

Financial Statements of the Commonwealth Youth Programme

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 YOUTH PROGRAMME FUND

PRINCIPAL ACTIVITIES AND OPERATING STRUCTURE

Principal Activities of the Commonwealth Secretariat

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's 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. Its work on maritime boundaries is leading strategic thinking on ocean governance internationally. The Commonwealth Youth Programme Fund 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 Youth Programme Fund

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 Youth Programme Fund** for the year ended 30 June 2016.

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.

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

COMMONWEALTH YOUTH PROGRAMME FUND
PRINCIPAL ACTIVITIES AND OPERATING STRUCTURE

Responsibilities of the Secretary-General

The Secretary-General of the Commonwealth Secretariat 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 Secretariat 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 Secretariat's website.

COMMONWEALTH YOUTH PROGRAMME FUND

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

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF GOVERNORS

We have audited the financial statements of the Commonwealth Youth Programme Fund 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 17.

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 Secretariat 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 Youth Programme Fund 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 YOUTH PROGRAMME FUND
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016

		30 June 2016	30 June 2015
ASSETS	Notes	£	£
Current Assets			
Cash and Cash Equivalents	2	1,983,813	2,305,144
Prepayments		34,865	6,962
Members' Contributions Receivable from Non-exchange Transactions - net	6(a)	387,647	565,646
Other Receivables from Exchange Transactions - net	3	73,049	10,770
		2,479,374	2,888,522
Non-current Assets			
Members' Contributions Receivable from Non-exchange Transactions - net	6(a)	67,884	51,172
TOTAL ASSETS		2,547,258	2,939,694
LIABILITIES			
Current Liabilities			
Provisions	5	9,319	54,135
Deferred Income from Non-exchange Transactions	7	149,510	345,208
Members' Contributions Prepaid from Non-exchange Transactions	6(a)(i)	46,057	62,848
Payables and Other Current Liabilities from Exchange Transactions	4	295,309	409,218
		500,195	871,409
Non-current Liabilities			
Provisions	5	66,765	71,607
		66,765	71,607
TOTAL LIABILITIES		566,960	943,016
NET ASSETS		1,980,298	1,996,678
FUND BALANCES AND RESERVES			
General Reserve		663,238	1,004,345
CYMM/RAB Reserve		216,413	216,413
Working Capital Reserve		1,100,647	775,920
TOTAL FUND BALANCES AND RESERVES		1,980,298	1,996,678

COMMONWEALTH YOUTH PROGRAMME FUND
STATEMENT OF FINANCIAL PERFORMANCE AS AT 30 JUNE 2016

	Notes	2015-16 £	2014-15 £
REVENUE FROM NON-EXCHANGE TRANSACTIONS			
Contributions to the Youth Programme	6	3,093,430	3,092,060
Special Projects	7	176,059	95,433
SUB-TOTAL REVENUE FROM NON-EXCHANGE TRANSACTIONS		3,269,489	3,187,493
REVENUE FROM EXCHANGE TRANSACTIONS			
Interest Receivable	8	7,202	3,794
Other Income		-	16,266
Currency Gain		2,611	4,109
SUB-TOTAL REVENUE FROM EXCHANGE TRANSACTIONS		9,813	24,169
TOTAL REVENUE		3,279,302	3,211,662
EXPENSES			
Staff Costs	9	1,013,206	803,830
Other Costs	11	1,635,802	1,168,702
Common Service Charge		646,674	546,953
TOTAL EXPENSES		3,295,682	2,519,485
(DEFICIT)/SURPLUS FOR THE YEAR		(16,380)	692,177

COMMONWEALTH YOUTH PROGRAMME FUND

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

	General Reserve	CYMM/RAB Reserve	Working Capital Reserve	Designated Reserve	Total
	£	£	£	£	£
Balance at 30 June 2014	5,723	216,413	961,783	120,582	1,304,501
Surplus	692,177	-	-	-	692,177
Working Capital Funds Transfer	185,863	-	(185,863)	-	-
Currency Translations on Foreign Operations	120,582	-	-	(120,582)	-
Balance at 30 June 2015	1,004,345	216,413	775,920	-	1,996,678
Deficit	(16,380)	-	-	-	(16,380)
Working Capital Funds Transfer	(324,727)	-	324,727	-	-
Balance at 30 June 2016	663,238	216,413	1,100,647	-	1,980,298

