

Financial Statements of the Commonwealth Fund for Technical Co-operation

Year Ended 30 June 2015



The Commonwealth

Kamallesh Sharma
Secretary-General

17 December 2015

Paula Harris
Director - Corporate Services

17 December 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 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 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 2015.

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 Kamallesh 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 16 directors and Heads of Units in managing the activities of the organisation. The Commonwealth has 16 divisions and units which carry out programmes of work based on mandates set at CHOGM.

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

COMMONWEALTH FUND FOR TECHNICAL CO-OPERATION

PRINCIPAL ACTIVITIES AND OPERATING STRUCTURE

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 2015, 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 20.

Our report is made solely to the Board of Governors in accordance with the engagement letter dated 6 October 2015 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 2015, 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

17 December 2015

COMMONWEALTH FUND FOR TECHNICAL CO-OPERATION

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2015

		30 June 2015	30 June 2014
ASSETS	Notes	£	£
Current Assets			
Cash and Cash Equivalents	2	22,303,854	24,934,634
Prepayments		362,969	495,418
Members' Contributions Receivable from non-exchange transactions - net	7 (a)	2,006,106	1,830,896
Other Receivables from exchange transactions	3	1,065,104	381,134
		<u>25,738,033</u>	<u>27,642,082</u>
Non-current Assets			
Members' Contributions Receivable from non-exchange transactions	7 (a)	8,100	7,000
TOTAL ASSETS		<u>25,746,133</u>	<u>27,649,082</u>
LIABILITIES			
Current Liabilities			
Provisions	6	535,443	1,653,783
Deferred Income from non-exchange transactions	5	655,724	1,445,101
Members' Contributions Prepaid from non-exchange transactions	7 (b) (i)	306	41,761
Payables and Other Current Liabilities from exchange transactions	4	3,145,636	3,474,352
		<u>4,337,109</u>	<u>6,614,997</u>
Non-current Liabilities			
Provisions	6	609,726	550,110
		<u>609,726</u>	<u>550,110</u>
TOTAL LIABILITIES		<u>4,946,835</u>	<u>7,165,107</u>
NET ASSETS		<u>20,799,298</u>	<u>20,483,975</u>
FUND BALANCES AND RESERVES			
General Reserve	1.12	7,163,326	7,968,311
Working Capital Reserve	1.12	6,000,750	6,000,750
Designated Reserve	1.12	7,635,222	6,514,914
TOTAL FUND BALANCES AND RESERVES		<u>20,799,298</u>	<u>20,483,975</u>

COMMONWEALTH FUND FOR TECHNICAL CO-OPERATION

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2015

		2014-15	2013-14
	Notes	£	£
REVENUE FROM NON-EXCHANGE TRANSACTIONS			
Members' Contributions - Pledges	7(a)	19,226,803	21,577,364
Special Projects	8(b)	1,519,740	1,615,765
REVENUE FROM EXCHANGE TRANSACTIONS			
Cost Share Contributions	3(a)	55,783	73,080
Interest Revenues	9	186,789	169,799
Other Income		73,962	80,015
Currency Gain		23,212	-
TOTAL REVENUE		<u>21,086,289</u>	<u>23,516,023</u>
EXPENSES			
Staff Costs	10	9,575,011	14,758,015
Other Costs	12	8,409,289	9,062,353
Common Service Charge	1.14(c)	2,786,666	2,493,412
Currency Loss		-	230,456
TOTAL EXPENSES		<u>20,770,966</u>	<u>26,544,236</u>
SURPLUS/DEFICIT FOR THE YEAR		<u>315,323</u>	<u>(3,028,213)</u>

COMMONWEALTH FUND FOR TECHNICAL CO-OPERATION

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2015

	Notes	General Reserve £	Working Capital Reserve £	Designated Reserve £	Total £
Balance at 30 June 2013		9,792,667	6,657,749	7,061,772	23,512,188
Deficit		(3,028,213)	-	-	(3,028,213)
Transfer from Designated Reserve to General Reserve	1.12	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
Surplus		315,323	-	-	315,323
Transfer from General Reserve to Designated Reserve	1.12	(1,364,000)	-	1,364,000	-
Transfer from Designated Reserve to General Reserve	1.12	243,692	-	(243,692)	-
Balance at 30 June 2015		7,163,326	6,000,750	7,635,222	20,799,298

