

**COALITION TO STOP THE USE OF CHILD
SOLDIERS**

(Company limited by guarantee no. 04411965)

REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2006

COALITION TO STOP THE USE OF CHILD SOLDIERS
(Company limited by guarantee no. 04411965)

REPORT AND FINANCIAL STATEMENTS
For the year ended 31 March 2006

CONTENTS

	Page
Legal and administrative information	1
Directors' report	2
Auditors' report	12
Statement of financial activities	13
Balance sheet	14
Notes to the financial statements	15

COALITION TO STOP THE USE OF CHILD SOLDIERS

REFERENCE AND ADMINISTRATIVE DETAILS OF THE COMPANY, ITS DIRECTORS AND ADVISERS For the year ended 31 March 2006

Directors	Jo Becker Martin Macpherson Andreas Rister
Company Secretary	Andrew Lowton
Director/Chief Executive	Victoria Forbes Adam
Company reg. no.	04411965
Registered office	2nd Floor 2-12 Pentoville Road London N1 9HF
Auditors	Gotham Erskine Chartered Accountants & Registered Auditors Friendly House 52 - 58 Tabernacle Street London EC2A 4NJ
Bankers	Natwest Bank plc P.O Box 8036 218 Upper Street London N1 1SP
Solicitors	Charity Law Services 130 Barnsbury Road Londong N1 0ER
Members of Steering Committee	Amnesty International Human Rights Watch International Federation Terres des Hommes World Vision International Quaker United Nations Office - Geneva Jesuit Refugee Services Save the Children Norway (for the International Save the Children Alliance) Defence for Children International

COALITION TO STOP THE USE OF CHILD SOLDIERS

DIRECTORS' REPORT

For the year ended 31 March 2006

The Directors submit their annual report and the financial statements of Coalition to Stop the Use of Child Soldiers for the year. The Directors confirm that the annual report and financial statements of the Company comply with current statutory requirements, the requirements of the Companies governing document and the provisions of the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities (revised 2005)'.

The Coalition is not a charity but the Directors have decided that the accounts should be prepared under the disclosure provisions of the Charity SORP as the type of income and operations are similar to that of a charitable entity.

Structure, governance and management

The non-executive Board of Directors, is the governing body of the company, and is responsible for the day to day operations and comprises individuals appointed by the Steering Committee.

The Steering Committee are the members of the company and is comprised of representatives of the organisation set out on page 1 of the accounts.

The Company is limited by guarantee and was incorporated on the 9 April 2002 and on that date took over the assets and liabilities of an unincorporated association of the same name with similar aims. In the event of insolvent liquidation the liability of the members is limited to £1.

The Directors examine the major strategic, business and operational risks when preparing and updating strategic plans and budgets, and when considering upcoming operations. In particular, the directors are aware of the risks arising from working internationally, and with young people, and have developed a risk register and a framework for a formal annual risk review. This identifies and monitors risks faced by the Coalition, helps mitigate significant impacts, and helps systematically embed such procedures into day-to-day operations.

In the period under review, activities have been undertaken primarily by the Coalition according to the decisions of its directors, the Steering Committee, and donors. Some of the work of the Coalition has been undertaken by the Child Soldiers Coalition Educational and Research Trust (the Trust), a registered charity. The Trust was incorporated on 11th June 2002 and registered as a charity on 6 January 2003. Its purpose was originally to fund aspects of the Company's which are charitable under United Kingdom Law, and also to undertake aspects of the Coalition's work which are not within the objects of the Company. However, following recent changes in the Charity Commission's treatment of human rights work, and following the Strategic Review carried out in 2005, the Steering Committee intends to apply to the Charity Commission to merge both entities under new expanded charitable objectives. In the year under review, the Company's staff have also been jointly employed by the Trust, according to the terms of an agreement between the two entities.

The Steering Committee are committed to ensuring that all new Directors receive an excellent induction both to the work of the Coalition, and to the roles and responsibilities of their positions. No such appointments have been made in the year under review.

COALITION TO STOP THE USE OF CHILD SOLDIERS

DIRECTORS' REPORT

For the year ended 31 March 2006

Risks

The Directors examine the major strategic, business and operational risks when preparing and updating strategic plans and budgets, and when considering upcoming operations. In particular, the Directors are aware of the risks arising from working internationally, and with young people, and have developed a risk register and a framework for a formal annual risk review. This identifies and monitors risks faced by the Coalition, helps mitigate significant impacts, and helps systematically embed such procedures into day-to-day operations.

Objectives and activities

The objects of the Company are the promotion, adoption, implementation of national, regional and international legal standards prohibiting children's involvement in armed conflict. In particular, the Coalition promotes the implementation of the Optional Protocol to the Convention on Rights of the Child on the involvement of children in armed conflict in a manner which prohibits the military recruitment or use of any person younger than eighteen years of age, either in armed conflict or in peacetime armed forces.

