

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

Year Ended 30 June 2013




The Commonwealth



**Kamalesh Sharma**  
*Secretary-General*

23 December 2013



**Mmasekgoa Masire-Mwamba**  
*Deputy Secretary-General*

23 December 2013



## COMMONWEALTH FUND FOR TECHNICAL CO-OPERATION

### PRINCIPAL ACTIVITIES AND OPERATING STRUCTURE

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

The Commonwealth is a voluntary association of 53 independent countries.

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

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

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

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

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

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

#### **Commonwealth Fund for Technical Co-operation**

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

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

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

Accordingly, these are the financial statements of the **Commonwealth Fund for Technical Co-operation** for the year ended 30 June 2013.

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

#### **Governance and Structure**

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

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

The Secretary-General is assisted by two Deputy Secretaries-General, an Assistant Secretary-General and 12 directors in managing the activities of the organisation. The Commonwealth has 13 divisions and units which carry out programmes of work based on mandates set at CHOGM.

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

## COMMONWEALTH FUND FOR TECHNICAL CO-OPERATION

### PRINCIPAL ACTIVITIES AND OPERATING STRUCTURE

#### **Responsibilities of the Secretary-General**

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

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

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

## COMMONWEALTH FUND FOR TECHNICAL CO-OPERATION

### INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF GOVERNORS

We have audited the financial statements of the Commonwealth Fund for Technical Cooperation for the year ended 30 June 2013, which comprise the Statement of Financial Position, the Statement of Financial Performance, the Statement of Changes in Net Assets, the Cash Flow Statement and the related notes 1 to 19.

Our report is made solely to the Board of Governors in accordance with the engagement letter dated 22 August 2012 and the Financial Regulations of the funds. Our work has been undertaken so that we might state to the Board of Governors those matters we are required to state to them in an independent auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Board of Governors as a body, for our audit work, for our reports, or for the opinions we have formed.

#### Secretary-General's responsibilities for the Financial Statements

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

#### Auditor's Responsibility

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

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

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

#### Opinion

In our opinion, the financial statements give a true and fair view of the financial position of The Commonwealth Fund for Technical Cooperation as at 30 June 2013, 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

24 December 2013



**COMMONWEALTH FUND FOR TECHNICAL CO-OPERATION**

**STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2013**

<b>ASSETS</b>	<b>Notes</b>	<b>30 June 2013</b> £	<b>30 June 2012</b> £
<b>Current Assets</b>			
Cash and Cash Equivalents	2	25,322,427	21,773,747
Receivables and Prepayments	3	1,483,534	1,480,204
Members' Contributions Receivable	7 b(i)	1,950,674	844,588
		<u>28,756,635</u>	<u>24,098,539</u>
<b>Non-current Assets</b>			
<b>TOTAL ASSETS</b>		<u><u>28,756,635</u></u>	<u><u>24,098,539</u></u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables and Other Current Liabilities	4	1,957,331	2,779,567
Deferred Income	5	1,336,319	1,429,171
Members' Contributions Prepaid	7 b(i)	31,676	88,306
Provisions	6	1,344,922	553,033
		<u>4,670,248</u>	<u>4,850,077</u>
<b>Non-current Liabilities</b>			
Provisions	6	574,199	1,125,466
		<u>574,199</u>	<u>1,125,466</u>
<b>TOTAL LIABILITIES</b>		<u><u>5,244,447</u></u>	<u><u>5,975,543</u></u>
<b>NET ASSETS</b>		<u><u>23,512,188</u></u>	<u><u>18,122,996</u></u>
<b>FUND BALANCES AND RESERVES</b>			
General Reserve	1.12	9,792,667	6,216,767
Working Capital Reserve	1.12	6,657,749	4,470,429
Designated Reserve	1.12	7,061,772	7,435,800
<b>TOTAL FUND BALANCES AND RESERVES</b>		<u><u>23,512,188</u></u>	<u><u>18,122,996</u></u>





