

Financial Statements of the Commonwealth Youth Programme

Year Ended 30 June 2017



The Commonwealth



The RT Hon
Patricia Scotland QC
Secretary-General
8 December 2017



Nigel Morland
Chief Operating Officer
8 December 2017

COMMONWEALTH YOUTH PROGRAMME FUND

PRINCIPAL ACTIVITIES AND OPERATING STRUCTURE

Principal Activities of the Commonwealth Secretariat

The Commonwealth is a voluntary association of 52 independent countries 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 society and professional organisations.

The Commonwealth, supports Commonwealth member states to achieve development, democracy and peace. The Commonwealth is a voice for small and vulnerable states and a champion for young people.

The Commonwealth helps to strengthen governance, build inclusive institutions and promote justice and human rights. The Commonwealth's work helps to grow economies and boost trade, empower young people, and address threats such as climate change, debt and inequality.

The Commonwealth 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 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 Youth Programme Fund

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

- Commonwealth Secretariat Fund (COMSEC);
- Commonwealth Fund for Technical Co-operation (CFTC); 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.

Accordingly, these are the financial statements of the **Commonwealth Youth Programme Fund** for the year ended 30 June 2017.

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.

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PRINCIPAL ACTIVITIES AND OPERATING STRUCTURE

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 YOUTH PROGRAMME FUND

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF GOVERNORS

Report on the audit of the financial statements

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the affairs of the Fund as at 30 June 2017 and of its financial performance and its cash flows 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 financial statements of Commonwealth Youth Programme Fund (the 'Fund') 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 16.

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 (ISAs) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the 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.

Responsibilities of Secretary-General

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

In preparing the 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 have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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 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 financial statements.

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

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INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF GOVERNORS

Use of our report

This report is made solely to the Board of Governors in accordance with the engagement letter dated 18 October 2017 and the Financial Regulations of the funds. Our audit 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 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, for our audit work, for this report, or for the opinions we have formed.



Craig Wisdom ACA (Senior statutory auditor)

For and on behalf of Deloitte LLP
Statutory Auditor

St Albans, United Kingdom

6 DECEMBER 2017

COMMONWEALTH YOUTH PROGRAMME FUND
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017

		30 June 2017	30 June 2016
ASSETS	Notes	£	£
Current Assets			
Cash and Cash Equivalents	2	2,271,427	1,983,813
Prepayments		428	34,865
Members' Contributions Receivable from Non-exchange Transactions - net	6(a)	309,587	387,647
Other Receivables from Exchange Transactions - net	3	378,368	73,049
		<u>2,959,810</u>	<u>2,479,374</u>
Non-current Assets			
Members' Contributions Receivable from Non-exchange Transactions - net	6(a)	41,465	67,884
TOTAL ASSETS		<u>3,001,275</u>	<u>2,547,258</u>
LIABILITIES			
Current Liabilities			
Provisions	5	132,167	9,319
Deferred Income from Non-exchange Transactions	7	128,166	149,510
Members' Contributions Prepaid from Non-exchange Transactions	6(a)(i)	23,641	46,057
Payables and Other Current Liabilities from Exchange Transactions	4	132,562	295,309
		<u>416,536</u>	<u>500,195</u>
Non-current Liabilities			
Provisions	5	-	66,765
		<u>-</u>	<u>66,765</u>
TOTAL LIABILITIES		<u>416,536</u>	<u>566,960</u>
NET ASSETS		<u>2,584,739</u>	<u>1,980,298</u>
FUND BALANCES AND RESERVES			
General Reserve		1,489,823	663,238
CYMM/RAB Reserve		206,082	216,413
Working Capital Reserve		888,834	1,100,647
TOTAL FUND BALANCES AND RESERVES		<u>2,584,739</u>	<u>1,980,298</u>

