers and other staff. Comparing performance against the objectives indicated above, we present the organisational and programme priorities for 2008 in that order.

#### 3.2.1 Achievement of organisational priorities 2010

International Alert made good progress on its organisational priorities in 2010.

1. **Scale up across the organisation:** Be in a position to sustain expansion, identify expansion options strategically, develop one new major programme
  - Initiated development of a programme in the Horn of Africa. A consultant was hired to lead the work and two proposals focusing on peacebuilding in Sudan were prepared for submission to donors,
  - Following a high level invitation in June to engage in Kyrgyzstan, peacebuilding activities commenced in September, country staff were hired in November and at year end there are prospects for a large and continuing programme,
  - Prepared change management strategy which was approved by the MAC in September,
  - Work upgrading financial management progressed as planned by augmenting programmes' financial capacity, restructuring finance team and further developing financial management systems,
  - Internal audit function was initiated and 3 units were audited during the year.
2. **Engage with Key International Peacebuilding Institutions:** Broaden, deepen and sharpen our advocacy with and about international institutions, with identifiable impact on policy statements
  - Appointed Head of International Institutional Advocacy and Senior Programme Officer during 2010 to lead work with the key international peacebuilding institutions,
  - International Alert registered in Belgium, opened a Brussels office and appointed a Senior Representative, so as to be able to work at a higher level with the EU institutions,
  - International Alert took an active part in the International Dialogue on Peacebuilding and Statebuilding, sponsored by the OECD.
3. **Be among the Agenda-setters on major international questions:** Continue with the big issue, high profile work; build on existing strengths, opening new doors on that basis, keep the work lively by moving towards additional issues
  - On climate change and security, an informal coalition is coming together within the UK to advocate a more grounded, conflict-sensitive, governance-oriented approach to adaptation and resilience. In South Asia, Alert took the lead in convening a conference in Dhaka on climate and security that led to the founding of the South Asia Network on Security and Climate Change.
  - For further work on climate change and peacebuilding, an overall concept has been prepared focusing on conflict-related obstacles to adaptation and resilience. Approaches were made to DFID both in London and South Asia, and to the World Bank and the EU. USAID has agreed to fund a water management and conflict project in West Africa,
  - Alert's report on "beyond the MDGs" was launched in September and generated considerable interest, reflecting Alert's role as a thought leader.



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4. **Initiate work on community conflict in the UK:** Start working with UK community organisations, ensuring demonstrable segregation of funds for use on work in developing countries and work in the UK
  - Received a grant from the City Bridge Trust to work with the Stockwell Partnership on inclusiveness for marginalised communities. An MoU was signed with the Stockwell Partnership Work due to start in November
  - There are reasonable prospects for grants from two trusts for work in northern England and on national policies
5. **Validate our mission and its effect:** Prepare by year's end projects and activities to be implemented from 2011 on, facilitate much improved sharing of knowledge and experience within Alert
  - Preparatory work undertaken,
  - A new intranet facility – "project Diaries" – has been established for staff to share experience, insights and questions about their work
6. **Improved performance and coherence in advocacy and outreach:** Influence policy-makers on the basis of our values and experience, reach ever wider, ever more convincingly, drawing on our diverse advocacy experience and our record of impact
  - A two-day session was held on advocacy at organisational Home Days in June. Developed an all-organisation approach to advocacy in the EU institutions
  - A process for ensuring coherence of messages in publications has been established
  - Implementing our DFID-funded international institutions work is also moving us forward on this objective

### 3.2.2 Achievement of programmes' objectives

In the Great Lakes region of Africa (Mission Goal 1) in 2010, Alert significantly expanded the scale and scope of our work in Eastern DRC where the long crisis of the country persists and is at its sharpest. As part of this, we implemented two large projects in South Kivu, North Kivu and Ituri Province. Meanwhile we consolidated our operations in Rwanda and Burundi into a single two-country office, as a way of sustaining our work in both countries with reduced funding. The programme in Uganda continued to grow, with two new projects starting in 2010, on oil and on recovery in Northern Uganda.

In our *West Africa Programme* (Mission Goal 1), extensive programme work continued on gender and security. The coup and later violence in Guinea required a careful response from our programme staff, to persist in bringing diverse groups into dialogue about the future while avoiding offering provocation to the authorities. This was managed properly and Alert has played a part in keeping going the discussions that are helping move Guinea in a peaceful and democratic direction. New programme work on climate change, water and security in the region was deferred to 2011, based on a donor agreement signed at the end of 2010.

Through the work of the *Peacebuilding Issues Programme* (mainly Mission Goal 2, also 1 and 3), International Alert is regarded as a valuable interlocutor and source of expertise by several governments and inter-governmental organisations. We contributed to policy formation in the UK and improvements in implementation in 2010 and provided training in conflict analysis to European governments and agencies, the UN, multinationals and academic institutions.