The Company leads a world wide network of organizations established in 1998 and entitled the Coalition to Stop the Use of Child Soldiers (the Coalition). The Coalition was founded in May 1998 by leading human rights and humanitarian organizations. It seeks to end the military recruitment, or participation in armed conflict, of all children below 18 years of age. Its international Steering Committee members are currently Amnesty International, Defence for Children International, Human Rights Watch, International Save the Children Alliance, Jesuit Refugee Service, Quaker United Nations Office Geneva, International Federation Terre des Hommes and World Vision International. Handicap International, the International Committee of the Red Cross, the International Labour Organization and UNICEF have observer status on the Coalition's Steering Committee. The Coalition has regional representatives at the European Union, in West Africa and in Southeast Asia, as well as national networks in some 30 countries. The Coalition unites local, national and international organizations, as well as experts and concerned individuals from every region of

The Coalition's mission statement, agreed by the Steering Committee in February 2004, states that it is a coalition to stop the use of boys and girls as child soldiers: to prevent their recruitment and use; to secure their demobilization; and to promote their rehabilitation and reintegration into their communities. The Company's objects are focused specifically on the promotion, adoption and implementation of national, regional and international legal standards regarding child soldiers; other aspects of the Coalition's work are reflected in the objects of the Child Soldiers Coalition Educational and Research Trust (the Trust), a registered charity with which the Company has a close relationship (see page 2). Following the expected completion of a strategic review in the third quarter of 2006, and following recent changes in Charity Commission guidelines, the Company's objects and the current structure of the Coalition will be reviewed. The Company, the Trust, and other members of the Coalition work together in an integrated way, through advocacy and public education, research and monitoring and through network development and capacity building.

COALITION TO STOP THE USE OF CHILD SOLDIERS

DIRECTORS' REPORT

For the year ended 31 March 2006

The Coalition has played a key role in spotlighting the issue of child soldiers internationally. Its triennial publication, the *Child Soldiers Global Report* is unique in providing entries on military recruitment legislation and child soldier use in 196 countries. The Coalition has regularly provided detailed information on the use of children in armed conflict – and the abuses they have suffered – to the UN Security Council, other UN bodies and to governments. It has consistently proposed detailed concrete actions to end such abuse. The Coalition works in partnership with local NGOs working in conflict zones. Our collaboration seeks to build local capacity to monitor and report on abuses of children involved in armed conflict and to support initiatives to develop long-term prevention and protection mechanisms.

With a small London-based international secretariat and a small number of field representatives, the Coalition achieves far more than its budget would indicate. While the Steering Committee sets the overall direction and evaluates outcomes at six-monthly meetings, the Coalition's director is responsible for the organization's programs and activities and for coordinating a team of seven professional staff members.

The team comprises three full-time program managers, a European Union outreach officer (based in Brussels), part-time finance and office managers and a fundraiser. A clinical psychologist provides consultancy services, partly on a voluntary basis. She has contributed greatly to our work on psychosocial aspects of demobilization and the reintegration of children affected by armed conflict. Other specialist volunteers are occasionally used, but the Company does not routinely use non-specialist volunteers, due to current space constraints. In the regions, the West Africa program is supported by a project manager based in Senegal, and a regional coordinator in Bangkok for Southeast Asia. An international consultant is currently working directly with national coalitions in the Great Lakes region of Africa.

Strategic Review and Strategic Plan 2006-2010

In 2005 the Coalition conducted a major review of its strategy, policy and objectives. The review process involved consultation with member organizations and key stakeholders worldwide on its recent performance and in defining priority activities for the future.

From that process the Coalition has now finalized a Strategic Plan for work over the next five years (to 2010). The plan sets out the organization's operational aims objectives and activities to support these over the next period. The operational aims are as follows:

** To campaign for the universal ratification (with a minimum age of 18 for voluntary recruitment) and effective implementation of the Optional Protocol to the Convention on the Rights of the Child on the involvement of children in armed conflict.

** To advocate against the recruitment and use of child soldiers by armed political groups and to secure the release of those children in their ranks.

** To end the culture of impunity for those who recruit and use child soldiers.

** To promote improved and effective practices of disarmament, demobilization, rehabilitation and reintegration (DDR) for child soldiers.

COALITION TO STOP THE USE OF CHILD SOLDIERS

DIRECTORS' REPORT

For the year ended 31 March 2006

A fifth aim concerns internal organizational changes:

**To clarify the organizational structure and support needed to implement the Strategic Plan

There are two main areas of activity to attain this objective. Firstly, to improve the efficacy of operations at the International Secretariat, including through increased staff support for financial management, operational administration and fundraising. Secondly, to review and rationalize the Coalition's governance structure, and provide better support to regional and national structures.