COMMONWEALTH YOUTH PROGRAMME FUND

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2017

	Notes	2016-17 £	2015-16 £
REVENUE FROM NON-EXCHANGE TRANSACTIONS			
Contributions to the Youth Programme	6(a)(i)	3,099,472	3,093,430
Special Projects	7	87,747	176,059
SUB-TOTAL REVENUE FROM NON-EXCHANGE TRANSACTIONS		<u>3,187,219</u>	<u>3,269,489</u>
REVENUE FROM EXCHANGE TRANSACTIONS			
Interest Receivable	8	3,061	7,202
Other Income		11,513	-
Currency Gain		1,855	2,611
SUB-TOTAL REVENUE FROM EXCHANGE TRANSACTIONS		<u>16,429</u>	<u>9,813</u>
TOTAL REVENUE		<u>3,203,648</u>	<u>3,279,302</u>
EXPENSES			
Staff Costs	9	924,196	1,013,206
Other Costs	11	1,219,946	1,635,802
Common Service Charge		455,065	646,674
TOTAL EXPENSES		<u>2,599,207</u>	<u>3,295,682</u>
SURPLUS/(DEFICIT) FOR THE YEAR		<u>604,441</u>	<u>(16,380)</u>

COMMONWEALTH YOUTH PROGRAMME FUND

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2017

	Notes	General Reserve	CYMM/RAB Reserve	Working Capital Reserve	Total
		£		£	£
Balance at 1 July 2015		1,004,345	216,413	775,920	1,996,678
Deficit		(16,380)	-	-	(16,380)
Working Capital Funds Transfer		(324,727)	-	324,727	-
Balance at 30 June 2016		663,238	216,413	1,100,647	1,980,298
Surplus		604,441	-	-	604,441
Working Capital Funds Transfer	1.13	211,813	-	(211,813)	-
Transfer to General Reserve		10,331	(10,331)	-	-
Balance at 30 June 2017		1,489,823	206,082	888,834	2,584,739

COMMONWEALTH YOUTH PROGRAMME FUND
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2017

	2016-17	2015-16
	£	£
Cash Flow from Operating Activities		
Surplus/(Deficit)	604,441	(16,380)
Adjustments for:		
Decrease in Contributions Receivable	104,479	161,287
Decrease in Contributions Prepaid	(22,416)	(16,791)
Increase in Other Receivables	(305,319)	(62,279)
Decrease/(Increase) in Prepayments	34,437	(27,903)
Decrease in Deferred Income	(21,344)	(195,698)
Decrease in Payables and Other Current Liabilities	(162,747)	(113,909)
Increase/(Decrease) in Provisions	56,083	(49,658)
Net Cash Flow from/(used in) Operating Activities	287,614	(321,331)
Net Increase/(Decrease) in Cash and Cash Equivalents	287,614	(321,331)
Cash and Cash Equivalents at the Beginning of the Period	1,983,813	2,305,144
Cash and Cash Equivalents at the End of the Period	2,271,427	1,983,813

COMMONWEALTH YOUTH PROGRAMME FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

1. Accounting Policies

1.1 Statement of Compliance

The financial statements of the Commonwealth Youth Programme Fund (CYP) have been prepared on an accruals basis in accordance with the International Public Sector Accounting Standards (IPSAS).

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

1.2 New Accounting Standards

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

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

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

1.3 Change to Accounting Policies

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

1.4 Basis for Non-Consolidation of Financial Statements

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

- Commonwealth Secretariat Fund (COMSEC);
- Commonwealth Fund for Technical Co-operation (CFTC); 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 may vary from fund to fund.

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

1.5 Accounting Convention

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

1.6 Going Concern Assumption

The financial statements have been prepared on the going-concern basis. Management has a reasonable expectation that The Commonwealth will continue in operational existence for the foreseeable future. In June 2017 the Board of Governors approved on behalf of the member states The Commonwealth's new strategic plan

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

1.6 Going Concern Assumption (Continued)

from 2017-18 to 2020-21 along with the supporting 2017-18 delivery plan and budget. There is a commitment from the Board of Governors to fund this budget effective July 2017.