In the *Eurasia Programme* (mainly Mission Goal 1, also 2), we have strengthened the Caucasus Business Development Network (CBDN) which is now independently looking for funds having developed strategic plans. Major initiatives were undertaken to further momentum on Nagorno Karabakh peace efforts including high-level meeting with senior politicians, civil society leaders and academics. We opened an office in Tajikistan near the end of the year to carry forward our work there. We initiated a national-level dialogue process in Kyrgyzstan in response to fresh violence there and by the end of the year were ready to open a Bishkek office.

In the *South Asia Programme* (mainly Mission Goal 1, also 2), it remained a challenge working in Sri Lanka in the post-war environment but we continued working with business and significantly developed our work with UK diaspora. We expanded work into seven Districts of Nepal bringing together local communities and local government on security concerns, we also facilitated national security roundtables to bring local security issues to the attention of decision makers in the Nepal government and donor community.

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In the Philippines (Mission Goals 1 and 2), International Alert has become a sustained source of support for the principal facilitators of the peace process, we have also initiated work in Mindanao so minority and impoverished groups there are not excluded from the peace process

In Lebanon (Mission Goal 1), we continued to convene the ground-breaking multi-party dialogue process, which held further meetings and arranged a visit to Belfast to learn from comparative experience

### 3.3 Fundraising activities

International Alert receives most of its funds in the form of restricted (project) or unrestricted (general support) grants from institutional funders, primarily governments, together with some charitable trusts and foundations. To diversify our financial base, International Alert has in recent years begun to explore fundraising from private individual and companies. In 2010, the charity raised £117,000 from fundraising ventures including direct mailing to target lists, events such as sponsored climbs and music gigs and corporate funding.

### 3.4 Factors affecting performance

Three key factors affect our performance. The degree to which we can control each varies.

1. Quality of staff. We work hard on recruitment and on training and development of high quality staff at all levels within the organisation.
2. Stability of income. Much of our income derives from ten government donors and our activities are therefore dependent on their policy decisions. We work very closely with our major donors to ensure best possible communication and mutual understanding, and to be sure that we receive the earliest possible indications of potentially relevant policy changes. We are engaged in a long-term effort to diversify our funding base but need to ensure that we do not therefore become reliant on un-dependable sources of share-based income.
3. Operating environment. The environment in which we work in over 20 countries and territories around the world is often volatile and, even when not actively hostile or positively dangerous, is complex and often difficult. We maintain close liaison between head office and field staff at all times, constantly monitoring security issues and the local political environment. We select staff who are capable of working in such environments, and they develop a network of local contacts for implementing their tasks and staying abreast of developments.

## 4. FINANCIAL REVIEW

Continuing the trend of recent years, with much improved financial management systems, effective fundraising and robust management, we emerged in a strong financial position at the end of 2010.

Total incoming resources during the year ended 31 December 2010 were £9.9 million. Total charitable expenditure in 2010 was £11.69 million, which represents an increase of £1.98 million on 2009 (£9.71 million).

Unrestricted income in 2010 was £2.27 million, comprised of £1.79 million in incoming resources from generated funds (£1.67 million of institutional grants, £117,000 in donations and gifts and £15,000 of investment income) and a further £476,000 of incoming resources from charitable activities.

Unrestricted expenditure was recorded at £2.2 million and comprised of £2 million on charitable activities, £125,000 costs of generating funds and £70,000 governance costs. The balance of unrestricted funds at the year end was £1.52 million.

Efforts to strengthen relationships with institutional funders and to increase income from donations and gifts in recent years have resulted in ongoing growth in unrestricted income. Continuous efforts have also been made to strengthen restricted fundraising capacity, and restricted income. Although the restricted income for 2010 was £7.64 million (down by £0.5 million on 2009), the decrease is due to the timing of receipt of grants (several large grants received late in the year) and International Alert's policy relating to recognition of grant income. As a result, restricted expenditure was £9.49 million (up by £1.79 million on 2009). The balance of restricted funds at year end was £1.72 million. This is a decrease of £1.85 million on 2009, when

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the balance of restricted funds at year end was £3 57 million. The restricted balance for Africa programme reflects a negative balance of £96,000. This is due to the timing of receipt of grant income expected in early part of 2011 hence will be recognized in line with International Alert's policy.

The breakdown of income against activities in 2010 was as follows:

- Working with people to make a positive difference for peace £5 53 million,
- Improving international policies that affect the prospects for peace £2 36 million,
- Strengthening the peacebuilding sector £223,000

The breakdown of expenditure against activities in 2010 was as follows:

- Working with people to make a positive difference for peace £7 31 million,
- Improving international policies that affect the prospects for peace £3 62 million,
- Strengthening the peacebuilding sector £577,000

International Alert's Reserves Policy is that general unrestricted reserves, excluding any part which represents the book value of fixed assets, should be sufficient to cover two months of unrestricted expenditure and programme employment costs aggregating £1 million. Unrestricted reserves are held primarily as a contingent buffer that can be used to provide a degree of stability in an uncertain economic climate or a period of adverse funding. They also enable Alert to make long term investment in competence among staff and investment in new programmes, to fund fixed assets, manage fluctuations in cash flow or to respond rapidly to opportunities that may present themselves. The reserves policy is subject to annual review.

