

Oxford Research Group
(A company limited by guarantee)

Report and Financial Statements
Year ending 31 December 2015

Charity number: 299436

Company number: 2260840

OXFORD RESEARCH GROUP

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REPORT OF THE TRUSTEES

The trustees are pleased to present their annual directors' report together with the financial statements of the charity for the year ending 31 December 2015 which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

OUR PURPOSE AND ACTIVITIES

The charity's main activities and achievements are described below, delivering public benefit through the promotion of peaceful conflict resolution, dialogue, protecting civilians in armed conflicts, and advocating a sustainable approach to security.

The trustees have reviewed the guidance on public benefit published by the Charity Commission and took it into account in formulating the charity's objects and planning its activities.

ACHIEVEMENTS AND PERFORMANCE

Sustainable Security Programme

The goal of the Sustainable Security Programme is to effect a radical shift in security policies -particularly, but not solely, in the UK - away from trying to control (through actual or threatened violence) the symptoms of insecurity and towards peacefully addressing the underlying, long-term drivers of global and individual insecurity.

In 2015 the focus of the Programme was increasingly on influencing UK defence and security policy given the opportunities presented by the 2015 general election, the subsequent review of the National Security Strategy (NSS) and Strategic Defence and Security Review (SDSR), the post-election reviews of opposition parties' defence and foreign policies, and the momentum towards (re)new(ed) interventions in Syria and Libya. We also positioned ourselves to respond to the re-emergence of the political and popular debates on British nuclear rearmament and immigration.

Our major publication of the year was timed to coincide with the general election result in order to make the case for reducing British defence spending in the context of fiscal austerity as well as the failings of intervention-first recent policy. This was presented in Parliament as well as to journalists and other NGOs. Our other major publication was released in November just ahead of the SDSR and highlighted the challenges and contradictions that the review needed to address.

ORG's work on nuclear security issues was revived in mid-2015 with the recruitment of Tim Street, an expert on the politics of disarmament. As ever, ORG avoids a polemical campaigning position on disarmament, analysing and highlighting the options and opportunities for unilateral and multilateral disarmament within current political, diplomatic and economic realities. Several political parties sought our input.

We have also been increasingly active in highlighting the dangers of UK and international military intervention in the Middle East and North Africa, not least through Paul Rogers' monthly briefings, which have focused on Islamic State in Iraq and Syria, and the work of the Remote Control Project on the strategic shortcomings of the US and UK shift to 'remote warfare' technologies such as special forces and drone attacks. Work on the nature and geopolitics of conflict in the Sahel-Sahara continued with briefings on the conflicts and peace processes in Libya, Mali, Nigeria and Sudan/Yemen.

Overall, the expansion in the Programme Team from Q3 2015 allowed for a major increase in reports and briefings from two to three or four per month. Our blog, www.sustainablesecurity.org, gained an excellent new editor in January 2016 and should double its output to about 70 articles per year. Both the ORG website and blogsite have readers in 160+ countries, with readership expanding 30-40% annually.

The major challenges for the Sustainable Security team in 2015 were in terms of adjusting advocacy targets, particularly following the May UK general election, and finding sustainable funding for the programme's work. Much work in 2014 had focused on building relationships with opposition political parties expected to form a new coalition government in 2015; in the event, the new governing party was far less open to external inputs than planned, particularly around the NSS and SDSR processes. Fundraising in 2014 had focused on finding a statutory donor for a large, multi-year project with international partners. Staff changes in 2014-15, and a general shift in international priorities, made this less realistic. However, the programme was successfully able to find funding for its UK policy work, which is secured for three years, and this has been prioritised.

Middle East Programme

ORG's Middle East Programme focuses on behind-the-scenes, mediated dialogue towards the resolution of the protracted conflict in Israel/Palestine and promoting the uptake of conflict prevention and resolution initiatives in Egypt and the Arab League.

We continued our strategic thinking work in Israel and Palestine, based on the bespoke methodology of our Professor Oliver Ramsbotham. This develops the capacity of the parties to the conflict to plan strategically for long-term coexistence and development, rather than attempting to negotiate a peace settlement directly. In Israel we worked with partners to convene workshops of Israeli Jews and Arabs in the Israel Strategic Forum (ISF) and the Palestinian Citizens of Israel Group (PCIG), respectively. The latter achieved much greater impact in 2015 as it engaged productively with the Joint List of Arab Israeli politicians, influential in the Knesset after the March 2015 elections. Our Palestine Strategy Group's impact was also evident in its members' direction of the PLO new strategy paper on peaceful liberation. The Group worked increasingly with the PCIG in its focus on 'cross-green lines spaces' for dialogue between Palestinians from Israel and the West Bank in light of the increasing violence around Jerusalem.

