

# Financial Statements of the Commonwealth Fund for Technical Co-operation

Year Ended 30 June 2016



The Commonwealth

The RT Hon  
Patricia Scotland QC  
Secretary-General  
22 February 2017

Paula Harris  
Director - Corporate Services  
22 February 2017



## **COMMONWEALTH FUND FOR TECHNICAL CO-OPERATION**

### **PRINCIPAL ACTIVITIES AND OPERATING STRUCTURE**

#### **Principal Activities of the Commonwealth**

The Commonwealth is a voluntary association of 52 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](http://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 2016.

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, The RT Hon Patricia Scotland QC, 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 18 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.

## **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 2016, 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 18.

Our report is made solely to the Board of Governors in accordance with the engagement letter dated 8 September 2016 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 2016, 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

22 FEBRUARY 2017

**COMMONWEALTH FUND FOR TECHNICAL CO-OPERATION**

**STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016**

		30 June 2016	30 June 2015
<b>ASSETS</b>	<b>Notes</b>	<b>£</b>	<b>£</b>
<b>Current Assets</b>			
Cash and Cash Equivalents	2	17,948,912	22,303,854
Prepayments		276,939	362,969
Members' Contributions Receivable from Non-exchange Transactions - net	7 (a)	1,752,195	2,006,106
Other Receivables from Exchange Transactions	3	1,343,165	1,065,104
		<u>21,321,211</u>	<u>25,738,033</u>
<b>Non-current Assets</b>			
Members' Contributions Receivable from Non-exchange Transactions	7 (a)	26,788	8,100
<b>TOTAL ASSETS</b>		<u><b>21,347,999</b></u>	<u><b>25,746,133</b></u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Provisions	6	673,722	535,443
Deferred Income from Non-exchange Transactions	5	2,159,503	655,724
Members' Contributions Prepaid from Non-exchange Transactions	7 (b) (i)	335,963	306
Payables and Other Current Liabilities from Exchange Transactions	4	1,550,704	3,145,636
		<u>4,719,892</u>	<u>4,337,109</u>
<b>Non-current Liabilities</b>			
Provisions	6	620,986	609,726
		<u>620,986</u>	<u>609,726</u>
<b>TOTAL LIABILITIES</b>		<u><b>5,340,878</b></u>	<u><b>4,946,835</b></u>
<b>NET ASSETS</b>		<u><b>16,007,121</b></u>	<u><b>20,799,298</b></u>
<b>FUND BALANCES AND RESERVES</b>			
General Reserve		4,591,540	7,163,326
Working Capital Reserve		6,029,309	6,000,750
Designated Reserve		5,386,272	7,635,222
<b>TOTAL FUND BALANCES AND RESERVES</b>		<u><b>16,007,121</b></u>	<u><b>20,799,298</b></u>

**COMMONWEALTH FUND FOR TECHNICAL CO-OPERATION**

**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2016**

		<b>2015-16</b>	<b>2014-15</b>
	<b>Notes</b>	<b>£</b>	<b>£</b>
<b>REVENUE FROM NON-EXCHANGE TRANSACTIONS</b>			
Members' Contributions - Pledges	7(a)	17,790,772	19,226,803
Special Projects	8(b)	1,746,548	1,519,740
<b>SUB-TOTAL REVENUE FROM NON-EXCHANGE TRANSACTIONS</b>		<b><u>19,537,320</u></b>	<b><u>20,746,543</u></b>
<b>REVENUE FROM EXCHANGE TRANSACTIONS</b>			
Cost Share Contributions	3(a)	61,736	55,783
Interest Revenues	9	154,139	186,789
Other Income		16,510	73,962
Currency Gain		638,773	23,212
<b>SUB-TOTAL REVENUE FROM EXCHANGE TRANSACTIONS</b>		<b><u>871,158</u></b>	<b><u>339,746</u></b>
<b>TOTAL REVENUE</b>		<b><u>20,408,478</u></b>	<b><u>21,086,289</u></b>
<b>EXPENSES</b>			
Staff Costs	10	12,178,676	9,575,011
Other Costs	12	9,764,286	8,409,289
Common Service Charge		3,257,693	2,786,666
<b>TOTAL EXPENSES</b>		<b><u>25,200,655</u></b>	<b><u>20,770,966</u></b>
<b>(DEFICIT)/SURPLUS FOR THE YEAR</b>		<b><u>(4,792,177)</u></b>	<b><u>315,323</u></b>