Achievements and performance

INTERNATIONAL PROGRAMMES

Ending children's involvement in armed political groups

In mid 2005 the Coalition embarked on a major innovative project to address the recruitment and use of children by armed political groups. At the core of the project is an international forum, to be held in July 2006, which will bring together coalition partners and a diverse range of practitioners with direct experience in this field. The forum will aim to contribute to increased knowledge, better collaboration and more effective strategies for ending the use of children by armed political groups.

From mid-2005 Coalition staff members were involved in the research and preparation of a report to be circulated to the forum's 45 participants in advance of the meeting. The document will be used as a resource tool to examine the various ways in which governments and other organizations have approached armed groups. Six consultants were employed to prepare case studies on a selection of armed opposition groups fighting government forces. The case studies examine the political and socioeconomic context in which the groups emerged, their military and political objectives, the possible rationale for their recruitment and use of child soldiers as well as the impact of any significant initiatives to influence these practices.

Consultants also worked on separate chapters to provide a review of strategies to influence or encourage armed groups to respect human rights and child rights norms. Such approaches have included dialogue on specific questions such as ending the use of landmines, or have occurred in the context of broader peace negotiations. Dialogue to obtain agreement on the delivery of humanitarian assistance to war-torn areas represents another approach. UN entities and human rights organizations have also investigated and denounced specific human rights abuses by such groups and have lobbied for changes in policy and practice.

COALITION TO STOP THE USE OF CHILD SOLDIERS

DIRECTORS' REPORT

For the year ended 31 March 2006

International Advocacy

UN Security Council

Advocacy at the level of the Security Council largely consisted of behind the scenes liaison and briefings during 2005-06. One important development was the Council's adoption of Resolution 1612 in July 2005 which establishes a monitoring and reporting mechanism for serious violations of international humanitarian law against children in the context of armed conflict. The mechanism envisages the involvement of UN bodies, NGOs and other civil society actors in monitoring such violations and reporting them back to the Council and other UN entities, in order to initiate prompt effective action to stop them and prevent their recurrence. The Coalition was involved in various discussions with UN, NGOs and others on the implementation of the mechanism, how it would work in practice, security issues for local NGOs and so on. The Coalition also published an article which reflected views on the mechanism and NGO involvement in its Winter 2005 Newsletter.

Committee on the Rights of the Child

The Coalition regularly submits country briefings to the Committee on government implementation of both the Convention on the Rights of the Child and its Optional Protocol on the involvement of children in armed conflict. In early 2006 the Coalition initiated a review of all government reports to date on the Optional Protocol to identify problem areas in reports submitted, including areas where the information submitted lacks detail or fails to address significant issues in relation to the protection of child soldiers, including providing adequate protection and support for refugee children seeking asylum in Western countries. The report is in the final editing stages. It will be posted on the Coalition's website and distributed to UN entities, governments and NGOs around the world.

Advocacy at the European Union

The appointment of an outreach officer based in Brussels, in July 2005, has enhanced the capacity of the Coalition to engage with the EU and to lobby for implementation of the EU's Guidelines on Children Involved in Armed Conflict, adopted by the EU in December 2003. The guidelines call for EU engagement on this issue and set out a range of actions (dialogue, interventions, support to projects, preventive approaches, early warning mechanisms) to influence and assist governments to take action. Since July the outreach officer has provided numerous briefings to the governments holding the EU presidency and other governments on priorities and needs of current and former child soldiers in various countries. He has also assisted national coalition partners in countries such as the Philippines to develop their own lobbying strategies and to develop their knowledge about EU institutions and how they function. The trips will serve as preparation for visits by representatives from Coalition partners in these areas to Brussels during 2006-07.

Global Report French, Spanish and Arabic translations

A French translation of the Coalition's Child Soldiers Global Report was published in July 2005. The original English version was published in November 2004. It is a unique publication which provides detailed country by country analysis of military recruitment legislation and use in relation to children (under 18 year olds) worldwide, via 196 country entries. The report is a key resource for the UN, governments, donors and policy makers on the recruitment and use of children for military purposes. The French version is particularly useful for Francophone countries, including many African countries where children are recruited and used in armed conflict. Shorter versions of the report were translated into Spanish and Arabic and widely circulated in Latin America and the Middle East.

COALITION TO STOP THE USE OF CHILD SOLDIERS

DIRECTORS' REPORT

For the year ended 31 March 2006

Website

The Coalition updated and redesigned its website in 2004 and now has an attractive and user friendly site providing a wealth of information and resources for organizations and individuals worldwide. Maintaining and developing the Coalition's website is a major activity that provides the vehicle for dialogue across its global network. It features a comprehensive database of international standards and resources, including the *Child Soldiers Global Report* entries for 196 countries, and provides visitors with opportunities to make a donation or take part in campaigning actions. More than 400 individuals – predominantly field staff of the UN and humanitarian organizations – have signed up to receive regular Coalition updates from the website.