The Middle East Programme's high level dialogue in 2015 focused on the proxy war in the Middle East between Iran and Saudi Arabia, using networks to bring representatives of these rivals together in discrete and productive dialogue in the UK. We also worked with members of the Syrian opposition to support their reconciliation and common negotiating position ahead of the Geneva III peace talks. The July 2015 Joint Comprehensive Plan of Action agreement between Iran and major powers on its nuclear programme provided vindication of the Programme's work over previous years. Such work continues in 2016 under the new Oxford Process programme.

Our exploratory dialogue work in Egypt began in early 2015 with a Cairo conference on conflict resolution in May 2015. The nature of the work is highly sensitive given the attitude of the government to civil society, but ORG perhaps uniquely has succeeded in engaging senior diplomats, security officials and academics from Egypt and the Arab League in a productive conversation on how taking a nuanced conflict prevention approach to regional relations might be beneficial to the state and citizens. We expect to expand this work in 2016, and plan to work with Gulf States partners on an extended dialogue on a more peaceful region.

Challenges for the Middle East Programme in 2015 included the escalating proxy war between Iran and Saudi Arabia, particularly in Yemen and Syria, and the beginning of a transition in programme leadership to a fully professional team more closely linked with ORG's other work. Regional tensions and the regime transition in Saudi Arabia made it more difficult to pursue dialogue on Syria in particular, although ORG was successful in brokering one direct meeting between Saudi and Iranian representatives. During summer 2015, the Middle East team relocated to join the rest of ORG's staff in Development House and the programme's founding director Gabrielle Rifkind transitioned to establish the new Oxford Process programme in December 2015. It is planned to recruit a new Programme Director in 2016 as part of a restructuring of staffing.

Remote Control

Remote Control is a project of the Network for Social Change hosted by ORG. Piloted in 2013, it was launched as a full scale project in 2014 with a research and policy team focussed on remote control warfare. It looks at current developments in military technology and tactics, studying the potential long-term implications of war by remote control. Does it encourage governments to adopt a short-term approach to security? Is it suited to tackling the drivers of conflict? Does it create more enemies than it contains? Is it a viable security strategy, or a tactic that needs to be balanced?

In 2015, Remote Control commissioned eleven in-depth reports from experts in the use of Special Operations Forces, private military and security companies, cyber warfare, mass surveillance, counter-terrorism, international human rights, and drone and air strikes. It also produced a Remote Control Warfare series for the Sustainable Security blog, and cemented its relationship with a number of universities around the country with a series of panel discussions and workshops.

FINANCIAL REVIEW

Total incoming resources for the year ended 31 December 2015 were reported as £472,233 (2014: £749,418). Approximately three-quarters of this income received was from the Norwegian Ministry of Foreign Affairs and The Network for Social Change in support of our work in Israel/Palestine and for the Remote Control project, respectively. The decrease in income from the previous year reflects the separation of the Every Casualty Programme from ORG in late 2014 as well as grant income for activities for our 2015 Egypt project being received in December 2014. Income in 2015 increased, however, on the Remote Control and Sustainable Security Projects, the latter receiving two instalments of a new 3 year grant.

Total expenditure in 2015 decreased as well to £511,592 from £643,190 in 2014. This resulted in a net (outgoings)/income of (£39,359) (2014: £106,228). Overall spending also decreased as a result of the separation related to the Every Casualty Programme from ORG. Spending, however, on the Middle East programme increased as the level of activity increased in 2015 compared to 2014.

RESERVES POLICY

To enable the smooth running of the charity a certain level of cash on hand is considered necessary to

- allow the organisation to wind up while meeting its obligation to staff and suppliers if existing sources of income are lost.
- be used for one-time, non-recurring expenses that will build long-term capacity (staff development or other investment in infrastructure) or an investment in a specific fundraising activity
- temporarily support the organisation's day-to-day operations in the event of unforeseen fundraising timing issues

The Board has determined that the minimum level of cash is £55,000 to cover close down costs plus 3 additional months' core operational salaries and rent. At the end of 2015, the charity's free reserves were £90,651 (2014: £75,352). Any excess over the target minimum will be held for designated activities.