General unrestricted reserves (excluding designated funds and fixed assets) at 31<sup>st</sup> December 2010 were £1,062,000 (compared to £946,000 at 31 December 2009). Total unrestricted reserves, including general unrestricted reserves at 31 December 2010 were £1 46 million (compared to £1 39 at 31 December 2009), reflecting a contribution of £56,000 to general unrestricted reserves in 2010. In December 2009, Alert's Board approved utilisation for strategic development of £60,000 during 2010 from a designated 'Organisational Investment Fund'. This brought the balance of the fund to £399,000 at the end of 2010.

A good contribution to reserves has been made in 2010 and International Alert's balance sheet and cash flow at year end are secure. Although the overall balance has decreased from £5 million to £3 3 million, this is due to timing of receipt of grants as explained earlier in this section. We are optimistic that we will have a continued period of financial growth in 2011, notwithstanding the current economic climate.

### 5. PLANS FOR THE FUTURE: ORGANISATIONAL PRIORITIES 2011

As in 2010, the coming year's organisation priorities take as their starting point the five initiatives for the five-year period 2010 through 2014 that were laid out at the end of the Strategic Perspective, updating wording and content where appropriate, based on achievements and progress registered in 2010. Also in line with the 2010 priorities, the sixth priority is about the continuing need to upgrade our advocacy and outreach.

There are, accordingly, six broad, organisation-wide priorities for 2011, in headline form here:

- Continue to scale up across the organisation
- Deepen our engagement with key international peacebuilding institutions
- Be among the agenda-setters on major international questions
- Take forward our work on community conflict in the UK
- Validate our mission and its effect
- Improve our performance and coherence in advocacy and outreach

The programmes maintain their strategic priorities for each year and are accountable for their fulfilment. In 2011 goals and priorities for each programme are as follows:

- 1 In the *Great Lakes*, our objective is to help the people of the region to put in practice a shared vision of living together productively and peacefully. Particular priorities in 2011 include regional work on trade, expanding reconciliation work in Rwanda, setting up a new project in the DRC on

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Women, Citizenship and Peacebuilding, and conflict-sensitising economic recovery programmes in Uganda

- 2 In the *West Africa Programme*, our goal is to promote the culture of peace and to enable people to influence and adapt to the changing environment. Particular priorities in 2011 include continued implementation of regional work on gender and security issues and dialogue work on governance and reconciliation in Guinea, plus the implementation of new work on climate change and conflict.
- 3 In the *Eurasia Programme*, Alert seeks to strengthen relationships across conflict divides and encourage regional and bilateral economic cooperation. In 2011, key priorities will include work with Georgian and Abkhaz legal experts on a legislative proposal for legalising economic cooperation across the conflict divide, civil society capacity building in South Ossetia, dialogue on the Nagorny Karabakh conflict through comparative learning from other peace processes, and consolidating our initial work in Tajikistan and Kyrgyzstan.
- 4 In the *South Asia Programme*, Alert's objectives are to strengthen local peacebuilding processes and the peacebuilding role of the international community in the region, with particular focus on Nepal and Sri Lanka. Priorities in 2011 are to develop further our new regional work on climate and security through the newly formed South Asia Network on Security and Climate Change (SANSaC), to expand our work on community security in Nepal and to broaden the discussion of peace prospects and governance in Sri Lanka, through the Sri Lankan diaspora community in the UK.
- 5 In the *Peacebuilding Issues Programme*, the overarching aim is to place peacebuilding at the heart of international relations, by influencing the perspectives, policy and practice of key donor governments, of the EU and UN, and of other important actors including businesses, NGOs and governments and civil society groups in conflict countries. Particular priorities in 2011 include expanding the work of our training team, deepening our work on conflict and the extractive sector in Latin America, and leading the Initiative for Peacebuilding (Early Warning) to influence the early warning capacity of the EU institutions.
- 6 In other programmes
  - a In the Philippines in 2011 we will encourage deeper linkages between high level peace talks and wider stakeholder communities, to broaden participation and address the underlying issues of exclusion and marginalisation - both in relation to the Moro Islamic Liberation Front (MILF) in Mindanao and the national conflict involving the National Democratic Front (NDF).
  - b In Lebanon in 2011 we will strengthen and expand the multi-party dialogue and also start a new project exploring the gender dimensions of politics and political reform.
  - c In Colombia and Peru we will continue our work on conflict sensitivity and the extractive industries, working with civil society groups, including indigenous, environmental and labour leaders, as well as business representatives to develop new joint approaches.