COMMONWEALTH FUND FOR TECHNICAL CO-OPERATION
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2015

	2014-15	2013-14
	£	£
Cash Flow from Operating Activities		
Surplus/Deficit	315,323	(3,028,213)
Adjustments for:		
(Decrease)/Increase in Payables and other current liabilities	(328,716)	1,517,021
(Decrease)/Increase in Contributions Prepaid	(41,455)	10,085
(Decrease)/Increase in Deferred Income	(789,377)	108,782
(Decrease)/Increase in Provisions	(1,058,724)	284,772
(Increase) Decrease in Contributions Receivable	(176,310)	112,778
(Increase)/Decrease in Receivables	(683,970)	307,414
Decrease in Prepayments	132,449	299,568
Net Cash Flow from Operating Activities	(2,630,780)	(387,793)
Cash and Cash Equivalents at the Beginning of Period	<u>24,934,634</u>	<u>25,322,427</u>
Cash and Cash Equivalents at the end of the period	<u>22,303,854</u>	<u>24,934,634</u>

COMMONWEALTH FUND FOR TECHNICAL CO-OPERATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

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 Commonwealth has not opted for early adoption of the following International Public Sector Accounting Standards:

- IPSAS 34 Separate Financial Statements (effective date 1 January 2017)
- IPSAS 35 Consolidated Financial Statements (effective date 1 January 2017)
- IPSAS 36 Investments in Associates and Joint Ventures (effective date 1 January 2017)
- IPSAS 37 Joint Arrangements (effective date 1 January 2017)
- IPSAS 38 Disclosure of Interests in Other Entities (effective date 1 January 2017)

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 2015-16 budget paper on behalf of the member states. There is a commitment from the Board of Governors to fund this budget effective July 2015.

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.

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.

COMMONWEALTH FUND FOR TECHNICAL CO-OPERATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

1.7. Continued

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 2015, 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 2015, 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 (a) (ii).

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.

1.13 Revenue

(a) Revenue from non-exchange transactions

Non-exchange transactions are transactions in which CFTC receives contributions with no or nominal consideration provided directly in return.

(i) 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.

COMMONWEALTH FUND FOR TECHNICAL CO-OPERATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

1.13 Continued

All governments are expected to pay all their dues in full. However, provision is made for anticipated delay in settlement of arrears.

(ii) 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.

Where a transfer is subject to conditions that, if unfulfilled, require the return of the transferred resources, deferred income is reported as a non-exchange liability on the Statement of Financial Position. The revenue for these projects is recognized when these conditions are met.

(b) Revenue from exchange transactions

Exchange transactions are transactions in which CFTC provides a service and receives nominal consideration in return.

(i) 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.

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

COMMONWEALTH FUND FOR TECHNICAL CO-OPERATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

1.14 Continued

(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 72% 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 £137,333 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.

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.

COMMONWEALTH FUND FOR TECHNICAL CO-OPERATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

1.14. Continued

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 actuarial 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. The service-in-kind has been estimated using the rental value of Quadrant House in proportion to the office area of in Marlborough House.

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) 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.

(e) Foreign currency transactions

Transactions in foreign currencies are translated to GB Pounds Sterling at the rate of exchange on the date of the transactions. 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.

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	
	2015	2014	2015	2014	2015	2014
	£	£	£	£	£	£
UK Bank Accounts	19,712,622	21,519,424	382,095	1,507,431	20,094,717	23,026,855
Foreign Bank Accounts	2,209,137	1,907,779	-	-	2,209,137	1,907,779
Total Cash and Cash Equivalents	21,921,759	23,427,203	382,095	1,507,431	22,303,854	24,934,634

COMMONWEALTH FUND FOR TECHNICAL CO-OPERATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

3. Receivables from exchange transactions

	Note	2015	2014
		£	£
Staff advances		2,102	8,118
Cost Share Debtors	(a)	74,057	138,057
Sundry Debtors		60,007	73,720
Special Project Debtor	(b)	710,447	-
Small States Office – Geneva		218,491	161,239
Total Receivables		1,065,104	381,134

(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.