# COMMONWEALTH FUND FOR TECHNICAL CO-OPERATION

## STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2016

	General Reserve	Working Capital Reserve	Designated Reserve	Total
	£	£	£	£
<b>Balance as at 30 June 2014</b>	<b>7,968,311</b>	<b>6,000,750</b>	<b>6,514,914</b>	<b>20,483,975</b>
Surplus	315,323	-	-	315,323
Transfer from General Reserve to Designated Reserve	(1,364,000)	-	1,364,000	-
Transfer from Designated Reserve to General Reserve	243,692	-	(243,692)	-
<b>Balance as at 30 June 2015</b>	<b>7,163,326</b>	<b>6,000,750</b>	<b>7,635,222</b>	<b>20,799,298</b>
Deficit	(4,792,177)	-	-	(4,792,177)
Transfer from General Reserve to Working Capital Reserve	(28,559)	28,559	-	-
Transfer from Designated Reserve to General Reserve	2,248,950	-	(2,248,950)	-
<b>Balance as at 30 June 2016</b>	<b>4,591,540</b>	<b>6,029,309</b>	<b>5,386,272</b>	<b>16,007,121</b>

**COMMONWEALTH FUND FOR TECHNICAL CO-OPERATION**  
**CASH FLOW STATEMENT FOR YEAR ENDED 30 JUNE 2016**

	<b>2015-16</b>	<b>2014-15</b>
	<b>£</b>	<b>£</b>
<b>Cash Flow from Operating Activities</b>		
(Deficit)/Surplus	<b>(4,792,177)</b>	<b>315,323</b>
<b>Adjustments for:</b>		
Decrease in Payables and other current liabilities	(1,594,932)	(328,716)
Increase/(Decrease) in Contributions Prepaid	335,657	(41,455)
Increase/(Decrease) in Deferred Income	1,503,779	(789,377)
Increase/(Decrease) in Provisions	149,539	(1,058,724)
Decrease/(Increase) in Contributions Receivable	235,223	(176,310)
Increase in Receivables	(278,061)	(683,970)
Decrease in Prepayments	86,030	132,449
<b>Net Cash Flow from Operating Activities</b>	<b>(4,354,942)</b>	<b>(2,630,780)</b>
Cash and Cash Equivalents at the Beginning of Period	<u>22,303,854</u>	<u>24,934,634</u>
<b>Cash and Cash Equivalents at the End of the Period</b>	<b><u>17,948,912</u></b>	<b><u>22,303,854</u></b>

## COMMONWEALTH FUND FOR TECHNICAL CO-OPERATION

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

#### 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)

The Commonwealth is of the opinion that the introduction of these statements will not have any impact on the financial statements.

##### 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 2016-17 budget paper on behalf of the member states. There is a commitment from the Board of Governors to fund this budget effective July 2016.

It has been announced that during the 2016-17 financial year the Commonwealth will be structurally reconfigured with a new organisational structure and way of working implemented. The proposed new Commonwealth organisational structure is to create a more streamlined and efficient organisation.

The impact of the structural reconfiguration on the Financial Statements of the Fund is not yet known.

##### 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.

## COMMONWEALTH FUND FOR TECHNICAL CO-OPERATION

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

#### 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 amortised 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 2016, 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 2016, 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

CFTC receives additional contributions and grants from member governments, non-Commonwealth countries and other organisations for 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 in the Statement of Financial Position.

#### 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 and a reliable estimate can be made.

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.

## COMMONWEALTH FUND FOR TECHNICAL CO-OPERATION

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

#### 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 per cent of approved planned expenditure for that year; and
- 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.

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.

## COMMONWEALTH FUND FOR TECHNICAL CO-OPERATION

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

#### 1.14 Expenses

##### (a) Staff Costs

###### (i) Unused Annual Leave

Staffs are permitted to accumulate unused annual leave for use in future periods. 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 15 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.

###### (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 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

CFTC participates in the defined benefit scheme (Commonwealth Secretariat Pension and Life Assurance Scheme (1979) operated by The Commonwealth 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.

