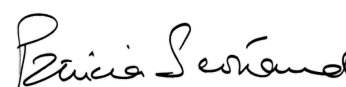


Financial Statements of the Commonwealth Fund for Technical Co-operation

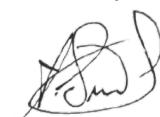
Year Ended 30 June 2020



The Commonwealth



**The RT Hon
Patricia Scotland QC**
Secretary-General
30 April 2021



Dr Arjoon Suddhoo
Deputy Secretary-General
30 April 2021

COMMONWEALTH FUND FOR TECHNICAL COOPERATION

PRINCIPAL ACTIVITIES AND OPERATING STRUCTURE

Principal Activities of the Commonwealth Secretariat

The Commonwealth Secretariat, herein after referred to as The Commonwealth, is a voluntary association of 54 independent countries and equal sovereign states. Its members are bound together by respect for all states and peoples; by shared values and principles; and by concern for the vulnerable.

Commonwealth members are supported by a network of more than 80 intergovernmental, civil, cultural and professional organisations.

The Commonwealth:

- Supports Commonwealth member states to achieve development, democracy and peace. It is a voice for small and vulnerable states and a champion for young people;
- Helps to strengthen governance, build inclusive institutions and promote justice and human rights. Its work helps to grow economies and boost trade, empower young people, and address threats such as climate change, debt and inequality; and
- Provides technical assistance and supports decision-makers to draw up legislation and deliver policies. The Commonwealth deploys experts and observers who offer impartial advice and solutions to national issues. The Commonwealth also provides systems, software and research for managing resources.

At Commonwealth summits, the Commonwealth brings together government leaders whose decisions will have an enduring impact on all its citizens.

Priority areas of work are agreed at Commonwealth Heads of Government Meetings (CHOGM), which occur every two years.

Further information regarding The Commonwealth's current four year Strategic Plan from 2017/18 - 2020/21, which was approved in June 2017, can be found on the website www.thecommonwealth.org

Commonwealth Fund for Technical Co-operation

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

- Commonwealth Secretariat Fund (COMSEC);
- Commonwealth Fund For Technical Cooperation (CFTC); and
- Commonwealth Youth Programme Fund (CYP).

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

Accordingly, these are the financial statements of the Commonwealth Fund for Technical Co-operation for the period ended 30 June 2020.

COMMONWEALTH FUND FOR TECHNICAL COOPERATION

PRINCIPAL ACTIVITIES AND OPERATING STRUCTURE

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 States.

The Secretary-General reports to the Heads of Government through individual meetings and also collectively at the biennial CHOGM. The Secretary-General is also held accountable through the Commonwealth's Board of Governors which meets regularly in London on behalf of all member governments at a senior diplomatic level. The Board of Governors also approves the Commonwealth Secretariat's strategic plan and supporting delivery plan and budget.

The Secretary-General is assisted by a senior management team in managing the activities of the organisation.

The Commonwealth Secretariat's structure is split into three directorates:

- Governance and Peace;
- Trade, Oceans and Natural Resources; and
- Economic, Youth and Sustainable Development.

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

COMMONWEALTH FUND FOR TECHNICAL COOPERATION

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF GOVERNORS

Independent auditor's report to the Board of Governors of Commonwealth Fund for Technical Co-operation

Report on the audit of the non-statutory financial statements

Opinion

In our opinion the non-statutory financial statements of Commonwealth Fund for Technical Co-operation (the 'Fund'):

- give a true and fair view of the state of the affairs of the Fund as at 30 June 2020 and of its financial performance for the year then ended; and
- have been properly prepared in accordance with International Public Sector Accounting Standards and the Financial Regulations as authorised by the Commonwealth Heads of Government.

We have audited the non-statutory financial statements 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 22.

The financial reporting framework that has been applied in their preparation is International Public Sector Accounting Standards and the Financial Regulations as authorised by the Commonwealth Heads of Government.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the non-statutory financial statements section of our report.

We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the Secretary General's use of the going concern basis of accounting in preparation of the non-statutory financial statements is not appropriate; or
- the Secretary General has not disclosed in the non-statutory financial statements any identified material uncertainties that may cast significant doubt about the Fund's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the non-statutory financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information

The Secretary General is responsible for the other information. The other information comprises the information included in the Principal Activities and Operating Structure, other than the non-statutory financial statements and our auditor's report thereon. Our opinion on the non-statutory financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

COMMONWEALTH FUND FOR TECHNICAL COOPERATION

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF GOVERNORS

Independent auditor's report to the Board of Governors of Commonwealth Fund for Technical Co-operation

In connection with our audit of the non-statutory financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the non-statutory financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the non-statutory financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Responsibilities of the Secretary General

The Secretary-General is responsible for the preparation of the non-statutory financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Secretary-General determines is necessary to enable the preparation of non-statutory financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the non-statutory financial statements, the Secretary-General is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Secretary-General either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the non-statutory financial statements

Our objectives are to obtain reasonable assurance about whether the non-statutory financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these non-statutory financial statements.

A further description of our responsibilities for the audit of the non-statutory financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely for the exclusive use of the Board of Governors in accordance with the engagement letter dated 2 September 2020 and the Financial Regulations of the funds. Our report is not to be used for any other purpose, recited or referred to in any document, copied or made available (in whole or in part) to any other person without prior written express consent. We accept no duty, responsibility or liability to any other party in connection with the report or this engagement.

A handwritten signature in grey ink that reads "Deloitte LLP".

Deloitte LLP
St Albans, United Kingdom
30 April 2021

COMMONWEALTH FUND FOR TECHNICAL COOPERATION

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

		30 June 2020	30 June 2019
ASSETS	Notes	£	£
Current Assets			
Cash and Cash Equivalents	2	13,603,913	14,154,867
Investments	3	5,600,000	4,076,000
Prepayments		112,310	295,803
Members' Contributions Receivable from Non-exchange Transactions	9(a)	461,582	1,689,349
Other Receivables from Exchange Transactions	4	1,083,497	1,032,647
TOTAL ASSETS		<u>20,861,302</u>	<u>21,248,666</u>
LIABILITIES			
Current Liabilities			
Provisions	8	549,568	385,631
Deferred Income from Non-exchange Transactions	7	2,615,810	2,333,304
Members' Contributions Prepaid from Non-exchange Transactions	9(b)(i),9(b)(ii)	57,845	124,242
Payables and Other Current Liabilities from Exchange Transactions	6	974,530	1,778,101
Total Current Liabilities		<u>4,197,753</u>	<u>4,621,278</u>
Non-Current Liabilities			
Provisions	8	445,639	532,302
Total Non-Current Liabilities		<u>445,639</u>	<u>532,302</u>
TOTAL LIABILITIES		<u>4,643,392</u>	<u>5,153,580</u>
NET ASSETS		<u>16,217,910</u>	<u>16,095,086</u>
FUND BALANCES AND RESERVES			
General Reserve		8,091,660	6,746,277
Working Capital Reserve		4,774,420	4,774,420
Designated Reserve		3,351,830	4,574,389
TOTAL FUND BALANCES AND RESERVES		<u>16,217,910</u>	<u>16,095,086</u>