(b) Special project debtor represents the amounts due to CFTC in respect of The Trade Policy Formulation project (Hubs & Spokes).

Ageing of receivables from exchange transactions:

	2015	2014
	£	£
Current	246,463	178,399
< 12 months	782,084	166,178
> 12 months	36,557	36,557
Total Receivables	1,065,104	381,134

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

3. (a) (i) Cost share debtors 2014-15

Country / Organisation	Balance Receivable 30 June 2014	Adjustments	Contributions Invoiced in 2014-15	Receipts 2014-15	Balance Receivable 30 June 2015
	£	£	£	£	£
Belize	42,000	-	-	(42,000)	-
Cook Islands	37,500	-	37,500	(37,500)	37,500
Grenada	36,557	-	-	-	36,557
Jamaica	22,000	-	22,000	(44,000)	-
TOTAL	138,057	-	59,500	(123,500)	74,057

The balance receivable of £74,057 represents the total cost share debtors as at 30 June 2015.

The revenue accounted for in the Statement of Financial Performance is £55,783 (2013-14: £73,080). This represents contributions invoiced in the year adjusted for movement on the deferred income balances (see note 5).

COMMONWEALTH FUND FOR TECHNICAL CO-OPERATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

3. Continued

3. (a) (ii) 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

4. Payables and Other Liabilities from exchange transactions

Amounts falling due within one year

	2015	2014
	£	£
Trade Payables & Accruals	1,448,921	894,537
Staff Expenses	4,768	10,785
Commonwealth Secretariat	1,686,828	2,552,477
Commonwealth Youth Programme	5,119	16,553
Total Payables and Current Liabilities	3,145,636	3,474,352

5. Deferred Income from non-exchange transactions

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	2015	2014
		£	£
Cost Share Projects	1.13(b)	50,673	46,957
Special Projects	1.13(c)	605,051	1,398,144
Total Deferred Income		655,724	1,445,101

6. Provisions

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

	30 June 2015		30 June 2014	
	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	364,549	590,501	543,187	531,850
Home Leave Expenses	23,578	19,225	40,087	18,260
Grant Agreement Expense Claim	97,316	-	690,788	-
Termination Benefits Provision	-	-	329,721	-
Total Provisions	535,443	609,726	1,653,783	550,110

COMMONWEALTH FUND FOR TECHNICAL CO-OPERATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

6. Continued

Movements in all provisions during the year are as follows:

Provision for Liabilities and Charges	Notes	As at 30 June 2014	Increase in Provision	Amount used	As at 30 June 2015
		£	£	£	£
Arbitral Tribunal Claims	(a)	50,000	-	-	50,000
Relocation Expenses	(b)	1,075,037	50,597	(170,585)	955,049
Home Leave Expenses	(c)	58,347	6,073	(21,616)	42,804
Grant Agreement Expense Claim	(d)	690,788	57,826	(651,298)	97,316
Termination Benefits Provision	(e)	329,721	-	(329,721)	-
Total Provisions for Liabilities and Charges		2,203,893	114,496	(1,173,220)	1,145,169

(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 2015. 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.

(d) The 2014/15 provision relates to a potential over claim on a grant agreement. The 2013/14 provision was settled during the year.

(ii) During the financial year 2013-14 the Commonwealth implemented a new organisational structure which came into effect on 1 July 2014. Termination benefits resulting from this structural reconfiguration were paid during 2014/15.

The level of provisions was based on an annual review of future costs and the movement on the provisions for the year had been included in the Statement of Financial Performance under staff costs, other costs and direct costs respectively in notes 10, 12 and 14.

