

Charity Registration No. 299436

Company Registration No. 02260840 (England and Wales)

OXFORD RESEARCH GROUP
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

OXFORD RESEARCH GROUP

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	V Bola F Cochrane A Feiger O Gillie T Jones K Nunn C Simon K Smith-Jeffreys	Appointed 8 December 2016
Secretary	P Sessa	
Charity number	299436	
Company number	02260840	
Registered office	Development House 56-64 Leonard Street London EC2A 4LT	
Auditor	Alliotts Friary Court 13-21 High Street Guildford Surrey GU1 3DL	

OXFORD RESEARCH GROUP

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OXFORD RESEARCH GROUP

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 31 DECEMBER 2016

The trustees present their report and accounts for the year ended 31 December 2016.

The accounts have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the charity's Memorandum and Articles of Association, the Companies Act 2006 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)" (as amended for accounting periods commencing from 1 January 2016)

Objectives and activities

The charity's main activities and achievements are described below, delivering public benefit by promoting conflict prevention and resolution between or within nations by facilitating research and dialogue and by publishing analysis on major international security issues.

Oxford Research Group's (ORG) vision is of a world in which effective, non-violent measures are taken to transform conflicts and promote human security.

Its mission is to develop and promote defence, development and foreign policies that are inclusive, accountable, sustainable and effective. ORG thus works to transform the way that people and policy-makers think about security, seeking a shift in global priorities away from militarism, and towards rights and justice, prevention of conflict, and fairer distribution of global resources.

The trustees have paid due regard to guidance issued by the Charity Commission on public benefit in deciding what activities the charity should undertake.

Achievements and performance

Sustainable Security Programme

The goal of the Sustainable Security Programme (SSP) is to effect a radical shift in security policies away from trying to control (through actual or threatened violence) the symptoms of insecurity and towards peacefully and sustainably addressing the underlying, long-term drivers of conflict.

During 2016, the focus of its work continued to be on UK government, parliamentarians, political parties and the military. World events over the year were tumultuous, not least in the UK and US, and presented both disruptions and new opportunities for the programme's advocacy and engagement. Overall, it vindicated the programme's long-term, and often unfashionable, critique that UK security policy took for granted the domestic union and European unity, was overly dependent on the US, and needs to plan for and adjust to a long-term decline in British and Western relative power.

SSP publications and outreach focused on many important themes: the nature of Islamist revolts and the impact of foreign military interventions in Iraq, Syria, Yemen, Libya and the Sahel; trans-Atlantic relations and the need to reduce conflict between NATO and Russia; the security impacts of climate change and prospects for effective mitigation; implications of and alternatives to the UK's Trident nuclear weapons system; and the potential for the UK to play a more constructive and responsible international role, including through UN peacekeeping operations. The programme focused increasingly on practical solutions to insecurity and developing a roadmap towards the implementation of a sustainable security policy.

The main international dimension to the programme, www.sustainablesecurity.org, also grew in content, quality and readership. In 2016, the site published over 100 original articles from around the world, doubled its readership and reached almost every country.

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TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 31 DECEMBER 2016

Middle East Programme

2016 was a year of change for the Middle East Programme as it restructured in line with a transition in programme leadership, recruiting a new Programme Director and Programme Officer and becoming more closely integrated with other ORG programmes. It is also developed a new strategic direction focused on initiating peacebuilding projects in other conflicts in the Middle East region, in addition to expanding the work it is doing in Palestine and Israel. During the course of 2016, MEP attracted multi-year funding from the EU to carry out a three-year cross-track project which coordinates the three dialogue groups in Palestine and Israel and increases their cross-fertilisation. We have also seen renewed support from the Norwegian and Swiss governments to build on the work of the groups.

The programme increasingly focused on the bespoke strategic thinking methodology of Prof Oliver Ramsbotham. This develops the capacity of the parties to conflicts to strategically assess various possible future scenarios, devising plans to respond to them in the short, medium and long term. In Palestine, the impact of ORG's work was attested to by the appointment of the Director of the Palestine Strategy Group as Strategy Advisor to the President of the Palestinian Authority, and more recently as Palestine's ambassador to the United States. In Israel, ORG worked with a local partner to hold a series of meetings for the Palestinian Citizens of Israel Group which will culminate in a strategic report by the end of 2017.

