

Financial Statements of the Commonwealth Fund for Technical Co-operation

Year Ended 30 June 2014



The Commonwealth



Kamallesh Sharma
Secretary-General
5th May 2015



Paula Harris
Director - Corporate Service
5th May 2015

COMMONWEALTH FUND FOR TECHNICAL CO-OPERATION

PRINCIPAL ACTIVITIES AND OPERATING STRUCTURE

Principal Activities of the Commonwealth

The Commonwealth is a voluntary association of 53 independent countries.

The Commonwealth Secretariat implements the decisions and plans of Commonwealth Leaders.

It also organises meetings for members to discuss global and Commonwealth issues; promotes members' interests at international forums; offers advice; and provides experts who share their skills and experience with governments and institutions.

The Commonwealth Secretariat partners with other international and Commonwealth organisations to deliver its work.

Commonwealth organisations are involved in diverse activities, from helping countries with trade negotiations to encouraging women in leadership, building the small business sector, supporting youth participation at all levels of society and providing experts to write laws.

The Commonwealth Secretariat continues to be a pioneer in many areas of development. Our work on maritime boundaries is leading strategic thinking on ocean governance internationally. The Commonwealth Youth Programme has championed rights of young people for more than 40 years.

Further information regarding The Commonwealth Secretariat's current four year Strategic Plan from 2013-14 to 2016-17, which was approved in May 2013, can be found on the website www.thecommonwealth.org.

Commonwealth Fund for Technical Co-operation

The activities of The Commonwealth is funded by Member Governments via three separate multilateral funds:

- Commonwealth Secretariat Fund (COMSEC)
- Commonwealth Fund for Technical Co-operation (CFTC)
- Commonwealth Youth Programme Fund (CYP)

The Memoranda of Understanding of the three funds require The Commonwealth to operate and prepare separate audited accounts for each of the funds.

Accordingly, these are the financial statements of the **Commonwealth Fund for Technical Co-operation** for the year ended 30 June 2014.

The Commonwealth Fund for Technical Co-operation is the principal means for providing technical assistance to Commonwealth countries. It is a voluntary fund and members contribute resources according to their ability, and draw on them according to their needs.

Governance and Structure

The Commonwealth is headed by a Secretary-General, Mr Kamalesh Sharma, who is appointed by the Heads of Government of the Commonwealth Member Countries and is responsible to them and the Board of Governors for the management of The Commonwealth.

The Secretary-General reports to the Heads of Government through individual meetings and also collectively at the biennial Commonwealth Heads of Government Meeting (CHOGM). The Secretary-General is also held accountable through The Commonwealth's Board of Governors which meets regularly in London on behalf of member governments at senior diplomatic level.

The Secretary-General is assisted by three Deputy Secretaries-General and 13 directors in managing the activities of the organisation. The Commonwealth has 14 divisions and units which carry out programmes of work based on mandates set at CHOGM.

COMMONWEALTH FUND FOR TECHNICAL CO-OPERATION
PRINCIPAL ACTIVITIES AND OPERATING STRUCTURE

The organisation has its headquarters in Marlborough House, Pall Mall, London SW1Y 5HX, United Kingdom.

Responsibilities of the Secretary-General

The Secretary-General of The Commonwealth is responsible for preparing financial statements in accordance with the requirements of International Public Sector Accounting Standards and the Financial Regulations as authorised by The Commonwealth Heads of Government.

The Secretary-General of The Commonwealth is also responsible for:

- keeping adequate accounting records that are sufficient to show and explain the Fund's transactions and disclose with reasonable accuracy at any time the financial position of the Fund;
- safeguarding the assets;
- such internal control as is determined necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- taking reasonable steps for the prevention and detection of fraud and other irregularities; and
- maintaining the integrity of the audited financial statements published on The Commonwealth's website.

COMMONWEALTH FUND FOR TECHNICAL CO-OPERATION
INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF GOVERNORS

We have audited the financial statements of the Commonwealth Fund for Technical Cooperation for the year ended 30 June 2014, which comprise the Statement of Financial Position, the Statement of Financial Performance, the Statement of Changes in Net Assets, the Cash Flow Statement and the related notes 1 to 19.

Our report is made solely to the Board of Governors in accordance with the engagement letter dated 20 August 2014 and the Financial Regulations of the funds. Our work has been undertaken so that we might state to the Board of Governors those matters we are required to state to them in an independent 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 Board of Governors as a body, for our audit work, for our reports, or for the opinions we have formed.

Secretary-General's responsibilities for the Financial Statements

The Secretary-General of The Commonwealth is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards and the Financial Regulations as authorised by The Commonwealth Heads of Government, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with the Auditing Practices Board's Ethical Standards for Auditors and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of The Commonwealth Fund for Technical Cooperation as at 30 June 2014, and of its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards and the Financial Regulations as authorised by The Commonwealth Heads of Government.



Deloitte LLP
Chartered Accountants and Statutory Auditor
St Albans, UK

6 May 2015

COMMONWEALTH FUND FOR TECHNICAL CO-OPERATION

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2014

		30 June 2014	30 June 2013
ASSETS	Notes	£	£
Current Assets			
Cash and Cash Equivalents	2	24,934,634	25,322,427
Receivables	3	381,134	688,548
Prepayments		495,418	794,986
Members' Contributions Receivable	7 b	1,830,896	1,909,066
		<u>27,642,082</u>	<u>28,715,027</u>
Non-current Assets			
Members' Contributions Receivable	7 b	7,000	41,608
		<u>27,649,082</u>	<u>28,756,635</u>
TOTAL ASSETS		27,649,082	28,756,635
LIABILITIES			
Current Liabilities			
Payables and Other Current Liabilities	4	3,474,352	1,957,331
Deferred Income	5	1,445,101	1,336,319
Members' Contributions Prepaid	7 b(i)	41,761	31,676
Provisions	6	1,653,783	1,344,922
		<u>6,614,997</u>	<u>4,670,248</u>
Non-current Liabilities			
Provisions	6	550,110	574,199
		<u>550,110</u>	<u>574,199</u>
TOTAL LIABILITIES		7,165,107	5,244,447
NET ASSETS		20,483,975	23,512,188
FUND BALANCES AND RESERVES			
General Reserve	1.12	7,968,311	9,792,667
Working Capital Reserve	1.12	6,000,750	6,657,749
Designated Reserve	1.12	6,514,914	7,061,772
TOTAL FUND BALANCES AND RESERVES		20,483,975	23,512,188