**COMMONWEALTH FUND FOR TECHNICAL CO-OPERATION**  
**STATEMENT OF FINANCIAL PERFORMANCE AS AT 30 JUNE 2013**

	Notes	2012-13 £	2011-12 £
<b>REVENUE</b>			
Members' Contributions - Pledges	7(a)	32,751,820	30,939,571
Cost Share Contributions	3(a)	72,545	99,479
Special Projects	8	381,595	2,443,687
Interest Revenues	9(a)	152,740	158,829
Other income	9(b)	443,589	32,773
Currency Gain		7,447	-
<b>TOTAL REVENUE</b>		<u><b>33,809,736</b></u>	<u><b>33,674,339</b></u>
<b>EXPENSES</b>			
Staff Costs	10	15,733,866	18,163,300
General Administration	12	3,339,679	2,895,497
Common Service Charge	1.14(c)	3,780,679	3,999,305
Project Service Charge	1.14(d)	2,259,161	2,524,689
Training and Workshops	13	3,307,159	5,594,991
Currency Loss		-	134,440
<b>TOTAL EXPENSES</b>		<u><b>28,420,544</b></u>	<u><b>33,312,222</b></u>
<b>SURPLUS FOR THE YEAR</b>		<u><u><b>5,389,192</b></u></u>	<u><u><b>362,117</b></u></u>



COMMONWEALTH FUND FOR TECHNICAL CO-OPERATION

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2013

	Notes	General Reserve	Working Capital Reserve	Designated Reserve	Total
		£	£	£	£
<b>Balance at 30 June 2011</b>		12,994,135	4,766,744	-	17,760,879
Surplus		362,117	-	-	362,117
Transfer to General Reserve	1.12	296,315	(296,315)	-	-
Transfer to Designated Reserve		64,200	-	(64,200)	-
Transfer from General Reserve to Designated Reserve	1.12	(7,500,000)	-	7,500,000	-
<b>Balance at 30 June 2012</b>		6,216,767	4,470,429	7,435,800	18,122,996
Surplus		5,389,192	-	-	5,389,192
Transfer from Designated to General Reserve		374,028	-	(374,028)	-
Transfer from General Reserve to Working Capital Reserve	1.12	(2,187,320)	2,187,320	-	-
<b>Balance at 30 June 2013</b>		9,792,667	6,657,749	7,061,772	23,512,188



**COMMONWEALTH FUND FOR TECHNICAL CO-OPERATION**

**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2013**

	2012-13	2011-12
	£	£
<b>Cash Flow from Operating Activities</b>		
Surplus	5,389,192	362,117
<b>Adjustments for:</b>		
Interest Revenues	(152,740)	(158,829)
(Decrease) / Increase in Payables and other current liabilities	(822,236)	123,566
(Decrease) / Increase in Contributions Prepaid	(56,630)	86,597
Decrease in Deferred Income	(92,852)	(292,410)
Increase in Provisions	240,622	108,399
(Increase) / Decrease in Contributions Receivable	(1,106,086)	162,697
(Increase) / Decrease in Receivables	(3,330)	1,088,845
<b>Net Cash Flow from Operating Activities</b>	<u>3,395,940</u>	<u>1,480,982</u>
<b>Cash Flow from Investing Activities</b>		
Interest Received	<u>152,740</u>	<u>158,829</u>
<b>Net Cash Flow from Investing Activities</b>	<u>152,740</u>	<u>158,829</u>
<b>Net Increase in Cash and Cash Equivalents</b>	<u><u>3,548,680</u></u>	<u><u>1,639,811</u></u>
Cash and Cash Equivalents at the Beginning of Period	21,773,747	20,133,936
Cash and Cash Equivalents at the End of Period	<u>25,322,427</u>	<u>21,773,747</u>
<b>Movement in Cash and Cash Equivalents</b>	<u><u>3,548,680</u></u>	<u><u>1,639,811</u></u>



## COMMONWEALTH FUND FOR TECHNICAL CO-OPERATION

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

#### 1. Accounting Policies

##### 1.1 Statement of Compliance

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

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

##### 1.2 New Accounting Standards

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

- IPSAS 28 Financial Instruments: Presentation (effective date 1 January 2013)
- IPSAS 29 Financial Instruments: Recognition & Measurement (effective date 1 January 2013)
- IPSAS 30 Financial Instruments: Disclosure (effective date 1 January 2013)

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

IPSASB introduced IPSAS 31 (Intangible Assets) and requires entities to apply this standard for annual financial statements covering periods beginning on or after 1 April 2011. The Commonwealth has applied IPSAS 31 in preparing these financial statements.