COMMONWEALTH YOUTH PROGRAMME FUND
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2016

	2015-16	2014-15
	£	£
Cash Flow from Operating Activities		
(Deficit)/Surplus	(16,380)	692,177
Adjustments for:		
Decrease/(Increase) in Contributions Receivable	161,287	(116,168)
(Decrease) in Contributions Prepaid	(16,791)	(20,303)
(Increase)/Decrease in Receivables	(62,279)	51,793
(Increase)/Decrease in Prepayments	(27,903)	4,168
(Decrease)/Increase in Deferred Income	(195,698)	210,053
(Decrease)/Increase in Payables and Other Current Liabilities	(113,909)	138,046
(Decrease)/Increase in Provisions	(49,658)	71,652
Net Cash Flow from Operating Activities	(321,331)	1,031,418
Net (Decrease)/Increase in Cash and Cash Equivalents	(321,331)	1,031,418
Cash and Cash Equivalents at the Beginning of Period	2,305,144	1,273,726
Cash and Cash Equivalents at the End of the Period	1,983,813	2,305,144

COMMONWEALTH YOUTH PROGRAMME FUND

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 Youth Programme Fund (CYP) 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 Change to Accounting Policies

The Commonwealth reviews its accounting policies on a regular basis and amends them as necessary in line with the prevailing accounting standards and its operational circumstances.

1.4 Basis for Non-Consolidation of Financial Statements

As mentioned previously under 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.

1.5 Accounting Convention

The financial statements have been prepared using the historical cost convention except for the revaluation of property assets.

COMMONWEALTH YOUTH PROGRAMME FUND

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

1.6 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 and associated funding 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.

1.7 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.

1.8 Financial Instruments

Financial instruments are recognised when CYP 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 CYP 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 with 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 CYP 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 CYP.

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 CYP.

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

1.9 Cash and Cash Equivalents

Cash and cash equivalents consist of cash in hand and 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.

COMMONWEALTH YOUTH PROGRAMME FUND

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

1.10 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.

1.11 Deferred Income

CYP 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.

1.12 Provisions and Contingent Liabilities

Provisions are made for future liabilities and charges where CYP 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.

1.13 Reserves

CYP's reserves consist of the following:

- General Reserve is the fund carried forward after accounting for contributions, 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 maintain expenditure levels in the event of irregular settlement of receivables by member states. Investments are held separately to represent the Working Capital Fund. 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;
- CYMM/RAB Reserve is the fund set aside to finance the governance meetings. Commonwealth Youth Ministers Meeting (CYMM) is held every four years; 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.

1.14 Revenue

(a) Revenue from Non-exchange Transactions

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

(i) Contributions

CYP is financed by contributions from 52 Member Governments that make up the Commonwealth. Revenue is recognised in the period to which the contribution relates following agreement of contributions at the meeting of the Board of Governors held annually in June. Where contributions are received in advance of the year to which it relates, the amount is recognised as a liability in the Statement of Financial Position.

Members' contributions receivable in the Statement of Financial Position are stated at the agreed amount and reduced by a provision for anticipated delay in settlement of arrears.

COMMONWEALTH YOUTH PROGRAMME FUND

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

1.14 Revenue (Continued)

(ii) Special Projects

CYP receives additional contributions and grants from member governments, non-Commonwealth countries and other organisations for special projects (see note 7 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 CYP provides a service and receives nominal consideration in return.

(i) Other Income

Other income consists of interest received from interest-bearing accounts. Such income is recognised in the period in which the transaction occurred, not when the income is received.

1.15 Expenses

(a) Staff Costs

i) Unused Annual Leave

Staff 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 CYP 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.

COMMONWEALTH YOUTH PROGRAMME FUND

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

1.15 Expenses (Continued)

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

CYP 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.

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 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 CYP. CYP 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.

COMMONWEALTH YOUTH PROGRAMME FUND

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

1.15 Expenses (Continued)

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.

Group Stakeholder Defined Contribution Pension Scheme

The Commonwealth also operates a defined contribution pension scheme which is accessible to staff of COMSEC, CFTC and CYP. All contributions are recognised in the Statement of Financial Performance in the period in which the obligations arise.

(b) Office Rental Cost

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

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

(c) 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.

(d) 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.

(e) Common Service Charge

CYP 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 YOUTH PROGRAMME FUND

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

1.16 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

Restricted balances relate to balances for Special Projects which are held for use only for these specific purposes.