A new Commonwealth organisational structure was implemented on 1 July 2017 resulting in the structural reconfiguration of the old structure and way of working. The new structure is to create a more streamlined and efficient organisation.

1.7 Functional and Presentational Currency

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

1.8 Financial Instruments

Financial instruments are recognised when CYP becomes a party to the contractual provisions of the instrument until such time as when the rights to receive cash flows from those assets have expired or have been transferred and CYP has transferred substantially all the risks and rewards of ownership.

Financial assets that are held for trading are measured at fair value and any gains or losses arising from changes in the fair value are accounted for through surplus or deficit and included with the Statement of Financial Performance in the period in which they arise.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in active markets. Loans and receivables comprise contributions receivable in cash, other receivables and cash and cash equivalents. Loans and receivables are stated at amortised cost.

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that CYP has both the intention and the ability to hold to maturity. As at 30 June 2017, no-held-to-maturity financial assets were held by CYP.

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

1.9 Cash and Cash Equivalents

Cash and cash equivalents consist of cash in hand and bank balances that can easily be converted into cash without loss of value. Cash deposits are held in instant access interest-bearing bank accounts. Cash deposits denominated in foreign currencies have been translated to GB Pound Sterling at exchange rates prevailing at the reporting date. Realised gains and losses are recognised in the Statement of Financial Performance for the year.

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

Cash and cash equivalents held for use for specific purposes are considered as restricted.

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.

COMMONWEALTH YOUTH PROGRAMME FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

1.12 Deferred Income

CYP receives additional contributions and grants from member governments, 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 CYP has a present legal or constructive obligation as a result of a past event and a reliable estimate can be made.

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

1.14 Reserves

CYP's reserves consist of the following:

- General Reserve is the fund carried forward after accounting for contributions, other sources of income and expenses for all programme related and administrative categories;
- Working Capital Fund, serves to protect the Fund against temporary shortages of cash, arising from the need to maintain expenditure levels in the event of irregular settlement of receivables by member states. Investments are held separately to represent the Working Capital Fund. In accordance with Section V of the revised Financial Regulations, the reserve will be subject to a maximum of 25% of approved planned expenditure for that year;
- CYMM/RAB Reserve is the fund set aside to finance the governance meetings. Commonwealth Youth Ministers Meeting (CYMM) is held every four years; and

1.15 Revenue

(a) Revenue from Non-exchange Transactions

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

(i) Contributions

CYP is financed by contributions from 51 Member Governments of the Commonwealth. Revenue is recognised in the period to which the contribution relates following agreement of contributions at the meeting of the Board of Governors held annually in June. Where contributions are received in advance of the year to which it relates, the amount is recognised as a liability in the Statement of Financial Position.

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

(ii) Special Projects

CYP receives additional contributions and grants from member governments, non-Commonwealth countries and other organisations for special projects (see note 7 for details of individual special projects). These monies are awarded subject to specific performance conditions.

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

COMMONWEALTH YOUTH PROGRAMME FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

1.15 Revenue (Continued)

(b) Revenue from Exchange Transactions

Exchange transactions are transactions in which CYP provides a service and receives fair value consideration in return.

(i) Other Income

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

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

ii) Tax

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

iii) Staff Gratuity Fund

The Commonwealth contributes 15% of gross salary on a monthly basis for permanent members of staff who opt in to the Staff Gratuity Fund instead of the Staff Defined Contribution Pension Scheme. Contributions to the fund are recognised as staff costs in the Statement of Financial Performance. Payments of accumulated gratuity plus interest are made to staff at the end of their contract or on leaving The Commonwealth. The contributions are paid into the fund's bank account and managed separately in readily convertible investments. Cash deposits and fixed term deposits relating to the staff gratuity fund are not available for general use by The Commonwealth. The relating asset and liability are reported in the Statement of Financial Position of the Commonwealth Secretariat Fund (COMSEC) because it is not possible to readily separate the proportion relating to CYP employees. The liability is classified as current or non-current dependent on the expiry dates of the employees' contracts.