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

##### 1.3 Basis for Non-Consolidation of Financial Statements

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

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

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

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

##### 1.4 Accounting Convention

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

##### 1.5 Going Concern Assumption

The financial statements have been prepared on the going-concern basis. Management has a reasonable expectation that The Commonwealth will continue in operational existence for the foreseeable future. The Board of Governors have approved the 2013-14 budget paper on behalf of the member states. The Board of Governors also approved the new four year Strategic Plan from 2013-14 to 2016-17. There is a commitment from the Board of Governors to fund this Strategic Plan effective July 2013.

##### 1.6 Functional and Presentational Currency

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

## COMMONWEALTH FUND FOR TECHNICAL CO-OPERATION

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

#### 1.7 Financial Instruments

Financial instruments are initially measured at fair value plus transaction costs unless they are carried at fair value through profit and loss in which case transaction costs are charged to operating costs.

The categorisation of financial assets and liabilities depends on the purpose for which the asset or liability is held or acquired. Management determines the categorisation of assets and liabilities at initial recognition and re-evaluates this designation at each reporting date.

Current financial assets held by CFTC comprise cash and cash equivalents, investments and receivables. These are non-derivative financial assets with fixed or determinable payments that are not traded in an active market. It is considered that there is no material difference between fair value, amortised cost and historical cost.

Current financial liabilities held by CFTC comprise payables, accruals and deferred income. For liabilities expected to be settled within 12 months of the reporting date, it is considered that there is no material difference between fair value, amortised cost and historical cost.

#### 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.

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

#### 1.9 Payables and Accruals

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

#### 1.10 Deferred Income

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

#### 1.11 Provisions and Contingent Liabilities

Provisions are made for future liabilities and charges where CFTC has a present legal or constructive obligation as a result of a past event.

Other obligations, which do not meet the recognition criteria for liabilities, are disclosed in the notes to the financial statements as contingent liabilities when their existence could only be confirmed by the occurrence or non-occurrence of uncertain future events.

#### 1.12 Reserves

CFTC's reserves consist of the following balances:

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

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



## COMMONWEALTH FUND FOR TECHNICAL CO-OPERATION

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

#### 1.13 Revenue

##### (a) Contributions - Pledges

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

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

##### (b) Cost Share Contributions

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

##### (c) Special Projects

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

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

##### (d) Interest Receivable and Other Income

Other income consists of:

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

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

#### 1.14 Expenses

##### (a) Staff costs

###### i) Unused annual leave

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

###### ii) Tax

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

###### iii) Staff Gratuity Fund

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

## COMMONWEALTH FUND FOR TECHNICAL CO-OPERATION

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

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

#### **iv) Relocation Expenses**

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

#### **v) Home leave**

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

#### **vi) Pensions**

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

##### **Former Secretaries General Pension Scheme**

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

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

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

##### **Staff Defined Benefit Pension Scheme**

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

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

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

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

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

## COMMONWEALTH FUND FOR TECHNICAL CO-OPERATION

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

#### **Supplementary Pension**

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

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

#### **Group Stakeholder Defined Contribution Pension Scheme**

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

#### **(b) Accommodation costs**

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

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

#### **(c) Common Service Charge**

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

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

#### **(d) Project Service Charge**

COMSEC charges a levy called Project Service Charge to CFTC. The charge is a reallocation of diplomatic and professional staff costs from programmatic divisions to reflect the level of activities they provide as part of the work of the CFTC Fund.

The charge is calculated based on actual diplomatic and professional staff costs from non-support divisions in COMSEC to CFTC.