	Unrestricted		Restricted		Total	
	2016	2015	2016	2015	2016	2015
	£	£	£	£	£	£
Cash and Cash Deposits	1,794,972	1,905,309	149,510	345,208	1,944,482	2,250,517
Foreign Bank Accounts	39,331	54,627	-	-	39,331	54,627
Total Cash and Cash Equivalents	1,834,303	1,959,936	149,510	345,208	1,983,813	2,305,144

3. Other Receivables from Exchange Transactions - net

	Notes	2016	2015
		£	£
Staff Debtors	(a)	4,813	4,466
Commonwealth Secretariat		66,311	-
Commonwealth Fund for Technical Co-operation		-	5,119
Other Debtors		1,925	2,662
Total Receivables		73,049	12,247
Less: Provision for Doubtful Debts		-	(1,477)
Total Receivables less provision		73,049	10,770

(a) Staff debtors mainly represent accountable advances issued to staff for programme work.

The change in the provision for doubtful debt during 2015-16 is as follows:

	Provision as at 30 June 2015	(Decrease) in provision	Provision as at 30 June 2016
	£	£	£
Provision for doubtful debt	1,477	(1,477)	-

The change represents recovery of a debt previously provided for.

Ageing of receivables from Exchange Transactions:

	2016	2015
	£	£
Current	68,236	6,304
< 12 months	4,813	4,466
Total	73,049	10,770

COMMONWEALTH YOUTH PROGRAMME FUND

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

	2016	2015
	£	£
Staff Balances	23,528	2,616
Trade Payables & Accruals	271,781	211,523
Commonwealth Secretariat	-	195,079
Total Payables and Current Liabilities	295,309	409,218

5. Provisions

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

	As at 30 June 2016		As at 30 June 2015	
	Due within one year	Due after one year	Due within one year	Due after one year
	£	£	£	£
Relocation Expenses	-	66,765	45,047	64,080
Home Leave Expenses	9,319	-	-	7,527
Arbitral Tribunal Claims	-	-	7,985	-
Conference Deposits	-	-	1,103	-
Total Provisions	9,319	66,765	54,135	71,607

Movements in provisions during the year are as follows:

Provisions for Liabilities	Notes	As at 30 June 2015	(Decrease)/ Increase in provision	Amount used in year	As at 30 June 2016
		£	£	£	£
Relocation Expenses	(a)	109,128	(42,363)	-	66,765
Home Leave Expenses	(b)	7,526	1,793	-	9,319
Arbitral Tribunal Claims	(c)	7,985	-	(7,985)	-
Conference Deposits	(d)	1,103	(1,103)	-	-
Total Provisions for Liabilities		125,742	(41,673)	(7,985)	76,084

(a) CYP 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 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.

(b) The provision relates to home leave passages for overseas recruited staff. Overseas recruited staff and their dependents are provided with one home leave passage after serving 20 months of any of their 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.

COMMONWEALTH YOUTH PROGRAMME FUND

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

5. Provisions (Continued)

(c) Legal claims made against CYP in 2013-14 were discharged without cost during the financial year 2015-16. There were no new litigation claims against CYP in 2015-16.

(d) Conference deposit relates to participation fees for a conference that was cancelled in CYP Africa in 2013-14. The provision was made for refund of the funds to the participants.

6. (a) Members' Contributions Receivable from Non-exchange Transactions

	2016	2015
	£	£
Current	842,406	1,083,923
Provision for doubtful accounts	(454,759)	(518,277)
Net Current Contributions Receivable	387,647	565,646
Non-Current	67,884	51,172
Total Net Contributions Receivable	455,531	616,818

The provision for doubtful debts relates to current member contributions. The net current contributions receivable is £387,647 (2015: £565,646).

In order to manage and reduce long outstanding arrears, affected governments are invited to discuss and agree suitable payment plans. As at the year end, two governments had agreed payment plans amounting to £83,122 (2015: £119,662).