COMMONWEALTH FUND FOR TECHNICAL CO-OPERATION

STATEMENT OF FINANCIAL PERFORMANCE AS AT 30 JUNE 2014

	Notes	2013-14 £	2012-13 £
REVENUE			
Members' Contributions - Pledges	7(a)	21,577,364	32,751,820
Cost Share Contributions	3(a)(i)	73,080	72,545
Special Projects	8(b)	1,615,765	381,595
Interest Revenues	9	169,799	152,740
Other Income		80,015	443,589
Currency Gain		-	7,447
TOTAL REVENUE		<u>23,516,023</u>	<u>33,809,736</u>
EXPENSES			
Staff Costs	10	18,049,936	15,733,866
General Administration	12	1,897,538	3,339,679
Common Service Charge	1.14(c)	2,493,412	3,780,679
Project Service Charge	1.14(d)	-	2,259,161
Training and Workshops	13	3,872,894	3,307,159
Currency Loss		230,456	-
TOTAL EXPENSES		<u>26,544,236</u>	<u>28,420,544</u>
SURPLUS FOR THE YEAR		<u>(3,028,213)</u>	<u>5,389,192</u>

COMMONWEALTH FUND FOR TECHNICAL CO-OPERATION

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2014

	Notes	General Reserve	Working Capital Reserve	Designated Reserve	Total
		£	£	£	£
Balance at 30 June 2012		6,216,767	4,470,429	7,435,800	18,122,996
Surplus		5,389,192	-	-	5,389,192
Transfer from Designated Reserve to General Reserve		374,028	-	(374,028)	-
Transfer from General Reserve to Working Capital Reserve	1.12	(2,187,320)	2,187,320	-	-
Balance at 30 June 2013		9,792,667	6,657,749	7,061,772	23,512,188
Surplus		(3,028,213)	-	-	(3,028,213)
Transfer from Designated Reserve to General Reserve		546,858	-	(546,858)	-
Transfer from Working Capital to General Reserve	1.12	656,999	(656,999)	-	-
Balance at 30 June 2014		7,968,311	6,000,750	6,514,914	20,483,975

COMMONWEALTH FUND FOR TECHNICAL CO-OPERATION
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2014

	2013-14	2012-13
	£	£
Cash Flow from Operating Activities		
(Deficit)/Surplus	(3,028,213)	5,389,192
Adjustments for:		
Interest Revenues	(169,799)	(152,740)
Decrease in Payables and other current liabilities	1,517,021	(822,236)
Increase / (Decrease) in Contributions Prepaid	10,085	(56,630)
Increase / (Decrease) in Deferred Income	108,782	(92,852)
Increase in Provisions	284,772	240,622
Decrease / (Increase) in Contributions Receivable	112,778	(1,106,086)
Increase in Receivables	307,414	(251,143)
Decrease in Prepayments	299,568	247,813
Net Cash Flow from Operating Activities	(557,592)	3,395,940
Cash Flow from Investing Activities		
Interest Received	169,799	152,740
Net Cash Flow from Investing Activities	169,799	152,740
Net Increase in Cash and Cash Equivalents	(387,793)	3,548,680
Cash and Cash Equivalents at the Beginning of Period	25,322,427	21,773,747
Cash and Cash Equivalents at the End of Period	24,934,634	25,322,427
Movement in Cash and Cash Equivalents	(387,793)	3,548,680

COMMONWEALTH FUND FOR TECHNICAL CO-OPERATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

1. Accounting Policies

1.1 Statement of Compliance

The financial statements of the Commonwealth Fund for Technical Co-operation (CFTC) have been prepared on an accruals basis in accordance with the International Public Sector Accounting Standards (IPSAS).

In accordance with IPSAS 1, budgets and related budget reconciliation analysis have not been provided as they are not publicly available.

1.2 New Accounting Standards

The International Public Sector Accounting Standards Board (IPSASB) has issued IPSAS 28 Financial Instruments: Presentation, IPSAS 29 Financial Instruments: Recognition and Measurement, and IPSAS 30 Financial Instruments: Disclosures. IPSASB requires entities to apply these standards for annual financial statements covering periods beginning on or after 1 January 2013. The Commonwealth Secretariat has applied these standards in preparing these financial statements. The adoption of these standards required retrospective application which has resulted in a different presentation of the comparative results in the 2012-13 audited financial statements. This presentation however has had no effect on the recognition and measurement of the financial instruments, but additional qualitative and quantitative disclosures have been provided in accordance with IPSAS 30. Consequently the presentation in the Statement of Financial Position and Cash flow Statement has been changed to adopt these new standards.

IPSASB introduced IPSAS 32 (Service Concession Arrangements) and requires entities to apply this standard for annual financial statements covering periods beginning on or after 1 January 2014. IPSASB encourages earlier application of this Standard. The Commonwealth has not applied IPSAS 32 in preparing these financial statements since it did not enter into any service concession arrangements within the scope of IPSAS 32.

1.3 Basis for Non-Consolidation of Financial Statements

As mentioned previously in the Principal Activities and Operating Structure, the activities of The Commonwealth are funded by Member Governments via three separate multilateral funds:

- Commonwealth Secretariat Fund (COMSEC)
- Commonwealth Fund for Technical Co-operation (CFTC)
- Commonwealth Youth Programme Fund (CYP)

The Memoranda of Understanding of the three funds require The Commonwealth to operate and prepare separate audited financial statements for each of the funds. Each fund is controlled by its member governments and these member governments will vary from fund to fund.

The Commonwealth has reviewed IPSAS 6 Consolidated and Separate Financial Statements and considers that the consolidation requirement is not applicable in this situation.

1.4 Accounting Convention

The financial statements have been prepared using the historical cost convention.

1.5 Going Concern Assumption

The financial statements have been prepared on the going-concern basis. Management has a reasonable expectation that The Commonwealth will continue in operational existence for the foreseeable future. The Board of Governors approved the 2014-15 budget paper on behalf of the member states. There is a commitment from the Board of Governors to fund this budget effective July 2014.

1.6 Functional and Presentational Currency

The financial statements have been presented in GB Pounds Sterling which is The Commonwealth's functional currency. All financial information presented in GB Pounds Sterling has been rounded to the nearest £1.

1.7 Financial Instruments

Financial instruments are recognised when CFTC becomes a party to the contractual provisions of the instrument until such time as when the rights to receive cash flows from those assets have expired or have been transferred and CFTC has transferred substantially all the risks and rewards of ownership.

COMMONWEALTH FUND FOR TECHNICAL CO-OPERATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

1.7 Continued

Financial assets that are held for trading are measured at fair value and any gains or losses arising from changes in the fair value are accounted for through surplus or deficit and included within the Statement of Financial Performance in the period in which they arise.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in active markets. Loans and receivables comprise contributions receivable in cash, other receivables and cash and cash equivalents. Loans and receivables are stated at amortized cost.

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that CFTC has both the intention and the ability to hold to maturity. As at 30 June 2014, no held-to-maturity financial assets were held by CFTC.

Available-for-sale financial assets are non-derivative financial assets that are not designated within any other category. As at 30 June 2014, no available-for-sale financial assets were held by CFTC.

All non-derivative financial liabilities are recognised initially at fair value, and subsequently measured at amortised cost using the effective interest method.

1.8 Cash and Cash Equivalents

Cash and cash equivalents consist of bank balances that can easily be converted into cash without loss of value. Cash deposits are held in instant access interest-bearing bank accounts. Cash deposits denominated in foreign currencies have been translated to GB Pound Sterling at exchange rates prevailing at the reporting date. Realised gains and losses are recognised in the Statement of Financial Performance for the year.