#### **(e) Direct Projects**

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

#### **(f) Foreign currency transactions**

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

**COMMONWEALTH FUND FOR TECHNICAL CO-OPERATION**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

**1.15 Use of Estimates and Judgements**

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

**2. Cash and Cash Equivalents**

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

	Unrestricted		Restricted		Total	
	2013	2012	2013	2012	2013	2012
	£	£	£	£	£	£
UK Bank Accounts	23,434,414	18,896,043	6,037	1,181,953	23,440,451	20,077,996
Foreign Bank Accounts	1,881,976	1,695,751	-	-	1,881,976	1,695,751
<b>Total Cash and Cash Equivalents</b>	<b>25,316,390</b>	<b>20,591,794</b>	<b>6,037</b>	<b>1,181,953</b>	<b>25,322,427</b>	<b>21,773,747</b>

**3. Receivables and Prepayments**

	Note	2013	2012
		£	£
Staff travel advances		52,890	80,602
Prepayments		794,986	1,042,799
Cost share debtors	(a)	118,457	81,221
Sundry Debtors		76,989	273,847
Related Parties:			
Commonwealth Secretariat Fund		429,093	323
Commonwealth Youth Programme		3,489	-
CYP Regional Office		7,630	1,412
<b>Total Receivables and Prepayments</b>		<b>1,483,534</b>	<b>1,480,204</b>

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

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

**3. (a) (i) Cost share debtors 2012-13**

COUNTRY / ORGANISATION	Balance Receivable 30 June 2012	Adjustments	Contributions Invoiced in 2012-13	Receipts 2012-13	Balance Receivable 30 June 2013
	£	£	£	£	£
Belize	-	-	18,315	(16,315)	-
Cook Islands	15,580	-	26,320	-	41,900
Ghana	40,000	-	-	-	40,000
Grenada	36,556	(2,741)	19,940	(17,198)	36,557
Caricom - Guyana	9,025	-	-	(9,025)	-
Namibia	20,060	-	-	(20,060)	-
<b>TOTAL</b>	<b>121,221</b>	<b>(2,741)</b>	<b>62,575</b>	<b>(62,598)</b>	<b>118,457</b>

**COMMONWEALTH FUND FOR TECHNICAL CO-OPERATION**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

The adjustment represents an overpayment in the previous year which was used to settle a current year invoice.

The provision of £40,000 created in 2011-12 against cost share contributions invoiced in 2010-11 has been written back in the Statement of Financial Performance following the beneficiary's expressed commitment to settle the amount. The balance receivable of £118,457 represents the total cost share debtors as at 30 June 2013.

The revenue accounted for in the Statement of Financial Performance is £72,545 (2011-12: £99,479). This represents contributions invoiced in the year adjusted for movement on the deferred income balances (see note 5).

**3. (a) (ii) Cost share debtors 2011-12**

<b>COUNTRY / ORGANISATION</b>	<b>Balance Receivable 30 June 2011</b>	<b>Adjustments</b>	<b>Contributions Invoiced in 2011-12</b>	<b>Receipts 2011-12</b>	<b>Balance Receivable 30 June 2012</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Botswana	17,534	(17,534)	-	-	-
British Virgin Islands	10,750	(10,750)	-	-	-
Cameroon	6,500	(6,500)	-	-	-
Cook Islands	-	-	26,320	(10,740)	15,580
Dominica	19,006	(19,006)	-	-	-
The Gambia	7,877	(7,877)	-	-	-
Ghana	40,000	-	-	-	40,000
Grenada	42,040	(22,100)	36,556	(19,940)	36,556
Caricom - Guyana	88,413	(79,388)	-	-	9,025
Kiribati	5,282	(5,282)	-	-	-
Mauritius	8,816	(8,816)	-	-	-
Namibia	76,995	(49,277)	19,015	(26,673)	20,060
Niue	21,139	(21,139)	-	-	-
Solomon Islands	3,608	(3,608)	-	-	-
St Vincent & The Grenadines	18,900	(18,900)	-	-	-
South Africa	10,787	(10,787)	-	-	-
Tonga	11,397	(11,397)	-	-	-
Uganda	74,006	(74,006)	-	-	-
Zimbabwe	15,602	(15,602)	-	-	-
<b>TOTAL</b>	<b>478,652</b>	<b>(381,969)</b>	<b>81,891</b>	<b>(57,353)</b>	<b>121,221</b>

