



ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2007

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RESPONDING TO CONFLICT
TRUSTEES' ANNUAL REPORT
FOR THE YEAR ENDED 31 AUGUST 2007

1. REFERENCE AND ADMINISTRATIVE DETAILS

Name of Charity	RESPONDING TO CONFLICT Also known as "RTC"
Charity Registration Number	1015906
Address of Principal Office	1046 Bristol Road Selly Oak Birmingham B29 6LJ, UK
Website	www.respond.org
e mail	enquiries@respond.org
Telephone	0121 415 5641
Trustees	Michael Taylor – Chair – from 1 August 2007 Charles Harlock –Treasurer – from 27 July 2007 Pat Jones Art Lavelle Peter Luff Mukami McCrum Anne Lloyd Williams Gay Pilgrim

All of the above served as Trustees throughout the year with the exceptions of Charles Harlock and Art Lavelle who were appointed on 27 July 2007. In addition, Rosemary Tucker served as Chair of Trustees until 31 July 2007, Hugh Belshaw as Treasurer and Trustee until 17 February and Teame Mebrahtu as Trustee until 17 November 2006.

Interim Director Catherine Sexton – from 10 September 2007

Gopal Rao served as Chief Executive until 31 July 2007 and John Price as Acting Chief Officer from 1 August 2007 to 9 September 2007.

Bankers Lloyds TSB Bank Plc
Edgbaston
Birmingham
B15 2TY

COIF Charity Funds
80 Cheapside
London
EC2V 6DZ

Auditors Clement Keys
39/40 Calthorpe Road,
Edgbaston,
Birmingham.
B15 1TS

2. STRUCTURE, MANAGEMENT, GOVERNANCE

Nature of governing document

The Charity is a trust, governed by a Trust Deed dated 27 October 1992.

Appointment of New Trustees

Trustees are recruited with a view to diversity, good experience in a related field or professional expertise in a relevant area. Potential trustees are identified by personal contact or by recommendation and are interviewed by two trustees and, if appropriate, are invited to attend a meeting as observer.

Appointment is by election by existing Trustees. The Trust Deed specifies that the number of Trustees shall not be less than 3 or more than 12.

Induction and Training of Trustees

New trustees are provided with an induction pack consisting of statutory, financial and business information relating to the organisation and its stakeholders. Additionally, trustees are provided with a document setting out the legal framework within which they are required to operate and their responsibilities as trustees.

There is an ongoing governance development programme designed to ensure that Trustees are apprised of the latest standards for the conduct of the governance function. To this end, trustees have received copies of the Code of Governance for the Voluntary and Community Sector and the National Occupational Standards for Trustees. In September 2006 a Board overnight workshop was held for trustees in which the Trustee Standards and Code were used as a base for reviewing the Board's work and agreeing specific activities to strengthen the Board, including a skills audit and open recruitment of new members.

Management

The activities of RTC are managed by an executive appointed by the Trustees. Until 31 July 2007, this position was known as the Chief Executive. Following the resignation of the individual concerned, an acting Chief Officer was appointed from within the staff, pending the arrival of an externally appointed Interim Director on 10 August. This position is for a fixed term of nine months after which it is anticipated that a permanent appointment will be made.

Related Parties

There are no other bodies corporate which are related parties of RTC. There are however many organisations with whom RTC enjoys the close working relationship necessary for undertaking programmatic work. Such organisations include the following:

Partners in Applied Conflict Transformation Studies:

Skillshare International, UK
 The Nansen Dialogue Centre, Serbia.
 University of Novi Sad, Serbia
 The Alliance for Conflict Transformation, Cambodia
 Pannasastra University, Cambodia
 Coalition for Peace in Africa, Kenya

Partners in the Middle East Programme

Hakeshet Hademocratit Hamizrahit, Israel
 Shatil – The new Israel Fund, Israel
 Palestinian NGO Network, Occupied Territory

Risk Management

Trustees formally reviewed the RTC risk assessment policy in June 2007. The trustees continue to remain alert to the major strategic, business and operational risks that face RTC, in order that they may confirm that management systems have been established to enable the necessary steps to be taken to mitigate those risks.