7. (a) Members' Contributions from non-exchange transactions 2014-15

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

	2014-15	2013-14
	£	£
Amounts Pledged for Current Year	18,555,799	20,982,604
Retroactive Pledges	671,004	594,760
Total Members' Pledges	19,226,803	21,577,364

COMMONWEALTH FUND FOR TECHNICAL CO-OPERATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

7. Continued

Member contributions receivable from non-exchange transactions in the Statement of Financial Position are calculated as follows:

	2015	2014
	£	£
Current	2,091,079	1,841,144
Non- Current	8,100	7,000
Total contributions receivable	2,099,179	1,848,144
Provision for doubtful accounts	(84,973)	(10,248)
Total net contributions receivable	2,014,206	1,837,896

In order to manage and reduce long outstanding arrears, affected governments are invited to discuss and agree suitable payment plans. As at year end, two governments had agreed payment plans for arrears amounting to £186,802 (2013-14: £13,196)

Ageing of member contributions receivables from non-exchange transactions:

	2015	2014
	£	£
Less than 1 year	888,593	1,325,821
Between one and two years	1,125,613	495,548
More than two years	-	16,527
Total Receivables	2,014,206	1,837,896

The provision for doubtful accounts is for the outstanding contributions receivable where there has been a delay in settlement of arrears. The change in the provision for doubtful accounts during 2014-15 is as follows:

	As at 30 June 2014	(Decrease)/ Increase in provision	Amount used in year	As at 30 June 2015
	£	£	£	£
Provision for doubtful debt	10,248	74,725	-	84,973

COMMONWEALTH FUND FOR TECHNICAL CO-OPERATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

7. (b) (i). Members' Contributions from non-exchange transactions 2014-15

COUNTRY	Receivable 30 June 2014	Prepaid 30 June 2014	Retroactive Pledges 2014-15	Pledges 2014-15	Receipts 2014-15	Receivable 30 June 2015	Prepaid 30 June 2015
	£	£	£	£	£	£	£
Anguilla	3,000	-	-	-	-	3,000	-
Antigua & Barbuda	-	-	-	1,000	-	1,000	-
Australia	-	-	-	3,648,670	(3,648,670)	-	-
Bahamas	-	-	-	130,405	(130,405)	-	-
Bangladesh	-	-	-	-	-	-	-
Barbados	-	-	-	-	-	-	-
Belize	-	-	30,711	-	(30,711)	-	-
Botswana	-	-	-	338,713	(338,713)	-	-
Brunei Darussalam	-	-	-	200,000	-	200,000	-
Cameroon	-	-	-	-	-	-	-
Cyprus	-	-	70,574	70,574	-	141,148	-
Dominica	9,000	-	-	1,025	(1,025)	9,000	-
Fiji	10,248	-	-	-	-	10,248	-
Ghana	530,217	-	-	-	(57,373)	472,844	-
Gibraltar	-	-	-	15,000	(15,000)	22,394	-
Grenada	4,196	-	-	18,198	-	-	-
Guyana	-	-	-	50,085	(50,085)	-	-
India	-	-	-	1,022,200	(1,022,200)	-	-
Jamaica	-	-	-	161,556	(161,556)	-	-
Kenya	-	-	151,451	328,699	(480,150)	-	-
Kiribati	-	-	-	5,812	(5,812)	-	-
Lesotho	135,750	-	137,393	137,393	(410,536)	-	-
Malawi	40,000	-	-	-	-	40,000	-
Malaysia	250,000	-	-	-	(250,000)	-	-
Maldives	-	-	-	-	-	-	-
Malta	-	-	-	106,438	(106,438)	-	-
Mauritius	-	-	-	190,160	(190,160)	-	-
Mozambique	-	-	-	40,888	(40,888)	-	-
Namibia	217,322	-	-	222,147	(217,322)	222,147	-
Nauru	-	-	-	1,501	(1,501)	-	-
New Zealand	-	-	-	1,531,360	(1,531,360)	-	-
Nigeria	442,127	-	-	452,000	(452,189)	441,938	-
Niue	331	-	-	-	-	331	-
Pakistan	104,669	-	-	250,000	(204,669)	150,000	-
Rwanda	-	-	-	25,865	(25,865)	-	-
Samoa	-	-	44,091	44,121	(88,212)	-	-
Seychelles	-	-	-	15,000	(15,000)	-	-
Sierra Leone	-	(41,455)	-	41,455	-	-	-
Singapore	-	-	-	20,000	-	20,000	-
South Africa	-	-	-	330,453	(330,453)	-	-
Sri Lanka	-	-	-	53,226	(53,226)	-	-
St Kitts & Nevis	18,816	-	19,044	-	(37,860)	-	-
St Lucia	-	(306)	-	18,249	(18,249)	-	(306)
St Vincent & The Grenadines	50,000	-	-	-	(50,000)	-	-
Tanzania	-	-	177,802	90,235	-	268,037	-
Tonga	-	-	39,938	-	(39,938)	-	-
Trinidad & Tabago	-	-	-	93,371	-	93,371	-
Tuvulu	3,721	-	-	-	-	3,721	-
United Kingdom	-	-	-	8,900,000	(8,900,000)	-	-
Vanuatu	28,747	-	-	-	(28,747)	-	-
TOTAL	1,848,144	(41,761)	671,004	18,555,799	18,934,313	2,099,179	(306)