The adjustments represent outstanding cost share contributions that were written off in the 2011-12 financial period. The net balance of cost share contributions in the 2011-12 Statement of Financial Position of £81,221 is made up of balance receivable at 30 June 2012 of £121,221 less a provision of £40,000 which had been made as at 30 June 2012 in the event of non-payment of the outstanding amount by a member.

**4. Payables and Other Liabilities**

**Amounts falling due within one year**

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Trade Payables & Accruals	1,946,972	2,767,591
Staff Expenses	10,359	11,976
<b>Total Payables and Current Liabilities</b>	<b>1,957,331</b>	<b>2,779,567</b>

**COMMONWEALTH FUND FOR TECHNICAL CO-OPERATION**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

**5. Deferred Income**

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

	Notes	2013	2012
		£	£
Cost Share Projects	1.13b	18,537	28,507
Special Projects	1.13c	1,317,782	1,400,664
<b>Total Deferred Income</b>		<b>1,336,319</b>	<b>1,429,171</b>

**6. Provisions**

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

	30 June 2013		30 June 2012	
	Due within one year	Due after one year	Due within one year	Due after one year
	£	£	£	£
Arbitral Tribunal Claims	50,000	-	50,000	-
Relocation Expenses	666,867	552,229	427,788	1,111,936
Home Leave Expenses	62,055	21,970	75,245	13,530
Grant Agreement Repayment	566,000	-	-	-
<b>Total Provisions</b>	<b>1,344,922</b>	<b>574,199</b>	<b>553,033</b>	<b>1,125,466</b>

Movements in all provisions during the year are as follows:

Provision for Liabilities and Charges	Notes	As at 30 June 2012	Increase (Decrease) in Provision	Amount used	As at 30 June 2013
		£	£	£	£
Arbitral Tribunal Claims	(a)	50,000	-	-	50,000
Relocation Expenses	(b)	1,539,724	(116,447)	(204,181)	1,219,096
Home Leave Expenses	(c)	88,775	43,872	(48,622)	84,025
Grant Agreement Repayment	(d)	-	566,000	-	566,000
<b>Total Provisions for Liabilities and Charges</b>		<b>1,678,499</b>	<b>493,425</b>	<b>(252,803)</b>	<b>1,919,121</b>

(a) Claims for legal cases are shown as a liability in the Statement of Financial Position. The litigation claims outstanding at the beginning of the financial period remain unsettled as at 30 June 2013. The provision has therefore been carried forward.

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



**COMMONWEALTH FUND FOR TECHNICAL CO-OPERATION**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

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

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

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

**7. (a) Members' Contributions 2012-13**

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

	2012-13	2011-12
	£	£
Amounts Pledged for Current Year	30,410,332	30,179,556
Retroactive Pledges	2,341,488	760,015
<b>Total Members' Pledges</b>	<b>32,751,820</b>	<b>30,939,571</b>

**COMMONWEALTH FUND FOR TECHNICAL CO-OPERATION**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

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

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



**COMMONWEALTH FUND FOR TECHNICAL CO-OPERATION**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

The net balance of members' contribution in the 2012-13 Statement of Financial Position of £1,950,674 (2011-12: £844,588) is made up of the balance receivable at 30 June 2013 of £1,960,922 (2011-12: £854,836) less a provision of £10,248 (2011-12: £10,248) against delay in recovery, due to the suspension of a member.

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 discussed or agreed payment plans for arrears amounting to £89,539 (2011-12: £149,651) of which £41,608 is due after one year (2011-12: £74,826).