3. OBJECTIVES AND ACTIVITIES

Formal objects

Set out below are the objects as recorded in the Trust Deed:

“To relieve poverty, suffering and distress anywhere in the world especially where caused by conflict, violence and repression and to research into the causes, effects and means of alleviating the same (making the useful results of such research publicly available) and to promote education and training concerning firstly poverty suffering and distress and the means of alleviating the same and secondly the role and techniques for preventing, limiting and resolving conflict violence and repression in relation thereto in all respects for the benefit of the public.”

Aims

RTC strives to create an organisation that has an excellent reputation with attributes that include:

- A capacity to support individuals, networks and organisations working to transform conflict and build peace.
- A reputation in the UK and internationally, for a distinctive approach and positioning in the field of conflict transformation.
- Strong and continuing links with partner networks.
- An integrated learning programme of courses, consultancies and ongoing accompaniment of key individual practitioners and counterpart organisations.
- Direct involvement in supporting politically engaged partners on the ground (e.g. in Israel/Palestine).
- Close working relationship with at least two learning centres outside the UK offering a Masters course in Conflict Transformation that takes place at participating regional centres.
- Motivated work force necessary to provide organisational and programme support.
- A sound financial base consisting of a mixture of income from courses and grant funding.

Objectives and strategies for 2006-07

Much emphasis was to be placed on reviewing existing activities and on developing and implementing an enhanced communication strategy, thereby enabling RTC's activities to reach a wider audience and develop new ways of working.

Consultancies and UK Courses: In addition to running a similar portfolio of courses to 2005-06, a formal, external review of courses was to be undertaken, with the aim of ensuring RTC will deliver high quality international education programmes in conflict transformation that are learner-centred and also contribute to RTC's general income.

Applied Conflict Transformation Studies: the intention was to create at least three sustainable regional programmes, delivering proven, accredited MA programme in Applied Conflict Transformation Studies, thereby building the competencies of individuals at regional and international levels.

Middle East Programme: continue to build strategy groups in Israel and in Palestine consisting of key non-governmental organisations; bring key actors together to address critical issues and develop the capacity of civil society organisations to influence decision makers for change.

Finance: Following the adverse outcome of 2005-06, it was necessary to apply much effort to restoring a measure of financial stability and ensuring that 2006-07 achieved at least a break-even position on general fund, while creating a sound footing on which to proceed into the more distant future.

4. ACHIEVEMENT AND PERFORMANCE

Management

Gopal Rao, the Chief Executive, decided to move on from RTC at the end of July 2007. Trustees and staff, remain grateful to Gopal for providing effective leadership and support to the organisation during his tenure. Following Gopal's resignation, Trustees decided to undertake a Strategic Review of RTC's activities, management structure and funding and appointed an external consultant to undertake this role.

Trustees appointed Catherine Sexton as the Interim Director for the duration of the Strategic Review and subsequent consideration of its recommendations by trustees and staff. She took up the post on 10th September. Catherine has worked in the field of international development for over twenty years with experience working for several agencies including VSO and latterly CAFOD, managing development programmes in UK and field-based settings.

UK Courses

As planned, a similar range of courses was undertaken as had been held in previous years

The ten-week Working With Conflict course attracted 17 participants from 12 countries, including grass roots activists, development workers, human rights activists, journalists and ministers who formed a creative and committed learning group. As a climax to proceedings, each participant made presentations about their own experience and plans, prompting fascinating, and insightful discussion by the group

The one-week Strengthening policy with Practice course ran twice during the year. Additionally, the courses operated with Birmingham University and Coventry University and both ran successfully.

An external review of the course programme was undertaken, which highlighted problems of both time and funding which were making it hard for the Working With Conflict course to attract the numbers necessary for full financial sustainability. It was therefore decided that from 2008, the main course would be shortened to four weeks and would be offered in conjunction with a series of one-week new courses.

Consultancies

During the year RTC has responded to a wide variety of requests, ranging from a half-day input at the Forum of Conflict Transformation in Strasbourg (which brought together fifteen experts, youth workers and trainers active in the field of conflict transformation, to share experiences and insights on the role of youth work in conflict transformation) to a two-day initial training in Bahrain for key people in the military, government and the royal court of a Middle Eastern Kingdom.