COMMONWEALTH FUND FOR TECHNICAL CO-OPERATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

7. (b) (ii). Members' Contributions from non-exchange transactions 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 & The 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 2015

8. (a) (i). Special Projects 2014-15

Special Projects	Deferred Income balance 30 June 2014	Project Cash Receipts	Project Expenses	Adjustments	Deferred Income balance 30 June 2015
	£	£	£	£	£
Global Financial and Economic Policy and the G20	205,035	-	(27,743)	-	177,292
Promoting Human Resources Standards - Universal Periodic Review	18,785	-	-	-	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)	59,322	77	-	-	59,399
Capacity Building to meet post-Tsunami Needs in Maldives	54,844	-	-	-	54,844
Strengthen Public Administration in Very Small States	16,244	-	-	(16,244)	-
Debt Management Facility - Collaboration with the World Bank	7,473	-	-	(7,473)	-
Implementation of Counter Terrorism Legislation	140,873	-	(54,576)	-	86,297
Capacity - building for Commonwealth Young Election Professionals	313,521	-	(188,946)	-	124,575
Commonwealth Cybercrime Initiative (CCI)	22,665	39,745	(13,728)	34	48,716
Trade Policy Formulation (Hubs & Spokes II)	524,239	61	(1,234,747)	710,447	-
TOTAL	1,398,144	39,883	(1,519,740)	686,764	605,051

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

COMMONWEALTH FUND FOR TECHNICAL CO-OPERATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

8. (a) (ii). Special Projects 2013-2014

Special Projects	Deferred Income balance 30 June 2013	Project Cash Receipts	Project 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 2013-14 (2012-13: Nil).

8. (b) Special projects from non-exchange transactions by cost type

Special projects expenses are analysed below according to cost type:

	2014-15	2013-14
	£	£
Staff & Short Term Consultants Costs	187,037	225,370
Communications, Publicity & Information	352	4,032
Training & Workshops	1,332,351	1,133,889
Total	1,519,740	1,363,291

Special projects income in 2013-14 was £1,615,765 and included £252,474 for re-imbursement of 2012-13 project expenditure.

9. Interest Receivable from exchange transactions

Interest bearing accounts and investments yielded an average rate of 2.44% (2013-14: 1.28%) during the reporting period.

COMMONWEALTH FUND FOR TECHNICAL CO-OPERATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

10. Staff Costs

	Notes	2014-15	2013-14 Restated
		£	£
Salaries & Allowances		5,099,654	7,908,732
Employers National Insurance Contributions		499,622	751,251
Contributions to Staff Gratuity Fund		601,366	854,660
Contributions to Staff Defined Benefit Scheme		3,898	7,095
Contributions to Staff Defined Contribution Scheme		12,402	12,935
Pension Expense		246,940	569,030
Termination Benefits	(a)	-	956,208
Long Term Consultants Costs – Direct Projects		1,646,534	2,485,006
Long Term Consultants Costs – Special Projects		1,454,956	1,192,037
Staff Provisions		9,639	21,061
Total Staff Costs		9,575,011	14,758,015

(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 incurred termination benefits during the period for voluntary and compulsory redundancies. The Commonwealth 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 would 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 on a full time equivalent basis for CFTC during the year was as follows:

	Number of persons		Aggregate Remuneration	
	2014-15	2013-14	2014-15	2013-14
			£	£
Management Committee	2	2	201,921	232,058
Directors and Heads of Units	7	7	419,532	427,278
TOTAL	9	9	621,453	659,336

The Management Committee consists of the Secretary-General and three Deputy Secretaries-General. Aggregate remuneration includes salary, allowances and employer's contribution to the gratuity fund as analysed further below. The Secretary-General is provided with rent-free accommodation at The Commonwealth's official residence at Hill Street.