**7. (b) (ii). Members' Contributions Breakdown 2011-12**

COUNTRY	Receivable 30 June 2011	Prepaid 30 June 2011	Retroactive Pledges 2011-12	Pledges 2011-12	Receipts 2011-12	Receivable 30 June 2012	Prepaid 30 June 2012
	£	£	£	£	£	£	£
Anguilla	3,000	-	-	-	-	3,000	-
Australia	-	-	-	5,898,099	(5,898,099)	-	-
Bahamas	-	-	-	123,795	(123,795)	-	-
Bangladesh	-	-	-	141,166	(141,166)	-	-
Barbados	158,382	-	-	164,432	(164,432)	158,382	-
Botswana	-	-	-	321,544	(321,544)	-	-
Brunei Darussalam	-	-	452,169	-	(452,169)	-	-
Cameroon	24,468	-	-	-	(96,989)	-	(72,521)
Canada	-	-	-	8,178,158	(8,178,158)	-	-
Cook Island	-	-	-	5,000	-	5,000	-
Cyprus	-	-	-	166,263	(166,263)	-	-
Dominica	43,647	-	-	-	(10,000)	33,647	-
Fiji	10,248	-	-	-	-	10,248	-
Ghana	17,392	-	-	-	(17,392)	-	-
Gibraltar	-	-	-	15,000	(15,000)	-	-
Grenada	-	-	-	16,781	-	16,781	-
Guyana	47,537	-	-	47,000	(94,537)	-	-
India	-	-	-	1,066,751	(1,066,751)	-	-
Jamaica	-	-	-	185,711	(185,711)	-	-
Kenya	306,026	-	-	317,716	(623,742)	-	-
Kiribati	5,203	-	5,203	5,359	-	15,765	-
Malta	-	-	144,150	149,657	(293,807)	-	-
Nauru	-	(1,709)	-	1,709	-	-	-
New Zealand	-	-	-	1,592,400	(1,592,400)	-	-
Nigeria	-	-	-	436,841	(335,407)	101,434	-
Niue	-	-	-	331	-	331	-
Pakistan	103,414	-	-	250,000	(147,915)	205,499	-
Samoa	-	-	-	44,031	(44,031)	-	-
Sierra Leone	110,748	-	-	38,903	-	149,651	-
Singapore	122,616	-	58,757	135,451	(254,975)	61,848	-
South Africa	-	-	-	313,702	(313,702)	-	-
Sri Lanka	-	-	-	53,226	(53,226)	-	-
St Kitts & Nevis	-	-	17,736	18,268	-	36,004	-
St Vincent & Grenadines	-	-	-	-	(5,933)	-	(5,933)
Swaziland	-	-	-	141,166	(141,166)	-	-
The Gambia	64,852	-	-	24,022	(31,628)	57,246	-
Tonga	-	-	-	38,756	(38,756)	-	-
Trinidad & Tobago	-	-	82,000	-	(82,000)	-	-
Uganda	-	-	-	72,318	(72,318)	-	-
United Kingdom	-	-	-	10,216,000	(10,216,000)	-	-
Zambia	-	-	-	-	(9,852)	-	(9,852)
<b>TOTAL</b>	<b>1,017,533</b>	<b>(1,709)</b>	<b>760,015</b>	<b>30,179,556</b>	<b>(31,188,864)</b>	<b>854,836</b>	<b>(88,306)</b>