The Reserve Policy will be reviewed by the Finance and Risk Committee every year at minimum or sooner if warranted by significant changes in staff numbers or lease commitments. Changes to the policy will be recommended by the Finance and Risk Committee to the Board of Directors.

FUTURE PLANS

ORG successfully implemented an ambitious Organisational Development Plan during 2015. This reviewed the structure, governance, management, goals, practice and communications of ORG with a view to producing a new three-year organisational strategy for 2016-19. The goal was to further increase the impact of our work by streamlining management, reducing overhead costs, increasing and sustaining revenues, and recruiting and retaining outstanding staff.

ORG's priorities may be classified under four strategic headings:

1. Expanding our work

In 2015 we expanded the geographic scope of our work to include Syria, engaging with the regional proxy actors in conflict there, and Egypt as well as consolidating our new work on Libya and the Sahel-Sahara region of northwest Africa, notably Nigeria and Mali.

In 2016 and beyond ORG and the Remote Control Project will deepen their work on Libya in line with the increase in Islamic State presence there, the securitisation of the refugee crisis off its shores, and the escalation of covert activities by US, European and Arab security forces. Similarly, we will scrutinise the wars in Iraq and Syria and promote dialogue between the many conflict parties. Yemen is a further 'remote' conflict zone in which we are working with local and diaspora actors as well as regional states to promote conflict resolution.

The Oxford Process is an important part of this expansion, focusing ORG's resources and reputation on high-level dialogue and alternative forms of diplomacy in the Middle East and further afield. This will continue and expand the hugely influential high level dialogue work that Gabrielle Rifkind has pioneered with ORG since 2002.

We call our approach Preventive Diplomacy. Conflict prevention is central to it. While we use the skills and tools of psychology and diplomacy to understand and manage the human relationships that underpin conflict, we aim to do so in an environment that frees our network of 'diplomats' from the shackles of national interests, rivalries and protocol to think creatively about solutions. In 2016 we are exploring demand for our work in several countries experiencing post-conflict political transitions.

2. Deepening our Analysis

ORG has hugely expanded its analytic outputs since 2014. We are now a trusted source of analysis on conflicts in the Sahel-Sahara, remote warfare techniques and nuclear weapons policies as well as on various conflicts in the Middle East and UK defence and security policy. Our experts are in demand by governments and militaries across Europe, the Middle East and beyond.

On average, ORG now puts out a dozen reports, briefings and articles every month, a huge increase over recent years. We have hired more internal research staff and brought in greater expertise from external consultants and fellows eager to contribute to our work.

3. Re-envisaging UK Security

ORG's focus on UK policy has increased in recent years as the Sustainable Security Programme and Remote Control have worked closely with UK politicians, military, government and media to inspire and advocate alternative security policies that contribute to a sustainable, positive peace. Work in 2015 focused particularly on the Strategic Defence and Security Review, and in 2016 we are targeting the nuclear weapons debate, policy over interventions in Libya, Iraq, Syria and Yemen, and opposition party defence policy reviews.

ORG's strategy for change is now focused on the 2020 elections and beyond. Between 2016 and 2019 we will engage politicians, military, diplomatic and intelligence officials, academics and mediation practitioners in practical dialogue on how to put conflict prevention at the heart of UK foreign policy.

4. Insight and Inspiration

Communicating our message, analysis and evidence is absolutely crucial to our ability to impact security and foreign policy. Having greatly expanded our output of published analysis and recommendations, we need to be sure that it is read and acted on by the widest public and most powerful actors. During 2016-17 we are investing in our communications and advocacy capacities to deliver a new communications strategy, a new website and a much stronger media presence.

In the wake of the British vote to leave the EU it is also crucial that ORG plays a role in informing and inspiring change in the way that the UK views and implements its future role in the world. In 2016-17 we will be focusing more on opportunities for the UK to engage constructively with European and global security.