COMMONWEALTH FUND FOR TECHNICAL COOPERATION

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2020

		2019-20	2018-19
	Notes	£	£
REVENUE FROM NON-EXCHANGE TRANSACTIONS			
Pledges to CFTC	9(a)	11,512,098	13,683,124
Special Projects	10(a)(i),10(a)(ii)	2,713,546	3,512,047
SUB-TOTAL REVENUE FROM NON-EXCHANGE TRANSACTIONS		<u>14,225,644</u>	<u>17,195,171</u>
REVENUE FROM EXCHANGE TRANSACTIONS			
Interest Revenue	11	86,779	113,496
Other Income	12	362,025	542,433
SUB-TOTAL REVENUE FROM EXCHANGE TRANSACTIONS		<u>448,804</u>	<u>655,929</u>
TOTAL REVENUE		<u>14,674,448</u>	<u>17,851,100</u>
EXPENSES			
Staff Costs	13	5,679,943	6,050,826
Other Costs	15	6,211,027	8,770,480
Office Consolidation Charge	1.16(f)	585,729	286,229
Common Service Charge		2,074,925	1,945,338
TOTAL EXPENSES		<u>14,551,624</u>	<u>17,052,873</u>
SURPLUS FOR THE YEAR		<u>122,824</u>	<u>798,227</u>

COMMONWEALTH FUND FOR TECHNICAL COOPERATION

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2020

	Notes	General Reserve £	Working Capital Reserve £	Designated Reserve £	Total £
Balance as at 1 July 2018		6,844,118	4,774,420	3,678,321	15,296,859
Surplus		798,227	-	-	798,227
Transfer from General Reserve to Designated Reserve	1.14	(1,182,297)	-	1,182,297	-
Transfer from Designated Reserve to General Reserve	1.14	286,229	-	(286,229)	-
Balance as at 30 June 2019		6,746,277	4,774,420	4,574,389	16,095,086
Surplus		122,824	-	-	122,824
Transfer from General Reserve to Designated Reserve	1.14	(558,000)	-	558,000	-
Transfer from Designated Reserve to General Reserve	1.14	1,780,559	-	(1,780,559)	-
Balance as at 30 June 2020		8,091,660	4,774,420	3,351,830	16,217,910

COMMONWEALTH FUND FOR TECHNICAL COOPERATION
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2020

	2019-20	2018-19
Notes	£	£
Cash Flow from Operating Activities		
Surplus for the year	122,824	798,227
Adjustments for:		
Decrease/(Increase) in Prepayments	183,493	(21,025)
Decrease/(Increase) in Contributions - Pledges Receivable	1,227,767	(1,002,645)
(Increase)/Decrease in Other Receivables	(50,850)	116,319
Increase in Provisions	77,274	134,435
Increase in Deferred Income	282,506	648,867
Decrease in Contributions Prepaid	(66,397)	(237,433)
(Decrease)/Increase in Payables and Other Current Liabilities	(803,571)	911,155
Net Cash Flow from Operating Activities	<u>973,046</u>	<u>1,347,900</u>
Cash Flow from Investing Activities		
Investments in Fixed Term Deposits	(5,600,000)	(4,076,000)
Cash from Fixed Term Deposit Maturities	4,076,000	-
Net Cash Flow used in Investing Activities	<u>(1,524,000)</u>	<u>(4,076,000)</u>
Net decrease in Cash and Cash Equivalents	(550,954)	(2,728,100)
Cash and Cash Equivalents at the Beginning of the Period	14,154,867	16,882,967
Cash and Cash Equivalents at the End of the Period	2 <u>13,603,913</u>	<u>14,154,867</u>

COMMONWEALTH FUND FOR TECHNICAL COOPERATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

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.

The financial statements include segmental information relating to the General Fund and Special Projects. Information is analysed into the statement of financial position and statement of financial performance for each segment. The segmental information does not include income, expenses, advances or loans to or between segments.

1.1.1 Standards issued not yet effective:

IPSAS 41 – Financial Instruments

IPSAS 41, which replaces IPSAS 29, addresses the principles for recognition, measurement, classification and de-recognition of financial assets, financial liabilities and some contracts to buy or sell non-financial items. The main changes from IPSAS 29 to IPSAS 41 are the introduction of simplified classification and measurement requirements for financial assets, a forward looking impairment model, and a flexible hedge accounting model. IPSAS41 will be effective from 1 January 2023. The Commonwealth has not yet implemented this standard whose expected impact on The Commonwealth's financial statements is minimal primarily because the entity already recognises impairment losses on its financial assets at the earliest opportunity.

IPSAS 42 – Social Benefits

IPSAS 42, also effective from 1 January 2023 applies to a transaction that meets the definition of a social benefit. This standard has not been implemented by The Commonwealth as the nature of the entity's work does not include transactions that would be classified as social benefits.

1.2 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.

1.3 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); and
- 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 35 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.

COMMONWEALTH FUND FOR TECHNICAL COOPERATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

1.5 Going Concern Assumption

The financial statements have been prepared on the going concern basis. The Secretariat has considered the potential uncertainties of the impact of the Covid-19 pandemic on the organisation and has modelled different scenarios to quantify the potential impact of a reduction in income collection from member countries along with a possible reduction in CFTC pledges. After due consideration, management has a reasonable expectation that The Commonwealth will continue in operational existence for the foreseeable future and at least for a period of 12 months subsequent to the date of these financial statements. The Board of Governors has approved the 2020-21 Budget and Delivery Plan along with the associated funding by member states.

1.6 Functional and Presentational Currency

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

1.7 Financial Instruments

Financial instruments are recognised when CFTC becomes a party to the contractual provisions of the instrument until such a 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 initially 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.

Financial assets with fixed or determinable payments that are not quoted in active markets comprise contributions receivable in cash, other receivables and cash and cash equivalents are initially measured at fair value and subsequently stated at amortised cost.

Financial assets with fixed or determinable payments and fixed maturity dates that CFTC has both the intention and the ability to hold to maturity are initially measured at fair value and subsequently measured at amortised cost. As at 30 June 2020, no such 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 twelve months and, as such, are all classified as cash and cash equivalents under current assets.

Cash and cash equivalents held for specific purposes or considered not readily accessible are considered as restricted.

1.9 Inventories

Inventories held for sale are measured at the lower of cost and net realisable value. Inventories held for distribution at no or nominal charge are valued at the lower of cost and current replacement cost. Write downs from cost to current replacement cost or net realisable value are recognised in the Statement of Financial Performance.