Cash and cash equivalents are held in interest bearing accounts on the money market or as fixed short term deposits. All deposits are due to mature within three months and, as such, are all classified as cash and cash equivalents under current assets.

1.9 Payables and Accruals

Payables and accruals include liabilities in respect of goods and services which have been received and are either invoiced but unpaid or not invoiced at the year end. Accruals for purposes of disclosure in the financial statements are aggregated with trade payables.

1.10 Deferred Income

Details on deferred income are given in note 1.13 (b) and (c).

1.11 Provisions and Contingent Liabilities

Provisions are made for future liabilities and charges where CFTC has a present legal or constructive obligation as a result of a past event. Other obligations, which do not meet the recognition criteria for liabilities, are disclosed in the notes to the financial statements as contingent liabilities when their existence could only be confirmed by the occurrence or non-occurrence of uncertain future events.

1.12 Reserves

CFTC's reserves consist of the following balances:

- General Reserve, is carried forward after accounting for pledges, other sources of income and expenses for all programme related and administrative categories;
- Working Capital Fund, serves to protect the Fund against temporary shortages of cash, arising from the need to sustain expenditure in the event of irregular settlement of pledge receivables by member states. Investments are held separately to represent the Working Capital Reserve. In accordance with Section V of the revised Financial Regulations, the reserve will be subject to a maximum of 25% of approved planned expenditure for that year.
- Designated Fund Reserve is set aside for specific purposes within the overall reserves as agreed with the Board of Governors as part of the budget paper.

Transfers to and from the General Reserve are analysed in the Statement of Changes in Net Assets on Page 6.

COMMONWEALTH FUND FOR TECHNICAL CO-OPERATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

1.13 Revenue

(a) Contributions - Pledges

CFTC is funded by voluntary contributions from member countries which are referred to as pledges. Pledges are recognised as revenue in the period to which the contribution relates. In the event of a pledge being made in respect of a previous financial year, it is recognised as revenue for the current year and described as a retroactive pledge.

As all governments are expected to pay all their dues in full, no provision is made for bad debt. However, provision is made for anticipated delay in settlement of arrears.

(b) Cost Share Contributions

The Capacity Building Programme organises bilateral projects which are carried out with the host country contributing a share of the costs. Invoices are raised in advance of the activity and the proportion which relates to the current financial year is recognised as cost share contributions. The proportion which relates to a subsequent financial year is deferred accordingly.

(c) Special Projects

CFTC receives additional contributions and grants from member governments, non-Commonwealth countries and other organisations for special projects (see note 8 for details of individual special projects). These monies are awarded subject to specific performance conditions.

The revenue for these projects is recognised when expenditure has been incurred, which is when specific performance conditions are met. When revenue has been received but the expenditure has not been incurred, it is reported as deferred income on the Statement of Financial Position. Excess funds are returned to the provider.

(d) Interest Receivable and Other Income

Other income consists of:

- interest received from interest-bearing accounts;
- miscellaneous contributions from countries towards the integrated programme of assistance on debt management offered by the Special Advisory Services Section of CFTC; and
- sundry receipts, insurance payments and refunds.

Such income is recognised in the period in which the transaction occurred, not when the income is received.

1.14 Expenses

(a) Staff costs

i) Unused annual leave

The value of unused annual leave at the year-end has been estimated using salary pay points and number of leave days outstanding, and is included in staff costs in the Statement of Financial Performance. The obligation is recognised as an accrual in the Statement of Financial Position.

ii) Tax

The Commonwealth operates an Internal Tax System under an agreement with the UK Government. Tax deducted from emoluments of staff is retained by the organisation.

iii) Staff Gratuity Fund

The Commonwealth contributes fifteen percent of gross salary on a monthly basis for permanent members of staff who opt in to the Staff Gratuity Fund instead of the Staff Defined Contribution Pension Scheme. Contributions to the fund are recognised as staff costs in the Statement of Financial Performance. Payments of accumulated gratuity plus interest are made to staff at the end of their contract or on leaving The Commonwealth. The contributions are paid into the fund's bank account and managed separately in readily convertible investments. Cash deposits and fixed term deposits relating to the staff gratuity fund are not available for general use by The Commonwealth. The relating asset and liability are reported in the Statement of Financial Position of the Commonwealth Secretariat Fund (COMSEC) because it is not possible to readily separate the proportion relating to

COMMONWEALTH FUND FOR TECHNICAL CO-OPERATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

1.14 Continued

CFTC employees. The liability is classified as current or non-current dependent on the expiry dates of the employees' contracts.

iv) Relocation Expenses

The Commonwealth pays relocation expenses for overseas recruited staff and experts at the beginning and end of their contracts. A provision for future costs is included within staff costs and direct project costs in the financial statements.

v) Home leave

The Commonwealth pays for home leave passages for overseas recruited staff after serving 20 months of their contracts. A provision for future home leave passages is included within staff costs in the financial statements.

vi) Pensions

The Commonwealth operates two defined benefit pension schemes, one for former Secretaries General and one for permanent staff, with a supplementary arrangement as described below.

Former Secretaries General Pension Scheme

The pension scheme for former Secretaries General is unfunded. Costs relating to the financial year are recognised in the Statement of Financial Performance of COMSEC.

An actuarial valuation of The Commonwealth's obligation as at the year-end is obtained with the liability recognised in the Statement of Financial Position of COMSEC. The present value of the defined benefit obligations due to the former Secretaries General is determined by discounting the estimated future cash outflows using agreed assumptions. There are no directly attributable investments or assets to support the obligations of this scheme. Unrealised actuarial gains and losses are recognised in the Statement of Changes in Net Assets in COMSEC.

All transactions and valuations are recorded within the COMSEC financial statements for administrative efficiency.

Staff Defined Benefit Pension Scheme

The Commonwealth operates a funded, defined benefit scheme (Commonwealth Secretariat Pension and Life Assurance Scheme (1979)) where the benefits are based on final pensionable pay. The scheme is managed by a board of trustees nominated by The Commonwealth as employer and scheme members in line with UK pension regulations.

The current Schedule of Contributions requires the employer to contribute the amount required to bring the aggregate contribution to one twelfth of 40% of the total contributory payroll of the active members of all the funds each month in respect of future service, together with additional monthly contributions of £109,000 to meet the past service shortfall on behalf of entitled employees. Also payable are insurance premiums for death-in-service benefits and expenses incurred by the trustees in administering the scheme.

The Scheme is subject to UK pension regulations. It undertakes valuations every three years and prepares financial statements to 31 March. The financial statements of the scheme are audited by Assure UK. The scheme's actuary is Ms Elaine Pickering, Senior Pensions Actuary, Equitable Life Assurance Society. The audited financial statements and details of advisors are available on request from the Payroll and Pensions Team, Finance and Management Information Section, Marlborough House, London SW1Y 5HX.