## COMMONWEALTH FUND FOR TECHNICAL CO-OPERATION

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

#### 1.14 Expenses (Continued)

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 Neal Thompson, Partner, First Actuarial LLP. 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.

The current service cost, interest on scheme liabilities and expected return on the scheme assets are recognised in the Statement of Financial Performance of COMSEC.

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.

There is no contractual agreement or stated policy for charging the net defined benefit cost from COMSEC to CFTC. CFTC therefore recognises in its Statement of Financial Performance a cost equal to the contribution payable for the period.

Further details of the defined benefit scheme are disclosed on pages 20 to 26 of the 2015-16 financial statements of the Commonwealth Secretariat Fund.

#### 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 in COMSEC.

#### (b) Office rental 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.

## COMMONWEALTH FUND FOR TECHNICAL CO-OPERATION

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

#### 1.14 Expenses (Continued)

##### (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

Preparing financial statements in accordance with IPSAS requires The Commonwealth to make estimates, judgements and assumptions in the selection and application of accounting policies and in the reported amounts of assets, liabilities, revenues and expenses. For this reason, actual results may differ from those estimates. Accounting estimates and underlying assumptions are reviewed on an on-going basis and revisions to estimates are recognised in the year in which the estimates are revised and in any future year affected. Significant estimates and assumptions that may result in material adjustments in future years include: bad debt provision. 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	
	2016	2015	2016	2015	2016	2015
	£	£	£	£	£	£
UK Bank Accounts	12,691,591	19,489,666	2,144,186	605,051	14,835,777	20,094,717
Foreign Bank Accounts	3,113,135	2,209,137	-	-	3,113,135	2,209,137
<b>Total Cash and Cash Equivalents</b>	<b>15,804,726</b>	<b>21,698,803</b>	<b>2,144,186</b>	<b>605,051</b>	<b>17,948,912</b>	<b>22,303,854</b>

#### 3. Receivables from Exchange Transactions

	Note	2016	2015
		£	£
Staff Advances		4,324	2,102
Cost Share Debtors	(a)	60,019	74,057
Sundry Debtors		108,789	60,007
Special Project Debtor		-	710,447
Commonwealth Secretariat		977,596	-
Small States Office – Geneva		228,994	218,491
Provision for Doubtful Debts		(36,557)	-
<b>Total Receivables</b>		<b>1,343,165</b>	<b>1,065,104</b>

**COMMONWEALTH FUND FOR TECHNICAL CO-OPERATION**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**3. Receivables from Exchange Transactions (Continued)**

Ageing of receivables from exchange transactions:

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Current	1,319,703	246,463
< 12 months	23,462	782,084
> 12 months	-	36,557
<b>Total Receivables</b>	<b>1,343,165</b>	<b>1,065,104</b>

(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>Provision as at 30 June 2015</b>	<b>Increase in provision</b>	<b>Provision as at 30 June 2016</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>Provision for Doubtful Debts</b>	<b>-</b>	<b>36,557</b>	<b>36,557</b>

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

**3. (a) (i) Cost Share Debtors 2015-16**

<b>Country / Organisation</b>	<b>Balance Receivable 30 June 2015</b>	<b>Adjustments</b>	<b>Contributions Invoiced in 2015-16</b>	<b>Receipts 2015-16</b>	<b>Balance Receivable 30 June 2016</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Belize	-	-	22,000	-	22,000
Cook Islands	37,500	-	-	(36,038)	1,462
Grenada	36,557	(36,557)	-	-	-
<b>TOTAL</b>	<b>74,057</b>	<b>(36,557)</b>	<b>22,000</b>	<b>(36,038)</b>	<b>23,462</b>

The balance receivable of £23,462 represents the total cost share debtors as at 30 June 2016.

The revenue accounted for in the Statement of Financial Performance is £61,736 (2014-15: £55,783). This represents contributions invoiced in the year adjusted for movement on the deferred income balances (see note 5).