## INTERNATIONAL ALERT

### 6. TRUSTEES' RESPONSIBILITIES

The trustees are responsible for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Standards (United Kingdom Generally Accepted Principles)

Company law requires the trustees, who are directors under Company Law, to prepare financial statements for each financial year which give a true and fair view of the charitable company's financial activities during the year and of its financial position at the year-end

In preparing these financial statements the trustees are required to

- select suitable accounting policies and then apply them consistently,
- observe the methods and principles in the Charities SORP,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK accounting standards have been followed, subject to any material departures which are 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 on that basis

The trustees are responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the charitable company, and which enable the trustees to ensure that the financial statements comply with the Companies Act 2006. They are responsible also for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

So far as the trustees are aware, there is no relevant audit information of which the charity's auditors are unaware. The trustees have each taken all the steps that they ought to have taken as trustees in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

The Trustees have referred to the Charity Commission's general guidance on Public Benefit when reviewing our aims and objectives and in planning our future activities. In particular, the Trustees consider how planned activities will contribute to the aims and objectives they have set for 2011

### 7 AUDITORS

Kingston Smith LLP were reappointed as auditors at the Annual General Meeting held in May 2010

By order of the trustees



Frida Nokken  
Chair  
26<sup>th</sup> May 2011

## **INTERNATIONAL ALERT**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INTERNATIONAL ALERT**

We have audited the financial statements of International Alert for the year ended 31 December 2010 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 Part 16 of the Companies Act 2006. Our audit work has been undertaken for no purpose other than to draw to the attention of the charitable company's members those matters which we are required to include in an auditor's report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the charitable company and charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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

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

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

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the trustees, and the overall presentation of the financial statements.

#### **Opinion on the financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2010 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 properly prepared in accordance with the requirements of the Companies Act 2006.

#### **Opinion on other matters prescribed by the Companies Act**

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

## INTERNATIONAL ALERT

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

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

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of trustees' remunerations specified by law are not made, or
- we have not received all the information and explanations we require for our audit

*Neil Finlayson*     *John Lee*

Neil Finlayson (Senior Statutory Auditor)  
For and on behalf of Kingston Smith LLP, Statutory Auditor

Devonshire House  
60 Goswell Road  
London EC1M 7AD  
Date 26<sup>th</sup> May 2011

## INTERNATIONAL ALERT

### STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT) FOR THE YEAR ENDED 31 DECEMBER 2010

		Unrestricted Funds	Restricted Funds	2010 Total	2009 Total
	Notes	£'000	£'000	£'000	£'000
<b>Incoming resources</b>	4				
<b>Incoming resources from generated funds</b>					
Voluntary income					
Institutional grants		1,657	-	1,657	1,673
Donations and gifts		117	-	117	149
Investment income		15	6	21	19
<b>Incoming resources from charitable activities</b>					
Working with people to make a positive difference for peace		327	5,201	5,528	5,530
Improving international policies that affect the prospects for peace		133	2,223	2,356	2,632
Strengthening the peacebuilding sector		16	207	223	507
<b>Total incoming resources</b>		<b>2,265</b>	<b>7,637</b>	<b>9,902</b>	<b>10,510</b>
<b>Resources Expended</b>					
<b>Costs of generating funds</b>		<b>125</b>	<b>-</b>	<b>125</b>	<b>133</b>
<b>Charitable Activities</b>					
Working with people to make a positive difference for peace		1,034	6,273	7,307	5,794
Improving international policies that affect the prospects for peace		657	2,958	3,615	2,900
Strengthening the peacebuilding sector		323	254	577	818
<b>Governance Costs</b>		<b>70</b>	<b>-</b>	<b>70</b>	<b>66</b>
<b>Total resources expended</b>	2	<b>2,209</b>	<b>9,485</b>	<b>11,694</b>	<b>9,711</b>
<b>Net incoming resources</b>		<b>56</b>	<b>(1,848)</b>	<b>(1,792)</b>	<b>799</b>
Funds brought forward at 1 January 2010		<b>1,471</b>	<b>3,575</b>	<b>5,046</b>	<b>4,247</b>
<b>Funds carried forward at 31 December 2010</b>		<b>1,527</b>	<b>1,727</b>	<b>3,254</b>	<b>5,046</b>

The Statement of Financial Activities includes all gains and losses recognised in the current and preceding year and has been prepared on the basis that all operations are continuing operations

The notes on pages 19 to 28 form part of these financial statements



## INTERNATIONAL ALERT

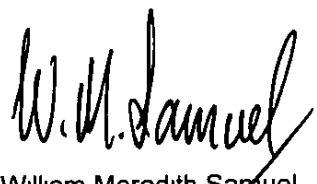
### BALANCE SHEET AT 31 DECEMBER 2010

	Notes	2010 £'000	2009 £'000
<b>Fixed Assets</b>			
Tangible assets	11	<u>66</u>	<u>66</u>
<b>Current Assets</b>			
Debtors	12	1,197	642
Cash at bank and in hand	17b	<u>2,565</u>	<u>4,841</u>
		<b>3,762</b>	<b>5,483</b>
<b>Creditors</b>			
Amounts falling due within one year	13	<u>574</u>	<u>503</u>
		<b>574</b>	<b>503</b>
<b>Net current assets</b>		<b>3,188</b>	<b>4,980</b>
<b>Total net assets</b>	15	<u><b>3,254</b></u>	<u><b>5,046</b></u>
<b>Funds</b>			
Unrestricted			
General funds		1,128	1,012
Designated to Organisational Investment Fund		<u>399</u>	<u>459</u>
		<b>1,527</b>	<b>1,471</b>
Restricted		1,727	3,575
	16	<u><b>3,254</b></u>	<u><b>5,046</b></u>