The Scheme which was accessible to staff of COMSEC, CFTC, CYP and Commonwealth Science Council Funds was closed to new members with effect from 1 January 2002. It is not possible to separate the scheme liabilities relating to staff under the different funds. The entire liability is therefore recognised in the Statement of Financial Position in COMSEC. The liability or asset recognised in respect of the scheme is the fair value of the plan assets less the present value of the defined obligation at the reporting date.

Actuarial gains and losses are recognised in full in the period in which they occur in the Statement of Changes in Net Assets of COMSEC.

COMMONWEALTH FUND FOR TECHNICAL CO-OPERATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

Supplementary Pension

To supplement The Commonwealth Secretariat Pension & Life Assurance Scheme (1979), The Commonwealth may also award an additional increase on a discretionary basis. A review is carried out annually to compare the pension benefits to UK Public Sector pension increases, and consider whether to award an additional increase on a discretionary basis to bring them into line. This arrangement is paid as supplementary to the pension payment.

An actuarial valuation of The Commonwealth's obligation as at the year end is obtained with the entire liability recognised in the Statement of Financial Position of COMSEC as it is not possible to separate the scheme liabilities under the different funds. The present value of the supplementary pension obligations is determined by discounting the estimated future cash outflows using agreed assumptions. There are no directly attributable investments or assets to support the obligations of this scheme. Unrealised gains and losses are recognised in the Statement of Changes in Net Assets.

Group Stakeholder Defined Contribution Pension Scheme

The Commonwealth also operates a defined contribution pension scheme for staff. All employer contributions are recognised in the Statement of Financial Performance in the period in which the obligations arise.

(b) Accommodation costs

The headquarters of The Commonwealth is located in London and its operations are sited in two separate office buildings: Marlborough House and Quadrant House. Marlborough House is provided free of rent by the UK Government. Under IPSAS 23 Revenue from Non-Exchange Transactions the value of this service in-kind is recognised as both income and expense in the Statement of Financial Performance of the COMSEC Fund.

Accommodation costs in CFTC are an apportionment of costs incurred by COMSEC in respect of rental of Quadrant House, maintenance and utility bills relating to the two official buildings.

(c) Common Service Charge

CFTC is charged a levy referred to as the Common Service Charge by COMSEC. The charge recovers some of the costs incurred by COMSEC in operating the common service divisions. The common service divisions are Office of the Secretary General, Strategic Planning & Evaluation, Corporate Services, Human Resources and Communications.

The present method of apportioning these costs is based on the proportion of the staff members' time devoted to supporting activities in a particular area of work. The costs are apportioned on the basis of an agreed formula which includes staff costs, office accommodation and other administrative costs related to the common service divisions.

(d) Project Service Charge

In 2011-12 COMSEC introduced a Project Service Charge to CFTC. The charge was a reallocation of actual diplomatic and professional staff costs from programmatic divisions to reflect the level of activities they provide as part of the work of the CFTC Fund. This was discontinued in 2013-14 and replaced with the direct allocation to CFTC of all staff costs associated with delivering the programmes as per the new Strategic Plan.

(e) Direct Projects

Direct Project Costs are expenses related to programmatic activities. Where these expenses occur against a contract issued to a service provider, the related cost is recognised in the Statement of Financial Performance when specific conditions in the individual contracts are fulfilled.

(f) Foreign currency transactions

Transactions in foreign currencies are translated to GB Pounds Sterling at the rate of exchange on the date of the transactions. Realised gains and losses resulting from the settlement of foreign currency transactions are recognised in the Statement of Financial Performance.

1.15 Use of Estimates and Judgements

The financial statements include amounts based on estimates and key assumptions about the future made by management. These estimates and underlying assumptions are reviewed on an on-going basis. Further details are given where applicable in the individual notes to the assets and liabilities.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

2. Cash and Cash Equivalents

The UK restricted balance relates to special projects funds, which are held for use only for these specific purposes.

	Unrestricted		Restricted		Total	
	2014	2013	2014	2013	2014	2013
	£	£	£	£	£	£
UK Bank Accounts	21,519,424	23,434,414	1,507,431	6,037	23,026,855	23,440,451
Foreign Bank Accounts	1,907,779	1,881,976	-	-	1,907,779	1,881,976
Total Cash and Cash Equivalents	23,427,203	25,316,390	1,507,431	6,037	24,934,634	25,322,427

3. Receivables

	Note	2014	2013
		£	£
Staff advances		8,118	52,890
Cost Share Debtors	(a)	138,057	118,457
Sundry Debtors		73,720	76,989
Related Parties:			
Commonwealth Secretariat Fund		-	429,093
Commonwealth Youth Programme		-	3,489
CYP Regional Office		-	7,630
Small States Office – Geneva		161,239	-
Total Receivables		381,134	688,548

(a) Cost share debtors represent the amounts due to CFTC in respect of bilateral projects carried out with the host country contributing a share of the costs.

Ageing of receivables that are past due but not impaired:

	2014	2013
	£	£
Neither past due nor impaired	178,399	481,652
< 12 months	166,178	80,809
> 12 months	36,557	126,087
Total Receivables	381,134	688,548

COMMONWEALTH FUND FOR TECHNICAL CO-OPERATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

Below is a summary of the year's cost share transactions:

3. (a) (i) Cost share debtors 2013-14

Country / Organisation	Balance Receivable 30 June 2013	Adjustments	Contributions Invoiced in 2013-14	Receipts 2013-14	Balance Receivable 30 June 2014
	£	£	£	£	£
Belize	-	-	42,000	-	42,000
Cook Islands	41,900	-	37,500	(41,900)	37,500
Ghana	40,000	-	-	(40,000)	-
Grenada	36,557	-	-	-	36,557
Jamaica	-	-	22,000	-	22,000
TOTAL	118,457	-	101,500	(81,900)	138,057

The balance receivable of £138,057 represents the total cost share debtors as at 30 June 2014.

The revenue accounted for in the Statement of Financial Performance is £73,080 (2012-13: £72,545). This represents contributions invoiced in the year adjusted for movement on the deferred income balances (see note 5).

3. (a) (ii) Cost share debtors 2012-13

Country / Organisation	Balance Receivable 30 June 2012	Adjustments	Contributions Invoiced in 2012-13	Receipts 2012-13	Balance Receivable 30 June 2013
	£	£	£	£	£
Belize	-	-	16,315	(16,315)	-
Cook Islands	15,580	-	26,320	-	41,900
Ghana	40,000	-	-	-	40,000
Grenada	36,556	(2,741)	19,940	(17,198)	36,557
Caricom - Guyana	9,025	-	-	(9,025)	-
Namibia	20,060	-	-	(20,060)	-
TOTAL	121,221	(2,741)	62,575	(62,598)	118,457

The adjustments represent an overpayment in 2011-12 which was used to settle a 2012-13 invoice.