COMMONWEALTH FUND FOR TECHNICAL COOPERATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

1.10 Impairment

Each year, a review of all assets is carried out for indications of impairment. If such indications exist, management will estimate the recoverable service amount and any loss is charged against the Statement of Financial Performance.

1.11 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.

1.12 Deferred Income

CFTC receives additional contributions and grants from member states, non-Commonwealth countries and other organisations. These are awarded subject to specific performance conditions. The revenue for these contributions and grants is recognised when the conditions are met and is reported in the Statement of Financial Performance as Special Project Income under revenue from non-exchange transactions. The unutilised balance is reported as Deferred Income from non-exchange transactions in the Statement of Financial Position.

1.13 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.

1.14 Reserves

CFTC's reserves consist of the following balances:

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

Transfers to and from the General Reserve are analysed in the Statement of Changes in Net Assets on Page 7.

1.15 Revenue

(a) Revenue from Non-Exchange Transactions

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

(i) Contributions - Pledges

CFTC is funded by voluntary contributions from member states 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.

Members' contributions receivable in the Statement of Financial Position is stated at the agreed amount and reduced by a provision for doubtful balances.

COMMONWEALTH FUND FOR TECHNICAL COOPERATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

1.15 Revenue (a) Revenue from Non-Exchange Transactions (Continued)

(ii) Special Projects

CFTC receives additional contributions and grants from member states, non-Commonwealth countries and other organisations for special projects (see note 10 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 recognised when these conditions are met.

(b) Revenue from Exchange Transactions

Exchange transactions are transactions in which CFTC provides a service and receives fair value 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

Interest received from interest-bearing accounts and investments. Such income is recognised in the period in which the transaction occurred not when the income is received.

(iii) Other Income

Other income consists of:

- Miscellaneous contributions from countries towards the integrated programme of assistance on debt management offered under the Economic Development Outcome;
- Sundry receipts, insurance payments and refunds; and
- Special Projects Administration Fees.

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

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

(ii) 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.

(iii) Home Leave

The Commonwealth pays for home leave passages for overseas recruited staff after serving a minimum of 18 months of their contracts. A provision for future home leave passages is included within staff costs in the financial statements.

(iv) Pensions

The Commonwealth operates a defined contribution pension scheme, two defined benefit pension schemes, and a supplementary arrangement as described below.

COMMONWEALTH FUND FOR TECHNICAL COOPERATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

1.16 Expenses (a) Staff Costs (iv) Pensions (Continued)

Work Place Pension

The Commonwealth Secretariat Workplace Pension Scheme is a defined contribution pension scheme administered by Scottish Widows. Staff can elect to have either The Commonwealth's contribution of 15% of their gross salary transferred to the Workplace Pension Scheme or The Commonwealth's contribution of 10% of their gross salary transferred to the Workplace Pension Scheme with the remaining 5% invested in the Staff Gratuity Fund. The Commonwealth's contributions to the workplace pension scheme are recognised as staff costs in the statement of financial performance.

Former Secretaries-General Pension Scheme

An unfunded, defined benefit pension scheme is in operation for three former Secretaries-General. 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 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.

The Scheme is subject to UK pension regulations. It undertakes valuations every three years and prepares financial statements to 30 June. 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 27 to 37 of the 2019-20 financial statements of the Commonwealth Secretariat Fund.

COMMONWEALTH FUND FOR TECHNICAL COOPERATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

1.16 Expenses (a) Staff Costs (iv) Pensions (Continued)

Supplementary Pension

The Secretariat operates an unfunded defined benefit pension plan, Supplementary Pension. This arrangement is not a registered pension scheme in the UK and there are no directly attributable assets held by The Commonwealth to support the liability of the arrangement.

Under the plan, the members are entitled to post-retirement monthly instalments that provides discretionary pension increases in payment over and above the minimum pension increases set out in the Trust Deed and Rules of the Commonwealth Secretariat Pension & Life Assurance Scheme (1979) ("the Main Scheme").

Members are guaranteed a 2.5% increase on pension payments each year. Additional increases may be awarded on a discretionary basis based on an annual review by The Commonwealth.

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.

(v) Gratuity

For staff who opt out of or select the reduced contribution to the Commonwealth Secretariat Workplace Pension Scheme, The Commonwealth contributes up to 15% of gross salary into the Staff Gratuity Fund. The Commonwealth's contributions to the staff gratuity 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 a COMSEC 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 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.

(b) Office Rental Costs

The headquarters of The Commonwealth is located in Marlborough House in London. 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 Commonwealth House in proportion to the office area in Marlborough House.

The Commonwealth also had operations sited in a separate office building, Commonwealth House. During the period The Commonwealth vacated the building as part of the office consolidation project. Accommodation costs in CFTC are an apportionment of costs incurred by COMSEC in respect of rental of Commonwealth House, maintenance and utility bills relating to the two official buildings.

COMMONWEALTH FUND FOR TECHNICAL COOPERATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

1.16 Expenses (Continued)

(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 internal corporate business support functions which includes Finance, Human Resources and Facility Management, Information Technology, Strategy, Portfolio and Partnerships and Digital and to a lesser extent, Communications.

The present method of apportioning these costs is based on the proportion of staff members' time devoted to supporting activities in a particular area of work. The costs apportioned include staff costs, office accommodation and other administrative costs related to the corporate business support functions.

(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.

(f) Office Consolidation Charge

The Commonwealth has completed the project to consolidate its London operations into one office building, Marlborough House, in order to generate savings and improved ways of working. To facilitate this consolidation, in December 2018 The Commonwealth exercised the lease break option in its lease for Commonwealth House without incurring a penalty.

COMSEC has levied an office consolidation charge on the CFTC to recover some of the costs incurred by COMSEC in delivering the consolidation project. The method of apportioning these costs is based on the projected total revenue used to fund expenditure in each of COMSEC, CFTC and CYP.

The consolidation project costs cover activities associated with the vacating and yielding up of Commonwealth House to the landlord, accelerated depreciation on Commonwealth House building improvements, enabling and upgrade works required in Marlborough House, and the physical move of staff and operations from Commonwealth House into Marlborough House.

1.17 Tax

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

1.18 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. Revisions to estimates are recognised in the year in which they are revised and in any future period affected. There were no critical judgements made in the year during the process of applying the accounting policies.

COMMONWEALTH FUND FOR TECHNICAL COOPERATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

2. Cash and Cash Equivalents

Restricted Cash and Cash Equivalent balances are those funds which meet the definition of Cash and Cash Equivalents but are not available for general use by the CFTC.