REFERENCE AND ADMINISTRATIVE DETAILS

Charity number: 299436

Company number: 2260840

Registered Office: Development House,
56-64 Leonard Street
London EC2A 4LT

Auditors: Prentis & Co LLP
Statutory Auditor and Chartered Accountants
115c Milton Road
Cambridge CB4 1XE

Bankers: National Westminster Bank
16 Market Place
Woodstock
Oxford
OX20 1TB

The Cooperative Bank
Skelmersdale
Cumbria
WN8 6WT

DIRECTORS AND TRUSTEES

The directors of the charitable company (the charity) are its trustees for the purpose of charity law. The trustees and officers serving during the year and since the year end were as follows:

Prof Feargal Cochrane (elected March 2015)
Anita Feiger
Oliver Gillie (Co-Chair)
Tristan Jones
Kevin Nunn (Co-Chair)
Kerry Smith-Jeffreys
Colin Simon (elected March 2015)
Dr Guinevere Tufnell
Francesca Weinberg (resigned September 2015)

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Document

Oxford Research Group is a company limited by guarantee governed by its Memorandum and Articles of Association dated 20th May 1988, as amended by special resolution, dated 4th February 2009. It is registered as a charity with the Charity Commission. In the event of the charity being wound up, the Members agree to contribute the sum of one pound.

Appointment of Trustees

As regulated by the Articles of Association, the Trustees are empowered to replace new members or appoint additional members to their board. Trustees serve renewable three-yearly terms.

Trustees' Induction and Training

Trustees are introduced to and kept up to date with developments within the charity's sphere of operations by the Company Secretary. Steps are taken to ensure that they are kept abreast of charity regulations with appropriate updates.

Organisation

The Board meets at regular intervals, usually quarterly, to determine policy. Day-to-day operational matters are delegated to the Coordinator and Senior Management Group.

Key Management Personnel

The key management personnel are the ORG Coordinator, the Finance Manager and the Operations Manager. Trustees review their pay annually taking into account similar local pay scales for comparative roles and responsibilities.

Risk Management

The Trustees are responsible for identifying and reviewing the risks to which the charity is exposed and to ensure appropriate controls are in place to provide reasonable assurance against fraud and error. The Finance and Risk Committee has put together a risk register identifying all current major risks. Each item has been scored according to its perceived potential impact together with actions that either have or will be taken in mitigation. The risk register is to be reviewed regularly by management and by Trustees. One of the primary aims of the Finance and Risk Committee is to provide assurance over the procedures in place to manage the identified risks.

The Trustees consider the principal risks to be:

- turnover of staff and consultants
- trust and reputation of the organisation
- dependency on the same sources of income and small pool of regular donors

These risks are currently being managed by developing clear processes and guidelines in place for staff retention and succession planning, dealing with negative press, and growing and diversifying our donor pool.

Oxford Research Group views the management of risk as a key element of its decision-making processes. Identified risks are built into our strategic and operational management processes. The Co-ordinator, as operational manager of the charity, manages risk on a day-to-day basis and reports regularly to the Chairman, the Finance and Risk Committee and the Board on risk issues.

TRUSTEES' RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS

The charity trustees (who are also the directors of the Oxford Research Group for the purposes of company law) are responsible for preparing a trustees' annual report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the charity trustees to prepare financial statements for each year which give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing the 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 disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the Companies Act 2006, Charities Act 2011 and Charity (Accounts and Reports) Regulations. They are also responsible for safeguarding the assets of the charity and the group and hence taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement as to disclosure to our auditors

In so far as the trustees are aware at the time of approving our trustees' annual report:

- there is no relevant information, being information needed by the auditor in connection with preparing their report, of which the group's auditor is unaware, and
- the trustees, having made enquiries of fellow directors and the group's auditor that they ought to have individually taken, have each taken all steps that he/she is obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

By order of the board of trustees



Kevin Nunn (Co-chair)
15 September 2016

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF OXFORD RESEARCH GROUP

We have audited the financial statements of Oxford Research Group for the year ended 31 December 2015, which comprise the Statement of Financial Activities, the Balance Sheet, Statement of Cash Flows 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 charity's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charity's members those matters we are required to state to them in an auditor's 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 charity and the charity's members as a body, for our audit work, for this report or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF THE TRUSTEES AND THE AUDITORS

As explained more fully in the Trustees' Responsibilities Statement set out in the Trustees' Report, 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.

The trustees have elected for the financial statements to be audited in accordance with the Charities Act 2011 rather than the Companies Act 2006. Accordingly, we have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors, including APB Ethical Standard - Provisions Available for Small Entities (Revised), in the circumstances set out in note 1 to the financial statements.