**COMMONWEALTH FUND FOR TECHNICAL CO-OPERATION**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

**8. (a) (i). Special Projects 2012-13**

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

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

**COMMONWEALTH FUND FOR TECHNICAL CO-OPERATION**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

**8. (a) (ii). Special Projects 2011-2012**

Special Projects	Deferred Income Balance 30 June 2011	Receipts	Expenses	Adjustments	Deferred Income Balance 30 June 2012
	Restated				
	£	£	£	£	£
Advocacy on Behalf of Small States	629	-	-	(629)	-
Building Resilience to Climate Change	9,500	-	-	(9,500)	-
Global Financial and Economic Policy and the G20	-	167,350	(16,975)	-	150,375
CFTC Review	884	-	-	(884)	-
Trade Policy Formulation (Hubs and Spokes)	678,631	1,049,642	(1,899,281)	171,008	-
Promoting Human Resources Standards	73,654	123,240	(132,156)	(11,230)	53,508
Achieving Universal Primary Education	7,753	-	-	-	7,753
Capacity Building in Gender and Trade	64,713	-	(64,713)	-	-
Support for UN Meeting on Non-communicable Diseases	13,637	20,000	(6,220)	-	27,417
Commonwealth Action for Digital Divide (CADD)	342,793	250	(185,023)	-	158,020
Capacity Building to meet post Tsunami Needs in Maldives	101,989	-	(26,946)	-	75,043
Debt Management Facility - Collaboration with World Bank	-	61,960	-	-	61,960
Support for International Trade Activities	-	17,916	(36,868)	18,952	-
Judicial, Justice and Law Reforms	362	-	-	(362)	-
Implementation of Counter Terrorism Legislation	380,942	-	(75,504)	-	305,438
Capacity-building Programme for Commonwealth Young Election Professionals	-	561,150	-	-	561,150
<b>TOTAL</b>	<b>1,675,487</b>	<b>2,001,508</b>	<b>(2,443,686)</b>	<b>167,355</b>	<b>1,400,664</b>

**8. (b) Special projects by cost type**

Special projects expenses are analysed below according to cost type:

	2012-13	2011-12
	£	£
Staff & Short Term Consultants Costs	209,302	2,102,459
Communications, Publicity & Information	3,848	15,117
Training & Workshops	149,762	309,435
Other Miscellaneous Expenses	18,683	16,675
<b>Total</b>	<b>381,595</b>	<b>2,443,686</b>

**COMMONWEALTH FUND FOR TECHNICAL CO-OPERATION**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

**9. (a) Interest Receivable**

Interest bearing accounts and investments yielded an average rate of 0.88% (2011-12: 1.42%) during the reporting period.

**9. (b) Other Income**

Included in other income in 2012-13 is £414,722 received in the form of an insurance re-imbusement. IPSAS 19 has been applied to recognise the refund in the Statement of Financial Performance in 2012-13.

**10. Staff Costs**

	2012-13	2011-12
	£	£
Salaries & Allowances	3,888,123	3,858,800
Employers National Insurance Contributions	446,896	436,884
Contributions to Staff Gratuity Fund	522,880	548,490
Contributions to Staff Defined Benefit Scheme	13,793	16,006
Contributions to Staff Defined Contribution Scheme	16,448	19,085
Other Staff and Long Term Consultants Costs - Direct	10,708,999	10,988,710
Other Staff and Long Term Consultants Costs - Special	209,302	2,102,459
Staff Provisions	(72,575)	192,866
<b>Total Staff Costs</b>	<b>15,733,866</b>	<b>18,163,300</b>

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

**11. Remuneration of Key Management Personnel**

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

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

**12. General Administration**

	2012-13	2011-12
	£	£
Rent and Rates	402,214	411,493
Property Services & Maintenance Costs	179,334	180,761
Utilities	63,711	67,916
Other Property Costs	56,971	50,600
Equipment Maintenance	171,865	183,112
Printing & Stationery	36,267	12,422
Communications	377,119	251,594
Insurance	105,766	50,259
Library & Subscriptions	49,606	7,819
Professional Fees	60,029	94,343
Audit Fees	33,036	36,300
Movement on Provisions	526,000	284,449
Bank & Financial Charges	9,754	4,415
Other Charges	1,268,007	1,260,014
<b>Total General Administration</b>	<b>3,339,679</b>	<b>2,895,497</b>

**COMMONWEALTH FUND FOR TECHNICAL CO-OPERATION**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

**13. Training and workshops**

	Notes	2012-13	2011-12
		£	£
Training & Workshops – Special Projects	8b	149,762	309,435
Training & Workshops – Direct Projects	14	3,157,397	5,285,556
<b>Total Training and workshops</b>		<b>3,307,159</b>	<b>5,594,991</b>