Approved by the board of trustees and authorised to issue on 26th May 2011 and signed on its behalf by



Frida Nokken  
Chair



William Meredith Samuel  
Honorary Treasurer

Company Registration Number 2153193

The notes on pages 19 to 28 form part of these financial statements

## INTERNATIONAL ALERT

### CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2010

	Notes	2010 £'000	2009 £'000
<b>Net cash inflow from operating activities</b>	17a	<b>(2,278)</b>	1,122
<b>Return on investments</b>			
Deposit interest received		21	19
<b>Capital Expenditure</b>			
Purchase of tangible fixed assets	11	<b>(19)</b>	(7)
<b>Increase in Cash at Bank</b>		<b><u>(2,276)</u></b>	<b><u>1,134</u></b>

The notes on pages 19 to 28 form part of these financial statements

## INTERNATIONAL ALERT

### NOTES TO THE FINANCIAL STATEMENTS

#### 1 Accounting policies

- a) The financial statements have been prepared under the historical cost convention and in accordance with the applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated). The accounts follow the recommendations in *Accounting and Reporting by Charities: Statement of Recommended Practice* (revised 2005) and the Companies Act 2006.
- b) Incoming resources are accounted for when receivable. Grants receivable are credited to the Statement of Financial Activities as soon as the conditions of receipt have been satisfied. Income is classified under two principal categories of Generated Funds (Voluntary and Investment) and Charitable Activities. Voluntary Income includes grants which provide core funding as well as gifts and donations. Incoming resources for charitable activities are analysed using the same analysis categories as used for resources expended on charitable activities.
- c) Restricted funds are grants received for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to these funds. Funds unspent at the year-end which will be spent in future accounting periods are carried forward as restricted funds.
- d) Unrestricted funds are funds which can be freely used in accordance with International Alert's charitable objectives at the discretion of the trustees. Designated funds are funds set aside by the trustees out of unrestricted general funds for specific future purposes or projects.
- e) Grants to partner organisations are included in the Statement of Financial Activities when payment is incurred, as defined in the terms and conditions for the grant.
- f) Depreciation is provided in order to write off the cost of the assets over their estimated useful lives on a straight line basis as follows -

Office equipment and computers	over three years
Property improvements	over seven to ten years
Motor Vehicles	over three years

Assets over a capitalisation limit of £1,500 are treated as fixed assets. Those not over £1,500 are written off to expenditure. Assets purchased from donor funding are written off to expenditure when acquired.

- g) Expenditure is classified under the three principal categories of Cost of Generating Funds, Charitable Activities and Governance Costs.

Costs of generating funds comprise salaries, direct costs and overheads of staff engaged in fundraising.

Charitable activities are all the resources expended on programme and project work that is directed at the achievement of its charitable aims and objectives. Such costs include the direct costs of the charitable activities together with those support costs incurred that enable these activities to be undertaken. Direct project costs have been allocated in accordance to resources expended against the stated activities.

Support costs have been apportioned on a reasonable, justifiable and consistent basis to each of the activity cost categories being supported. Support costs have been allocated either on the basis of time spent on the activity or on the basis of usage i.e. on the same basis as expenditure incurred directly in undertaking the activity.

Governance costs are those incurred in connection with the administration of the charity and compliance with constitutional and statutory requirements such as board meetings and audit. They include a proportion of the costs of management and administrative staff based on estimated time spent.

## INTERNATIONAL ALERT

### NOTES TO THE FINANCIAL STATEMENTS

#### 1. Accounting policies (continued)

Expenditure is accounted for on an accruals basis. Irrecoverable VAT is included with the item of expense to which it relates.

- h) Transactions in foreign currencies are translated into sterling at the rates of exchange ruling at the date of the transaction. Assets and liabilities at the year-end are translated into sterling at the rate of exchange ruling at the balance sheet date. Exchange differences are accounted for in the Statement of Financial Activities.
- i) No provision has been made for taxation since all income is charitable and charitable status was obtained following incorporation.
- j) The charitable company as an employer contributes to personal pension plans of its employees. The contributions are equal to 10% of basic salary and are available to all employees whose contracts are for more than a year and who have successfully completed the first six months of their employment.
- k) Rentals payable under operating leases where substantially all the risks and rewards of ownership remain with the lesser are charged to the Statement of Financial Activities in the period in which they fall.

#### 2. Total resources expended

Activity or Programme	Activities undertaken directly	Direct Staff Costs	Grant funding of activities	Support costs	2010 Total	2009 Total
	£'000	£'000	£'000	£'000	£'000	£'000
Costs of generating Funds	10	87	-	28	125	133
Working with people to make a positive difference for peace	3,675	1,330	1,496	806	7,307	5,794
Improving international policies that affect the prospects for peace	1,806	852	525	432	3,615	2,900
Strengthening the peacebuilding sector	338	107	22	110	577	818
Governance costs	25	-	-	45	70	66
	<b>5,854</b>	<b>2,376</b>	<b>2,043</b>	<b>1,421</b>	<b>11,694</b>	<b>9,711</b>

(Note 6) (Note 3)