iv) Relocation Expenses

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

v) Home Leave

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

vi) Pensions

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

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

COMMONWEALTH YOUTH PROGRAMME FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

1.16 Expenses (vi) Pensions (Continued)

obligations of this scheme. Unrealised actuarial gains and losses are recognised in the Statement of Changes in Net Assets in COMSEC.

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

Staff Defined Benefit Pension Scheme

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

The current Schedule of Contributions requires the employer to contribute the amount required to bring the aggregate contribution to one twelfth of 72% of the total contributory payroll of the active members of all the funds each month in respect of future service, together with additional monthly contributions of £137,333 to meet the past service shortfall on behalf of entitled employees. Also payable are insurance premiums for death-in-service benefits and expenses incurred by the trustees in administering the scheme.

The Scheme is subject to UK pension regulations. It undertakes valuations every three years and prepares financial statements to 31 March. The financial statements of the scheme are audited by Assure UK. The scheme's actuary is Neal Thompson, Partner, First Actuarial LLP. The audited financial statements and details of advisors are available on request from the Payroll and Pensions Team, Finance and Management Information Section, Marlborough House, London SW1Y 5HX.

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

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

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

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

Further details of the defined benefit scheme are disclosed on pages 24 to 26 of the 2016-17 financial statements of the Commonwealth Secretariat Fund.

Supplementary Pension

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

An actuarial valuation of The Commonwealth's obligation as at the year-end is obtained with the entire liability recognised in the Statement of Financial Position of COMSEC as it is not possible to separate the scheme liabilities under the different funds. The present value of the supplementary pension obligations is determined by

COMMONWEALTH YOUTH PROGRAMME FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

1.16 Expenses (vi) Pensions (Continued)

discounting the estimated future cash outflows using agreed assumptions. There are no directly attributable investments or assets to support the obligations of this scheme. Unrealised gains and losses are recognised in the Statement of Changes in Net Assets in COMSEC.

Group Stakeholder Defined Contribution Pension Scheme

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

(b) Office Rental Cost

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

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

(c) Direct Projects

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

(d) Foreign Currency Transactions

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

(e) Common Service Charge

CYP is charged a levy referred to as the Common Service Charge by COMSEC. The charge recovers some of the costs incurred by COMSEC in operating the internal business support functions which includes Corporate Services, Human Resources, Strategic Planning & Evaluation and to a lesser extent Communications and Office of the Secretary-General.

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.

1.17 Use of Estimates and Judgements

Preparing financial statements in accordance with IPSAS requires The Commonwealth to make estimates, judgements and assumptions in the selection and application of accounting policies and in the reported amounts of assets, liabilities, revenues and expenses. For this reason, actual results may differ from those estimates. Accounting estimates and underlying assumptions are reviewed on an on-going basis and revisions to estimates are recognised in the year in which the estimates are revised and in any future year affected. Significant estimates and assumptions that may result in material adjustments in future years include: bad debt provision. Further details are given where applicable in the individual notes to the assets and liabilities.

COMMONWEALTH YOUTH PROGRAMME FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

2. Cash and Cash Equivalents

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

	Unrestricted		Restricted		Total	
	2017	2016	2017	2016	2017	2016
	£	£	£	£	£	£
Cash and Cash Deposits	2,143,261	1,794,972	128,166	149,510	2,271,427	1,944,482
Foreign Bank Accounts	-	39,331	-	-	-	39,331
Total Cash and Cash Equivalents	2,143,261	1,834,303	128,166	149,510	2,271,427	1,983,813