COMMONWEALTH FUND FOR TECHNICAL CO-OPERATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

11. Continued

	Management Committee		Directors and Heads of Units	
	2014-15	2013-14	2014-15	2013-14
	£	£	£	£
Salary	122,700	124,134	308,448	275,700
Allowances	50,841	88,978	56,596	98,083
Gratuity	28,380	18,946	54,488	53,495
TOTAL	201,921	232,058	419,532	427,278

There were no loans to key management personnel that were not available to other staff during the year.

12. Other Costs

	2014-15	2013-14 Restated
	£	£
Rent and Rates	387,084	403,163
Property Services & Maintenance Costs	160,888	170,237
Utilities	48,937	56,499
Other Property Costs	45,828	67,037
Equipment Maintenance	104,220	122,274
Printing & Stationery	318,905	465,385
Communications	189,310	278,034
Insurance	53,448	107,369
Library & Subscriptions	29,025	16,807
Professional Fees	22,745	90,064
Audit Fees	-	51,396
Bank & Financial Charges	4,680	10,270
Recruitment Costs	259,298	133,652
Pension Administration Costs	36,622	45,316
Conference Costs	3,449,577	2,934,473
Travel Costs	2,204,176	2,737,552
Accommodation and Venue Costs	959,796	1,240,606
Other costs	2,199	7,431
Movement on Provisions	132,551	124,788
Total Other Costs	8,409,289	9,062,353

13. Training and workshops

Below is a breakdown of Training and Workshop costs included in Other Costs:

	Notes	2014-15	2013-14 Restated
		£	£
Training & Workshops – Special Projects	8(b)	1,332,351	1,133,889
Training & Workshops – Direct Projects	14(b)	6,549,118	6,745,409
Total Training and workshops		7,881,469	7,879,298

COMMONWEALTH FUND FOR TECHNICAL CO-OPERATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

14. (a) Direct Project Expenses by Outcome

A breakdown of direct project expenses analysed according to the outcomes in the four year Strategic Plan is provided below:

	2014-15	2013-14 Restated
	£	£
Democracy	315,742	756,269
Public Institutions	2,669,012	3,366,185
Social Development	1,124,353	1,383,772
Development Pan-Commonwealth	6,575,180	6,660,731
Development Small States	1,348,462	1,538,725
Global Advocacy	446,077	590,462
Technical Assistance	2,272,191	5,854,047
Commonwealth Profile	99,059	380,323
Internal Outcomes	197,390	188,447
	15,047,466	20,718,961
Staff Provisions	9,639	21,061
Total Direct Expenses	15,057,105	20,740,022

14. (b) Direct Project Expenses by Cost Type

For additional information direct project expenses are further analysed according to cost types below:

	Notes	2014-15	2013-14 Restated
		£	£
Staff Costs (Including Provisions)		6,473,520	11,080,973
Short Term & Long Term Consultants Costs	10	1,646,534	2,485,006
Communication, Publicity & Information		387,933	428,634
Training and Workshops	13	6,549,118	6,745,409
Total		15,057,105	20,740,022

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.

(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

COMMONWEALTH FUND FOR TECHNICAL CO-OPERATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

15. Continued

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 2015, 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

As at 30 June 2015 there were contingent liabilities amounting to £84,000 relating to Arbitral Tribunal claims (2013-14: Nil).

17. Commitments

Obligations under Operating Leases

All leases are held with COMSEC. Operating lease costs are shared among the three Funds COMSEC, CFTC and CYP. The total amount of operating leases recognised in CFTC Statement of Financial Performance for the period is £329,906 (2013-14: £380,181).