Applied Conflict Transformation Studies (“ACTS”)

Applied Conflict Transformation Studies (ACTS) is a global learning programme which offers a part-time MA course in Conflict Transformation studies.

To date we have established two regional centres in Serbia (for the Balkans region) and Cambodia (for the Asia region). There is further interest for centres in Africa, Americas and Western Europe. In 2007 the first ACTS students, from both the Serbia and Cambodia centres, have graduated from the ACTS programme.

Students who have taken part in the course so far have come from Kosovo, Serbia, Bosnia, Macedonia, Montenegro, Israel and Palestine, Cambodia, Nepal, Burma, New Zealand, India, Bangladesh, Philippines and Afghanistan. The students on the MA courses are all practitioners working across a wide variety of fields including development, human rights, peace, education and security, and for different types of organisations such as (I)NGO's, governmental bodies, religious groups and community organisations.

Middle East Programme

The objective of the programme is to work for peace in Israel and Palestine through strengthening the capacity of civil society organisations to work effectively, collaboratively and strategically for peace at the social and policy levels, and to build a critical mass of skilled individuals in key positions in society who are motivated to address conflict proactively.

Work continued with the strategy groups in Israel and Palestine, through a series of workshops held throughout the year. Phase one of the three-year programme is due to come to an end in December 2007. An impact assessment of the work of the programme was undertaken during the year. A key conclusion was that “this programme has achieved a number of significant outcomes. A cohort of people within Israeli and Palestinian society have become ‘literate’ in conflict transformation skills and have begun to speak the same language, recognising the importance of handling conflict at whatever level by non-violent means. As such the programme has made a contribution to the struggle to counter the expanding culture of violence that is a feature of both Palestinian and Israeli society.”

5. FINANCIAL REVIEW

Performance in year

RTC achieved its objective of achieving at least a break-even position on general funds, recording a surplus of £31,500. Major contributory factors in the improvement over the prior year included more stable staffing arrangements, an increase in course fees and a reduction of programmatic activities in the Horn of Africa.

While Trustees were pleased with this outcome, it is understood that the existing funding structure will need to be developed in order to allow RTC to pursue its objectives in a sustainable way.

Funding sources

RTC continued to maintain a balance of funding sources which provides a basis for a sound operating position. In addition to self-generated income from courses, voluntary income is raised from a wide variety of Trusts and some individuals.

The ACTS programme is reliant on a single funder who provides the majority of the finance to cover the direct costs of this work. The grant in question comes from the Department for International Development and is managed by Skillshare International as part of the Integrating Development and Conflict Transformation programme. This grant covers the three-year period 1 October 2005 to 30 September 2008.

Middle East Programme funding derived from a variety of sources. The UK Government's Global Conflict Prevention Pool contributed some £183,000 over the twelve months to 31 May 2007, but was unable to support the programme beyond that date. RTC are grateful to DanChurchAid, the Swiss Federal Government and The JA Clarke Charitable Trust for sustaining the programme to the end of 2007.

Reserves

The Trustees have identified the need to maintain Free Reserves (i.e. general reserves less fixed assets) in order to meet the following needs:

1. To provide continuity in the event of changes in direction of programmes.
2. To provide short-term security in the event of unexpected losses.
3. To provide a base for student scholarships.
4. To provide learning and development opportunities.
5. To provide financial stability to counter the impact of any fall in general income.

The policy of the Trustees is to set a target of holding an amount equivalent to nine months budgeted fixed general expenditure as free reserve, this amount being £262,300. The balance of such reserves at 31 August 2007 was £255,500. The small deficit against target is not considered to be a cause for concern of itself, but Trustees will keep the position under review.

6. FUTURE PLANS

General

A strategic review is presently in progress with a view to determining the long-term future of the organisation. The specific programme objectives that have been set include the following:

UK Courses:

A new programme of courses has been developed for implementation over the coming year. These include several one-week courses and a month long course on Transforming Violence and Building Peace. The existing courses offered in conjunction with Coventry University and Birmingham University will continue.