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

	Unrestricted		Restricted		Total	
	30 June		30 June		30 June	
	2020	2019	2020	2019	2020	2019
	£	£	£	£	£	£
UK Bank Accounts	9,422,345	10,240,232	2,723,037	2,483,577	12,145,382	12,723,809
Foreign Bank Accounts	152,817	127,438	1,305,714	1,303,620	1,458,531	1,431,058
Total Cash and Cash Equivalents	9,575,162	10,367,670	4,028,751	3,787,197	13,603,913	14,154,867

The foreign bank account restricted balance of £1,305,714 (2019: £1,303,620) is classified as such due to the challenges experienced in repatriating the funds from Pakistan to the United Kingdom.

3. Investments

	30 June 2020	30 June 2019
	£	£
Fixed term deposits - current	5,600,000	4,076,000
Total Investments	5,600,000	4,076,000

Fixed term deposits held for a period of more than three months have been classified as investments.

4. Other Receivables from Exchange Transactions

	Note	30 June 2020	30 June 2019
		£	£
Debt Management Recovery Debtors		40,000	-
Cost Share Debtors	5 (a)(i), 5 (a) (ii)	36,557	36,557
Sundry Debtors		179,521	496,309
Special Project Debtors		29,665	25,195
Commonwealth Secretariat		399,001	126,701
Small States Office – Geneva		475,310	384,442
Provision for Doubtful Debts-Cost Share Debtors	4 (a)	(36,557)	(36,557)
Provision for Doubtful Debts-Debt Management Recovery Debtors	5 (b)	(40,000)	-
Total Receivables		1,083,497	1,032,647

Ageing of receivables from exchange transactions:

	30 June 2020	30 June 2019
	£	£
Current	699,055	618,496
> 12 months	384,442	414,151
Total Receivables	1,083,497	1,032,647

COMMONWEALTH FUND FOR TECHNICAL COOPERATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

4. Other Receivables from Exchange Transactions (Continued)

(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.

	Provision at 1 July 2019	Increase in provision	(Decrease) in provision	Provision at 30 June 2020
	£	£	£	£
Provision for doubtful debt	36,557	-	-	36,557

The provision for doubtful debts relates to cost share contributions from prior periods which are proving difficult to collect.

5. Cost Share Debtors**5. (a) (i) Cost Share Debtors 2019-20**

Country / Organisation	Balance Receivable as at 1 July 2019	Contributions Invoiced in 2019-20	Receipts in 2019-20	Balance Receivable as at 30 June 2020
	£	£	£	£
Grenada	36,557	-	-	36,557
Provision for doubtful debt	36,557	-	-	36,557

5. (a) (ii) Cost Share Debtors 2018-19

Country / Organisation	Balance Receivable as at 1 July 2018	Contributions Invoiced in 2018-19	Receipts in 2018-19	Balance Receivable as at 30 June 2019
	£	£	£	£
Grenada	36,557	-	-	36,557
Provision for doubtful debt	36,557	-	-	36,557

5. (b) Debt Management Recovery Debtors 2019-20

	Provision at 1 July 2019	Increase in provision	(Decrease) in provision	Provision at 30 June 2020
	£	£	£	£
Provision for doubtful debt	-	40,000	-	40,000
Total	-	40,000	-	40,000

6. Payables and Other Liabilities from Exchange Transactions**Amounts falling due within one year**

	30 June 2020	30 June 2019
	£	£
Trade Payables and Accruals	961,357	1,747,717
Staff Expenses	13,173	17,710
Commonwealth Youth Programme	-	12,674
Total Payables and Current Liabilities	974,530	1,778,101

COMMONWEALTH FUND FOR TECHNICAL COOPERATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

7. Deferred Income from Non-Exchange Transactions

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

	Notes	30 June 2020	30 June 2019
		£	£
Special Projects	1.15(a)(ii)	2,615,810	2,333,304
Total Deferred Income	10a (i), 10 a (ii)	2,615,810	2,333,304

8. Provisions

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

	At 30 June 2020		At 30 June 2019	
	Due within one year	Due after one year	Due within one year	Due after one year
	£	£	£	£
Relocation Expenses	345,527	445,639	185,065	507,861
Home Leave Expenses	36,825	-	33,350	24,441
Grant Agreement Expense Claim	167,216	-	167,216	-
Total Provisions	549,568	445,639	385,631	532,302

Movements in all provisions during the year are as follows:

Provision for Liabilities and Charges	Notes	As at 1 July 2019	Increase/ (Decrease) in Provision	Amount Used in the year	As at 30 June 2020
		£	£	£	£
Relocation Expenses	(a)	692,926	91,054	7,186	791,166
Home Leave Expenses	(b)	57,791	(11,508)	(9,458)	36,825
Grant Agreement Expense Claim	(c)	167,216	-	-	167,216
Total Provisions for Liabilities and Charges		917,933	79,546	(2,272)	995,207

(a) 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.

(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 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.

(c) The provision relates to a potential repayment claim for disallowed costs on a grant agreement.

COMMONWEALTH FUND FOR TECHNICAL COOPERATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

9. Members' Contributions - Pledges from Non-Exchange Transactions

9. (a) Members' Contributions - Pledges from Non-Exchange Transactions 2019-20

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

	2019-20	2018-19
	£	£
Amounts Pledged for Current Year	11,502,098	13,208,455
Retroactive Pledges	10,000	474,669
Total Members' Pledges	11,512,098	13,683,124

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

	30 June 2020	30 June 2019
	£	£
Current	651,018	1,797,578
Provisions for Doubtful Accounts	(189,436)	(108,229)
Total Net Current Pledges Receivable	461,582	1,689,349
Non-Current	17,106	20,699
Provisions for Doubtful Accounts	(17,106)	(20,699)
Total Net Non-Current Pledges Receivable	-	-

In order to manage and reduce long outstanding arrears, affected member countries are invited to discuss and agree suitable payment plans. Two member countries had agreed a payment plan for arrears amounting to £24,602 (2018-19: £22,288).

Ageing of member contribution pledges receivables from non-exchange transactions:

	30 June 2020	30 June 2019
	£	£
Less than one year	271,891	1,506,004
Between one and two years	182,000	180,284
More than two years	7,691	3,061
Total	461,582	1,689,349

	Provision as at 1 July 2019	Increase in provision	(Decrease) in provision	Provision as at 30 June 2020
	£	£	£	£
Provision for Doubtful Debt	128,928	85,305	(7,691)	206,542

The increase in provision of £85,305 (2019: £33,564) is for additional outstanding balances from member states assessed as doubtful pledges as at 30 June 2020 due to delays in settlement of arrears.

The decrease in the provision of £7,691 (2019: £258,313) is due to receipts received during the year in respect of outstanding contribution balances previously provided for as doubtful.