**3. (a) (ii) Cost Share Debtors 2014-15**

<b>Country / Organisation</b>	<b>Balance Receivable 30 June 2014</b>	<b>Contributions Invoiced in 2014-15</b>	<b>Receipts 2014-15</b>	<b>Balance Receivable 30 June 2015</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
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)	-
<b>TOTAL</b>	<b>138,057</b>	<b>59,500</b>	<b>(123,500)</b>	<b>74,057</b>

**COMMONWEALTH FUND FOR TECHNICAL CO-OPERATION**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**4. Payables and Other Liabilities from Exchange Transactions**

Amounts falling due within one year

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Trade Payables & Accruals	1,539,158	1,448,921
Staff Expenses	11,546	4,768
Commonwealth Secretariat	-	1,686,828
Commonwealth Youth Programme	-	5,119
<b>Total Payables and Current Liabilities</b>	<b>1,550,704</b>	<b>3,145,636</b>

**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:

	<b>Notes</b>	<b>2016</b>	<b>2015</b>
		<b>£</b>	<b>£</b>
Cost Share Projects	1.13(b)	15,317	50,673
Special Projects	1.13(a)	2,144,186	605,051
<b>Total Deferred Income</b>		<b>2,159,503</b>	<b>655,724</b>

**6. Provisions**

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

	<b>At 30 June 2016</b>		<b>At 30 June 2015</b>	
	<b>Due within one year</b>	<b>Due after one year</b>	<b>Due within one year</b>	<b>Due after one year</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Arbitral Tribunal Claims	-	-	50,000	-
Relocation Expenses	472,625	610,980	364,549	590,501
Home Leave Expenses	33,881	10,006	23,578	19,225
Grant Agreement Expense Claim	167,216	-	97,316	-
<b>Total Provisions</b>	<b>673,722</b>	<b>620,986</b>	<b>535,443</b>	<b>609,726</b>

Movements in all provisions during the year are as follows:

<b>Provision for Liabilities and Charges</b>	<b>Notes</b>	<b>As at 30 June 2015</b>	<b>Increase / (Decrease) in Provision</b>	<b>Amount used</b>	<b>As at 30 June 2016</b>
		<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Arbitral Tribunal Claims	(a)	50,000	(50,000)	-	-
Relocation Expenses	(b)	955,049	189,152	(60,597)	1,083,604
Home Leave Expenses	(c)	42,804	8,990	(7,906)	43,888
Grant Agreement Expense Claim	(d)	97,316	69,900	-	167,216
<b>Total Provisions for Liabilities and Charges</b>		<b>1,145,169</b>	<b>218,042</b>	<b>(68,503)</b>	<b>1,294,708</b>

## COMMONWEALTH FUND FOR TECHNICAL CO-OPERATION

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

#### 6. Provisions (Continued)

(a) Claims for legal cases are shown as a liability in the Statement of Financial Position. The litigation claim outstanding at the beginning of the financial has been reversed following a review of its status.

(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 from 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 in the provision 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 in the provision for the year has been included in the Statement of Financial Performance under staff costs.

(d) The 2015-16 provision relates to a potential repayment claim for disallowed costs on a grant agreement.

#### 7. (a) Members' Contributions from Non-exchange Transactions 2015-16

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

	2015-16	2014-15
	£	£
Amounts Pledged for Current Year	16,992,125	18,555,799
Retroactive Pledges	798,647	671,004
<b>Total Members' Pledges</b>	<b>17,790,772</b>	<b>19,226,803</b>

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

	2016	2015
	£	£
Current	1,858,547	2,091,079
Provision for doubtful accounts	(106,352)	(84,973)
<b>Total net current contributions receivable</b>	<b>1,752,195</b>	<b>2,006,106</b>
Non- Current	26,788	8,100
<b>Total net contributions receivable</b>	<b>1,778,983</b>	<b>2,014,206</b>

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 £36,931 (2014-15: £186,802)

**COMMONWEALTH FUND FOR TECHNICAL CO-OPERATION**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**7. (a) Members' Contributions from Non-exchange Transactions 2015-16 (Continued)**

Ageing of member contributions receivables from non-exchange transactions:

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Less than 1 year	1,394,520	888,593
Between one and two years	384,463	1,125,613
<b>Total Receivables</b>	<b>1,778,983</b>	<b>2,014,206</b>

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 2015-16 is as follows:

	<b>Provision as at 30 June 2015</b>	<b>Increase in provision</b>	<b>(Decrease) in provision</b>	<b>Provision as at 30 June 2016</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Provision for doubtful debt	<b>84,973</b>	<b>85,812</b>	<b>(64,433)</b>	<b>106,352</b>

The increase in provision of £85,812 (2015: £74,725) is for additional doubtful contributions receivable that were outstanding as at 30 June 2016.