4. Payables and Other Liabilities

Amounts falling due within one year

	2014	2013
	£	£
Trade Payables & Accruals	894,537	1,946,972
Staff Expenses	10,785	10,359
Related Parties:		
Commonwealth Secretariat	2,552,477	-
Commonwealth Youth Programme	16,553	-
Total Payables and Current Liabilities	3,474,352	1,957,331

COMMONWEALTH FUND FOR TECHNICAL CO-OPERATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

5. Deferred Income

Revenue which should be recognised in a future period has been deferred for cost share and special projects. A summary of the balances carried forward at the year-end are as follows:

	Notes	2014	2013
		£	£
Cost Share Projects	1.13(b)	46,957	18,537
Special Projects	1.13(c)	1,398,144	1,317,782
Total Deferred Income		1,445,101	1,336,319

6. Provisions

The provisions classified as such in the Statement of Financial Position are as follows:

	30 June 2014		30 June 2013	
	Due within one year	Due after one year	Due within one year	Due after one year
	£	£	£	£
Arbitral Tribunal Claims	50,000	-	50,000	-
Relocation Expenses	543,187	531,850	666,867	552,229
Home Leave Expenses	40,087	18,260	62,055	21,970
Grant Agreement Repayment	690,788	-	566,000	-
Termination Benefits Provision	329,721	-	-	-
Total Provisions	1,653,783	550,110	1,344,922	574,199

Movements in all provisions during the year are as follows:

Provision for Liabilities and Charges	Notes	As at 30 June 2013	Increase in Provision	Amount used	As at 30 June 2014
		£	£	£	£
Arbitral Tribunal Claims	(a)	50,000	-	-	50,000
Relocation Expenses	(b)	1,219,096	88,680	(232,739)	1,075,037
Home Leave Expenses	(c)	84,025	3,616	(29,294)	58,347
Grant Agreement Repayment	(d)	566,000	124,788	-	690,788
Termination Benefits Provision	(e)	-	329,721	-	329,721
Total Provisions for Liabilities and Charges		1,919,121	546,805	(262,033)	2,203,893

(a) Claims for legal cases are shown as a liability in the Statement of Financial Position. The litigation claims outstanding at the beginning of the financial period remain unsettled as at 30 June 2014. The provision has therefore been carried forward.

(b) CFTC incurs relocation expenses for overseas recruited staff and experts at the beginning and end of their contracts. The costs of relocation are variable because they depend on the timing of the relocation, which can be at any stage within the maximum contract period of nine years (depending on renewal of three year contracts), the location to which the staff member is relocated, the size and circumstances of the family, and the complexity of the individual's affairs at the time. The level of the provision is based on an annual review of future costs and the movement on the provisions for the year has been included in the Statement of Financial Performance under staff costs.

(c) The provision relates to home leave passages for overseas recruited staff. Overseas recruited staff and their dependents are provided with one home leave passage per contract. The level of provision is based on an annual review of future costs and the movement on the provisions for the year has been included in the Statement of Financial Performance under staff costs.

COMMONWEALTH FUND FOR TECHNICAL CO-OPERATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

6 Continued

(d) The provision relates to a potential repayment on a grant agreement.

(e) During the financial year 2013-14 the Commonwealth implemented a new organisational structure which came into effect on 1 July 2014. CFTC has recognised an obligation for estimated termination benefits that will occur in the 2014-15 financial period resulting from this structural reconfiguration.

The level of provisions is based on an annual review of future costs and the movement on the provisions for the year has been included in the Statement of Financial Performance under staff costs, general administration and direct costs respectively (see notes 10, 12 and 14).

7. (a) Members' Contributions 2013-14

Revenue from pledges in the Statement of Financial Performance is calculated as follows:

	2013-14	2012-13
	£	£
Amounts Pledged for Current Year	20,982,604	30,410,332
Retroactive Pledges	594,760	2,341,488
Total Members' Pledges	21,577,364	32,751,820

Receivables from member contributions in the Statement of Financial Position are calculated as follows:

	2014	2013
	£	£
Current	1,841,144	1,919,314
Non- Current	7,000	41,608
Total contributions receivable	1,848,144	1,960,922
Provision for doubtful accounts	(10,248)	(10,248)
Total net contributions receivable	1,837,896	1,950,674

In order to manage and reduce long outstanding arrears, affected governments are invited to discuss and agree suitable payment plans. As at year end, three governments had agreed payment plans for arrears amounting to £13,193 (2012-13: £89,539)

Ageing of receivables that are past due but not impaired:

	2014	2013
	£	£
Less than 1 year	1,325,821	1,733,740
Between one and two years	495,548	132,563
More than two years	16,527	84,371
Total Receivables	1,837,896	1,950,674

COMMONWEALTH FUND FOR TECHNICAL CO-OPERATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

7. (b) (i). Members' Contributions Breakdown 2013-14

COUNTRY	Receivable 30 June 2013	Prepaid 30 June 2013	Retroactive Pledges 2013-14	Pledges 2013-14	Receipts 2013-14	Receivable 30 June 2014	Prepaid 30 June 2014
	£	£	£	£	£	£	£
Anguilla	3,000	-	-	-	-	3,000	-
Antigua & Barbuda	-	-	15,000	20,000	(35,000)	-	-
Australia	-	-	-	5,365,070	(5,365,070)	-	-
Bahamas	-	-	-	127,573	(127,573)	-	-
Bangladesh	-	-	-	145,474	(145,474)	-	-
Barbados	30,488	-	-	166,422	(196,910)	-	-
Belize	30,344	-	-	-	(30,344)	-	-
Botswana	-	-	-	331,357	(331,357)	-	-
Brunei Darussalam	477,986	-	(27,986)	450,000	(900,000)	-	-
Cameroon	82,161	-	-	170,986	(253,147)	-	-
Cyprus	-	-	169,289	-	(169,289)	-	-
Dominica	10,000	-	1,000	1,000	(3,000)	9,000	-
Fiji	10,248	-	-	-	-	10,248	-
Ghana	-	-	263,514	266,703	-	530,217	-
Gibraltar	-	-	15,000	-	(15,000)	-	-
Grenada	29,819	-	-	17,803	(43,426)	4,196	-
Guyana	-	-	-	49,921	(49,921)	-	-
India	-	-	-	1,000,000	(1,000,000)	-	-
Jamaica	-	-	-	190,790	(190,790)	-	-
Kiribati	-	-	-	5,686	(5,686)	-	-
Lesotho	135,750	-	-	-	-	135,750	-
Malawi	-	-	20,000	20,000	-	40,000	-
Malaysia	250,000	-	-	250,000	(250,000)	250,000	-
Maldives	-	(31,370)	-	31,941	(571)	-	-
Malta	-	-	152,381	154,225	(306,606)	-	-
Mauritius	-	-	-	186,030	(186,030)	-	-
Mozambique	-	-	-	40,000	(40,000)	-	-
Nambia	-	-	-	217,322	-	217,322	-
New Zealand	-	-	-	1,538,700	(1,538,700)	-	-
Nigeria	538,275	-	-	442,127	(538,275)	442,127	-
Niue	331	-	-	-	-	331	-
Pakistan	105,606	-	-	250,000	(250,937)	104,669	-
Papua New Guinea	-	-	-	161,638	(161,638)	-	-
Rwanda	25,000	-	-	-	(25,000)	-	-
Seychelles	-	-	-	12,145	(12,145)	-	-
Sierra Leone	59,720	-	-	40,555	(141,730)	-	(41,455)
Singapore	71,653	-	(13,438)	20,000	(78,215)	-	-
South Africa	-	-	-	323,276	(323,276)	-	-
Sri Lanka	-	-	-	53,226	(53,226)	-	-
St Kitts & Nevis	18,816	-	-	-	-	18,816	-
St Lucia	-	(306)	-	17,853	(17,853)	-	(306)
St Vincent & Grenadines	25,000	-	-	25,000	-	50,000	-
Swaziland	-	-	-	145,474	(145,474)	-	-
The Gambia	24,257	-	-	-	(24,257)	-	-
Trinidad & Tobago	-	-	-	93,371	(93,371)	-	-
Tuvulu	3,721	-	-	-	-	3,721	-
United Kingdom	-	-	-	8,650,936	(8,650,936)	-	-
Vanuatu	28,747	-	-	-	-	28,747	-
TOTAL	1,960,922	(31,676)	594,760	20,982,604	(21,700,227)	1,848,144	(41,761)