Psychosocial webpage

The webpage is a special forum for those interested in the psychosocial aspects of child soldier reintegration and since its creation in 2004 it has attracted comment and participation by a number of practitioners in the field. The webpage is edited and facilitated by a nationally-recognized British clinical psychologist. Its purpose is to foster a constructive inter and intra-disciplinary dialogue on relevant psychosocial issues in the area of children and armed conflict. Leading experts in the field are invited to contribute to the page by writing articles offering up to date perspectives on a number of relevant themes. The articles may then be commented on by practitioners with relevant experience. During 2005-06 articles have discussed the post-conflict needs of girl soldiers who bear children after being raped; and mental health issues for former child soldiers who migrate to the UK. Forthcoming papers include two articles on children with disabilities in Sierra Leone, one of which considers the impact of war trauma on social and familial structures within that society.

Coalition partners have emphasized the importance of the Coalitions role in creating a neutral forum where controversial and sensitive topics can be discussed.

In another initiative to support Coalition members' activities in the demobilisation and rehabilitation of child soldiers, the Coalition began translation of key documents and the development of a bibliography of documents on DDR. These will be posted on the website to facilitate useful access. Important studies that have remained little known through lack of translation will be made available to practitioners.

Child Soldiers Newsletter

The Child Soldiers Newsletter is the most widely distributed Coalition document. Produced three times a year by the International Secretariat, it serves the key function of disseminating news and information on wide range child soldier related topics using lively accessible language. Two issues were produced during 2005-06. The spring 2005 issue was devoted to the challenge of reintegrating former child soldiers, and the winter issue to child recruitment by political armed groups. Action appeals were devoted to the demobilization of paramilitaries in Colombia and calling for demobilization and reintegration programs for former child soldiers in the Aceh region of Indonesia. The Newsletter serves as an information resource for Coalition members and partners and provides information on our projects and activities. Each issue includes a section entitled "Voices of child soldiers" in which young people express their views on their own and others' involvement in war.

COALITION TO STOP THE USE OF CHILD SOLDIERS

DIRECTORS' REPORT

For the year ended 31 March 2006

REGIONAL PROGRAMS

Great Lakes region

The Coalition has national networks in Burundi, Democratic Republic of the Congo (DRC) and Uganda. Activities throughout the year focused on preparation of a major regional project in each of the three countries. An international consultant started work in January 2006 and has since travelled between the three countries to work "hands on" with partner organizations. The core activities are:

Workshops on monitoring and reporting on child recruitment and use in armed conflict. The workshops involve sections on how to set up a monitoring system, how to use a standard format for reporting on individual cases or incidents, how to produce a balanced and objective report on individual cases as well as general patterns of recruitment and use.

Local advocacy and community strategies to protect children. The meetings bring together regional and local military commanders, armed group leaders (when feasible), local government authorities and civil society actors. The meetings will seek the release of children currently associated with armed groups as well as developing community strategies for preventing recruitment. Awareness-raising meetings with families and community representatives will be held in selected locations to focus on problems with the reintegration of former child soldiers.

Building public awareness: Radio programs and public information. Coalition partners are planning a series of radio programs for broadcasting on public, private or community radio stations. The programs will respond to local needs and address current issues. These might include national laws banning child recruitment, community prevention strategies, action to assist children's return to their communities and so on. A series of accessible and informative materials on child rights and legal protection (international and national laws) relating to child recruitment and use will also be produced.

Latin America

A major research project on recruitment and risk of recruitment by Colombian armed groups across the borders of Ecuador and Venezuela was initiated in 2004 and was ongoing throughout 2005. The research was carried out by Coalition partner organizations in the three countries and was mentored by a senior researcher from the international organization Human Rights Watch. The project sought to strengthen the research and documentation skills of national partners. Towards the end of 2005 the project expanded to encompass a Trust-funded project to carry out a mapping of demobilization and reintegration projects for children in Colombia and bordering countries. This aimed to identify program needs and priorities to assist child soldiers or those at risk of recruitment. The reports will be published later in 2006.

The Coalition undertook a major review of the Latin America coalition during the year and this resulted in the dismantling of the regional coordinator's post in mid 2005. The review, which involved consultations with Coalition members and partners, Steering Committee organizations and staff members, indicated that the focus of our work should remain Colombia – the only country in the region with an active armed conflict. Efforts to establish a regional coalition comprising organizations from several countries had not been effective in mobilizing work to end the use of child soldiers in Colombia.

COALITION TO STOP THE USE OF CHILD SOLDIERS

DIRECTORS' REPORT

For the year ended 31 March 2006

Southeast Asia

The Southeast Asia (SEA) coalition brings together national and local NGOs from Indonesia, the Philippines and Thailand (Thai-Myanmar border). Coalition members act jointly and in their respective countries to end child recruitment and use in a variety of conflicts, as well as to promote effective programs to assist former child soldiers. The regional coalition has been especially inventive in developing community strategies to protect children from involvement in armed conflict. Recent projects have included training on human and child rights with communities linked to armed groups along the Thai-Myanmar border. Coalition members from across the region attended a forum in November 2005 in Manila to share experiences and develop guidelines for approaching armed political groups to stop their use of child soldiers.