The decrease in provision of £64,433 (2014: £Nil) is for receipts received during the year, which related to prior year provisions for doubtful contributions.

**COMMONWEALTH FUND FOR TECHNICAL CO-OPERATION**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**7. (b) (i). Members' Contributions from Non-exchange Transactions 2015-16**

COUNTRY	Receivable 30 June 2015	Prepaid 30 June 2015	Retroactive Pledges 2015-16	Pledges 2015-16	Receipts 2015-16	Receivable 30 June 2016	Prepaid 30 June 2016
	£	£	£	£	£	£	£
Anguilla	3,000	-	-	-	-	3,000	-
Antigua & Barbuda	1,000	-	-	2,000	(3,000)	-	-
Australia	-	-	-	1,676,340	(1,676,340)	-	-
Bahamas	-	-	-	130,405	(130,405)	-	-
Bangladesh	-	-	149,000	152,000	(149,672)	151,328	-
Barbados	-	-	-	170,117	(170,117)	-	-
Belize	-	-	31,000	32,000	(63,000)	-	-
Botswana	-	-	-	338,713	(338,713)	-	-
Brunei Darussalam	200,000	-	-	200,000	(400,000)	-	-
Cameroon	-	-	178,016	182,000	(281,501)	78,515	-
Cyprus	141,148	-	-	71,087	(70,574)	141,661	-
Dominica	9,000	-	-	1,944	(900)	10,044	-
Fiji	10,248	-	20,000	20,000	(23,361)	26,887	-
Ghana	472,844	-	-	272,624	(472,844)	272,624	-
Gibraltar	-	-	-	15,000	(15,000)	-	-
Grenada	22,394	-	-	-	(22,394)	-	-
Guyana	-	-	-	52,942	(52,942)	-	-
India	-	-	-	1,000,000	(1,000,000)	-	-
Jamaica	-	-	-	161,556	(161,556)	-	-
Kenya	-	-	-	-	(335,963)	-	(335,963)
Lesotho	-	-	-	140,000	(140,000)	-	-
Malawi	40,000	-	-	-	(40,000)	-	-
Malaysia	-	-	250,000	250,000	-	500,000	-
Maldives	-	-	33,045	33,045	-	66,090	-
Malta	-	-	-	57,539	(57,539)	-	-
Mauritius	-	-	-	190,160	(190,160)	-	-
Mozambique	-	-	-	42,000	(42,000)	-	-
Namibia	222,147	-	-	-	(222,147)	-	-
Nauru	-	-	-	1,807	-	1,807	-
New Zealand	-	-	-	1,420,200	(1,420,200)	-	-
Nigeria	441,938	-	-	461,628	(461,628)	441,938	-
Niue	331	-	-	-	-	331	-
Pakistan	150,000	-	-	150,000	(300,000)	-	-
Rwanda	-	-	-	25,865	(25,865)	-	-
Samoa	-	-	-	44,121	(36,260)	7,861	-
Seychelles	-	-	-	15,000	-	15,000	-
Sierra Leone	-	-	-	41,455	-	41,455	-
Singapore	20,000	-	-	20,000	(40,000)	-	-
Solomon Islands	-	-	27,449	27,449	(54,898)	-	-
South Africa	-	-	-	255,904	(255,904)	-	-
Sri Lanka	-	-	-	53,226	(53,226)	-	-
St Kitts & Nevis	-	-	19,455	19,467	(19,455)	19,467	-
St Lucia	-	(306)	-	18,249	-	17,943	-
St Vincent & The Grenadines	-	-	-	25,000	-	25,000	-
Swaziland	-	-	-	146,000	(146,000)	-	-
Tanzania	268,037	-	-	-	(203,653)	64,384	-
Tonga	-	-	-	10,000	(10,000)	-	-
Trinidad & Tobago	93,371	-	-	-	(93,371)	-	-
Tuvalu	3,721	-	3,721	3,850	(11,292)	-	-
Uganda	-	-	-	140,476	(140,476)	-	-
United Kingdom	-	-	-	8,900,000	(8,900,000)	-	-
Vanuatu	-	-	20,955	20,956	(41,911)	-	-
Zambia	-	-	66,006	-	(66,006)	-	-
<b>TOTAL</b>	<b>2,099,179</b>	<b>(306)</b>	<b>798,647</b>	<b>16,992,125</b>	<b>(18,340,273)</b>	<b>1,885,335</b>	<b>(335,963)</b>