Ageing of receivables from Non-Exchange Transactions:

	2016	2015
	£	£
Less than one year	409,448	385,582
Between one and two years	46,083	231,236
Total	455,531	616,818

The provision for doubtful accounts is for the outstanding contributions receivable where there is a delay in settlement of arrears. The change in the provision for doubtful accounts during 2015-16 is as follows:

	Provision as at 30 June 2015	Increase in provision	(Decrease) in provision	Provision as at 30 June 2016
	£	£	£	£
Provision for doubtful debt	518,277	22,820	(86,338)	454,759

The increase in provision for doubtful debt of £22,820 (2015: £157,694) is for additional doubtful contributions assessed as at 30 June 2016.

The decrease in provision of £86,338 (2015: £27,916) is for receipts received during the year and reversal of prior year provisions for doubtful contributions.

	Provision as at 30 June 2014	Increase in provision	(Decrease) in provision	Provision as at 30 June 2015
	£	£	£	£
Provision for doubtful debt	388,499	157,694	(27,916)	518,277

COMMONWEALTH YOUTH PROGRAMME FUND

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

6. (a) (i) Members' Contributions from Non-exchange Transactions 2015-16

Country	Balance at 30 June 2015		Assessment 2015/16	Received In 2015/16	Balance at 30 June 2016	
	Receivable	Prepaid			Receivable	Prepaid
	£	£	£	£	£	£
Antigua & Barbuda	8,499	-	8,499	(8,500)	8,498	-
Australia	-	-	327,348	(327,348)	-	-
Bahamas	-	-	19,514	(19,514)	-	-
Bangladesh	-	-	16,369	(16,369)	-	-
Barbados	16,369	-	16,369	(32,738)	-	-
Belize	8,499	-	8,499	(16,998)	-	-
Botswana	34,510	-	17,468	-	51,978	-
Brunei Darussalam	25,025	-	25,025	(50,050)	-	-
Cameroon	16,369	-	16,369	(24,232)	8,506	-
Canada	-	-	756,814	(756,814)	-	-
Cyprus	25,025	-	25,025	(25,025)	25,025	-
Dominica	55,681	-	8,499	(5,126)	59,054	-
Fiji	27,077	-	19,750	(22,759)	24,068	-
The Gambia *	161,849	-	-	-	161,849	-
Ghana	43,219	-	21,876	(43,219)	21,876	-
Grenada	-	-	8,499	(8,499)	-	-
Guyana	12,341	-	8,499	(3,842)	16,998	-
India	247,586	-	122,120	(257,994)	111,712	-
Jamaica	28,771	-	21,876	(19,763)	30,884	-
Kenya	-	(13,584)	22,819	(22,819)	-	(13,584)
Kiribati	-	-	4,407	-	4,407	-
Lesotho	-	-	8,499	(8,499)	-	-
Malawi	8,499	-	8,499	(8,499)	8,499	-
Malaysia	-	-	41,705	(41,705)	-	-
Maldives	-	-	5,822	-	5,822	-
Malta	-	-	16,369	(16,369)	-	-
Mauritius	-	-	16,369	(16,369)	-	-
Mozambique	-	(25,791)	8,499	-	-	(17,292)
Namibia	-	-	19,986	-	19,986	-
Nauru	3,685	-	3,777	(7,462)	-	-
Nigeria	-	-	34,624	-	34,624	-
Pakistan	-	-	32,106	(32,106)	-	-
Papua New Guinea	11,368	-	14,007	-	25,375	-
Rwanda	10,441	-	10,702	(21,143)	-	-
Samoa	-	-	8,499	(8,499)	-	-
Seychelles	-	-	8,499	-	8,499	-
Sierra Leone	-	-	14,007	(14,007)	-	-
Singapore	-	-	53,350	(53,350)	-	-
Solomon Islands	22,645	-	8,499	(31,144)	-	-
South Africa	-	(15,181)	102,134	(102,134)	-	(15,181)
Sri Lanka	-	-	21,876	(21,876)	-	-
St Kitts & Nevis	8,499	-	8,499	(8,499)	8,499	-
St Lucia	-	(8,292)	8,499	-	206	-
St Vincent & The Grenadines	45,903	-	8,499	-	54,402	-
Swaziland	-	-	8,499	(8,499)	-	-
Tanzania	63,980	-	21,876	(63,980)	21,876	-
Tonga	1,352	-	8,499	(9,851)	-	-
Trinidad & Tobago	29,115	-	29,115	(29,115)	29,115	-
Tuvalu	3,685	-	3,777	(3,685)	3,777	-
Uganda	43,218	-	21,876	(43,218)	21,876	-
United Kingdom	-	-	1,030,760	(1,030,760)	-	-
Vanuatu	8,499	-	8,499	(8,499)	8,499	-
Zambia	42,594	-	21,560	(50,567)	13,587	-
Zimbabwe	76,339	-	-	-	76,339	-
Cook Islands	44,453	-	-	-	44,453	-
Total	1,135,096	(62,848)	3,093,430	(3,301,444)	910,289	(46,067)

*The Gambia withdrew from The Commonwealth in 2013.