South Asia

During the last quarter of the financial year the Coalition embarked on a research project on South Asia in collaboration with the Royal Institute of International Affairs (also known as Chatham House), a high-profile research and policy organization based in London. The project examines the dynamics of child mobilization and use in both armed conflict and organized political violence in the three countries of Bangladesh, Nepal and Sri Lanka. Research was conducted in the three countries in early 2006. The report, to be published in September 2006, will include a comparative analysis of the conflicts to contribute to greater understanding of the socioeconomic context within which children are recruited as well as examining the differing forms of political mobilization –around the issues of Maoism, nationalism and Islamic extremism. The research mapped existing demobilization and reintegration efforts in each case. Pending further funding, the project will be expanded to conduct further research in NE India in mid-2006.

Financial review

Substantial financial support was obtained from several national governments and from international grant making organizations. Steering Committee organisations contributed annual subscriptions of £16,324. These funds were enhanced by small donations from individuals and groups in the United Kingdom and elsewhere, indicating the broad base of popular support enjoyed by the Coalition. The Coalition's thanks go to all those who contributed financially. As a result, income has risen substantially in the year under review. Expenditure has risen less quickly, since many of the restricted grants received were for more than just the year under review and are therefore carried forward at 31st March 2006.

It is the Coalition's policy to maintain free reserves (those unrestricted reserves not invested in fixed assets or designated for specific purposes) at a level which can finance at least four months of unrestricted support costs, and at least four months of unrestricted expenditure on management and administration. This level is considered sufficient to enable the directors to take corrective action in the event of unexpected shortfalls in funding or increases in expenditure. Such costs totalled approximately £1,900 per month in the year under review (2004/05: £1,650). Free reserves at 31 March 2006 were approximately £85048, thereby more than covering four months of expenditure.

COALITION TO STOP THE USE OF CHILD SOLDIERS

DIRECTORS' REPORT

For the year ended 31 March 2006

Plans for future periods

Strategic planning – initiated by last year's review – will continue throughout 2006-07 and will focus on linking all the Coalition's activities to the four strategic objectives defined in the plan. A related objective will be to clarify the roles and responsibilities of each national coalition, their relationship to the International Secretariat, and the nature and substance of activities carried out in the name of the Coalition across the world.

The Coalition's major project to address child soldier recruitment and use in non-state armed groups will form a key part of our work in 2006-07, and further actions closely linked to the project will be carried out over the next two years. The international forum on this topic will be held in July 2006 in Geneva. It is anticipated that a major publication will result from the forum. A public event will be held towards the end of 2006 to launch the report. It will draw international attention to this issue and publicize the Coalition's future actions to end child recruitment by non-state armed groups.

Two further publications are planned. The first is a briefing paper on government reports submitted to the UN Committee on the Rights of the Child on their implementation of the Optional Protocol – a treaty relating to the military recruitment and use of under-18s. Governments which have pledged to abide by the treaty's terms are obliged to submit periodic reports to the Committee. The Coalition's briefing paper provides a critical review of government efforts so far. A report providing a comparative overview of the dynamics of child recruitment in Nepal and Sri Lanka, and the possible mobilization of children from madrasas (Muslim schools) for involvement in political violence. The project has been carried out in association with The Royal Institute for International Affairs (also known as Chatham House), and the report will be launched at Chatham House, providing an opportunity for policy makers to become informed of these issues.

Program activities will continue across the regions. In the Great Lakes training on monitoring and reporting on child recruitment use will be ongoing throughout the year, along with a range of public education and community awareness raising activities. A regional meeting is planned for the second quarter in Yemen and will provide opportunities to learn more about under-18s involvement in tribal armed groups in that country. Training on human rights and the rights of the child will be conducted in the Mindanao region of the southern Philippines and along the Thai-Burma border. In West Africa the Coalition is planning a series of short research projects based on the findings of the major mapping of demobilization and reintegration initiatives, which was carried out in 2005-06

From an organisational perspective, the Steering Committee are committed to improving the efficiency of the Coalition's London operations. It has been identified that the most effective way to do so is to merge the two component entities that make up the International Secretariat, namely the Coalition to Stop the Use of Child Soldiers Ltd and the Child Soldiers Coalition Educational and Research Trust Ltd. Since recent changes in Charity Commission guidance, the Directors understand that all the work of the International Secretariat can be deemed charitable. During 2006/07, an application will be made to the Charity Commission to merge both entities under new, expanded charitable objects.

DIRECTORS' REPORT

For the year ended 31 March 2006

Statement of Directors' responsibilities

Company and charity law applicable to charities in England and Wales requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the surplus or deficit of the Company for that period in accordance with applicable law and Generally Accepted Accounting Practice.