3. Other Receivables from Exchange Transactions - net

	Notes	2017	2016
		£	£
Staff Debtors	(a)	750	4,813
Commonwealth Secretariat		370,990	66,311
Other Debtors		6,628	1,925
Total Receivables less provision		378,368	73,049

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

Ageing of Receivables from Exchange Transactions:

	2017	2016
	£	£
Current	377,618	68,236
< 12 months	750	4,813
Total	378,368	73,049

COMMONWEALTH YOUTH PROGRAMME FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

4. Payables and Other Liabilities from Exchange Transactions

Amounts falling due within one year

	2017	2016
	£	£
Staff Balances	1,926	23,528
Trade Payables & Accruals	109,467	271,781
Commonwealth Fund for Technical Co-operation	21,169	-
Total Payables and Current Liabilities	132,562	295,309

5. Provisions

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

	As at 30 June 2017		As at 30 June 2016	
	Due within one year	Due after one year	Due within one year	Due after one year
	£	£	£	£
Relocation Expenses	103,256	-	-	66,765
Home Leave Expenses	5,576	-	9,319	-
Provision for Redundancy	23,335	-	-	-
Total Provisions	132,167	-	9,319	66,765

Movements in provisions during the year are as follows:

Provisions for Liabilities	Notes	As at 30 June 2016	(Decrease)/ Increase in provision	Amount used in year	As at 30 June 2017
		£	£	£	£
Relocation Expenses	(a)	66,765	36,491	-	103,256
Home Leave Expenses	(b)	9,319	(1,554)	(2,189)	5,576
Provision for Redundancy	(c)	-	23,335	-	23,335
Total Provisions for Liabilities		76,084	58,272	(2,189)	132,167

(a) CYP incurs relocation expenses for overseas recruited staff and experts at the beginning and end of their contracts. The costs of relocation are variable because they depend on the timing of the relocation, which can be at any stage within the maximum contract period of nine years (depending on renewal of three year contracts); the location from which the staff member is relocated; the size and circumstances of the family; and the complexity of the individual's affairs at the time.

The level of provision is based on an annual review of future costs and the movement in the provision for the year has been included in the Statement of Financial Performance under staff costs.

(b) The provision relates to home leave passages for overseas recruited staff. Overseas recruited staff and their dependents are provided with one home leave passage after serving 20 months of any of their contract. The level of provision is based on an annual review of future costs and the movement in the provision for the year has been included in the Statement of Financial Performance under staff costs.

(c) During the financial year 2016-17 the Commonwealth implemented a new organisational structure which came into effect on 1 July 2017. The Commonwealth has provided for compulsory redundancy costs in the Statement of

COMMONWEALTH YOUTH PROGRAMME FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

5. Provisions (Continued)

Financial Performance in 2016-17 in relation to the organisational restructure costs that will occur in the 2017-18 financial period.

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

	2017	2016
	£	£
Current	864,659	842,406
Provision for doubtful accounts	(555,072)	(454,759)
Net Current Contributions Receivable	309,587	387,647
Non-Current	41,465	67,884
Total Net Contributions Receivable	351,052	455,531

The provision for doubtful debts relates to current member contributions. The net current contributions receivable is £309,587 (2016: £387,647).

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, one government had agreed a payment plan amounting to £47,389 (2016: £83,122).

Ageing of receivables from non-exchange transactions:

	2017	2016
	£	£
Less than one year	251,563	409,448
Between one and two years	99,489	46,083
Total	351,052	455,531

The provision for doubtful accounts is for the outstanding contributions receivable where there is a delay in settlement of arrears. The change in the provision for doubtful accounts during 2016-17 is as follows:

	Provision as at 30 June 2016	Increase in provision	(Decrease) in provision	Provision as at 30 June 2017
	£	£	£	£
Provision for doubtful debt	454,759	152,866	(52,553)	555,072

The increase in provision of £152,866 (2016: £22,820) is for additional outstanding balances from member states assessed as doubtful contributions as at 30 June 2017 due to delay in settlement of arrears.