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.

In addition, we read all the financial and non-financial information in the Report of the Trustees to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the charitable company's affairs as at 31st December 2015 and of its outgoing resources and application of reserves, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;

and

- have been prepared in accordance with the requirements of the Companies Act 2006.

OXFORD RESEARCH GROUP

FINANCIAL STATEMENTS FOR THE YEAR ENDED
31ST DECEMBER 2015

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF OXFORD RESEARCH GROUP CONT.....

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

- the information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements; or
- the financial statements are not in agreement with the accounting records and return; or
- the charitable company has not kept adequate accounting records; or
- we have not received all the information and explanations we require for our audit.



Nigel Prentis FCA
Senior Statutory Auditor
For and on behalf of
Prentis & Co LLP
115c Milton Road
Cambridge
CB4 1XE

19 September 2016

Prentis & Co LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

OXFORD RESEARCH GROUP

FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2015

STATEMENT OF FINANCIAL ACTIVITIES

| | Notes | 2015 Unrestricted Funds £ | 2015 Restricted Funds £ | 2015 Total Funds £ | 2014 Total Funds £ |
|--|-------|------------------------------------|----------------------------------|-----------------------------|-----------------------------|
| INCOME | | | | | |
| Grants and donations | 3 | 59648 | 400441 | 460089 | 703858 |
| <i>Incoming resources from charitable activities</i> | | | | | |
| Income from publications and seminars | | 67 | - | 67 | 50 |
| Investment income | 4 | 214 | 153 | 367 | 599 |
| Fundraising income | | 11710 | - | 11710 | 44911 |
| Total income | | 71639 | 400594 | 472233 | 749418 |
| EXPENDITURE | | | | | |
| Fundraising costs | | 7700 | 200 | 7900 | 8352 |
| <i>Expenditure on Charitable activities</i> | | | | | |
| Costs of research | 5 | 91870 | 411822 | 503692 | 634838 |
| Total expenditure | | 99570 | 412022 | 511592 | 643190 |
| Net income/expenditure in the year | | (27931) | (11428) | (39359) | 106228 |
| RECONCILIATION OF FUNDS | | | | | |
| Total funds brought forward | | 118582 | 284959 | 403541 | 297313 |
| Total funds carried forward | | 90651 | 273531 | 364182 | 403541 |

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

The notes on pages 10 to 16 form part of these financial statements.

OXFORD RESEARCH GROUP

FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2015

BALANCE SHEET

| | Notes | 2015 | | 2014 | |
|---|-------|---------------|---------------|---------------|---------------|
| | | £ | £ | £ | £ |
| FIXED ASSETS | | | | | |
| Tangible assets | 9 | | 1293 | | 2912 |
| CURRENT ASSETS | | | | | |
| Debtors | 10 | 2487 | | 8500 | |
| Cash at bank | | 394817 | | 422027 | |
| | | <u>397304</u> | | <u>430527</u> | |
| CREDITORS: amounts falling due within one year | 11 | <u>34415</u> | | <u>29898</u> | |
| NET CURRENT ASSETS | | | <u>362889</u> | | <u>400629</u> |
| NET ASSETS | | | <u>364182</u> | | <u>403541</u> |
| RESERVES | | | | | |
| Restricted income funds | | | 273531 | | 284959 |
| Unrestricted income funds | | | | | |
| General funds | | | <u>90651</u> | | <u>118582</u> |
| Total funds | 14 | | <u>364182</u> | | <u>403541</u> |

The financial statements have been prepared in accordance with the Companies Act 2006 and the Charities Act 2011. These accounts are prepared in accordance with the special provisions of Part 15 of the Companies Act relating to small companies and constitute the annual accounts required by the Companies Act 2006 and are for circulation to members of the company. They were approved by the Trustees on *15 September 2016*

.....
Kevin Nunn
Trustee

The notes on pages 10 to 16 form part of these financial statements.