COMMONWEALTH FUND FOR TECHNICAL COOPERATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

9 (b) Members' Contributions from Non-Exchange Transactions

9. (b) (i). Members' Contributions from Non-Exchange Transactions 2019-20

Country	Balance as at 1 July 2019		Retroactive Pledges 2019-20	Pledges 2019-20	Receipts 2019-20	Balance as at 30 June 2020	
	Receivable	Prepaid				Receivable	Prepaid
	£	£	£	£	£	£	£
Anguilla	3,000	-	-	-	-	3,000	-
Antigua & Barbuda	-	-	-	2,044	2,044	-	-
Australia	-	-	-	254,622	254,622	-	-
Bahamas	-	-	-	130,405	130,405	-	-
Bangladesh	-	-	-	148,704	148,704	-	-
Barbados	13,647	-	-	20,000	33,647	-	-
Belize	-	-	-	32,000	32,000	-	-
Botswana	-	-	-	338,713	338,713	-	-
Brunei Darussalam	-	-	-	200,000	200,000	-	-
Cameroon	182,000	-	-	-	-	182,000	-
Cyprus	71,087	-	-	71,087	71,087	71,087	-
Cook Island	-	-	-	5,000	5,000	-	-
Dominica	10,044	-	-	1,944	-	11,988	-
Fiji	-	-	-	20,000	20,000	-	-
Ghana	407,156	-	-	118,023	525,179	-	-
Gibraltar	-	-	-	15,000	15,000	-	-
Grenada	-	-	-	18,198	18,198	-	-
Guyana	-	(65,961)	-	65,961	-	-	-
India	-	-	-	2,000,000	2,000,000	-	-
Jamaica	-	-	-	165,126	165,126	-	-
Kenya	-	-	-	-	-	-	-
Kiribati	-	-	-	5,056	5,056	-	-
Lesotho	-	-	-	116,328	116,328	-	-
Malawi	-	-	-	5,000	-	5,000	-
Malaysia	-	-	-	250,000	250,000	-	-
Maldives*	66,090	-	-	-	-	66,090	-
Malta	-	-	-	57,539	115,078	-	(57,539)
Mauritius	-	-	-	194,363	194,363	-	-
Namibia	15,000	-	-	15,000	30,000	-	-
Nauru	3,654	-	-	-	-	3,654	-
New Zealand	-	-	-	1,546,200	1,546,200	-	-
Nigeria	-	-	-	-	-	-	-
Niue	331	-	-	-	-	331	-
Pakistan	100,000	-	-	250,000	250,000	100,000	-
Papua New Guinea	-	(57,975)	-	57,975	-	-	-
Rwanda	-	-	-	-	-	-	-
Samoa	-	-	-	10,048	10,048	-	-
Seychelles	-	-	-	16,058	16,058	-	-
Sierra Leone	-	-	-	-	-	-	-
Singapore	-	-	-	20,000	20,000	-	-
South Africa	-	-	-	302,749	302,749	-	-
Sri Lanka	-	-	-	53,226	53,226	-	-
St Kitts & Nevis	-	-	-	19,455	19,455	-	-
St Lucia	-	(306)	-	-	-	-	(306)
St Vincent & The Grenadines	12,244	-	-	5,000	4,630	12,614	-
Eswatini	-	-	-	80,000	80,000	-	-
Tanzania	-	-	-	64,176	64,176	-	-
The Gambia	33,565	-	-	-	-	33,565	-
Tonga	-	-	10,000	10,000	20,000	-	-
Trinidad & Tobago	95,434	-	-	95,434	95,434	95,434	-
Uganda	-	-	-	-	-	-	-
United Kingdom	721,664	-	-	4,721,664	5,443,328	-	-
Vanuatu	-	-	-	-	-	-	-
Zambia	83,361	-	-	-	-	83,361	-
Total	1,818,277	(124,242)	10,000	11,502,098	12,595,854	668,124	(57,845)

* Maldives re-joined The Commonwealth in 2020.

COMMONWEALTH FUND FOR TECHNICAL COOPERATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

9 (b) Members' Contributions from Non-Exchange Transactions

9. (b) (ii). Members' Contributions from Non-Exchange Transactions 2018-19

Country	Balance as at 1 July 2018		Retroactive Pledges 2018 19	Pledges 2018 19	Receipts 2018-19	Balance as at 30 June 2019	
	Receivable	Prepaid				Receivable	Prepaid
	£	£	£	£	£	£	£
Anguilla	3,000	-	-	-	-	3,000	-
Antigua & Barbuda	-	-	-	2,044	2,044	-	-
Australia	-	-	-	753,254	753,254	-	-
Bahamas	-	-	-	130,405	130,405	-	-
Bangladesh	260,233	-	-	148,704	408,937	-	-
Barbados	13,647	-	-	20,000	20,000	13,647	-
Belize	-	(16,000)	-	16,000	-	-	-
Botswana	-	-	-	338,713	338,713	-	-
Brunei Darussalam	-	-	-	200,000	200,000	-	-
Cameroon	172,716	-	-	182,000	172,716	182,000	-
Cyprus	71,087	-	-	71,087	71,087	71,087	-
Cook Island	-	-	-	5,000	5,000	-	-
Dominica	10,044	-	-	1,944	1,944	10,044	-
Fiji	-	-	-	20,000	20,000	-	-
Ghana	-	(138,092)	272,625	272,623	-	407,156	-
Gibraltar	-	-	-	15,000	15,000	-	-
Grenada	-	-	18,198	18,198	36,396	-	-
Guyana	-	(62,726)	-	62,726	65,961	-	(65,961)
India	-	-	-	2,000,000	2,000,000	-	-
Jamaica	-	-	-	165,126	165,126	-	-
Kenya	-	-	-	328,699	328,699	-	-
Kiribati	-	(5,812)	-	5,812	-	-	-
Lesotho	-	-	116,328	116,328	232,656	-	-
Malawi	-	(5,000)	-	5,000	-	-	-
Malaysia	-	-	-	250,000	250,000	-	-
Maldives*	66,090	-	-	-	-	66,090	-
Malta	-	-	-	57,539	57,539	-	-
Mauritius	-	-	-	194,363	194,363	-	-
Namibia	-	-	-	15,000	-	15,000	-
Nauru	3,654	-	-	-	-	3,654	-
New Zealand	-	-	-	1,543,500	1,543,500	-	-
Nigeria	-	-	-	350,682	350,682	-	-
Niue	331	-	-	-	-	331	-
Pakistan	-	-	-	222,041	122,041	100,000	-
Papua New Guinea	-	-	57,975	57,975	173,925	-	(57,975)
Rwanda	-	-	-	-	-	-	-
Samoa	-	-	-	10,030	10,030	-	-
Seychelles	-	-	-	15,500	15,500	-	-
Sierra Leone	41,455	-	-	41,455	82,910	-	-
Singapore	-	-	-	20,000	20,000	-	-
South Africa	-	-	-	324,720	324,720	-	-
Sri Lanka	-	-	-	53,226	53,226	-	-
St Kitts & Nevis	-	-	-	19,455	19,455	-	-
St Lucia	-	(306)	-	18,652	18,652	-	(306)
St Vincent & The Grenadines	15,305	-	-	5,000	8,061	12,244	-
Eswatini	100,000	-	-	80,000	180,000	-	-
Tanzania	64,384	-	-	-	64,384	-	-
The Gambia	-	-	9,543	24,022	-	33,565	-
Tonga	-	-	-	-	-	-	-
Trinidad & Tobago	190,868	-	-	95,434	190,868	95,434	-
Uganda	-	(133,739)	-	133,739	-	-	-
United Kingdom	-	-	-	4,721,664	4,000,000	721,664	-
Vanuatu	-	-	-	20,000	20,000	-	-
Zambia	27,566	-	-	55,795	-	83,361	-
Total	1,040,380	(361,675)	474,669	13,208,455	12,667,794	1,818,277	(124,242)

* Maldives withdrew from The Commonwealth in 2016.