COMMONWEALTH FUND FOR TECHNICAL CO-OPERATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

7. (b) (ii). Members' Contributions Breakdown 2012-13

COUNTRY	Receivable 30 June 2012	Prepaid 30 June 2012	Retroactive Pledges 2012-13	Pledges 2012-13	Receipts 2012-13	Receivable 30 June 2013	Prepaid 30 June 2013
	£	£	£	£	£	£	£
Anguilla	3,000	-	-	-	-	3,000	-
Australia	-	-	-	6,005,444	(6,005,444)	-	-
Bahamas	-	-	-	126,048	(126,048)	-	-
Bangladesh	-	-	-	143,735	(143,735)	-	-
Barbados	158,382	-	-	164,432	(292,326)	30,488	-
Belize	-	-	30,344	30,344	(30,344)	30,344	-
Botswana	-	-	-	327,396	(327,396)	-	-
Brunei Darussalam	-	-	450,000	477,986	(450,000)	477,986	-
Cameroon	-	(72,521)	163,875	172,068	(181,261)	82,161	-
Canada	-	-	-	6,436,140	(6,436,140)	-	-
Cook Island	5,000	-	-	-	(5,000)	-	-
Dominica	33,647	-	-	-	(23,647)	10,000	-
Fiji	10,248	-	-	-	-	10,248	-
Ghana	-	-	-	-	-	-	-
Gibraltar	-	-	15,000	-	(15,000)	-	-
Grenada	16,781	-	-	17,233	(4,195)	29,819	-
Guyana	-	-	-	48,210	(48,210)	-	-
India	-	-	-	1,086,000	(1,086,000)	-	-
Jamaica	-	-	-	188,509	(188,509)	-	-
Kenya	-	-	-	317,716	(317,716)	-	-
Kiribati	15,765	-	-	5,520	(21,285)	-	-
Lesotho	-	-	135,750	135,750	(135,750)	135,750	-
Malawi	-	-	-	-	-	-	-
Malaysia	-	-	250,000	250,000	(250,000)	250,000	-
Maldives	-	-	31,370	31,941	(94,681)	-	(31,370)
Mauritius	-	-	180,521	183,806	(364,327)	-	-
Mozambique	-	-	39,213	39,927	(79,140)	-	-
Nambria	-	-	377,150	214,724	(591,874)	-	-
New Zealand	-	-	-	1,672,613	(1,672,613)	-	-
Nigeria	101,434	-	-	436,841	-	538,275	-
Niue	331	-	-	-	-	331	-
Pakistan	205,499	-	-	250,000	(349,893)	105,606	-
Papua New Guinea	-	-	159,706	159,706	(319,412)	-	-
Rwanda	-	-	-	25,000	-	25,000	-
Samoa	-	-	-	44,076	(44,076)	-	-
Seychelles	-	-	11,996	12,000	(23,996)	-	-
Sierra Leone	149,651	-	-	40,070	(130,001)	59,720	-
Singapore	61,848	-	-	195,324	(185,519)	71,653	-
Solomon Islands	-	-	26,532	27,015	(53,547)	-	-
South Africa	-	-	-	319,411	(319,411)	-	-
Sri Lanka	-	-	-	53,226	(53,226)	-	-
St Kitts & Nevis	36,004	-	-	18,816	(36,004)	18,816	-
St Lucia	-	-	17,651	17,651	(35,608)	-	(306)
St Vincent & Grenadines	-	(5,933)	27,760	25,000	(21,827)	25,000	-
Swaziland	-	-	-	143,735	(143,735)	-	-
The Gambia	57,246	-	-	-	(32,989)	24,257	-
Tanzania	-	-	86,440	-	(86,440)	-	-
Tonga	-	-	-	39,461	(39,461)	-	-
Trinidad & Tobago	-	-	91,702	93,371	(185,073)	-	-
Tuvulu	-	-	3,654	3,721	(3,654)	3,721	-
Uganda	-	-	-	92,863	(92,863)	-	-
United Kingdom	-	-	-	10,198,240	(10,198,240)	-	-
Vanuatu	-	-	28,233	28,747	(28,233)	28,747	-
Zambia	-	(9,852)	214,591	110,516	(315,255)	-	-
TOTAL	854,836	(88,306)	2,341,488	30,410,332	(31,589,104)	1,960,922	(31,676)

COMMONWEALTH FUND FOR TECHNICAL CO-OPERATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

8. (a) (i). Special Projects 2013-14

Special Projects	Deferred Income balance 30 June 2013	Receipts	Expenses	Adjustments	Deferred Income balance 30 June 2014
	£	£	£	£	£
Global Financial and Economic Policy and the G20	223,579	-	(18,544)	-	205,035
Promoting Human Resources Standards - Universal Periodic Review	24,847	-	(6,062)	-	18,785
Achieving Universal Primary Education	7,753	-	-	-	7,753
Health and Development - Non-communicable diseases	27,390	-	-	-	27,390
Commonwealth Action for Digital Divide (CADD)	125,375	187	(66,240)	-	59,322
Capacity Building to meet post-Tsunami Needs in Maldives	75,043	-	(20,199)	-	54,844
Strengthen Public Administration in Very Small States	16,244	-	-	-	16,244
Debt Management Facility - Collaboration with the World Bank	40,060	-	(32,587)	-	7,473
Implementation of Counter Terrorism Legislation	216,341	-	(75,468)	-	140,873
Capacity - building for Commonwealth Young Election Professionals	561,150	-	(247,629)	-	313,521
Commonwealth Cybercrime Initiative (CCI)	-	38,483	(15,818)	-	22,665
Trade Policy Formulation (Hubs & Spokes II)	-	1,657,457	(880,744)	(252,474)	524,239
TOTAL	1,317,782	1,696,127	(1,363,291)	(252,474)	1,398,144

The adjustment represents reimbursement of project expenditure incurred in 2012-13 (2012-13: Nil).