During the first half of the year, the programme also continued its high-level dialogue with Egyptian and Arab League actors in Cairo and published a second edition of its conflict resolution journal, the first to be published in the Arabic language. ORG was perhaps the only foreign NGO able to engage openly with Egyptian elites on the sensitive issue of preventing and managing regional conflict during 2015-16. However, by late 2016 this space was closed to us for political reasons and our local partner shut down, making it impossible to carry on this work.

The Oxford Process

In 2016, ORG piloted a new programme, the Oxford Process, which aimed to continue and expand the hugely influential high-level dialogue work that the Middle East Programme had pioneered from 2002, most notably in ORG's confidence-building work on the Iran nuclear deal. This Preventive Diplomacy approach utilised the skills and tools of psychology and diplomacy to understand and manage the human relationships that underpin conflict.

During 2016, the Oxford Process focused on building its network capacities and developed a number of proposals to address or prevent conflicts in the Middle East, Tunisia, Somalia and within Europe. It also worked behind the scenes to facilitate contacts between internal and external parties to the Syrian conflict.

Having scoped the needs of an operationalised network of preventive diplomats, ORG determined that the Oxford Process would be more agile and effective outside of the framework of ORG and it has duly been registered as an independent organisation. We anticipate working closely together in future where ORG and Oxford Process can reinforce one another's impact.

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TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 DECEMBER 2016

Remote Control Project

Piloted in 2013 and continued as a project of the Network for Social Change hosted by ORG in 2014-17, the Remote Control Project has become a steadily more important strand of ORG's work, both as its expertise and influence have matured and as the relevance of its research on contemporary remote, or light-footprint, warfare has multiplied.

Since the main drawdowns from Iraq and Afghanistan, Western interventions are often fought through a combination of drone strikes and air strikes from above, knitted together by the deployment of special forces, intelligence operatives, private contractors, and military training teams on the ground. This may be termed remote warfare, with some contemporary examples being the international interventions in Yemen, Somalia, Libya, Iraq and Syria. Remote Control raises many issues, including whether countries' evolving use of remote warfare is making warfighting less transparent, and less accountable than in the past.

With an expanded team, this issue of transparency and accountability was the focus of the project's activities in 2016-17. Major reports were produced on use of mercenaries in Nigeria, the accountability of British special forces, the Saudi-led war in Yemen, the US-led coalition air strikes on Iraq and Syria (launched with NATO in Brussels) and the nature and transparency of UK remote warfare operations. The team engaged tirelessly with British parliamentarians, military and experts to develop a clear understanding of the problem and to build a constituency for practical change, including parliamentary oversight of special forces and a departmental review of the effectiveness of remote warfare.

Financial review

Total incoming resources for the year ended 31 December 2016 were reported as £425,789 (2015: £472,233). Approximately two-thirds of this income received was from the Norwegian Ministry of Foreign Affairs (MFA) and The Network for Social Change in support of our work in Israel/Palestine and for the Remote Control project, respectively. Income decreased from the previous year as the Norwegian MFA scaled back its support for our Israel/Palestine work. We have been successful in securing additional funding from the EU and Swiss Confederation starting in 2017.

Total expenditure in 2016 was relatively unchanged at £509,917 in 2016 compared to 2015 (£511,592). This resulted in a net (outgoings)/income of (£84,128) (2015: (£39,359)).

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 £50,000 to cover close down costs plus 3 additional months' core operational salaries and rent. At the end of 2016, the charity's free reserves were £73,530 (2015: £90,651). Any excess over the target minimum will be held for designated activities.

OXFORD RESEARCH GROUP

TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 DECEMBER 2016

Risk Management

The trustees has assessed the major risks to which the charity is exposed, and are satisfied that systems are in place to mitigate exposure to the major risks.

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 the donor pool. ORG views the management of risk as a key element of its decision-making processes. Identified risks are built into 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.

OXFORD RESEARCH GROUP

TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 DECEMBER 2016

Future Plans

Thirty-five years after its founding, ORG continues to pioneer alternatives to violent global confrontation. This work is more important in 2017 than ever before: the great powers' consensus on tackling climate change has been broken and each is pursuing nuclear rearmament; the Middle East is in flames and a lasting peace deal between Israel and Palestine remains a distant prospect; the British government continues to pursue air strikes, covert military operations and 'targeted killings' overseas as its default option; great power competition and confrontation is back and is likely to destabilise Eastern Europe, the Middle East and East Asia for years to come.

During 2016, a substantially new ORG team has worked to define new programmatic and organisational strategies to guide its work from 2017 to 2020.