OXFORD RESEARCH GROUP

FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2015

STATEMENT OF CASH FLOWS FOR THE YEAR ENDING 31 DECEMBER 2015

| | Notes | 2015 £ | 2014 £ |
|--|-------|----------------|---------------|
| Cash used in operating activities | 17 | <u>(26231)</u> | <u>111710</u> |
| Cash flows for investing activities | | | |
| Interest income | | 367 | 599 |
| Purchase of tangible fixed assets | | <u>(1346)</u> | <u>(1189)</u> |
| Cash provided by (used in) investing activities | | <u>(979)</u> | <u>(590)</u> |
| Increase (decrease) in cash and cash equivalents in the year | | (27210) | 111120 |
| Cash and cash equivalents at the beginning of the year | | <u>422027</u> | <u>310907</u> |
| Total cash and cash equivalents at the end of the year | | <u>394817</u> | <u>422027</u> |

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

(a) BASIS OF PREPARATION

The financial statements have been in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and the Republic of Ireland (FRS 102) (effective from 1st January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

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

(b) RECONCILIATION WITH PREVIOUS GENERALLY ACCEPTED ACCOUNTING PRACTICE

In preparing the accounts the Trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102 the restatement of comparative items was required. In their view no adjustment was required.

(c) PREPARATION OF THE ACCOUNTS ON A GOING CONCERN BASIS

The charity reported a cash outflow for the year of £27210. Steps have been taken to ensure that outflows over the next 12 - 18 months are covered by adequate reserves and on that basis that the charity is a going concern.

(d) INCOME

Voluntary income including donations and grants provide core funding or are of general nature are recognised where there is entitlement, certainty of receipt and the amount can be measured with a sufficient reliability. Such income is only deferred when:

- * The donor specifies that the grant or donation may only be used in future accounting periods;
- or
- * The donor has imposed conditions which must be met before the charity has unconditional entitlement.

Investment income is recognised on a receivable basis.

(e) EXPENDITURE AND IRRECOVERABLE VAT

Expenditure is recognised when a liability is incurred. Contractual arrangements and performance related grants are recognised as goods or services are supplied. Other grant payments are recognised when a constructive obligation arises that result in the payment being unavoidable.

- * Charitable activity includes expenditure associated with the research activities and include both the direct costs, support costs and governance costs relating to these activities.

All resources expended are classified under activity headings that aggregate all costs related to the category. Irrecoverable VAT is charged against the category of resources expended for which it was incurred.

(f) OPERATING LEASES

The charity classifies the lease of office equipment as operating leases. Rental charges are charged on a straight line basis over the term of the lease.

NOTES TO THE FINANCIAL STATEMENTS

ACCOUNTING POLICIES/CONTINUED

(g) TANGIBLE FIXED ASSETS

Tangible fixed assets are stated at cost less depreciation.

Depreciation is provided on all tangible fixed assets at rates calculated to write-off the costs less estimated residual value of each asset over their expected useful lives as follows:

Office equipment 33% straight line basis

(h) PENSION CONTRIBUTIONS

The charitable company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the charitable company in an independently administered fund. The pension cost charge represents contributions payable by the charitable company to the fund.

(i) FOREIGN CURRENCIES

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction. Exchange differences are taken into account in arriving at the operating surplus.

2. LEGAL STATUS OF THE CHARITY

Oxford Research Group is a company limited by guarantee governed by its Memorandum and Articles of Association dated 20th May 1988 as amended by special resolution dated 4th February 2009. It is registered with the Charity Commission. In the event of the charity being wound up, the Members agree to contribute the sum of one pound.

3. GRANTS AND DONATIONS

| | Unrestricted Funds £ | Restricted Funds £ | 2015 Total Funds £ | 2014 Total Funds £ |
|----------------------------------|----------------------------|--------------------------|-----------------------------|-----------------------------|
| Middle East Programme: | | | | |
| Norwegian MFA | | | | |
| - Israel and Palestine Projects | - | 197820 | 197820 | 205348 |
| Other grants | | | | |
| - PCI | - | 5000 | 5000 | - |
| Amberstone Trust | - | - | - | 25000 |
| Norwegian MFA - Egypt | - | - | - | 45394 |
| Every Casualty Programme: | | | | |
| Norwegian MFA | | | | |
| - Recording Casualties: | - | - | - | 144224 |
| c/fwd to page.13 | - | 202820 | 202820 | 419966 |