**COMMONWEALTH FUND FOR TECHNICAL CO-OPERATION**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**7. (b) (ii). 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)	-	-
Grenada	4,196	-	-	18,198	-	22,394	-
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)	-	-
<b>TOTAL</b>	<b>1,848,144</b>	<b>(41,761)</b>	<b>671,004</b>	<b>18,555,799</b>	<b>18,934,313</b>	<b>2,099,179</b>	<b>(306)</b>

**COMMONWEALTH FUND FOR TECHNICAL CO-OPERATION**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**8. (a) (i). Deferred Income for Non-exchange Transactions 2015-16**

<b>Special Projects</b>	<b>Deferred Income Balance 30 June 2015</b>	<b>Project Cash Receipts</b>	<b>Project Expenses</b>	<b>Adjustments</b>	<b>Deferred Income Balance 30 June 2016</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Global Financial and Economic Policy and the G20	177,292	-	(8,235)	-	169,057
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	-	(24,872)	-	2,518
Commonwealth Action for Digital Divide (CADD)	59,399	-	-	(77)	59,322
Capacity Building to meet post-Tsunami Needs in Maldives	54,844	-	-	(54,844)	-
Implementation of Counter Terrorism Legislation	86,297	-	(85,519)	-	778
Capacity - building for Commonwealth Young Election Professionals	124,575	-	(102,873)	(21,702)	-
Commonwealth Cybercrime Initiative (CCI)	48,716	124,537	(114,752)	(34)	58,467
Trade Policy Formulation (Hubs & Spokes II)	-	3,323,157	(1,343,775)	(661,897)	1,317,485
Building Regulatory and Institutional Capacity in Sovereign Debt Governance	-	18,769	(18,769)	-	-
Trade Competitiveness	-	40,000	(40,000)	-	-
Commonwealth Climate Finance Access Hub	-	517,774	-	-	517,774
<b>TOTAL</b>	<b>605,051</b>	<b>4,024,237</b>	<b>(1,746,548)</b>	<b>(738,554)</b>	<b>2,144,186</b>

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 2016**

**8. (a) (ii). Deferred income for Non-exchange Transactions 2014-2015**

<b>Special Projects</b>	<b>Deferred Income Balance 30 June 2014</b>	<b>Project Cash Receipts</b>	<b>Project Expenses</b>	<b>Adjustments</b>	<b>Deferred Income Balance 30 June 2015</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
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	-
<b>TOTAL</b>	<b>1,398,144</b>	<b>39,883</b>	<b>(1,519,740)</b>	<b>686,764</b>	<b>605,051</b>

The adjustment represents reimbursement of project expenditure incurred in 2014-15.

**8. (b) Special Project From Non-exchange Transaction by Cost Type**

Special project are analysed according to cost type:

	<b>Notes</b>	<b>2015-16</b>	<b>2014-15</b>
		<b>£</b>	<b>£</b>
Long Term Consultants	10	1,059,849	1,004,624
Short Term Consultants	12	82,699	116,379
Travel Costs	12	252,179	170,304
Accommodation and Venue Costs	12	142,094	66,942
Conference, Communications, Publicity, Information and Printing Costs	12	192,627	161,491
Professional Fees	12	17,100	-
<b>TOTAL</b>		<b>1,746,548</b>	<b>1,519,740</b>

**COMMONWEALTH FUND FOR TECHNICAL CO-OPERATION**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**9. Interest Receivable from Exchange Transactions**

Interest bearing accounts and investments yielded an average rate of 2.36% (2014-15: 2.44%) during the reporting period.