ORG's organisational objectives for 2017-20 are:

- To research and highlight the costs, effectiveness and impact of defence and security policies and military deployments and operations.
- To increase the transparency and accountability of defence and security decision-making.
- To promote foreign, defence, development, energy and other policies that prioritise conflict prevention and responsible global citizenship.
- To create safe and trusted spaces for dialogue on conflict transformation and resolution.

ORG's approach as a think-and-action tank is based upon the four pillars of research, advocacy, capacity-building and dialogue. Its work will thus continue to involve:

- Researching and disseminating reports and briefings on key security issues to inform public debate;
- Engaging with policy-makers to develop, refine and promote alternative policy options;
- Building the capacity of partner organisations to think and plan strategically towards sustainable peace and security;
- Securing space for discreet dialogue between the parties to conflicts.

Sustainable Security Programme

Piloting in 2017, the Sustainable Security Index is a pioneering new tool that will quantify each country's net impact on global security. The team will collate a wide range of data on issues including military expenditure, involvement in foreign conflicts, international aid contributions, greenhouse gas emissions, and human rights records. The index will help inform research organisations about which countries need to improve their international policy approaches, and help to shift global security priorities.

SSP will also turn more to the issue of climate change and security, having recruited an expert in this issue in early 2017, working with UK policy-makers to embed climate and security expertise in decision-making bodies. The programme will also begin a new series of briefs or primers on key issues with the aim of democratising security and defence policy-making. The programme is also exploring partnerships to engage with the defence and aerospace industry towards industrial transformation.

OXFORD RESEARCH GROUP

TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 31 DECEMBER 2016

Middle East Programme

As from January 2017, the MEP team is working to expand its reach across the Middle East, raise its profile as a programme that combines theory and practice in the field of conflict resolution, and build trusted relationships with decision-makers who have a direct impact on the situation in the Middle East.

MEP is expanding its work in Israel and Palestine over the coming years to increase engagement across and between the three collective strategic thinking groups as well as outreach internationally with the reports and papers they produce. It is also seeking to develop a refugee and diaspora dimension, facilitating the participation of these communities in the Palestinian groups.

In addition, MEP is developing a new project in Yemen with a local partner, the Sanaa Center for Strategic Studies. The dialogue-based project seeks to reshape and bolster the peace process in Yemen, ensuring the right voices are heard and their interests met. MEP is also working on a new conflict prevention project proposal for Northern Iraq, bringing together Kurdish representatives to build their capacity in collective strategic thinking in an effort to overcome internal divisions within the community.

Remote Warfare Programme

From the end of 2017 we expect the Remote Control Project to start the transition to becoming an ORG-owned programme. Under the new brand of the Remote Warfare Programme, the team will continue, expand and sustain its work on analysing the implications of changes in military engagement – both in terms of the transparency and accountability over the use of force, and in terms of the effectiveness of remote warfare to stem conflict.

It is to this second question of effectiveness that the team is dedicating 2017-2018. Three new closed-door working groups have been set up with the military, political, and legal communities to conduct a strategic review of the use of remote warfare by Britain and its allies. By examining progress in conflicts such as Libya, Syria, Iraq, Yemen, Somalia, Nigeria, and Afghanistan where remote warfare is being used, the team will publish an 'evidence pack' of the opportunities and limitations of remote warfare as a strategy for peace and security.

This will kick-start a series of high-level events and discussions in the run-up to the next Strategic Defence and Security Review (SDSR), in line with the Programme's commitment to shaping a more balanced UK defence and security policy where the limits of remote warfare are more keenly understood, the 2015 SDSR's commitment to tackle causes as well as consequences of instability is upheld, and that where remote warfare is deployed it is transparent, accountable, and open to scrutiny.

Structure, governance and management

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.

The trustees, who are also the directors for the purpose of company law, and who served during the year were:

V Bola
F Cochrane
A Feiger
O Gillie
T Jones
K Nunn
C Simon
K Smith-Jeffreys
G Tufnell

(Resigned 15 September 2016)

OXFORD RESEARCH GROUP

TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 DECEMBER 2016

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.

None of the trustees has any beneficial interest in the company. All of the trustees are members of the company and guarantee to contribute £1 in the event of a winding up.

Organisation

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

Statement of trustees' responsibilities

The trustees, who are also the directors of Oxford Research Group for the purpose of company law, are responsible for preparing the Trustees' Report and the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company Law requires the trustees to prepare accounts for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that year.

In preparing these accounts, 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 accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the accounts comply with the Companies Act 2006. 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.

Disclosure of information to auditor

Each of the trustees has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditor is aware of such information.