Applied Conflict Transformation Studies:

Efforts will be concentrated on consolidation progress made on the two existing centres, those in Eastern Europe and South East Asia, together with focusing on the publication of the first issue of the ACTS Journal and development of the curriculum. In addition further consideration will be given to the possibility of the opening of a third centre.

Middle East Programme:

The priority will be to establish a fully funded second phase of the programme. The key objective of this phase will be enabling RTC's partners in Palestine and Israel to apply the Conflict Transformation approach, frameworks and skills gained to key sources of conflict, identifying specific strategies and concrete interventions and actions that will contribute to the achievement of the programme's objectives.

7. STATEMENT OF 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 Accounting Practice.

Law applicable to charities in England and Wales requires the trustees to prepare a Trustees' Report, and financial statements for each financial year which give a true and fair view of the charity's financial activities during the year and of its financial position at the end of the year. In preparing financial statements giving a true and fair view, the trustees should follow best practice and;

- select suitable accounting policies and apply them consistently;
- make judgements and estimates which are reasonable and prudent;
- state whether applicable accounting standards and statements of recommended practice have been followed, subject to any departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping proper accounting records which disclose, with reasonable accuracy, the financial position of the charity and which enable them to ensure that the financial statements comply with the applicable law in England and Wales and the charity's trust deed. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In determining how amounts are presented within the statement of financial activities and balance sheet, the Trustees have had regard to the substance of the reported transaction or arrangement, in accordance with generally accepted accounting principles or practice.

Signed on behalf of the Trustees

Michael Taylor
Chair of Trustees
16 November 2007

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF RESPONDING TO CONFLICT

We have audited the financial statements for the year ended 31 August 2007 which are set out on pages 9 to 17 and which comprise the Statement of Financial Activities, Balance Sheet and related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the charity's Trustees, as a body, in accordance with the Charities Act 1993. Our audit work has been undertaken so that we might state to the charity's Trustees those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Trustees and auditors

As described in the Statement of Trustees' Responsibilities the Trustees are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepting Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Charities Act 1993. We also report to you if, in our opinion, the Trustees' Annual Report is not consistent with the financial statements, if the charity has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Trustees' remuneration and transactions with the charity are not disclosed.

We read other information contained in the Trustees' Annual Report, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the charity's affairs as at 31 August 2007 and of its incoming resources and application of resources, including its income and expenditure in the year then ended and have been properly prepared in accordance with the Charities Act 1993.

**39/40 Calthorpe Road
Edgbaston
Birmingham
B15 1TS**

**CLEMENT KEYS
Chartered Accountants
Registered Auditor
16 November 2007**

RESPONDING TO CONFLICT
(Registered Charity No. 1015906)

**STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED
FOR THE YEAR ENDED 31 AUGUST 2007**

	Notes	2007			2006
		Unrestricted Funds £000	Restricted Funds £000	Total Funds £000	Total Funds £000
INCOMING RESOURCES					
Incoming resources from generated funds:					
<i>Voluntary income:</i>					
Donations		0.6	-	0.6	2.7
Grants receivable	2	179.6	498.7	678.3	561.0
<i>Investment income:</i>					
Bank interest receivable.		15.4	-	15.4	12.3
Incoming resources from charitable activities:					
Course fees receivable	3	101.8	-	101.8	70.9
Income from seminars and educational consultancy work		45.1	-	45.1	47.5
Sales of educational materials		4.0	-	4.0	2.2
Total incoming resources		346.5	498.7	845.2	696.6
RESOURCES EXPENDED					
Charitable activities	4	297.8	497.5	795.3	762.2
Governance costs		17.2	-	17.2	18.3
Total resources expended		315.0	497.5	812.5	780.5
NET INCOMING/(OUTGOING) RESOURCES		31.5	1.2	32.7	(83.9)
RECONCILIATION OF FUNDS					
Total funds at start of year		230.8	74.4	305.2	389.3
Total funds at end of year		262.3	75.6	337.9	305.4

The statement of financial activities includes all gains and losses in the year. All incoming resources and resources expended derive from continuing activities

RESPONDING TO CONFLICT
(Registered Charity No. 1015906)