In preparing those financial statements the Directors have:

- selected suitable accounting policies and applied them consistently,
- made judgements and estimates that are reasonable and prudent,
- stated whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepared the financial statements on a going concern basis (unless it is inappropriate to presume that the Company will continue in operation).

The Directors have overall responsibility for ensuring that the Company has an appropriate system of controls, financial and otherwise. They are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the detection and prevention of fraud and other irregularities.

Auditors

The auditors, Gotham Erskine have indicated their willingness to accept re-appointment under Section 385(2) of the Companies Act 1985.

Small company special provisions

The report of the Directors has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

This report was approved by the Directors on 21 June 2006 and signed on its behalf by:

Andrew Lowton
Secretary

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF COALITION TO STOP THE USE OF CHILD SOLDIERS

We have audited the financial statements of Coalition to Stop the Use of Child Soldiers for the year ended 31 March 2006 which comprise Statement of Financial Activities, (Summary of Income and Expenditure Account), the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities.

This report is made solely to the Company's Directors, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's Directors 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 Company and the Company's Directors as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditors

As described in the Statement of Directors' Responsibilities the directors are responsible for the preparation of the Directors' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted 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 Companies Act 1985. We also report to you if, in our opinion, the Directors' Annual Report is not consistent with the financial statements, if the Company 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 Directors' remuneration and transactions is not disclosed.

We read the Directors' Annual Report, and consider the implications for our report if we become aware of any apparent misstatements within it.

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 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 Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all 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 misstatement, 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 applicable to Smaller Entities of the Company's affairs as at 31 March 2006, 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 Companies Act 1985.

Gotham Erskine

Chartered Accountants
Friendly House
52 - 58 Tabernacle Street
London

Date:

COALITION TO STOP THE USE OF CHILD SOLDIERS

STATEMENT OF FINANCIAL ACTIVITIES

(incorporating Income and Expenditure Account & Statement of Total Realised Gains and Losses)
For the year ended 31 March 2006

	Note	Unrestricted Funds 2006 £	Restricted Funds 2006 £	Total Funds 2006 £	Total Funds 2005 £
INCOMING RESOURCES					
Incoming resources from generated funds:					
Voluntary income	2	175,366	307,308	482,674	333,360
Bank interest receivable		1,132		1,132	277
Incoming resources from charitable activities	3	19,869	-	19,869	11,630
TOTAL INCOMING RESOURCES		196,367	307,308	503,675	345,267
RESOURCES EXPENDED					
Costs of generating funds		14,457	-	14,457	13,619
Costs of charitable activities:					
Subscriptions to related organisations		2,956	-	2,956	2,658
Regional Programmatic Work		50,359	53,857	104,216	85,100
Research and Publication		40,865	96,561	137,426	175,989
Advocacy and Coalition Development		63,794	67,732	131,526	53,756
Governance costs		7,071	1,557	8,628	10,058
TOTAL RESOURCES EXPENDED	4	179,502	219,707	399,209	341,180
Net income/(expenditure) before transfer		16,865	87,601	104,466	4,087
Transfer between funds		(679)	679	-	-
NET MOVEMENT IN FUNDS		16,186	88,280	104,466	4,087
TOTAL FUNDS AT 1 APRIL 2005		76,454	15,807	92,261	88,174
TOTAL FUNDS AT 31 MARCH 2006		£ 92,640	£ 104,087	£ 196,727	£ 92,261

The annexed notes form part of these financial statements

COALITION TO STOP THE USE OF CHILD SOLDIERS (company limited by guarantee)

BALANCE SHEET
As at 31 March 2006

	Notes	2006	2005
		£	£
FIXED ASSETS			
Tangible assets	9	7,592	3,952
CURRENT ASSETS			
Debtors	10	60,215	45,289
Cash at bank and in hand		172,327	70,995
		<u>232,542</u>	<u>116,284</u>
CREDITORS: amounts falling due within one year	11	(43,407)	(27,975)
NET CURRENT ASSETS		<u>189,135</u>	<u>88,309</u>
NET ASSETS		<u>£ 196,727</u>	<u>£ 92,261</u>
FUNDS			
Restricted funds	12	104,087	15,807
Unrestricted funds:			
Designated funds	12	7,592	3,956
General fund	12	85,048	72,498
		<u>£ 196,727</u>	<u>£ 92,261</u>

The financial statements have been prepared in accordance with the provisions of Part VII of the Companies Act 1985 relating to small companies and the Financial Reporting Standard for Smaller Entities (effective January 2005). They were approved by the Directors on 21 June 2006 and signed on their behalf by:-

MARTIN MACPHERSON

The annexed notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2006

1. ACCOUNTING POLICIES

Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards, the Charities SORP (Statement of Recommended Practice: "Accounting and Reporting by Charities (revised February 2005)"), the Companies Act 1985 and the Financial Reporting Standard for Smaller Entities (effective January 2005).