18. Restatement of Prior Year Comparatives

The Statement of Financial Performance for the year ended 30 June 2014 has been restated to address the categorisation of expenditure between contractual staff costs and staff travel and other administrative costs in the Statement of Financial Performance. Consequently staff travel and other administrative costs previously included in staff costs in the Statement of Financial Performance have been moved to 'Other Costs'.

The change in presentation had no effect on the previously reported Total Expenses or Deficit for the year ended 30 June 2014.

The following table summarises the corrections on each of the affected Statement of Financial Performance line items for the year ended 30 June 2014.

Expense Category	Note	As previously stated	Restatement Adjustment	As Restated
		£	£	£
Staff Costs	10	18,049,936	(3,291,921)	14,758,015
Other costs (General Administration and Training and Workshops)	12 & 13	5,770,432	3,291,921	9,062,353
Direct Project Expenses by Outcome	14(a)	20,992,205	(252,183)	20,740,022
Direct Project Expenses by Cost Type	14(b)	20,992,205	(252,183)	20,740,022

19. 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

COMMONWEALTH FUND FOR TECHNICAL CO-OPERATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

19. Continued

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.

(a) Fair Values

The assets of CFTC are categorised as follows:

	2015	2014
	£	£
Financial assets	25,383,164	27,153,664
Non-financial assets	362,969	495,418
Total	25,746,133	27,649,082

The liabilities of CFTC are categorised as follows:

	2015	2014
	£	£
Financial Liabilities	3,145,636	3,474,352
Non-financial Liabilities	1,801,199	3,690,755
Total	4,946,835	7,165,107

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:		
2015:		
Cash and Cash Equivalents	22,303,854	22,303,854
Receivables	3,079,310	3,079,310
Total	25,383,164	25,383,164
2014:		
Cash and Cash Equivalents	24,934,634	24,934,634
Receivables	2,219,030	2,219,030
Total	27,153,664	27,153,664

	Carrying Amount	Fair Value
	£	£
Financial Liabilities:		
2015:		
Payables	3,145,636	3,145,636
Total	3,145,636	3,145,636
2014:		
Payables	3,474,352	3,474,352
Total	3,474,352	3,474,352

COMMONWEALTH FUND FOR TECHNICAL CO-OPERATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

19. Continued

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 2015, 89 per cent of cash and cash equivalents are denominated in GB Pound Sterling, 2 per cent in Euros, 5 per cent in Pakistani Rupees, and the remaining 4 per cent in other currencies (86 per cent in GB Pound Sterling, 6 per cent in Euros, 5 per cent in Pakistani Rupees and the remaining 3 per cent in other currencies at 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 counter party and ensuring these financial assets are held with well-recognised financial institutions. 95.83 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 2015:

2015	<6 months	6 – 12 months	1 – 5 years	>5 years	Total
	£	£	£	£	£
Payables and other liabilities	3,145,636	-	-	-	3,145,636
Total Liabilities	3,145,636	-	-	-	3,145,636

As at 30 June 2015 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 2015 had been 10 per cent higher or lower, the interest income would have been affected as follows:

COMMONWEALTH FUND FOR TECHNICAL CO-OPERATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

19. Continued

	Increase (+) / Decrease (-)	Effect on Surplus / Deficit
Cash and Cash Equivalents		£
	+10%	18,679
	-10%	(18,679)

Foreign Currency Risk

Foreign currency balances in GB Pound Sterling as at 30 June 2015 comprises of the following:

2015	GBP	Other Currencies	Total
	£	£	£
Financial Assets	22,591,016	2,792,148	25,383,164
Percentage of Total	89%	11%	100%
Financial Liabilities	3,145,636	-	3,145,636
Percentage of Total	100%	0%	100%

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 2015.

	Increase (+) / Decrease (-)	Effect on Balances
Cash and Cash Equivalents		£
	+10%	217,593
	-10%	(217,593)

20. Events After Reporting Date

The Secretary-General authorised these financial statements for issue on 17 December 2015.

There are no material events, favourable or unfavourable that occurred between the reporting date, 30 June 2015, and the date of authorisation for issue that would have impacted these statements.

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