COMMONWEALTH FUND FOR TECHNICAL COOPERATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

10. (a) (i). Deferred Income for Non-Exchange Transactions 2019-20

Special Projects	Deferred Income Balance 1 July 2019	Project Cash Receipts	Project Expenses	Adjustment	Deferred Income Balance 30 June 2020
	£	£	£	£	£
Global Financial and Economic Policy and the G20	127,126	-	(56,474)	-	70,652.00
Commonwealth Cybercrime Initiative (CCI)	8,110	-	(8,110)	-	-
Commonwealth Cybercrime Initiative (CCI)	8,601	-	(8,601)	-	-
Trade Policy Formulation (Hubs & Spokes II)	19,804	-	(49,470)	29,666	-
The Commonwealth Climate Finance Access Hub	368,477	249,536	(183,302)	-	434,711
Countering Violent Extremism	1,040,568	1,249,536	(798,960)	-	1,491,144
Trade Competitiveness	6,388	-	-	-	6,388
Complete the development of the 'Law and Climate Change Toolkit'	-	22,678	(21,406)	-	1,272
Strengthening Co-operation among Commonwealth Member States to tackle the illicit proliferation of conventional weapons	136,988	-	(114,700)	-	22,288
A Resilient Blue Commonwealth: Mobilising Climate Finance to Strengthen Resilience	126,079	200,000	(298,981)	-	27,098
A Resilient Blue Commonwealth: Building Sustainable Ocean Governance	201,932	200,000	(183,442)	-	218,490
Assessment of the Effects of LDC Graduation on the Agricultural and Social Sectors in Solomon Islands	66,286	-	(34,200)	-	32,086
Cyber Resilience Review and Cybercrime Legislative Reforms in Africa	74,343	19,094	(46,383)	(47,054)	-
Cybercrime and Electronic Evidence Training in the Caribbean	106,519	80,218	(137,051)	(49,686)	-
Disaster Risk Management Laws Workshop-Caribbean	9,650	-	-	-	9,650
Geneva Trade Adviser	-	321,629	(291,495)	(20,493)	9,641
Improved and Constructive Engagement with the UN UPR	-	274,205	(233,140)	(32,757)	8,308
Short Term Trade Capacity Development Support for Pacific ACP Countries	-	91,974	(71,108)	(16,373)	4,493
Strengthening Election Cyber-security in the Commonwealth	29,022	158,209	(231,473)	44,242	-
Strengthening of International Co-operation in Cybercrime Investigation	-	142,897	(142,644)	(253)	-
To Foster Engagement, Attendance and Participation of Commonwealth States at ISA Meetings	3,411	28,946	(10,456)	-	21,901
Common Sensing Project	-	276,267	(1,689)	(16,890)	257,688
Total	2,333,304	3,315,189	(2,923,085)	(109,598)	2,615,810

Adjustments represent funds recovered from donors and project balances returned to donors on completion of the project or balances transferred to debtors to be recovered from donors.

COMMONWEALTH FUND FOR TECHNICAL COOPERATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

10. (a) (ii). Deferred Income for Non-Exchange Transactions 2018-19

Special Projects	Deferred Income Balance 1 July 2018	Project Cash Receipts	Project Expenses	Adjustment	Deferred Income Balance 30 June 2019
	£	£	£	£	£
Global Financial and Economic Policy and the G20	132,564	-	(5,438)	-	127,126
Promoting Human Resources Standards - Universal Periodic Review	7,666	-	(7,666)	-	-
Commonwealth Cybercrime Initiative (CCI)	26,572	-	(9,861)	-	16,711
Trade Policy Formulation (Hubs & Spokes II)	-	1,326,047	(1,016,329)	(289,914)	19,804
The Commonwealth Climate Finance Access Hub	14,680	553,128	(184,651)	(14,680)	368,477
Countering Violent Extremism	972,270	1,272,115	(1,203,817)	-	1,040,568
Trade Competitiveness	13,442	-	(7,054)	-	6,388
Complete the development of the 'Law and Climate Change Toolkit'	7,416	5,283	(12,699)	-	-
Strengthening Co-operation among Commonwealth Member States to tackle the illicit proliferation of conventional weapons	350,063	-	(213,075)	-	136,988
A Resilient Blue Commonwealth: Mobilising Climate Finance to Strengthen Resilience	80,778	200,000	(154,699)	-	126,079
A Resilient Blue Commonwealth: Building Sustainable Ocean Governance	78,986	200,000	(77,054)	-	201,932
Assessment of the Effects of LDC Graduation on the Agricultural and Social Sectors in Solomon Islands	-	66,286	-	-	66,286
Cyber Resilience Review and Cybercrime Legislative Reforms in Africa	-	105,910	(31,567)	-	74,343
Cybercrime and Electronic Evidence Training in the Caribbean	-	222,667	(116,148)	-	106,519
Disaster Risk Management Laws Workshop-Caribbean	-	9,650	-	-	9,650
Geneva Trade Adviser	-	179,114	(199,607)	20,493	-
Improved and Constructive Engagement with the UN UPR	-	141,140	(173,897)	32,757	-
Short Term Trade Capacity Development Support for Pacific ACP Countries	-	-	(16,373)	16,373	-
Strengthening Election Cyber-security in the Commonwealth	-	100,225	(71,203)	-	29,022
Strengthening of International Co-operation in Cybercrime Investigation	-	138,129	(190,880)	52,751	-
To Foster Engagement, Attendance and Participation of Commonwealth States at ISA Meetings	-	18,729	(15,318)	-	3,411
Total	1,684,437	4,538,423	(3,707,336)	(182,220)	2,333,304

Adjustments represent funds recovered from donors and project balances returned to donors on completion of the project or balances transferred to debtors to be recovered from donors.

COMMONWEALTH FUND FOR TECHNICAL COOPERATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

11. Interest Receivable from Exchange Transactions

Interest bearing accounts and investments yielded an average rate of 0.65% (2018-19: 0.65%) during the reporting period.