The effects of events relating to the year ended 31 March 2006 which occurred before the date of approval of the financial statements by the Directors has been included in the financial statements to the extent required to show a true and fair view of the state of affairs at 31 March 2006 and the results for the year ended on that date.

Company status

Coalition to Stop the Use of Child Soldiers is a company limited by guarantee. In the event of the Company being wound up, the liability in respect of the guarantee is limited to £1 per member of the Company.

Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Directors in furtherance of the general objects of the Company and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the Directors for particular purposes. The aim and use of each designated fund is 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 which have been raised by the Company for particular purposes. The cost of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements. Statutory grants which are given as contributions towards the Company's core services are treated as unrestricted.

Incoming resources

All incoming resources are included in the Statement of Financial Activities when the Company is legally entitled to the income and the amount can be quantified with reasonable accuracy, except as follow:

- When donors specify that voluntary income is given to the company must be used in a future accounting period, the income is deferred until those periods.
- When donors impose conditions which have to be fulfilled before the charity becomes entitled to use such income, the income is deferred and not included in incoming resources until the pre-conditions for use have been met.

When donors specify that voluntary income is for a particular restricted purpose this income is included in incoming resources of restricted funds when receivable.

Resources Expended

All expenditure is accounted for on an accruals basis and has been included under expense categories that aggregate all costs for allocation to activities. Support costs, which cannot be directly attributed to particular activities, have been apportioned proportionately to the direct staff time allocated to the activities. Governance costs include the costs of servicing Trustees' meetings, audit and strategic planning.

COALITION TO STOP THE USE OF CHILD SOLDIERS

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2006

4. RESOURCES EXPENDED

	Programme Staff costs £	Project costs directly allocated to activities £	Support costs £	Total 2006 £	Total 2005 £
Regional Programmatic Work	40,252	37,208	26,756	104,216	85,100
Advocacy and Coalition Development	62,251	28,454	40,821	131,526	53,756
Research and Publication	39,289	76,350	21,787	137,426	175,989
Subscriptions to related organisations	-	2,956	-	2,956	2,658
Total charitable expenditure	141,792	144,968	89,364	376,124	317,503
Governance costs	-	8,628	-	8,628	10,058
Costs of generating funds	8,136	6,321	-	14,457	13,619
	£ 149,928	£ 159,917	£ 89,364	£ 399,209	£ 341,180

5. SUPPORT COSTS

	Regional Programmatic Work £	Advocacy and Coalition Development £	Research and Publication £	Total 2006 £
Staff costs	13,503	20,600	10,995	45,098
Premises costs	5,795	8,885	4,636	19,316
Office costs	6,158	9,343	5,116	20,617
Finance and legal costs	540	828	433	1,801
Depreciation	760	1,165	607	2,532
	£ 26,756	£ 40,821	£ 21,787	£ 89,364

6. NET INCOMING RESOURCES / (RESOURCES EXPENDED)

This is stated after charging:	2006 £	2005 £
Depreciation of tangible fixed assets	2,532	1,318
Auditors' remuneration - statutory audit	5,288	3,290
Auditors' remuneration - other	2,023	832
	9,843	5,440

COALITION TO STOP THE USE OF CHILD SOLDIERS

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2006

7. STAFF NUMBERS AND COSTS	2006	2005
	£	£
Salaries	160,565	142,019
Social security costs	16,785	16,420
Pension	3,954	-
Recruitment	5,914	1,511
Other staff costs	7,808	2,348
	£ 195,026	£ 162,298

The average weekly number of employees, calculated as full time equivalents, during the period was 6 (2005 - 5).

No employee received remuneration of more than £60,000.

8. DIRECTORS

During the year, no Directors received any remuneration (2005 - £NIL). None of the Directors received reimbursement of expenses (2005 - £NIL).

9. TANGIBLE FIXED ASSETS

	Computers and other equipment £
Cost	
At 1 April 2005	6,869
Additions	6,172
At 31 March 2006	£ 13,041
Depreciation	
At 1 April 2005	2,917
Charge for the year	2,532
At 31 March 2006	£ 5,449
Net book value	
At 31 March 2006	£ 7,592
At 31 March 2005	£ 3,952

10. DEBTORS	2006	2005
	£	£
Due within one year		
Trade debtors	301	1,442
Amounts owing from Child Soldiers Coalition Educational and Research Trust	-	2,156
Grants receivable	46,004	31,250
Prepayments	11,060	10,441
Other debtors	2,850	-
	£ 60,215	£ 45,289

COALITION TO STOP THE USE OF CHILD SOLDIERS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2006

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2006 £	2005 £
Trade creditors	20,660	10,938
Amounts owing to Child Soldiers Educational and Research Trust	1,774	-
Social security and other taxes	4,502	-
Other creditors	6,272	785
Accruals and subscriptions in advance	10,199	16,252
Deferred grant income	-	-
	£ 43,407	£ 27,975

	2006 £	2005 £
<u>Deferred income</u>		
Balance at 1 April 2005	-	31,244
Amount released to incoming resources	-	(31,244)
Amount deferred in the year	-	-
Balance at 31 March 2006	£ Nil	£ Nil

Income is deferred where funds are received in the current year but restricted to expenditure on the programme of activities occurring in future years.