#### 3. Support cost breakdown by activity

Support Cost	Cost of generating funds	Working with people to make a positive difference for peace	Improving international policies that affect the prospects for peace	Strengthening the peacebuilding sector	Governance costs	2010 Total	Basis of Allocation
	£'000	£'000	£'000	£'000	£'000	£'000	
Management	3	54	48	34	45	184	Time
Finance	5	149	70	7	-	231	Usage
Information Technology	4	143	68	7	-	222	Usage
Human Resources	3	85	40	4	-	132	Usage
Facilities	10	306	145	15	-	476	Usage
Communications	3	69	61	43	-	176	Time
Total	<b>28</b>	<b>806</b>	<b>432</b>	<b>110</b>	<b>45</b>	<b>1,421</b>	

## INTERNATIONAL ALERT

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 4. Total Incoming Resources

	2010	2009
	£'000	£'000
<b>Institutional Funding</b>	<b>Total</b>	<b>Total</b>
Foreign and Commonwealth Office (FCO), UK	468	976
Ministry of Foreign Affairs, Norway	1,032	951
Ministry of Foreign Affairs, Netherlands	278	277
Ministry of Foreign Affairs, Denmark	615	1,348
Department of Foreign Affairs, Republic of Ireland	277	178
Ministry of Foreign Affairs, Switzerland	169	-
Ministry of Foreign Affairs, Finland	-	1
British High Commission, Sri Lanka	333	341
Canadian International Development Agency (CIDA)	28	-
Department for International Development (DFID), UK	583	392
Department for International Development (DFID), UK CHASE	496	550
Swedish International Development Cooperation Agency (SIDA), Sweden	1,291	1,447
European Commission (EC)	2,623	2,370
Australian Government's Overseas Aid Programme (AusAid)	-	328
United States Aid Agency for International Development (USAID)	133	139
Swiss Agency for Development and Cooperation (SDC)	255	263
United Nation Development Fund For Women (UNIFEM)	24	-
United Nations Development Programme (UNDP)	104	38
United Nations International Children's Emergency Fund	-	12
United Nation Democracy Fund (UNDEF)	172	-
	<b>8,881</b>	<b>9,611</b>
<b>Foundations, Trusts &amp; Other Organisations</b>		
Arsenault Foundation	32	31
Anglo American	100	-
Comic Relief, UK	6	58
Conciliation Resources	1	-
Bread for the World Germany	-	50
Barrow Cadbury Trust	-	1
Joseph Rowntree Charitable Trust UK	50	51
Misereor Germany	76	91
NOVIB Foundation	9	-
Folke Bernadotte Academy	18	7
Cordaid	-	11
CARE International	54	51
International Business Leaders Forum	8	8
Management Systems Int'l (MSI)	390	48
Project d'Appui A La Gestion Economique	-	8
Workers Beer (TUC) Ltd	1	6
Coffey International Development Ltd	-	37
Polden Puckham Charitable Foundation	-	10
Swiss Peace	18	-
Social Science & Research Council	-	11
Souter Charitable Trust	-	3
World Vision	-	6
Ceniarth Foundation	-	1
CB & HH Taylor 1984 Trust	-	2
Particip GMBH	-	9
Zivik	51	21
	<b>814</b>	<b>521</b>

## INTERNATIONAL ALERT

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

<b>Corporate and Private Individuals, Bank Interest and Other Donations/Income</b>	<b>2010 £'000</b>	<b>2009 £'000</b>
Shell International B V	-	150
Gold Corp Inc	-	47
World Bank	-	13
CAF America	2	2
PWUK Training Course Fees	27	-
Bank Interest	21	19
Other Donations / Income	157	147
	<b>207</b>	<b>378</b>
	<b>9,902</b>	<b>10,510</b>

#### 5 Staff numbers and costs

The numbers of employees at the end of the year were as follows

	<b>2010 No.</b>	<b>2009 No</b>
Generating funds	7	8
Charitable activities - direct	54	45
Charitable activities - support	21	20
	<b>82</b>	<b>73</b>

Staff costs during the year were as follows

	<b>2010 £'000</b>	<b>2009 £'000</b>
Salaries	3,078	2,781
Employer's National Insurance contributions	301	276
Pension costs	302	272
	<b>3,681</b>	<b>3,329</b>

The numbers of employees receiving emoluments in the following ranges were

	<b>2010 No.</b>	<b>2009 No</b>
Between £60,000 and £69,999	2	3
Between £70,000 and £79,999	3	1
Between £80,000 and above	1	1

Pension Contribution amounting to £41,358 made during 2010 for employees whose emoluments for the year exceeded £60,000 (2009 - £34,150)

## INTERNATIONAL ALERT

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 6. Grants Funding of Activities – Grants to Partners