	<b>2015-16</b>	<b>2014-15</b>
	<b>£</b>	<b>£</b>
Interest on Bank Deposits	154,139	186,789
<b>Total Interest Receivable</b>	<b>154,139</b>	<b>186,789</b>

**10. Staff Costs**

	<b>2015-16</b>	<b>2014-15</b>
	<b>£</b>	<b>£</b>
Salaries & Allowances	6,514,424	5,099,654
Employers National Insurance Contributions	716,467	499,622
Contributions to Staff Gratuity Fund	932,315	601,366
Contributions to Staff Defined Benefit Scheme	4,166	3,898
Contributions to Staff Defined Contribution Scheme	22,738	12,402
Pension Expense	89,852	246,940
Long Term Consultants Costs - Direct Projects	2,705,729	2,096,866
Long Term Consultants Costs – Special Projects	1,059,849	1,004,624
Staff Provisions	133,136	9,639
<b>Total Staff Costs</b>	<b>12,178,676</b>	<b>9,575,011</b>

**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:

	<b>Number of Persons</b>		<b>Aggregate Remuneration</b>	
	<b>2015-16</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2014-15</b>
			<b>£</b>	<b>£</b>
Management Committee	2	2	211,258	201,921
Directors and Heads of Units	6	7	628,606	419,532
<b>TOTAL</b>	<b>8</b>	<b>9</b>	<b>839,864</b>	<b>621,453</b>

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 furnished accommodation at The Commonwealth's official residence at Hill Street along with a chauffeur driven car for official use, which is also available for the Secretary-General's private use.

**COMMONWEALTH FUND FOR TECHNICAL CO-OPERATION**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**11. Remuneration of Key Management Personnel (Continued)**

	<b>Management Committee</b>		<b>Directors and Heads of Units</b>	
	<b>2015-16</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2014-15</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Salary	125,297	122,700	440,551	308,448
Allowances	56,715	50,841	105,682	56,596
Gratuity	29,246	28,380	82,373	54,488
<b>TOTAL</b>	<b>211,258</b>	<b>201,921</b>	<b>628,606</b>	<b>419,532</b>

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

**12. Other Costs**

	<b>2015-16</b>	<b>2014-15</b>
	<b>£</b>	<b>£</b>
Rent and Rates	431,714	387,084
Property Services & Maintenance Costs	172,925	160,888
Utilities	51,226	48,937
Other Property Costs	70,698	45,828
Equipment Maintenance	138,739	104,220
Publication, Information and Printing	360,922	318,905
Communications	163,359	189,310
Insurance	35,133	53,448
Library & Subscriptions	26,346	29,025
Professional Fees	90,143	22,745
Audit Fees	23,328	-
Staff Development and Training	28,274	-
Bank and Financial Charges	12,982	4,680
Recruitment Costs	98,026	259,298
Pension Administration Costs	22,792	36,622
Conference Costs	789,872	706,761
Short Term Consultants	3,452,261	2,742,816
Travel Costs	2,826,493	2,204,176
Accommodation and Venue Costs	889,554	959,796
Miscellaneous Expenses	1,663	2,199
Movement in Provisions	77,836	132,551
<b>Total Other Costs</b>	<b>9,764,286</b>	<b>8,409,289</b>

## COMMONWEALTH FUND FOR TECHNICAL CO-OPERATION

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

#### 13. (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:

	2015-16	2014-15
	£	£
Democracy	441,255	315,742
Public Institutions	3,050,602	2,669,012
Social Development	1,252,538	1,124,353
Development Pan-Commonwealth	8,036,480	6,575,180
Development Small States	985,607	1,348,462
Global Advocacy	1,121,933	446,077
Technical Assistance	2,517,499	2,272,191
Commonwealth Profile	676,586	99,059
Internal Outcomes	572,677	197,390
	<b>18,655,177</b>	<b>15,047,466</b>
Staff Provisions	133,136	9,639
<b>Total Direct Expenses</b>	<b>18,788,313</b>	<b>15,057,105</b>

#### 13. (b) Direct Project Expenses by Cost Type

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

	Notes	2016	2015
		£	£
Direct Staff Costs (Including Provision)	10	8,413,098	6,473,520
Long Term Consultants	10	2,705,729	2,096,866
Short Term Consultants	12	3,369,562	2,626,437
Travel Costs	12	2,574,314	2,033,872
Accommodation and Venue Costs	12	747,460	892,854
Conference, Communications, Publicity, Information and Printing Costs	12	970,050	933,556
Professional Fees	12	8,100	-
<b>Total</b>		<b>18,788,313</b>	<b>15,057,105</b>

#### 14. 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.

## COMMONWEALTH FUND FOR TECHNICAL CO-OPERATION

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

#### 14. Related Party Disclosure (Continued)

##### (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 2016, there were no transactions outside the normal operations between The Commonwealth Fund for Technical Co-operation and the two Commonwealth organisations mentioned above (2015: £Nil).