COMMONWEALTH FUND FOR TECHNICAL CO-OPERATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

8. (a) (ii). Special Projects 2012-2013

Special Projects	Deferred Income Balance 30 June 2012	Receipts	Expenses	Adjustments	Deferred Income Balance 30 June 2013
	£	£	£	£	£
Advocacy on behalf of Small States	-	43,000	(24,908)	(18,092)	-
Global Financial and Economic Policy and the G20	150,375	149,925	(76,721)	-	223,579
Trade Policy Formulation (Hubs and Spokes)	-	137	-	(137)	-
Promoting Human Resources Standards	53,508	-	(28,661)	-	24,847
Achieving Universal Primary Education	7,753	-	-	-	7,753
Support for UN meeting on non-communicable diseases	27,417	-	(27)	-	27,390
Commonwealth Action for Digital Divide (CADD)	158,020	62,298	(86,080)	(8,863)	125,375
Capacity Building to meet post Tsunami needs in Maldives	75,043	-	-	-	75,043
Strengthen Public Administration in Very Small States	-	40,620	(24,376)	-	16,244
Debt Management Facility-Collaboration with World Bank	61,960	-	(21,900)	-	40,060
Support for International Trade Activities	-	34,032	(29,825)	(4,207)	-
Implementation of Counter Terrorism Legislation	305,438	-	(89,097)	-	216,341
Capacity-building Programme for Commonwealth Young Election Professionals	561,150	-	-	-	561,150
TOTAL	1,400,664	330,012	(381,595)	(31,299)	1,317,782

The adjustments represent funds that were written off, paid back to donors or transferred to debtors for recovery in the subsequent financial period.

8. (b) Special projects by cost type

Special projects expenses are analysed below according to cost type:

	2013-14	2012-13
	£	£
Staff & Short Term Consultants Costs	225,370	209,302
Communications, Publicity & Information	4,032	3,848
Training & Workshops	1,133,889	149,762
Other Miscellaneous Expenses	-	18,683
Total	1,363,291	381,595

Special projects income in 2013-14 is £1,615,765 (2012-13: £381,595) and includes £252,474 for re-imburement of 2012-13 project expenditure.

9. Interest Receivable

Interest bearing accounts and investments yielded an average rate of 1.28% (2012-13: 0.88%) during the reporting period.

COMMONWEALTH FUND FOR TECHNICAL CO-OPERATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

10. Staff Costs

	Notes	2013-14	2012-13
		£	£
Salaries & Allowances		3,740,633	3,888,123
Employers National Insurance Contributions		416,327	446,896
Contributions to Staff Gratuity Fund		456,844	522,880
Contributions to Staff Defined Benefit Scheme		7,257	13,793
Contributions to Staff Defined Contribution Scheme		13,230	16,448
Termination Benefits	(a)	968,702	-
Other Staff and Long Term Consultants Costs - Direct		12,200,512	10,708,999
Other Staff and Long Term Consultants Costs - Special		225,370	209,302
Staff Provisions		21,061	(72,575)
Total Staff Costs		18,049,936	15,733,866

(a) During the financial year 2013-14 the Commonwealth implemented a new organisational structure which came into effect 1 July 2014. As a result of the structural reconfiguration, the Commonwealth has incurred termination benefits during the period for voluntary and compulsory redundancies. The Commonwealth has also recognised an obligation for estimated termination benefits in the Statement of Financial Performance in 2013-14 in relation to the organisational restructure costs that will occur in the 2014-15 financial period.

Additional staff costs relating to the shortfall in contributions to the Staff Defined Benefit Scheme, together with the Scheme's administrative costs, are borne by COMSEC and recharged to CFTC through the Common Service Charge.

11. Remuneration of Key Management Personnel

The members of the Board of Governors do not receive any remuneration from the organisation for their roles.

The aggregate remuneration paid or payable to key management personnel for all three funds during the year is disclosed in the COMSEC's financial statements. A share of the remuneration of key management personnel is recharged to the CFTC through the Common Service Charge.

COMMONWEALTH FUND FOR TECHNICAL CO-OPERATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

12. General Administration

	2013-14	2012-13
	£	£
Rent and Rates	403,163	402,214
Property Services & Maintenance Costs	170,237	179,334
Utilities	56,499	63,711
Other Property Costs	67,037	56,971
Equipment Maintenance	122,274	171,865
Printing & Stationery	465,385	36,267
Communications	278,034	377,119
Insurance	107,369	105,766
Library & Subscriptions	16,807	49,606
Professional Fees	24,279	60,029
Audit Fees	51,396	33,036
Movement on Provisions	124,788	526,000
Bank & Financial Charges	10,270	9,754
Other Costs	-	1,268,007
Total General Administration	1,897,538	3,339,679

13. Training and workshops

	Notes	2013-14	2012-13
		£	£
Training & Workshops – Special Projects	8b	1,133,889	149,762
Training & Workshops – Direct Projects	14	2,739,005	3,157,397
Total Training and workshops		3,872,894	3,307,159

COMMONWEALTH FUND FOR TECHNICAL CO-OPERATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

14. Direct Project Expenses

For additional information, a breakdown of direct project expenses analysed according to the outcomes in the four year Strategic Plan is provided below:

	2013-2014	2012-2013
	£	£
Democracy	756,269	-
Public Institutions	3,366,185	-
Social Development	1,383,772	-
Development Pan-Commonwealth	6,660,731	-
Development Small States	1,538,725	-
Global Advocacy	590,462	-
Technical Assistance	6,079,417	-
Commonwealth Profile	380,323	-
Internal Outcomes	215,260	329,218
Democracy and Consensus Building	-	205,643
Economic Development	-	6,032,304
Environmentally Sustainable Development	-	146,484
Human Rights	-	452,939
Public Sector	-	6,708,750
Human Development	-	690,082
Rule of Law	-	788,166
Good Offices for Peace	-	67,232
	20,971,144	15,420,818
Staff Provisions	21,061	(47,604)
Total Direct Expenses	20,992,205	15,373,214

In continuing to improve the reporting of the Commonwealth's results, 2013-14 direct project expenditure including staff costs has been reported in accordance with the outcomes in the four year Strategic Plan 2013-14 to 2016-17. As the 2009-10 to 2012-13 Strategic Plan programme areas differ from those of the current Strategic Plan, prior period expenditure including staff costs is reported under the categories of the previous Strategic Plan categories.