	2019-20	2018-19
	£	£
Interest on Bank Deposits	86,779	113,496
Total Interest Receivable	86,779	113,496

12. Other Income from Exchange Transactions

	2019-20	2018-19
	£	£
Debt Management Recovery Fees	107,500	104,983
Currency Gain	27,408	-
Special Project Administration Fees	209,539	195,289
Miscellaneous Income	17,578	242,161
Total Other Income	362,025	542,433

Included in miscellaneous income is £Nil (2018-19: £113,125) for reimbursement of an insurance claim made during the period.

13. Staff Costs

	2019-20	2018-19
	£	£
Salaries and Allowances	3,512,687	2,969,915
Employers National Insurance Contributions	345,056	354,475
Contributions to Staff Gratuity Fund	416,498	422,867
Contributions to Staff Defined Contribution Scheme	38,668	33,416
Pension Expense	48,641	21,164
Long-term Consultants Costs - Direct Projects	445,033	827,149
Long-term Consultants Costs – Special Projects	845,007	1,298,309
Staff Provisions	28,353	123,531
Total Staff Costs	5,679,943	6,050,826

14. Remuneration of Key Management Personnel

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

	Number of Persons		Aggregate Remuneration	
	2019-20	2018-19	2019-20	2018-19
			£	£
Senior Management Committee	3	2	304,491	71,020
Directors	1	-	77,056	60,024
Total	4	2	381,547	131,044

COMMONWEALTH FUND FOR TECHNICAL COOPERATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

14. Remuneration of Key Management Personnel (Continued)

Key management personnel includes members of the Senior Management Committee, which is comprised of the Secretary-General, Deputy Secretary-General, Assistant Secretary-General, Director and Head of Office and Senior Directors. The Senior Management Committee has the authority and responsibility for planning, directing and controlling the activities of The Commonwealth. Key management personnel also includes the Directors of Divisions.

Aggregate remuneration includes salary, allowances and employer's contribution to the gratuity fund and/or workplace pension scheme as analysed further below. The Secretary-General is provided with rent-free 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.

	Senior Management Committee		Directors	
	2019-20	2018-19	2019-20	2018-19
	£	£	£	£
Salary	211,326	47,562	56,481	38,578
Allowances	50,182	12,679	9,968	13,842
Gratuity	42,983	10,036	6,019	5,284
Contributions to Staff Defined Contribution Scheme	-	743	4,588	2,320
Total	304,491	71,020	77,056	60,024

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

15. Other Costs

	2019-20	2018-19
	£	£
Short-term Consultants	1,365,539	1,859,354
Travel Costs	1,348,810	2,577,391
Professional Fees	901,031	745,603
Conference Costs	666,010	712,421
Accommodation and Venue Costs	438,985	765,852
Rent and Rates	337,624	663,107
Miscellaneous Expenses	255,475	259,363
Property Services and Maintenance Costs	210,906	324,202
Equipment Maintenance	149,091	231,635
Communications	94,894	175,360
Publication, Information and Printing	91,461	70,750
Insurance	46,721	53,248
Audit Fees	46,649	44,496
Utilities	37,880	44,075
Other Property Costs	30,147	(6,940)
Staff Development and Training	25,600	22,892
Pension Administration Costs	25,083	18,142
Library and Subscriptions	20,921	20,716
Bank and Financial Charges	586	3,072
Currency Loss	-	410,489
Increase/(Decrease) in Provision for Doubtful Balances	117,614	(224,748)
Total Other Costs	6,211,027	8,770,480

COMMONWEALTH FUND FOR TECHNICAL COOPERATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

16. Direct Project expenses

16. (a) Direct Project Expenses by Outcome

A breakdown of direct project expenses analysed according to the outcomes in the four year Strategic Plan 2017-18 to 2020-21 is provided below:

	2019-20	2018-19
	£	£
Democracy	-	35,649
Public Institutions	985,217	1,065,881
Youth and Social Development	355,805	437,265
Small and Other Vulnerable States	575,776	1,080,313
Economic Development	4,196,044	5,807,681
Cross-Cutting	1,007,586	375,004
Internal Outcomes	791,996	637,061
Sub-Total Direct Expenses	7,912,424	9,438,854
Staff Provision	(78,932)	105,388
Total Direct Expenses	7,833,492	9,544,242

16. (b) Direct Project Expenses by Cost Type

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

	Notes	2019-20	2018-19
		£	£
Direct Staff Costs	13	4,834,936	4,752,517
Other Costs	15	2,998,556	4,791,725
Total		7,833,492	9,544,242

17. Segmental Information

Segment information is based on the principal activities and sources of financing of CFTC. These segments are as follows:

(a) General Fund

This segment includes all resources of CFTC that are commingled and not earmarked. The main funding sources of this segment are voluntary contributions from member states, other voluntary contributions and miscellaneous revenue. Funding from the contributions is used to carry out programme activities as set out in the annual budget and delivery plan approved by the Board of Governors.

(b) Special Project Funds

This segment receives additional contributions and grants from member states, non-Commonwealth countries and other organisations to carry out special projects. The resources in this segment can only be used for the purpose of expenditure subject to specific performance conditions as set out in the agreements with the donors.

COMMONWEALTH FUND FOR TECHNICAL COOPERATION

STATEMENT OF FINANCIAL POSITION BY SEGMENT AS AT 30 JUNE 2020

17. Segmental Information (continued)

	General Fund	Special Projects	TOTAL
	£	£	£
ASSETS			
Current Assets			
Cash and Cash Equivalents	10,880,876	2,723,037	13,603,913
Investments	5,600,000	-	5,600,000
Prepayments	112,310	-	112,310
Members' Contributions Receivable from Non-exchange Transactions	461,582	-	461,582
Other Receivables from Exchange Transactions	1,053,832	29,665	1,083,497
TOTAL ASSETS	18,108,600	2,752,702	20,861,302
LIABILITIES			
Current Liabilities			
Provisions	509,393	40,175	549,568
Deferred Income from Non-exchange Transactions	-	2,615,810	2,615,810
Members' Contributions Prepaid from Non-exchange Transactions	57,845	-	57,845
Payables and Other Liabilities from Exchange Transactions	940,130	34,400	974,530
	1,507,368	2,690,385	4,197,753
Non-Current Liabilities			
Provisions	383,322	62,317	445,639
Total Non-Current Liabilities	383,322	62,317	445,639
TOTAL LIABILITIES	1,890,690	2,752,702	4,643,392
NET ASSETS	16,217,910	-	16,217,910
FUND BALANCES AND RESERVES			
General Reserve	8,091,660	-	8,091,660
Working Capital Reserve	4,774,420	-	4,774,420
Designated Reserve	3,351,830	-	3,351,830
TOTAL FUND BALANCES AND RESERVES	16,217,910	-	16,217,910