NOTES TO THE FINANCIAL STATEMENTS

| | | | | | |
|----|--|----------------------------|--------------------------|-----------------------------|-----------------------------|
| 3. | GRANTS AND DONATIONSCONTINUED | Unrestricted Funds £ | Restricted Funds £ | 2015 Total Funds £ | 2014 Total Funds £ |
| | b/fwd from page 12 | - | 202820 | 202820 | 419966 |
| | Sustainable Security: | | | | |
| | The Network for Social Change | - | 140118 | 140118 | 125000 |
| | Joseph Rowntree Charitable Trust | - | 25000 | 25000 | - |
| | Other Projects: | | | | |
| | Reconciliation through Film | - | - | - | 3922 |
| | Contributions to Syria Round Table | - | 15467 | 15467 | - |
| | Core and other grants and donations | | | | |
| | The Joseph Rowntree Charitable Trust | - | - | - | 50000 |
| | Gift Aid | - | - | - | 3694 |
| | The Polden-Puckham Charitable Foundation | - | - | - | 15000 |
| | R H Southern Trust | 10000 | - | 10000 | 10000 |
| | Delves Charitable Trust | 10000 | - | 10000 | 10000 |
| | Frederick Mulder Foundation | - | - | - | 15000 |
| | Individual Donations | 33648 | - | 33648 | 69585 |
| | Other grants | 6000 | 17036 | 23036 | 26602 |
| | | 59648 | 400441 | 460089 | 748769 |
| 4. | INVESTMENT INCOME | | | 2015 £ | 2016 £ |
| | Income from cash deposits | | | 367 | 599 |
| 5. | ANALYSIS OF EXPENDITURE ON CHARITABLE ACTIVITIES | | | 2015 £ | 2014 £ |
| | Note | | | | |
| | Costs of Research: | | | | |
| | Staff salaries | | | 239595 | 420721 |
| | Programme consultants/advisors | | | 65346 | 88137 |
| | Other staff costs | | | 1743 | 6728 |
| | Dialogue meetings and workshops | | | 79081 | 35283 |
| | Research and publications | | | 46010 | 18893 |
| | Rent and rates | | | 28363 | 31380 |
| | IT costs | | | 7717 | 7306 |
| | General office expenses | | | 5375 | 5015 |
| | Travel | | | 23621 | 21141 |
| | Bank charges | | | 476 | 856 |
| | Governance costs | 6 | | 3000 | 3000 |
| | Depreciation | | | 2965 | 3105 |
| | | | | 503292 | 641565 |

FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2015

NOTES TO THE FINANCIAL STATEMENTS

| | | | |
|----|---|--------|--------|
| 6. | GOVERNANCE COSTS | 2015 | 2014 |
| | | £ | £ |
| | Audit fee | 3000 | 3000 |
| | | <hr/> | <hr/> |
| 7. | NET INCOME/(EXPENDITURE) FOR THE YEAR | 2015 | 2014 |
| | This is stated after charging: | £ | £ |
| | Depreciation of fixed assets owned by the company | 2965 | 3705 |
| | Audit fees | 3000 | 3000 |
| | | <hr/> | <hr/> |
| 8. | STAFF COSTS AND TRUSTEES REMUNERATION | 2015 | 2014 |
| | | £ | £ |
| | The total staff costs of the year were: | | |
| | Wages and salaries | 207343 | 355220 |
| | Employers National Insurance | 19967 | 36500 |
| | Employers pension contributions | 12285 | 29001 |
| | | <hr/> | <hr/> |
| | | 239595 | 420721 |
| | | <hr/> | <hr/> |

The average monthly number of employees engaged in charitable activity during the year was as follows:

| | | | |
|--|--|-------|-------|
| | | 2015 | 2014 |
| | | 8 | 12 |
| | | <hr/> | <hr/> |

No employee received remuneration of more than £60,000. The key management are the ORG Coordinator, Finance Manager and Operations Manager and their aggregate remuneration amounted to £92011.

Reimbursed expenses to trustees were £- (2014: £-).

As permitted by the Articles of Association, £- (2014: £8750) was paid to a Trustee for work on a project.

| | | | |
|-----|--------------------------------------|------------|-----------------------------|
| 9. | TANGIBLE FIXED ASSETS | | Furniture & Equipment |
| | | | £ |
| | COST | | |
| | Balance at 1st January 2015 | | 39727 |
| | Additions | | 1346 |
| | Balance at 31st December 2015 | | <hr/> 41073 |
| | DEPRECIATION | | |
| | Balance at 1st January 2015 | | 36815 |
| | Charge for the year | | 2965 |
| | Balance at 31st December 2015 | | <hr/> 39780 |
| | NET BOOK VALUE AT 31ST DECEMBER 2015 | | <hr/> 1293 |
| | NET BOOK VALUE AT 31ST DECEMBER 2014 | | <hr/> 2912 |
| | | | <hr/> |
| 10. | DEBTORS | 2015 | 2014 |
| | | Due within | Due within |
| | | one year | one year |
| | | £ | £ |
| | Accrued income and prepayments | 2487 | 8500 |
| | | <hr/> | <hr/> |