BALANCE SHEET
31 AUGUST 2007

	<i>Note</i>	<i>2007</i> £000	£000	<i>2006</i> £000	£000
TANGIBLE FIXED ASSETS	10		6.8		5.4
CURRENT ASSETS					
Cash at bank and in hand		19.3		29.0	
COIF Charities Deposit Account		340.8		296.9	
Debtors & prepayments	11	<u>13.2</u>		<u>4.0</u>	
		373.3		329.9	
CREDITORS - amounts due within one year	12	<u>(42.2)</u>		<u>(29.9)</u>	
Net current assets			331.1		300.0
TOTAL ASSETS LESS CURRENT LIABILITIES	13		<u><u>337.9</u></u>		<u><u>305.4</u></u>
<i>Represented by:</i>					
FUNDS					
Restricted funds			75.6		74.5
Unrestricted funds			262.3		230.9
TOTAL FUNDS	14		<u><u>337.9</u></u>		<u><u>305.4</u></u>

These financial statements on pages 9 to 17 were approved by the trustees on 16 November 2007 and are signed on their behalf by:

Michael Taylor
Chair

RESPONDING TO CONFLICT
(Registered Charity No. 1015906)

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 AUGUST 2007

1. Accounting policies

a. The financial statements have been prepared under the historical cost convention and include the results of the charity's operations which are described in the Trustees' Report.

The financial statements have been prepared in accordance with the provisions of the Charities Act 1993 and in compliance and in accordance with the provisions of the revised Statement of Recommended Practice - 'Accounting and Reporting by Charities' issued in March 2005 and applicable accounting standards.

The charity has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cashflow statement.

b. General funds are unrestricted funds which are available for use at the discretion of the trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the trustees for particular purposes. The aim and use of each designated fund are set out in the notes to the financial statements.

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

c. All incoming resources are included in the Statement of Financial Activities when the charity is entitled to the income and the amount can be quantified with reasonable accuracy. The following specific policies are applied to particular categories of income:

Voluntary income by way of grants, donations and gifts is included in full in the Statement of Financial Activities when receivable. Grants, where entitlement is not conditional on the delivery of a specific performance by the charity, are recognised when the charity becomes unconditionally entitled to the grant.

Grants, including grants for the purchase of fixed assets, are recognised in full in the Statement of Financial Activities in the year in which they are receivable.

Donated services and facilities are included at the value to the charity where this can be quantified. The value of services provided by volunteers has not been included in these accounts.

Incoming resources from grants, where related to performance and specific deliverables, are accounted for as the charity earns the right to consideration by its performance. Where income is received in advance of performance it is treated as deferred income and included within creditors.

RESPONDING TO CONFLICT
(Registered Charity No. 1015906)

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 AUGUST 2007

d. Expenditure is recognised on an accruals basis as a liability is incurred.

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries.

Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity and include audit fees, costs linked to the strategic management of the charity and trustee expenses.

All costs are allocated between the expenditure categories of the Statement of Financial Activities on a basis designed to reflect the use of the resource. Costs relating to a particular activity comprise both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Rentals applicable to operating leases are charged to the Statement of Financial Activities over the period in which the cost is incurred.

Members of the programme and administrative staff have remits which require them to carry out work relating to both the core activity of the charity, and those of its restricted funds. Therefore their employment costs are allocated in appropriate ways between the unrestricted General fund and the other funds which benefit from their work

Resources expended include VAT which cannot be recovered.

e. Tangible fixed assets have been recorded at historical cost inclusive of irrecoverable VAT. Depreciation is charged on cost less the estimated realisable amount using the straight line method at a rate of 25% per annum.