	2010 £'000	2009 £'000
Association Rwandaise des Conseillers en Traumatisme - ACRT	7	14
Adelphi Research	14	114
All Party Parliamentary Group (APPG) Great Lakes Region	-	5
Alpha Ujuzi - Collectif	-	9
Alt Forum For Research in Mindanao - AFRIM	-	4
Antenna Foundation - Nepal	35	33
Association d'Appui aux Initiative de Base - APIBA	-	5
Archil Gegeshidze	-	3
Asbl Ictj Bruxelles	78	22
Ass Suisse Pour Le Dial As delam	5	-
Association Ijambo - Radio Isanganiro	-	7
Association of Abkhaz Women in Abkhazia	-	5
Austrian Study Centre for Peace Conflict Resolution - ASPR-EGT	(1)	44
Batal Kobakhia	2	-
Berghof Foundation For Peace Support	144	190
Buisness People Alliance	2	20
Business and Economic Centre	34	-
Business Centre Abkhazia	14	32
Business Centre Armenia	29	22
Business Centre Azerbaijan	3	-
Business Centre Istanbul	9	13
Business Centre South Ossetia	28	14
Business Centre Tbilisi	14	13
Business Women of Abkhazia	11	-
CAFED - Collectif Des Associat	4	3
CARITAS GOMA- Diocese	7	-
Caucasus Des Femmes South Kivu	7	12
Caucus Bukavu	3	-
CCFPNTRM - Caucasian Centre	2	20
CEGEC - Centre d'Etude du Gestion et Prevention des Conflits - DRC	-	23
Centre for Humanitarian Programme (CHP)	51	57
Centre Za Evropsko Prihodnost	-	4
Centro De Estudos Sociais	-	12
Ceylon Chamber of Commerce	7	-
Chamber for Commerce and Industry - Central Province - Sri Lanka	-	-
Civic Diplomacy Institute	1	20
Civil Society Institute	6	15
Civil Society Peacebuilding enge committee	-	2
Collectif des Associations Feminines et ONGs du Burundi (CAFOB)	8	-
Committee National Femme Et Development - CONAFED	(6)	14
Conciliation Resources	180	-
Corporacion Ecolex	83	-
Crisis Management Initiative	130	55
Cultural Humanitarian Fund - Sukhumi	1	8
Digital Broadcasting Initiative	50	51
Dushirehamwe	41	53
Duterimbere IMF	14	-
Dynamique Synergie des Femmes (DSF) - DRC	3	13
<b>Balance c/f</b>	<b>1,020</b>	<b>931</b>

## INTERNATIONAL ALERT

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 6. Grants Funding of Activities – Grant to Partners (continued)

	2010 £'000	2009 £'000
East African Sub-regional Support Initiative for the Advancement of Women (EASSI)	-	23
EGMONT - Belgium	-	4
Emergency Services College	-	1
EPLO - European Peacebuilding Liaison Office	-	157
Folke Bernadotte Academy	(2)	32
Forum For Women Law and Development	4	45
Foudation for Tolarence	33	
Foundation for Development of Human Resources	33	26
Friends for Peace Nepal	0	53
Fundacion Para Las Relaciones Internacionales Y Le Dialogo Exterior-FRIDE	15	49
Georgian Foundation For Strategic and International Studies	1	1
Groupe d'Action de Recherche et D'Appui au Développement des Initiatives Démocratiques (GRADIS) - Burundi	-	9
Grupo Nacional De Trabajo Part - GNTF	8	4
GZO Peace Institute	19	18
Hayat (Baku Resource Centre)	-	13
IA/CJPS/PUL/JPC MEDIA PROJECT	7	-
Institute For Human Rights Committee in Nepal - IHRICON	25	26
Instituto de Estudios para el Desarrollo y la Paz (INDEPAZ)	57	3
International Crisis Group (ICG)	2	20
Interpeace Europe	15	-
Kvinna Till Kvinna (EPNK)	75	-
Le Laboratoire d'Economic Appliquee au Developpment LEAD	-	3
Life and Peace Institute	-	55
LINKS	177	-
Maranao People Development Centre	-	4
Mindano Business Council	4	-
National Business Initiatives	2	1
National Peace Council	-	8
N'Work Movement for justice and Development - NMJD	(4)	4
Observatoire de l'Action Gouvernementale Burundi (OAG)	-	14
OKPSP	15	10
Opero Agroinvestbank	-	(1)
Partners for Democratic Change	17	114
Peace and Development Institute	12	12
Profemmes Tweshamwe	10	10
REFMEP	1	-
Regional Centre for Strategic Studies	-	5
Réseau des Femmes pour la Développement Associatif (RFDA)	3	-
Reseau Femmes Et Paix	9	-
Reseau Haki Na Amani - RHA	-	22
Royal Commonwealth Society	12	-
Saferworld UK	187	90
Samajhute - Nepal	8	39
Scuola Superiore Sant 'Anna	-	8
Seachange	16	16
<b>Balance c/f</b>	<b>761</b>	<b>898</b>



## INTERNATIONAL ALERT

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 6. Grants Funding of Activities – Grants to Partners (continued)

	2010 £'000	2009 £'000
Search For Common Ground	101	112
Service de Renforcement des Appuis aux communautés de Base en Afrique Centrale (SERACOB)	-	38
Shanti Malika Nepal	2	-
SOCIOS PERU - Centro De Colabo	96	4
SOFIBEF	3	-
UMUSEKE	3	-
Union Business and Peaceful Caucasus	23	24
Valeri Basaria	4	7
Youth Action - Nepal	17	17
Youth And Society NGO	14	-
Zentrum Fur International Friedenseins	(1)	13
	<b>2,043</b>	<b>2,044</b>