OXFORD RESEARCH GROUP

FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2015

NOTES TO THE FINANCIAL STATEMENTS

| | | | |
|-----|---|--------------|--------------|
| 11. | CREDITORS | 2015 | 2014 |
| | | Due within | Due within |
| | | one year | one year |
| | | £ | £ |
| | Trade creditors | 28091 | 19681 |
| | Accruals and deferred income | 6324 | 4753 |
| | Taxes and social security costs | - | 5464 |
| | | <u>34415</u> | <u>29898</u> |
| 12. | COMMITMENTS | | |
| | The company has paid £12285 (2014: £29001) in respect of defined contribution pensions. At the year end the amount outstanding was £ 1614 (2014: £NIL). | | |
| 13. | LIABILITY OF TRUSTEES (WHO ARE THE DIRECTORS) | | |
| | In the event of the charitable company being wound up the liability is limited to £1. | | |

FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2015

NOTES TO THE FINANCIAL STATEMENTS

| 14. STATEMENT OF FUNDS | At 1st January 2015 £ | Income £ | Expenditure £ | At 31st December 2015 £ |
|------------------------|--------------------------------|---------------|------------------|----------------------------------|
| Restricted funds | 284959 | 400594 | 412022 | 273531 |
| Unrestricted funds | 118582 | 71639 | 99570 | 90651 |
| Total funds | 403541 | 472233 | 511592 | 364182 |

ANALYSIS FOR RESTRICTED FUNDS MOVEMENTS

| | Balance at 1st January 2015 £ | Incoming Resources £ | Outgoing Resources £ | Balance at 31st December 2015 £ |
|--|---|----------------------------|----------------------------|---|
| <u>Middle East</u> | | | | |
| Middle East Peace Initiative Forum | 56720 | 22482 | 25823 | 53379 |
| Iran-US Dialogue | 74571 | - | - | 74571 |
| Israeli Settlers project | 1009 | - | - | 1009 |
| Joint Grant ISF/PCI/PSG | 102225 | 202839 | 206199 | 98865 |
| Egypt project | 45394 | - | 20225 | 25169 |
| <u>Sustainable Security Programme</u> | | | | |
| General (Network for Social Change) | (9578) | 44636 | 35058 | - |
| Norway Security Briefings | 2954 | - | - | 2954 |
| Remote Control (Network for Social Change) | 2714 | 130000 | 123330 | 9384 |
| <u>Other Projects</u> | | | | |
| Sri Lanka project | 750 | 637 | 1387 | - |
| China Project (Boulbee Foundation) | 8200 | - | - | 8200 |
| Total funds | 284959 | 400594 | 412022 | 273531 |

NOTES TO THE FINANCIAL STATEMENTS

15. OPERATING LEASE COMMITMENTS

The amounts payable in respect of operating leases shown below are analysed according to the expiring of the leases:

| | 2015 | 2014 |
|--------------------|------|------|
| | £ | £ |
| Land and buildings | 3000 | 3000 |

16. ANALYSIS OF NET ASSETS BETWEEN FUNDS

| | Unrestricted Funds | Restricted Funds | Total Funds |
|-----------------------|-----------------------|---------------------|----------------|
| | £ | £ | £ |
| Tangible fixed assets | 1293 | - | 1293 |
| Current assets | 123773 | 273531 | 397304 |
| Current liabilities | (34415) | - | (34415) |
| | <u>90651</u> | <u>273531</u> | <u>364182</u> |

17. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITY

| | 2015 | 2014 |
|--|----------------|---------------|
| | £ | £ |
| Net movement in funds | (39359) | 106228 |
| Add back depreciation charge | 2965 | 3705 |
| Deduct interest income shown in investing activities | (367) | (599) |
| Decrease/(increase) in debtors | 6013 | 56545 |
| Increase/(decrease) in creditors | 4517 | (54169) |
| Net cash used in operating activities | <u>(26231)</u> | <u>111710</u> |