RESPONDING TO CONFLICT
(Registered Charity No. 1015906)

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 AUGUST 2007 (CONTINUED)

2. Grants receivable

<i>General Fund</i>	<i>2007</i> <i>£000</i>	<i>2006</i> <i>£000</i>
The Harry Paine Trust	0.5	0.5
Mr Christopher Barber	2.8	10.0
The John Cutforth Charitable Trust	1.0	1.0
W F Southall Trust	2.5	2.5
Polden Puckham Charitable Foundation	10.0	10.0
Edward Cadbury Charitable Trust	50.0	-
William A Cadbury Charitable Trust	10.0	-
South Birmingham Friends Institute	0.5	-
J&S Bowers	0.4	-
TW Greeves Charitable Trust	0.9	-
Allan and Nesta Ferguson Trust	100.0	100.0
The Rowan Trust	-	2.5
The Oakdale Trust	-	1.0
The Hillcote Trust	-	0.5
J Reckitt	-	5.0
Rational Games	-	2.9
Other	1.0	1.0
<i>Grants to unrestricted funds</i>	179.6	136.9
<i>UK Courses (Building People, Building Peace):</i>		
Edward Cadbury Charitable Trust	25.0	25.0
<i>Applied Conflict Transformation Studies:</i>		
Joseph Rowntree Charitable Trust	-	12.5
Skillshare International	276.8	199.2
<i>Middle East:</i>		
DanChurchAid	43.8	20.9
J A Clark Trust	15.0	20.0
The Swiss Federal Department of Foreign Affairs	44.1	39.3
Global Conflict Prevention Pool	94.0	90.0
Christian Aid	-	2.0
Evangelischer Entwicklungsdienst	-	15.2
<i>Grants to restricted funds</i>	498.7	424.1
<i>Total grants receivable</i>	678.3	561.0

RESPONDING TO CONFLICT
(Registered Charity No. 1015906)

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 AUGUST 2007 (CONTINUED)

3. Course fees receivable

	<i>2007</i>	<i>2006</i>
	<i>£000</i>	<i>£000</i>
Total fees for the	126.8	102.3
Less scholarships and other grants	(25.0)	(31.4)
	101.8	70.9

4. Resources expended on charitable activities

	<i>Applied Conflict Transformation Studies Course</i>	<i>Middle East Programme</i>	<i>UK courses</i>	<i>Consumtancies</i>	<i>2007 Total</i>	<i>2006 Total</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
<i>Cost directly allocated to activities</i>						
Staff costs	76.6	57.8	57.5	10.8	202.7	229.1
Other	170.8	167.3	63.6	16.2	417.9	356.7
<i>Support costs allocated to activities</i>						
General office and finance staff	38.8	29.3	29.2	5.5	102.8	98.8
Other	27.2	20.5	20.4	3.8	71.9	67.3
	313.4	274.9	170.7	36.3	795.3	751.9

Support costs are allocated to activities based on the direct staff costs of the activities in question. No support costs are allocated to the costs of generating voluntary income.

5. Net income / (expenditure) for the year

This is stated after charging:

	<i>2007</i>	<i>2006</i>
	<i>£000</i>	<i>£000</i>
Depreciation	5.5	5.1
Auditors' remuneration	3.0	2.8
	8.5	7.9

RESPONDING TO CONFLICT
(Registered Charity No. 1015906)

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 AUGUST 2007 (CONTINUED)

6. Staff numbers and costs

	<i>2007</i>	<i>2006</i>
	<i>£000</i>	<i>£000</i>
Total staff remuneration during the year was:		
Gross salaries	273.7	303.2
Employer's National Insurance Contributions	27.7	30.9
Employer's pension contributions	16.1	18.2
	317.5	352.3

The average number of UK contracted employees throughout the year, calculated on a full time equivalent basis was:

	<i>2007</i>	<i>2006</i>
Programme staff	5.0	6.0
Support staff	3.1	4.0
	8.1	10.0

No member of staff received emoluments of more than £60,000.

7. Pension arrangements

Those members of staff who have decided to join a pension scheme are covered through The Growth Plan operated by The Pensions Trust for Charities and Voluntary Organisations. This is a contributory fixed contribution scheme, with death-in-service benefits for dependants. Some members make Additional Voluntary Contributions for cover in addition to funding provided by the charity.

8. Trustees' remuneration and related party transactions

(i). Travelling and subsistence expenses of £2,161 (£1,428 in 2005) were reimbursed to 8 (8 in 2006) trustees during the year.

(ii). No remuneration has been paid to any of the trustees during the year.

9. Taxation

As a charity, Responding to Conflict is generally exempt from tax on income and chargeable gains; accordingly, no tax charges have arisen during the year.