The trustees' report was approved by the Board of Trustees.

K Nunn
Trustee



Dated: 20 September 2017

OXFORD RESEARCH GROUP

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF OXFORD RESEARCH GROUP

We have audited the accounts of Oxford Research Group for the year ended 31 December 2016 which comprise the Statement of Financial Activities, the Balance Sheet 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), including Financial Reporting Standard 102.

This report is made solely to the charity's trustees, as a body, in accordance with section 145 of the Charities Act 2011 and regulations made under section 154 of that Act. 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 charity and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the statement of trustees' responsibilities, the trustees, who are also the directors of Oxford Research Group for the purposes of company law, are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view.

The trustees have elected for the accounts to be audited in accordance with the Charities Act 2011 rather than the Companies Act 2006. Accordingly we have been appointed as auditors under section 145 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 accounts 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 accounts

An audit involves obtaining evidence about the amounts and disclosures in the accounts sufficient to give reasonable assurance that the accounts 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 accounts. In addition, we read all the financial and non-financial information in the Trustees' Annual Report to identify material inconsistencies with the audited accounts 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 accounts.

In our opinion the accounts:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2016 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OXFORD RESEARCH GROUP

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF OXFORD RESEARCH GROUP

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 requires us to report to you if, in our opinion:

- the accounts are not in agreement with the accounting records and returns; or
- 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 information given in the Trustees' Annual Report is inconsistent in any material respect with the accounts;
- the directors were not entitled to prepare the accounts in accordance with the small companies regime and take advantage of the small companies exemption in preparing the directors' report and take advantage of the small companies exemption from the requirement to prepare a strategic report;
- we have not received all the information and explanations we require for our audit.



Alliotts
Chartered Accountants
Statutory Auditor

20 September 2017

Friary Court
13-21 High Street
Guildford
Surrey
GU1 3DL

Alliotts is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

OXFORD RESEARCH GROUP

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	Unrestricted funds £	Restricted funds £	Total 2016 £	Total 2015 £
<u>Income and endowments from:</u>					
Donations and legacies	3	78,225	333,503	411,728	460,089
Other trading activities	4	12,810	-	12,810	11,710
Investments	5	57	49	106	367
Other income	6	1,145	-	1,145	67
Total income		92,237	333,552	425,789	472,233
<u>Expenditure on:</u>					
Raising funds	7	4,562	-	4,562	7,900
Charitable activities	8	90,839	414,516	505,355	503,692
Total resources expended		95,401	414,516	509,917	511,592
Net outgoing resources before transfers		(3,164)	(80,964)	(84,128)	(39,359)
Gross transfers between funds		(13,508)	13,508	-	-
Net expenditure for the year/ Net movement in funds		(16,672)	(67,456)	(84,128)	(39,359)
Fund balances at 1 January 2016		90,651	273,531	364,182	403,541
Fund balances at 31 December 2016		73,979	206,075	280,054	364,182

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

OXFORD RESEARCH GROUP

BALANCE SHEET

AS AT 31 DECEMBER 2016

	Notes	2016 £	£	2015 £	£
Fixed assets					
Tangible assets	11		449		1,293
Current assets					
Debtors	13	3,338		2,487	
Cash at bank and in hand		295,241		394,817	
		298,579		397,304	
Creditors: amounts falling due within one year	14	(18,974)		(34,415)	
Net current assets			279,605		362,889
Total assets less current liabilities			280,054		364,182
Income funds					
Restricted funds	16		206,075		273,531
Unrestricted funds	16		73,979		90,651
			280,054		364,182

The company is entitled to the exemption from the audit requirement contained in section 477 of the Companies Act 2006, for the year ended 31 December 2016, although an audit has been carried out under section 145 of the Charities Act 2011. No member of the company has deposited a notice, pursuant to section 476, requiring an audit of these accounts under the requirements of the Companies Act 2006.

The trustees' responsibilities for ensuring that the charity keeps accounting records which comply with section 386 of the Act and for preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its incoming resources and application of resources, including its income and expenditure, for the financial year in accordance with the requirements of sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to accounts, so far as applicable to the company.

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The accounts were approved by the Trustees on 20 September 2017

K Nunn
Trustee



Company Registration No. 02260840

OXFORD RESEARCH GROUP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

Charity information

Oxford Research Group is a private company limited by guarantee incorporated in England and Wales. The registered office is Development House, 56-64 Leonard Street, London, EC2A 4LT.