COMMONWEALTH YOUTH PROGRAMME FUND

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

6. (a) (ii) Members' Contributions from Non-exchange Transactions 2014-15

Country	Balance at 30 June 2014		Assessment 2014/15 £	Received In 2014/15 £	Balance at 30 June 2015	
	Receivable	Prepaid			Receivable	Prepaid
	£	£			£	£
Antigua & Barbuda	-	-	8,499	-	8,499	-
Australia	-	-	327,348	(327,348)	-	-
Bahamas	-	-	19,514	(19,514)	-	-
Bangladesh	-	-	16,369	(16,369)	-	-
Barbados	-	-	16,369	-	16,369	-
Belize	-	-	8,499	-	8,499	-
Botswana	17,042	-	17,468	-	34,510	-
Brunei Darussalam	-	-	25,025	-	25,025	-
Cameroon	5,711	-	16,369	(5,711)	16,369	-
Canada	-	-	756,814	(756,814)	-	-
Cook Islands	44,453	-	8,873	(8,873)	44,453	-
Cyprus	36,803	-	25,025	(36,803)	25,025	-
Dominica	55,681	-	8,499	(8,499)	55,681	-
Fiji	17,570	-	9,507	-	27,077	-
The Gambia *	161,849	-	-	-	161,849	-
Ghana	42,430	-	21,876	(21,087)	43,219	-
Grenada	7,802	-	8,499	(16,301)	-	-
Guyana	3,842	-	8,499	-	12,341	-
India	125,466	-	122,120	-	247,586	-
Jamaica	73,170	-	21,876	(66,275)	28,771	-
Kenya	22,262	-	22,819	(58,665)	-	(13,584)
Kiribati	-	-	4,407	(4,407)	-	-
Lesotho	-	-	8,499	(8,499)	-	-
Malawi	-	-	8,499	-	8,499	-
Malaysia	-	-	41,705	(41,705)	-	-
Maldives	-	-	5,822	(5,822)	-	-
Malta	-	-	16,369	(16,369)	-	-
Mauritius	-	-	16,369	(16,369)	-	-
Mozambique	-	(34,290)	8,499	-	-	(25,791)
Namibia	-	-	19,986	(19,986)	-	-
Nauru	3,685	-	3,777	(3,777)	3,685	-
New Zealand	-	-	-	-	-	-
Nigeria	-	(1,595)	34,624	(33,029)	-	-
Pakistan	-	-	32,106	(32,106)	-	-
Papua New Guinea	-	(2,639)	14,007	-	11,368	-
Rwanda	10,441	-	10,702	(10,702)	10,441	-
Samoa	-	-	8,499	(8,499)	-	-
Seychelles	-	-	8,499	(8,499)	-	-
Sierra Leone	-	(14,007)	14,007	-	-	-
Singapore	-	-	53,350	(53,350)	-	-
Solomon Islands	14,146	-	8,499	-	22,645	-
South Africa	-	(15,181)	102,134	(102,134)	-	(15,181)
Sri Lanka	-	-	21,876	(21,876)	-	-
St Kitts & Nevis	-	-	8,499	-	8,499	-
St Lucia	-	(8,292)	8,499	(8,499)	-	-
St Vincent & The Grenadines	37,404	-	8,499	-	45,903	(8,292)
Swaziland	-	-	8,499	(8,499)	-	-
Tanzania	42,104	-	21,876	-	63,980	-
Tonga	-	(7,147)	8,499	-	1,352	-
Trinidad & Tobago	28,404	-	29,115	(28,404)	29,115	-
Tuvalu	3,685	-	3,777	(3,777)	3,685	-
Uganda	21,342	-	21,876	-	43,218	-
United Kingdom	-	-	1,030,760	(1,030,760)	-	-
Vanuatu	16,484	-	8,499	(16,484)	8,499	-
Zambia	21,034	-	21,560	-	42,594	-
Zimbabwe	76,339	-	-	-	76,339	-
Total	889,149	(83,151)	3,092,060	(2,825,811)	1,135,095	(62,848)

*The Gambia has withdrawn from the Commonwealth in 2013.