RESPONDING TO CONFLICT
(Registered Charity No. 1015906)

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 AUGUST 2007 (CONTINUED)

10. Tangible fixed assets

	<i>2007</i> <i>£000</i>	<i>2006</i> <i>£000</i>
Office equipment at cost start of year	44.5	41.4
Additions during the year	6.8	3.1
Office equipment at cost at end of year	<u>51.3</u>	<u>44.5</u>
Accumulated depreciation at start of year	39.0	33.9
Depreciation for the year	5.5	5.1
Accumulated depreciation at end of year	<u>44.5</u>	<u>39.0</u>
Net book value at end of year	<u><u>6.8</u></u>	<u><u>5.5</u></u>

11. Debtors and prepayments

	<i>2007</i> <i>£000</i>	<i>2006</i> <i>£000</i>
Prepayments	0.8	2.1
Accrued bank interest	2.5	2.0
Fees receivable	9.9	-
	<u>13.2</u>	<u>4.1</u>

12. Creditors: amounts due within one year

	<i>2007</i> <i>£000</i>	<i>2006</i> <i>£000</i>
Accrued expenses	32.4	12.5
Inland Revenue	7.6	6.7
Pension fund contributions	2.2	1.9
	<u>42.2</u>	<u>21.1</u>

13. Analysis of Net Assets Between

	General Fund <i>£000</i>	Restricted Funds <i>£000</i>	Total Funds <i>£000</i>
Tangible Fixed Assets	6.8	-	6.8
Current assets	297.7	75.6	373.3
Current liabilities	(42.2)	-	(42.2)
Net assets at 31 August 2007	<u><u>262.3</u></u>	<u><u>75.6</u></u>	<u><u>337.9</u></u>

RESPONDING TO CONFLICT
(Registered Charity No. 1015906)

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 AUGUST 2007 (CONTINUED)

14. Movements in funds

	<i>At 1 September</i> <i>2006</i> <i>£000</i>	<i>Incoming</i> <i>resources</i> <i>£000</i>	<i>Outgoing</i> <i>resources</i> <i>£000</i>	<i>At 31 August</i> <i>2007</i> <i>£000</i>
<i>Restricted funds (brackets deleted)</i>				
<i>Building People, Building Peace</i>				
Edward Cadbury Charitable Trust	-	25.0	(25.0)	-
<i>Applied Conflict Transformation Studies:</i>				
Joseph Rowntree Charitable Trust	1.9	-	-	1.9
Skillshare International	14.4	276.8	(247.4)	43.8
<i>Middle East Project:</i>				
DanChurchAid	0.9	43.8	(34.7)	10.0
J A Clark Trust	-	15.0	-	15.0
Swiss Federal Department	12.2	44.1	(51.4)	4.9
Global Conflict Prevention Pool	45.0	94.0	(139.0)	-
<i>Total of restricted funds</i>	<u>74.4</u>	<u>498.7</u>	<u>(497.5)</u>	<u>75.6</u>
Unrestricted funds	230.8	346.5	(315.0)	262.3
<i>All funds</i>	<u><u>305.2</u></u>	<u><u>845.2</u></u>	<u><u>(812.5)</u></u>	<u><u>337.9</u></u>

Purposes of restricted funds

Building People, Building Peace: Funded by The Edward Cadbury Charitable Trusts this is a programme of activities (scholarships, working exchanges and training for trainers) to strengthen the capacity of civil society activists and organizations in their work for peace-building and conflict transformation.

Applied Conflict Transformation Studies: This is a two-year Masters programme in conflict transformation, which bridges the gap between academic research and the wealth of practitioner experience. Since September 2005 ACTS has been financed by Skillshare International. ACTS operates in regional centres in the Balkans, SE Asia and East Africa.

Middle East Project: Financed by DanChurchAid, the Swiss Federal Department of Foreign Affairs, JA Clark Trust and the Global Conflict Prevention Pool to strengthen the impact of Palestinian and Israeli civil society organisations in the search for a just and sustainable peace.

15. Commitment

The charity has leased a photocopier for a period of five years starting on 1 March 2007. The rent is £180 per quarter payable in advance, which represents an annual commitment of £720.