1.1 Accounting convention

The accounts have been prepared in accordance with the charity's Memorandum and Articles of Association, the Companies Act 2006 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)" (as amended for accounting periods commencing from 1 January 2016). The charity is a Public Benefit Entity as defined by FRS 102. The charity has taken advantage of the provisions in the SORP for charities applying FRS 102 Update Bulletin 1 not to prepare a Statement of Cash Flows.

The accounts are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

The accounts have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the accounts, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. Thus the trustees continue to adopt the going concern basis of accounting in preparing the accounts.

1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives unless the funds have been designated for other purposes.

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the accounts.

1.4 Incoming resources

Income is recognised when the charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Cash donations are recognised on receipt. Other donations are recognised once the charity has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

1.5 Resources expended

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. Overhead costs have been allocated based on the requirements of the donor.

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.

OXFORD RESEARCH GROUP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Fixtures and fittings	33% straight line basis
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The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in net income/(expenditure) for the year.

1.7 Impairment of fixed assets

At each reporting end date, the charity reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

1.8 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.9 Financial instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

OXFORD RESEARCH GROUP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the charity's contractual obligations expire or are discharged or cancelled.

1.10 Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.11 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.12 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease.

2 Critical accounting estimates and judgements

In the application of the charity's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

OXFORD RESEARCH GROUP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

3 Donations and legacies

	Unrestricted funds	Restricted funds	Total 2016	Total 2015
	£	£	£	£
Donations and gifts	40,125	7,985	48,110	33,648
Grants	38,100	325,518	363,618	426,441
	<u>78,225</u>	<u>333,503</u>	<u>411,728</u>	<u>460,089</u>
For the year ended 31 December 2015	<u>59,648</u>	<u>400,441</u>		<u>460,089</u>

4 Other trading activities

	Unrestricted Total 2016	Unrestricted Total 2015
	£	£
Fundraising events	<u>12,810</u>	<u>11,710</u>

5 Investments

	Unrestricted funds	Restricted funds	Total 2016	Total 2015
	£	£	£	£
Interest receivable	<u>57</u>	<u>49</u>	<u>106</u>	<u>367</u>
For the year ended 31 December 2015	<u>214</u>	<u>153</u>		<u>367</u>

6 Other income

	Unrestricted 2016	Unrestricted 2015
	£	£
Royalties	<u>1,145</u>	<u>67</u>

OXFORD RESEARCH GROUP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

7 Raising funds

	Unrestricted funds	Restricted funds	Total 2016	Total 2015
	£	£	£	£
<u>Fundraising and publicity</u>				
Other fundraising costs	4,562	-	4,562	7,900
	<u>4,562</u>	<u>-</u>	<u>4,562</u>	<u>7,900</u>
For the year ended 31 December 2015				
Fundraising and publicity	<u>7,700</u>	<u>200</u>		<u>7,900</u>

8 Charitable activities

	Unrestricted	Restricted	Total 2016	Total 2015
	£	£	£	£
Staff costs	70,880	196,882	267,762	239,595
Depreciation and impairment	844	-	844	2,965
Programme consultants/advisors	364	75,985	76,349	65,346
Other staff costs	1,436	500	1,936	1,743
Dialogue meetings and workshops	615	55,153	55,768	79,081
Research and publications	1,632	36,230	37,862	46,010
Rent and rates	1,791	22,066	23,857	28,363
IT costs	4,478	1,301	5,779	7,717
General office expenses	3,895	2,143	6,038	5,775
Travel	71	24,256	24,327	23,621
Bank charges	113	-	113	476
Governance costs	4,720	-	4,720	3,000
	<u>90,839</u>	<u>414,516</u>	<u>505,355</u>	<u>503,692</u>
	<u>90,839</u>	<u>414,516</u>	<u>505,355</u>	<u>503,692</u>

Governance costs includes £3,000 paid to the charity's auditors in respect of audit services for the year (2015 - £3,000) and accounts preparation fee £1,720 .

9 Trustees

None of the trustees (or any persons connected with them) received any remuneration or benefits from the charity during the year.