The Management Committee is remunerated through COMSEC and a portion of the cost is allocated to CFTC as disclosed in note 11.

#### 15. Contingencies

As at 30 June 2016 there were contingent liabilities amounting to £138,600 relating to Arbitral Tribunal claims (2014-15: £84,000).

#### 16. 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 £396,196 (2014-15: £329,906).

#### 17. 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.

##### (a) Fair Values

The assets of CFTC are categorised as follows:

	2016	2015
	£	£
Financial assets	21,071,060	25,383,164
Non-financial assets	276,939	362,969
<b>Total</b>	<b>21,347,999</b>	<b>25,746,133</b>

**COMMONWEALTH FUND FOR TECHNICAL CO-OPERATION**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**17. Financial Instruments (Continued)**

The liabilities of CFTC are categorised as follows:

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Financial Liabilities	1,550,704	3,145,636
Non-financial Liabilities	3,790,174	1,801,199
<b>Total</b>	<b>5,340,878</b>	<b>4,946,835</b>

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

	<b>Carrying Amount</b>
	<b>£</b>
<b>Financial Assets:</b>	
<b>2016:</b>	
Cash and Cash Equivalents	17,948,912
Current Receivables	3,095,360
Non-current Receivables	26,788
<b>Total</b>	<b>21,071,060</b>
<b>2015:</b>	
Cash and Cash Equivalents	22,303,854
Current Receivables	3,071,210
Non-current Receivables	8,100
<b>Total</b>	<b>25,383,164</b>

	<b>Carrying Amount</b>
	<b>£</b>
<b>Financial Liabilities:</b>	
<b>2016:</b>	
Payables	1,550,704
<b>Total</b>	<b>1,550,704</b>
<b>2015:</b>	
Payables	3,145,636
<b>Total</b>	<b>3,145,636</b>

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.

## COMMONWEALTH FUND FOR TECHNICAL CO-OPERATION

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

#### 17. Financial Instruments (Continued)

At 30 June 2016, 64 per cent of cash and cash equivalents are denominated in GB Pound Sterling, 18 per cent in Euros, 11 per cent in Pakistani Rupees, and the remaining 7 per cent in other currencies (89 per cent in GB Pound Sterling, 2 per cent in Euros, 5 per cent in Pakistani Rupees and the remaining 4 per cent in other currencies at 30 June 2015).

##### (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. 82.66 per cent of the outstanding amount is at counterparty banks with a Moody's credit rating of A2 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 2016:

2016	<6 months
	£
Payables and other liabilities	1,550,704
<b>Total Liabilities</b>	<b>1,550,704</b>

As at 30 June 2016 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 2016 had been 25 per cent higher or lower, the interest income would have been affected as follows:

	Increase (+) / Decrease (-)	Effect on Surplus / Deficit
<b>Cash and Cash Equivalents</b>		£
	+25%	38,535
	-25%	(38,535)

**COMMONWEALTH FUND FOR TECHNICAL CO-OPERATION**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**17. Financial Instruments (Continued)**

**Foreign Currency Risk**

Foreign currency balances in GB Pound Sterling as at 30 June 2016 comprises of the following:

<b>2016</b>	<b>GBP</b>	<b>Other Currencies</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Financial Assets	14,684,647	6,386,413	21,071,060
<b>Percentage of Total</b>	<b>70%</b>	<b>30%</b>	<b>100%</b>
Financial Liabilities	1,550,704	-	1,550,704
<b>Percentage of Total</b>	<b>100%</b>	<b>0%</b>	<b>100%</b>

The table below shows the impact of a 25% movement in the relative value of the GB Pound Sterling against the foreign currency balances as at 30 June 2016.

	<b>Increase (+) / Decrease (-)</b>	<b>Effect on Balances</b>
<b>Cash and Cash Equivalents</b>		<b>£</b>
	+25%	1,596,603
	-25%	(1,596,603)

**18. Events After Reporting Date**

The Secretary-General authorised these financial statements for issue on 22 February 2017.

There are no material events, favourable or unfavourable that occurred between the reporting date, 30 June 2016, and the date of authorisation for issue that would have impacted these statements.



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