**14. Direct Project Expenses**

For additional information, a breakdown of direct project expenses analysed according to the strategic plan programme areas is provided below:

	2012-13	2011-12
	£	£
Democracy and Consensus Building	205,643	526,076
Economic Development	6,032,304	5,609,354
Environmentally Sustainable Development	146,484	192,731
Human Rights	452,939	360,314
Public Sector	6,708,750	8,435,393
Human Development	690,082	1,034,142
Rule of Law	788,166	801,174
Business Support Functions	329,218	521,524
Good Offices for Peace	67,232	3,700
	<b>15,420,818</b>	<b>17,484,408</b>
Staff Provisions	(47,604)	201,312
<b>Total Direct Project Expenses</b>	<b>15,373,214</b>	<b>17,685,720</b>

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

	2012-13	2011-12
	£	£
Staff, Short Term & Long Term Consultants Costs	10,708,999	10,988,710
Communication, Publicity & Information	277,107	141,192
Training and Workshops	3,157,397	5,285,556
Other Miscellaneous Expenses	1,229,711	1,270,262
<b>Total</b>	<b>15,373,214</b>	<b>17,685,720</b>

**15. Related Party Disclosures**

**(a) Controlled Entities**

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

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

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

## COMMONWEALTH FUND FOR TECHNICAL CO-OPERATION

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incurs costs from diplomatic and professional staff from programmatic divisions which are attributable to CFTC. These costs are recovered by COMSEC as Project Service Charges.

#### **(b) Other Related Parties**

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

In the financial year to 30 June 2013, there were no transactions outside the normal operations between The Commonwealth Secretariat and the two Commonwealth organisations mentioned above.

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

#### **16. Contingencies**

There are no material contingent assets or liabilities relating to the period to 30 June 2013 (2011-12: Assets £389,184).

#### **17. Commitments**

##### **Obligations under Operating Leases**

All lease agreements are registered in COMSEC and the costs are shared among the three Funds. The total amount of operating leases recognised in CFTC Statement of Financial Performance for the period is £458,871 (2011-12: £472,322).

#### **18. Financial instruments**

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

The risks associated with the use of its financial instruments are currency, interest rate, credit and liquidity risks.

**Currency Risk** – CFTC holds bank balances in foreign currency in member countries (see note 2) which are used to settle commitments, reducing the effect of changes in exchange rate. These balances amount to £1.9m (2012: £1.7m) out of a total of £25.3m at the yearend (2012: £21.8m).

**Interest Rate Risk** – CFTC is not exposed to any interest rate risk as it has no financing debt.

**Credit Risk** – The Commonwealth's exposure relate mainly to receivables and investments. The risk is managed by creating adequate provisions for amounts considered uncollectible (see note 3(a) and 7(b)(i)). The Commonwealth actively seeks recovery of all debts due and given present trends does not see this as a material risk. The provisions made by CFTC at 30 June 2013 against receivables amounted to £10,248 in total (2012: £50,248). CFTC also holds bank balances and short term deposits of £25.3m with well-recognised banking institutions (2012: £21.8m).

**Liquidity Risk** – Liquidity risk predominately relates to delays in collecting its receivables. The liquidity risk is managed by continually monitoring both the receivables position and available funds against anticipated expenditure and commitments. In addition, the financial regulations specify the purpose of the Working Capital Reserve is protection against temporary cash shortages. Advances are made from the Working Capital Reserve to sustain expenditure in the event of irregular settlement of pledge receivables. The Working Capital Reserve is represented by bank balances and short term deposits amounting to £6.7m at 30 June 2013 (2012: £4.5m).

#### **19. Events After Reporting Date**

The Secretary-General authorised these financial statements for issue on December 2013.

There are no material events, favourable or unfavourable that occurred between the reporting date, 30 June 2013, and the date of authorisation for issue that would have impacted these statements.



Commonwealth Secretariat  
Marlborough House, Pall Mall  
London SW1Y 5HX  
United Kingdom

[thecommonwealth.org](http://thecommonwealth.org)