COMMONWEALTH YOUTH PROGRAMME FUND

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

7. (a) Deferred Income from Non-exchange Transactions 2015-16

Special Projects	Deferred Income 30 June 2015 £	Project Receipts £	Project Expenses £	Adjustment £	Deferred Income 30 June 2016 £
Commonwealth Youth Council	47,760	-	-	-	47,760
Sports as a Tool for Development & Peace	45,778	-	(40,030)	-	5,748
Sports Activities & Capacity Building	41,639	-	-	(41,639)	-
Youth Mainstreaming	1,989	-	(1,800)	-	189
Young Professionals Programme	30,000	-	(11,290)	-	18,710
Youth Development Index	178,042	-	(107,418)	-	70,624
Commonwealth Youth CAN	-	22,000	(15,521)	-	6,479
TOTAL	345,208	22,000	(176,059)	(41,639)	149,510

Adjustments represent funds that have been written off or paid back to donors.

7. (b) Deferred Income from Non-exchange Transactions 2014-15

Special Projects	Deferred Income 30 June 2014 £	Project Receipts £	Project Expenses £	Adjustment £	Deferred Income 30 June 2015 £
Commonwealth Youth Council	20,000	57,571	(29,811)	-	47,760
Sports as a Tool for Development & Peace	30,414	25,000	(9,636)	-	45,778
Sports Activities & Capacity Building	41,639	-	-	-	41,639
Youth Mainstreaming	2,589	-	(600)	-	1,989
Youth Gold Awards	2,664	-	-	(2,664)	-
Sport for Development	4,776	-	-	(4,776)	-
Solomon Islands Government Accommodation Funds	3,073	-	-	(3,073)	-
Young Professionals Programme	30,000	-	-	-	30,000
Youth Development Index	-	233,428	(55,386)	-	178,042
TOTAL	135,155	315,999	(95,433)	(10,513)	345,208

8. Interest Receivable from Exchange Transactions

	2015-16	2014-15
	£	£
Interest on Bank Deposits	7,202	3,794
Total Interest Receivable	7,202	3,794

Interest bearing accounts and investments yielded an average rate of 0.29% (2014-15: 0.24%) during the reporting period.

9. Staff Costs

	2015-16	2014-15
	£	£
Salaries & Allowances	86,230	79,450
Salaries & Allowances – Direct	784,081	524,229
Employers National Insurance Contributions	73,578	35,033
Contributions to Staff Gratuity Fund	109,887	55,276
Staff provisions	(40,570)	109,842
Total Staff Costs	1,013,206	803,830

COMMONWEALTH YOUTH PROGRAMME FUND

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

10. Remuneration of Key Management Personnel

The members of the Board of Governors do not receive any remuneration from the organisation for their roles. The full time equivalent remuneration paid or payable to key management personnel for CYP during the year was as follows:

	Number of persons		Aggregate Remuneration	
	2015-16	2014-15	2015-16	2014-15
			£	£
Management Committee	-	-	26,407	10,914
Directors and Heads of Units	1	1	139,623	134,061
TOTAL	1	1	166,030	144,975

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.

	Management Committee		Directors and Heads of Units	
	2015-16	2014-15	2015-16	2014-15
	£	£	£	£
Salary	15,662	6,632	98,624	94,304
Allowances	7,089	2,748	20,088	19,748
Gratuity	3,656	1,534	20,911	20,009
TOTAL	26,407	10,914	139,623	134,061

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

COMMONWEALTH YOUTH PROGRAMME FUND

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

11. Other Costs

	2015-16	2014-15
	£	£
Rent and Rates	181,641	56,045
Property Services and Maintenance Costs	682	635
Printing & Stationery	5,492	435
Professional Fees	307,669	119,381
Communications, Publicity & Information	86,724	42,015
Events and Venue Costs	140,571	106,962
Travel & Subsistence Costs	762,288	509,965
Restructure Costs	349	55,467
Insurance	8,783	4,637
Library & Subscriptions	6,137	-
Audit Fees	11,444	14,120
Bank & Financial Charges	4,705	2,146
Conference Facility Costs	134,444	46,634
Computer Maintenance	37,829	8,749
Non Staff Related Provision	(72,606)	131,256
Miscellaneous Expenses	19,650	70,255
Total Other Costs	1,635,802	1,168,702