OXFORD RESEARCH GROUP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

10 Employees

Number of employees

The average monthly number of employees during the year was:

2016 Number	2015 Number
9	8
<u> </u>	<u> </u>

Employment costs

	2016 £	2015 £
Wages and salaries	238,686	207,343
Social security costs	20,236	19,967
Other pension costs	8,840	12,285
	<u>267,762</u>	<u>239,595</u>

No employee received remuneration of more than £60,000 (2015 - 0)

11 Tangible fixed assets

	Fixtures and fittings £
Cost	
At 1 January 2016	41,073
At 31 December 2016	<u>41,073</u>
Depreciation and impairment	
At 1 January 2016	39,780
Depreciation charged in the year	844
At 31 December 2016	<u>40,624</u>
Carrying amount	
At 31 December 2016	<u>449</u>
At 31 December 2015	<u>1,293</u>

12 Financial instruments

	2016 £	2015 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	3,018	-
	<u> </u>	<u> </u>
Carrying amount of financial liabilities		
Measured at amortised cost	13,254	34,415
	<u> </u>	<u> </u>

OXFORD RESEARCH GROUP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

13 Debtors

	2016	2015
	£	£
Amounts falling due within one year:		
Trade debtors	2,818	-
Other debtors	200	-
Prepayments and accrued income	320	2,487
	<u>3,338</u>	<u>2,487</u>

14 Creditors: amounts falling due within one year

	2016	2015
	£	£
Trade creditors	6,671	28,091
Other taxation and social security	5,720	-
Other creditors	1,483	-
Accruals and deferred income	5,100	6,324
	<u>18,974</u>	<u>34,415</u>

15 Retirement benefit schemes

The charity operates a defined contribution pension scheme for all qualifying employees.

The company has paid £8,840 (2015: £12,285) in respect of defined contribution pensions. At the year end the amount outstanding was £1,483 (2015: £1,614).

OXFORD RESEARCH GROUP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

16 Funds

These are funds which are material to the charity's activities:

	Movement in funds					Balance at 31 December 2016 £
	Balance at 1 January 2016 £	Incoming resources £	Resources expended £	Transfers £	Revaluations, gains and losses £	
Middle East Programme						
Middle East Peace Initiative Forum	127,950	7,635	(30,956)	-	-	104,629
Israeli Settlers project	1,009	-	-	-	-	1,009
Palestine/Israel Strategy Building - Norwegian MFA	98,865	120,564	(148,072)	-	-	71,357
Peacebuilding in Egypt - Norwegian Ministry of Foreign Affairs	25,169	300	(23,456)	-	-	2,013
Sustainable Security Programme						
Sustainable Security Programme - Joseph Rowntree Charitable Fund & Polden Puckham	-	65,053	(78,561)	13,508	-	-
Sustainable Security Briefings - Norwegian Ministry of Foreign Affairs	2,954	-	-	-	-	2,954
Arms Industry Dialogue - Boulton Foundation	8,200	-	(3,898)	-	-	4,302
Remote Control Project						
Remote Control - Network for Social Change	9,384	140,000	(129,573)	-	-	19,811
	<u>273,531</u>	<u>333,552</u>	<u>(414,516)</u>	<u>13,508</u>	<u>-</u>	<u>206,075</u>
Unrestricted Funds	<u>90,651</u>	<u>92,237</u>	<u>(95,401)</u>	<u>(13,508)</u>	<u>-</u>	<u>73,979</u>

The Middle East Programme builds the capacity of regional actors to engage in strategic thinking to explore alternative routes to peaceful coexistence in Israel, Palestine, Egypt and elsewhere.

The Sustainable Security Programme researches and promotes a radical shift in UK and global security policy, from suppressing challenges to resolving the underlying drivers of conflict.

The Remote Control Project looks at current developments in military technology and the re-thinking of military approaches to future threats.

OXFORD RESEARCH GROUP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

16 Funds (Continued)

Brought forward funds from the Iran-US dialogue fund have been reallocated to the Middle East Peace Initiative Forum Fund as the funds from this project were spent but recorded as being paid out of the MEPIF fund in error.

17 Analysis of net assets between funds

	Unrestricted £	Restricted £	Total £
Fund balances at 31 December 2016 are represented by:			
Tangible assets	449	-	449
Current assets/(liabilities)	73,530	206,075	279,605
	<u>73,979</u>	<u>206,075</u>	<u>280,054</u>

18 Operating lease commitments

At the reporting end date the charity had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2016 £	2015 £
Within one year	14,839	3,000
Between two and five years	18,549	-
	<u>33,388</u>	<u>3,000</u>

19 Related party transactions

There were no disclosable related party transactions during the year (2015- none).

Remuneration of key management personnel

The key management personnel comprises the ORG Coordinator and Finance and Operations Manager. Their aggregate remuneration is as follows.

	2016 £	2015 £
Aggregate compensation	<u>75,627</u>	<u>92,011</u>