COMMONWEALTH FUND FOR TECHNICAL COOPERATION

STATEMENT OF FINANCIAL PERFORMANCE BY SEGMENT FOR THE PERIOD ENDED 30 JUNE 2020

17. Segmental Information (continued)

	General Fund £	Special Projects £	Elimination £	TOTAL £
REVENUE FROM NON-EXCHANGE TRANSACTIONS				
Pledges to CFTC	11,512,098	-	-	11,512,098
Special Projects	-	2,923,085	(209,539)	2,713,546
SUB-TOTAL REVENUE FROM NON-EXCHANGE TRANSACTIONS	11,512,098	2,923,085	(209,539)	14,225,644
REVENUE FROM EXCHANGE TRANSACTIONS				
Interest Revenues	86,779	-	-	86,779
Other Income	345,135	16,890	-	362,025
SUB-TOTAL REVENUE FROM EXCHANGE TRANSACTIONS	431,914	16,890	-	448,804
TOTAL REVENUE	11,944,012	2,939,975	(209,539)	14,674,448
EXPENSES				
Staff Costs	4,834,936	845,007	-	5,679,943
Other Costs	4,325,598	2,094,968	(209,539)	6,211,027
Office Consolidation charge	585,729	-	-	585,729
Common Service Charge	2,074,925	-	-	2,074,925
TOTAL EXPENSES	11,821,188	2,939,975	(209,539)	14,551,624
SURPLUS FOR THE YEAR	122,824	-	-	122,824

Some internal activities result in accounting transactions which create inter-segment revenue, expense, advance or loan balances in the financial statements. Inter-segment transactions are reflected in the elimination columns to accurately present these financial statements for example special project administration fees.

Included in total expenses of £11,821,188 is the sum of £7,833,492 which represents direct project expenses incurred by CFTC. Direct project expenses are analysed within note 16 of these financial statements.

COMMONWEALTH FUND FOR TECHNICAL COOPERATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

18. 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); and
- Commonwealth Youth Programme Fund (CYP).

As described in note 1.16(c), costs of corporate business support functions are incurred by COMSEC. These costs are recovered from CFTC and CYP as Common Service Charges.

The Secretary-General of the Commonwealth is a member of the Board of Governors of two sister organisations of The Commonwealth. They are the Commonwealth of Learning and Commonwealth Foundation. These fellow intergovernmental Commonwealth organisations each have a separate Memorandum of Understanding, Board of Governors and Executive Management independent of The Commonwealth Secretariat.

In the financial period to 30 June 2020, there were no transactions outside the normal operations between The Commonwealth Fund for Technical Co-operation and the two Commonwealth organisations mentioned above (2019: £Nil).

The Senior Management Committee is remunerated through COMSEC and a portion of the cost is allocated to CFTC as disclosed in note 14.

19. Contingencies

As at 30 June 2020 there were no contingent liabilities relating to Arbitral Tribunal claims (2018-19: £Nil).

20. 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 £264,901 (2018-19: £579,712).

21. Financial Instruments

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

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

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

COMMONWEALTH FUND FOR TECHNICAL COOPERATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

21. Financial Instruments (Continued)

(a) Fair Values

The assets of CFTC are categorised as follows:

	30 June 2020	30 June 2019
	£	£
Financial assets	20,748,992	20,952,863
Non-financial assets	112,310	295,803
Total	20,861,302	21,248,666

The liabilities of CFTC are categorised as follows:

	30 June 2020	30 June 2019
	£	£
Financial Liabilities	974,530	1,778,101
Non-financial Liabilities	3,668,862	3,375,479
Total	4,643,392	5,153,580

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

	Carrying Amount	Fair Values
	£	£
Financial Assets:		
2020		
Cash and Cash Equivalents	13,603,913	13,603,913
Investments	5,600,000	5,600,000
Current Receivables	1,545,079	1,545,079
Total	20,748,992	20,748,992
2019		
Cash and Cash Equivalents	14,154,867	14,154,867
Investments	4,076,000	4,076,000
Current Receivables	2,721,996	2,721,996
Total	20,952,863	20,952,863

	Carrying Amount	Fair Values
	£	£
Financial Liabilities:		
2020		
Payables	974,530	974,530
Total	974,530	974,530
2019		
Payables	1,778,101	1,778,101
Total	1,778,101	1,778,101

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.

COMMONWEALTH FUND FOR TECHNICAL COOPERATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

21. Financial Instruments (Continued)

(b) Foreign Currency Risk

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

At 30 June 2020, 89% of cash and cash equivalents are denominated in GB Pound Sterling, 10% in Pakistani Rupees, and the remaining 1% in other currencies (90% in GB Pound Sterling, 9% in Pakistani Rupees and the remaining 1% in other currencies at 30 June 2019).

(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. 90% of the outstanding amount is at counterparty banks with a Moody's credit rating of A1 and higher.

Receivables comprise amounts mostly due from Member States 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 2020:

2020	<6 months
	£
Payables and other liabilities	974,530
Total Liabilities	974,530

As at 30 June 2020 CFTC had not issued any financial guarantees.

Liquidity Risk also includes the risk of CFTC not being able to access funds held in a Pakistan bank account outside of Pakistan. The liquidity risk is managed by the funds being classified as restricted and CFTC not relying on these funds for use. These funds are excluded from all cash flow forecasts (Refer Note 2).

	Inability to Access Funds	Effect on Surplus
Funds Held In Pakistan	%	£
	0%	-
	80%	(1,044,571)
	100%	(1,305,714)

COMMONWEALTH FUND FOR TECHNICAL COOPERATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

21. Financial Instruments (Continued)

(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.

(f) 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 2020 had been 25% higher or lower, the interest income would have been affected as follows:

	Increase (+)/ Decrease (-)	Effect on Surplus / Deficit
Cash and Cash Equivalents	%	£
Movement in the relative value of the GB Pound Sterling	25%	21,695
Movement in the relative value of the GB Pound Sterling	-25%	(21,695)

(g) Foreign Currency Risk

Foreign currency balances in GB Pound Sterling as at 30 June 2020 comprise of the following:

2020	GBP	Other Currencies	Total
	£	£	£
Financial Assets	19,290,461	1,458,531	20,748,992
Percentage of Total	93%	7%	100%
Financial Liabilities	974,530	-	974,530
Percentage of Total	100%	-	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 2020.

	Increase (+)/ Decrease (-)	Effect on Balances
Cash and Cash Equivalents	%	£
Movement in the relative value of the GB Pound Sterling	25%	364,633
Movement in the relative value of the GB Pound Sterling	-25%	(364,633)

22. Events After Reporting Date

There are no material events, favourable or unfavourable that occurred between the reporting date, 30 June 2020, and the date of authorisation for issue that would have impacted these statements.

The Secretary-General authorised these financial statements for issue on 30 April 2021.

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