#### 7. Trustees' Remuneration

Trustees received no remuneration in 2010 (2009 nil). In 2010 costs of travel, accommodation and related expenses reimbursed to eight trustees amounted to £8,561 (in 2009 eleven trustees received £7,660)

#### 8. Trustees' Liability Insurance

The cost of trustees' liability insurance was £5,017 (2009 £4,867)

#### 9. Auditors' Remuneration

Audit Fees have been categorised under Governance Costs and Other Services under Charitable Activities. The table shows the breakdown of remuneration

	2010 £'000	2009 £'000
Statutory Audit Fees	11	11
Project Audit Fees	31	28
Other Services	2	3
	<b>44</b>	<b>42</b>

#### 10. Included in the income and expenditure are:

	2010 £'000	2009 £'000
Depreciation	19	20
Foreign Exchange Gains/(Loss)	(121)	126

## INTERNATIONAL ALERT

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 11. Tangible Fixed Assets

	Property Improvements	Office Equipment and Computers	Motor Vehicles	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 Jan 2010	286	37	6	329
Additions	-	-	19	19
At 31 December 2010	<u>286</u>	<u>37</u>	<u>25</u>	<u>348</u>
Accumulated Depreciation				
At 1 Jan 2010	230	27	6	263
Charge for Year	14	5	-	19
At 31 December 2010	<u>244</u>	<u>32</u>	<u>6</u>	<u>282</u>
Net book values				
At 31 December 2010	<u>42</u>	<u>5</u>	<u>19</u>	<u>66</u>
Net book values				
At 31 December 2009	<u>56</u>	<u>10</u>	<u>-</u>	<u>66</u>

#### 12. Debtors

	2010 £'000	2009 £'000
Grant income	1,094	525
Prepayments	69	73
Sundry debtors	34	44
	<u>1,197</u>	<u>642</u>

#### 13. Creditors

	2010 £'000	2009 £'000
Trade creditors	105	55
Taxation and Social Security	87	-
Accrued expenditure	126	194
Sundry creditors	256	254
	<u>574</u>	<u>503</u>

## INTERNATIONAL ALERT

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 14. Commitment

At 31 December 2010, International Alert was committed to making the following payment under non-cancellable operating leases in the year to 31 December 2011

Operating leases which expire	Land and Buildings		Other	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Within one year	-	-	10	-
Within two to five years	-	-	12	6
Over five year	150	143	-	12

#### 15. Analysis of net assets between funds

	Unrestricted funds	Restricted funds	Total funds
	£'000	£'000	£'000
Fixed assets	66	-	66
Current assets	1,808	1,954	3,762
	<u>1,874</u>	<u>1,954</u>	<u>3,828</u>
Less Creditors	347	227	574
	<u>1,527</u>	<u>1,727</u>	<u>3,254</u>

## INTERNATIONAL ALERT

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### 16. Movement on Funds

The overall movement on funds is shown below. The restricted funds comprise unexpended balances of grants held on trust to be applied for specific purposes.

	At 1 January 2010	Incoming Resources	Outgoing Resources	At 31 December 2010
	£'000	£'000	£'000	£'000
<b>Restricted Funds</b>				
Africa	635	3,367	(4,098)	(96)*
Asia	631	1,015	(1,074)	572
Eurasia	852	1,935	(2,228)	559
Global Issues	1,429	1,081	(1,851)	659
Middle East	28	239	(234)	33
	<b>3,575</b>	<b>7,637</b>	<b>(9,485)</b>	<b>1,727</b>
<b>Unrestricted Funds</b>				
Unrestricted funds	1,012	2,265	(2,149)	1,128
Designated to Organisational Investment Fund	459	-	(60)	399
	<b>1,471</b>	<b>2,265</b>	<b>(2,209)</b>	<b>1,527</b>
<b>Total Funds</b>	<b>5,046</b>	<b>9,902</b>	<b>(11,694)</b>	<b>3,254</b>

\* The restricted balance for Africa programme reflects a negative balance of £96,000. This is due to the timing of receipt of grant income expected in early part of 2011 hence will be recognized in line with International Alert's policy.

#### 17. Notes to the Cash Flow Statement

##### (a) Reconciliation of net movement in funds to net cash inflow from operating activities

	2010	2009
	£'000	£'000
Net outgoing resources after transfers	(1,792)	799
Less investment income - interest received	(21)	(19)
Depreciation	19	20
Increase in debtors	(555)	96
Decrease in creditors	71	226
<b>Net cash outflow</b>	<b>(2,278)</b>	<b>1,122</b>

##### (b) Analysis of net cash resources

	31/12/2009	Cash flow	31/12/2010
	£'000	£'000	£'000
Cash at bank and in hand	4,841	(2,276)	2,565
<b>Net Funds</b>	<b>4,841</b>	<b>(2,276)</b>	<b>2,565</b>