12. Direct Project Expenses

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

	2015-16	2014-15
	£	£
Youth	2,107,625	1,417,576
Total	2,107,625	1,417,576

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

	2015-16	2014-15
	£	£
Salaries & Allowances	898,796	698,038
Conferences	1,208,829	719,538
Total	2,107,625	1,417,576

13. Special projects

For additional information, a breakdown of Special projects expenses are provided below. These are analysed below according to cost type:

	2015-16	2014-15
	£	£
Staff & Short Term Consultants Costs	60,091	-
Conferences	115,968	95,433
	176,059	95,433

COMMONWEALTH YOUTH PROGRAMME FUND

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

14. Related Party Disclosures

(a) Controlled Entities

The Commonwealth as an organisation operates and separately prepares audited financial statements 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 1.15(e), costs of common service divisions are incurred by COMSEC. These charges are then 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 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 Youth Programme Fund 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 CYP as disclosed in note 10.

15. Obligations under Operating Leases

All lease agreements are registered in COMSEC and the costs are shared among the three Funds. The total amount of operating leases recognised in CYP Statement of Financial Performance for the period is £99,049 (2014-15: £29,992).

16. Financial Instruments

Details of the significant accounting policies and methods adopted, including the criteria for recognition and de-recognition, 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 objective 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 its financial instruments in the normal course of its operations are currency, interest rate, credit and liquidity risks.

COMMONWEALTH YOUTH PROGRAMME FUND

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

16. Financial Instruments (Continued)

(a) Fair Values

The assets of CYP are categorised as follows:

	2016	2015
	£	£
Financial Assets	2,512,393	2,932,732
Non-financial assets	34,865	6,962
Total	2,547,258	2,939,694

The liabilities of CYP are categorised as follows:

	2016	2015
	£	£
Financial Liabilities	295,309	409,218
Non-financial Liabilities	271,651	533,798
Total	566,960	943,016

There is no significant difference between the carrying amounts and fair value of CYP's financial instruments.

Financial Assets:

	Carrying Amount
	£
2016:	
Cash and Cash Equivalents	1,983,813
Receivables - Current	460,696
Non-Current	67,884
Total	2,512,393
2015:	
Cash and Cash Equivalents	2,305,144
Receivables - Current	576,416
Non-Current	51,172
Total	2,932,732

Financial Liabilities:

	Carrying Amount
	£
2016:	
Payables	295,309
Total	295,309
2015:	
Payables	409,218
Total	409,218

COMMONWEALTH YOUTH PROGRAMME FUND

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

16. Financial Instruments (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

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

As at 30 June 2016, 98 per cent of cash and cash equivalents are denominated in GB Pound Sterling, and the remaining 2 per cent in other currencies (2015: 98 per cent of cash and cash equivalents are denominated in GB Pound and the remaining 2 per cent in other currencies).

(c) Credit Risk

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

The treasury and investment management policy manages credit risk on cash and cash equivalents by limiting the amount of credit exposure to any one counterparty and ensuring these financial assets are held with well-recognised financial institutions. As at 30 June 2016, 98 per cent of these financial assets were held at counterparty banks with a Moody's credit rating of A3 and higher.

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

(d) Liquidity Risk

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

CYP 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 CYP commitments as and when they fall due.

The following are contractual liabilities:

2016	<6 months
	£
Liabilities	
Payables	295,309
Total Liabilities	295,309

COMMONWEALTH YOUTH PROGRAMME FUND

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

16. Financial Instruments (Continued)

2015	<6 months
	£
Liabilities	
Payables	409,218
Total Liabilities	409,218

As at 30 June 2016 CYP had not issued any financial guarantees.

(e) Market Risk

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

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
Cash and Cash Equivalents		£
	+25%	1,800
	-25%	(1,800)

Foreign Currency Risk

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

2016	GBP	Other Currencies	Total
	£	£	£
Financial Assets	2,473,062	39,331	2,512,393
Percentage of Total	98%	2%	100%
Financial Liabilities	295,309	-	295,309
Percentage of Total	100%	0%	100%

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.

	Increase (+) / Decrease (-)	Effect on Balances
Financial Assets		£
	+25%	9,833
	-25%	(9,833)

17. 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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