Direct project expenses are further analysed according to cost types below:

	2013-14	2012-13
	£	£
Staff Costs	5,624,054	-
Other Staff, Short Term & Long Term Consultants Costs	12,200,512	10,708,999
Communication, Publicity & Information	428,634	277,107
Training and Workshops	2,739,005	3,157,397
Other Miscellaneous Expenses	-	1,229,711
Total	20,992,205	15,373,214

COMMONWEALTH FUND FOR TECHNICAL CO-OPERATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

15. Related Party Disclosures

(a) Controlled Entities

The Commonwealth Secretariat as an organisation operates and separately prepares audited accounts for the following three funds:

- Commonwealth Secretariat Fund (COMSEC)
- Commonwealth Fund for Technical Co-operation (CFTC)
- Commonwealth Youth Programme Fund (CYP)

As described in note 1.14(c), costs of common service divisions are incurred by COMSEC. These costs are recovered from CFTC and CYP as Common Service Charges. In addition to Common Service Charges, COMSEC incurs costs from diplomatic and professional staff from programmatic divisions which are attributable to CFTC. These costs are recovered by COMSEC as Project Service Charges.

(b) Other Related Parties

The Secretary-General of The Commonwealth is a member of the Board of Governors of two organisations which are associated with The Commonwealth. They are the Commonwealth of Learning and Commonwealth Foundation. These organisations although associated with The Commonwealth have separate Memorandum of Understanding, Board of Governors and Executive Management independent of The Commonwealth.

In the financial year to 30 June 2014, there were no transactions outside the normal operations between The Commonwealth Secretariat and the two Commonwealth organisations mentioned above.

There were no transactions outside the normal operations between The Commonwealth and organisations controlled by key management personnel or their close family members.

16. Contingencies

There are no material contingent assets or liabilities relating to the period to 30 June 2014 (2012-13: Nil).

17. Commitments

Obligations under Operating Leases

All lease agreements are registered in COMSEC and the costs are shared among the three Funds. The total amount of operating leases recognised in CFTC Statement of Financial Performance for the period is £380,181 (2012-13: £458,871).

18. Financial instruments

Details of the significant accounting policies and methods adopted, including the criteria for recognition and de-recognition, the basis of measurement and the basis on which gains and losses are recognised in respect of each class of financial asset and liability are set out in Note 1.

The Commonwealth's financial risk management policies are framed within the context of its treasury and investment management policy and financial regulations. The primary objectives of the Commonwealth's treasury and investment management policy are security and liquidity. The Commonwealth continues to operate a framework of internal controls designed to safeguard its assets.

The main risks associated with the use of financial instruments in the normal course of its operations are currency, interest rate, credit and liquidity risks.

COMMONWEALTH FUND FOR TECHNICAL CO-OPERATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

(a) Fair Values

The assets of CFTC are categorised as follows:

	2014	2013
	£	£
Loans and Receivables	27,153,664	27,961,649
Non-financial assets	495,418	794,986
Total	27,649,082	28,756,635

Set out below, is a comparison by class of the carrying amounts and fair value of CFTC's financial instruments.

	Carrying Amount	Fair Value
	£	£
Financial Assets:		
2014:		
Loans and Receivables	27,153,664	27,153,664
Total	27,153,664	27,153,664
2013:		
Loans and Receivables	27,961,649	27,961,649
Total	27,961,649	27,961,649

	Carrying Amount	Fair Value
	£	£
Financial Liabilities:		
2014:		
Payables	3,474,352	3,474,352
Total	3,474,352	3,474,352
2013:		
Payables	1,957,331	1,957,331
Total	1,957,331	1,957,331

Cash and short-term deposits, receivables, payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

Non-current liabilities are carried at their principal amounts, which represent the present value of future cash flows associated with servicing the debt.

(b) Foreign Currency Risk

CFTC is exposed to foreign currency risk arising primarily from Non-GB Pound Sterling holdings to support local operating activities in programme countries. CFTC maintains a minimum level of assets in local currencies, and whenever possible, maintains bank accounts in GB Pound Sterling.

At 30 June 2014, 86 per cent of cash and cash equivalents are denominated in GB Pound Sterling, 6 per cent in Euros, 5 per cent in Pakistani Rupees and the remaining 3 per cent in other currencies (93 per cent in GB Pound Sterling, 4 per cent in Pakistani Rupees and the remaining 3 per cent in other currencies at 30 June 2013).

COMMONWEALTH FUND FOR TECHNICAL CO-OPERATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

(c) Credit Risk

Credit risk is the risk of financial loss to CFTC if counterparties and other third parties fail to meet their contractual obligations. CFTC's exposure relates to receivables and cash and cash equivalents.

The treasury and investment management policy manages credit risk by limiting the amount of credit exposure to any one counterparty and ensuring these financial assets are held with well-recognised financial institutions. 96.94 per cent of the outstanding amount is at counterparty banks with a Moody's credit rating of A3 and higher.

Receivables comprise amounts mostly due from Member Governments and related parties. CFTC manages risk on these receivables by actively seeking recovery of all amounts due. At the reporting date CFTC assessed the past due receivables, creating a provision for those debts where it is considered that CFTC will not collect the full amount due

(d) Liquidity Risk

Liquidity risk is the risk of CFTC not being able to meet its obligations as they fall due. This liquidity risk is managed by monitoring on a regular basis the available funds against anticipated expenditure and commitments.

CFTC ensures that it has sufficient cash on demand to meet expected funding needs of the organisation through the use of cash flow forecasts, taking into consideration timing of investment maturities. All investments are short term in nature to ensure that sufficient funds are available to meet CFTC commitments as and when they fall due.

The following are contractual liabilities as at 30 June 2014:

2014	<6 months	6 – 12 months	1 – 5 years	>5 years	Total
	£	£	£	£	£
Payables and other liabilities	3,474,352	-	-	-	3,474,352
Total Liabilities	3,474,352	-	-	-	3,474,352

As at 30 June 2014 CFTC had not issued any financial guarantees.

(e) Market Risk

Market risk is the possibility that CFTC might incur financial losses owing to unfavourable movements in foreign currency exchange rates and interest rates.

Interest Rate Risk

Owing to the short maturity of cash and investments an interest rate sensitivity analysis does not disclose significant variations in value. If the weighted average interest rate at 30 June 2014 had been 10 per cent higher or lower, the interest income would have been affected as follows:

	Increase (+) / Decrease (-)	Effect on Surplus / Deficit
Cash and Cash Equivalents		£
	+10%	16,980
	-10%	(16,980)

Foreign Currency Risk

Foreign currency balances in GB Pound Sterling as at 30 June 2014 comprises of the following:

2014	GBP	Other Currencies	Total
	£	£	£
Financial Assets	23,740,021	3,413,643	27,153,664
Percentage of Total	87%	13%	100%
Financial Liabilities	3,474,352	-	3,474,352
Percentage of Total	100%	0%	100%

COMMONWEALTH FUND FOR TECHNICAL CO-OPERATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

The table below shows the impact of a 10% movement in the relative value of the GB Pound Sterling against the foreign currency balances as at 30 June 2014.

	Increase (+) / Decrease (-)	Effect on Balances
Cash and Cash Equivalents		£
	+10%	310,331
	-10%	(310,331)

19. Events After Reporting Date

The Secretary-General authorised these financial statements for issue on 5th May 2015.

There are no material events, favourable or unfavourable that occurred between the reporting date, 30 June 2014, and the date of authorisation for issue that would have impacted these statements.

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