12. STATEMENT OF FUNDS

	Brought Forward £	Incoming Resources £	Resources Expended £	Transfers and investment gains/(losses) £	Carried Forward £
DESIGNATED FUNDS					
Fixed Assets Fund	£ 3,956	£ 6,172	£ (2,536)	£ Nil	£ 7,592

The fixed asset fund has been established to represent the net book value of unrestricted tangible fixed assets. Each year an amount will be transferred to or from the fund representing the movement in the net book value of unrestricted tangible fixed assets in the year.

	Brought Forward £	Incoming Resources £	Resources Expended £	Transfers and investment gains/(losses) £	Carried Forward £
RESTRICTED FUNDS					
Multi-project government grants	2,296	179,530	(106,446)	-	75,380
Armed Opposition Groups	-	72,604	(46,863)	(360)	25,381
Regional Capacity-building for Advocacy	-	54,508	(52,221)	1,039	3,326
Research and publication	10,511	666	(11,177)	-	-
Other projects	3,000	-	(3,000)	-	-
	£ 15,807	£ 307,308	£ (219,707)	£ 679	£ 104,087

- The multi-project government grants funded a number of projects.
- The Armed Opposition Groups project is focused around an international forum of experts scheduled for July 2006, with associated research and follow up projects.
- The Regional Capacity-building for advocacy project is strengthening the advocacy skills of partners in Latin America, Great Lakes region of Africa, Southeast Asia and the Middle East.
- Research and Publications in this context includes some costs of the French, Spanish and Arabic versions of the Global Report 2004, as well as the Coalition Newsletter.

COALITION TO STOP THE USE OF CHILD SOLDIERS

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2006

	Brought Forward £	Incoming Resources £	Resources Expended £	Transfers and investment gains/(losses) £	Carried Forward £
SUMMARY OF FUNDS					
Designated Funds	3,956	6,172	(2,536)	-	7,592
General Funds	72,498	190,195	(176,966)	(679)	85,048
	<u>76,454</u>	<u>196,367</u>	<u>(179,502)</u>	<u>(679)</u>	<u>92,640</u>
Restricted Funds	15,807	307,308	(219,707)	679	104,087
	<u>£ 92,261</u>	<u>£ 503,675</u>	<u>£ (399,209)</u>	<u>£ Nil</u>	<u>£ 196,727</u>

13. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted Funds			Total	Total
	Designated Funds 2006 £	General Funds 2006 £	Restricted Funds 2006 £	Funds 2006 £	Funds 2005 £
Tangible fixed assets	7,592	-	-	7,592	3,952
Current assets	-	128,455	104,087	232,542	116,284
Creditors due within one year	-	(43,407)	-	(43,407)	(27,975)
	<u>£ 7,592</u>	<u>£ 85,048</u>	<u>£ 104,087</u>	<u>£ 196,727</u>	<u>£ 92,261</u>

14. PENSION COMMITMENTS

The Company does not operate any pension scheme for its employees but does administer contributions to a stakeholder pension scheme. Contributions payable during the year amounted to £3,954 (2005 - £NIL). At the balance sheet there were outstanding contributions of £351 (2005 - £NIL).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2006

15. RELATED PARTIES

The 'Coalition to Stop the Use of Child Soldiers' works closely with the 'Child Soldiers Coalition Educational and Research Trust Ltd' a charitable company (registered number - 4458380). Martin Macpherson is a director of both companies. There were payments made in the year totalling £37,928 (2005 - £64,000) in respect of costs incurred on Trust's projects and recharged salary and overhead costs. The Trust also incurred costs of £28,858 (2005 - £NIL) on behalf of the Coalition. Grant income was received in the year by the Coalition on behalf of the Trust totalling £3,000 (2005 - £NIL). At the year end the Coalition owed the Trust £1,774 (2005 - £2,155). The directors consider that the charges were made on an 'at arms length basis'.

All the directors are employed by organisations that are members of the Steering Committee of the Coalition. These organisations paid subscriptions of £5,527 (2005 - £7,107) in the year. The Coalition also paid these companies for various services in the year totalling £26,472 (2005 - £14,850).

The Coalition rents its premises from one of the members of the steering committee at an annual rent of £14,155 (2005 - £14,155). This is considered to be a fair charge.

16. TAXATION

The company is not a charity but the directors consider there to be no liability to tax on grant funded activities as they are not in the nature of a trade. Bank interest receivable is taxable but the amount is below the current tax threshold. (2005 - the same).