The decrease in provision of £52,553 (2016: £86,338) is for receipts received during the year and reversal of outstanding contribution balances previously provided for as doubtful.

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

6. (a) (i) Members' Contributions from Non-exchange Transactions 2016-17

Country	Balance as at 30 June 2016		Assessment 2016/17	Received 2016/17	Balance as at 30 June 2017	
	Receivable	Prepaid			Receivable	Prepaid
	£	£	£	£	£	£
Antigua & Barbuda	8,498	-	7,538	16,036	-	-
Australia	-	-	391,951	391,951	-	-
Bahamas	-	-	22,613	22,613	-	-
Bangladesh	-	-	19,598	19,598	-	-
Barbados	-	-	9,045	9,045	-	-
Belize	-	-	6,030	-	6,030	-
Botswana	51,978	-	22,613	74,591	-	-
Brunei Darussalam	-	-	25,628	25,841	-	(213)
Cameroon	8,506	-	19,598	18,270	9,834	-
Canada	-	-	640,689	640,689	-	-
Cyprus	25,025	-	31,658	25,025	31,658	-
Dominica	59,054	-	6,030	17,694	47,390	-
Fiji	24,068	-	9,045	33,113	-	-
The Gambia*	161,849	-	-	-	161,849	-
Ghana	21,876	-	22,613	-	44,489	-
Grenada	-	-	6,030	6,030	-	-
Guyana	16,998	-	7,538	9,594	14,942	-
India	111,712	-	143,213	133,981	120,944	-
Jamaica	30,884	-	19,598	-	50,482	-
Kenya	-	(13,584)	22,613	-	9,029	-
Kiribati	4,407	-	6,030	-	10,437	-
Lesotho	-	-	6,030	-	6,030	-
Malawi	8,499	-	7,538	16,037	-	-
Malaysia	-	-	67,838	67,838	-	-
Maldives*	5,822	-	7,538	-	13,360	-
Malta	-	-	22,613	22,613	-	-
Mauritius	-	-	19,598	19,598	-	-
Mozambique	-	(17,292)	9,045	-	-	(8,247)
Namibia	19,986	-	19,598	39,584	-	-
Nauru	-	-	6,030	6,030	-	-
Nigeria	34,624	-	58,793	-	93,417	-
Pakistan	-	-	45,225	45,225	-	-
Papua New Guinea	25,375	-	9,045	34,420	-	-
Rwanda	-	-	7,538	7,538	-	-
Samoa	-	-	6,030	6,030	-	-
Seychelles	8,499	-	6,030	14,529	-	-
Sierra Leone	-	-	6,030	-	6,030	-
Singapore	-	-	82,913	82,913	-	-
Solomon Islands	-	-	6,030	-	6,030	-
South Africa	-	(15,181)	82,913	82,913	-	(15,181)
Sri Lanka	-	-	25,628	25,628	-	-
St Kitts & Nevis	8,499	-	6,030	8,499	6,030	-
St Lucia	206	-	6,030	-	6,236	-
St Vincent & The Grenadines	54,402	-	6,030	4,501	55,931	-
Swaziland	-	-	7,538	-	7,538	-
Tanzania	21,876	-	19,598	29,638	11,836	-
Tonga	-	-	6,030	-	6,030	-
Trinidad & Tobago	29,115	-	31,658	60,773	-	-
Tuvalu	3,777	-	6,030	6,030	3,777	-
Uganda	21,876	-	19,598	-	41,474	-
United Kingdom	-	-	1,028,151	1,028,151	-	-
Vanuatu	8,499	-	6,030	-	14,529	-
Zambia	13,587	-	9,045	22,632	-	-
Zimbabwe	76,339	-	-	-	76,339	-
Cook Islands	44,453	-	6,030	6,030	44,453	-
Total	910,289	(46,057)	3,099,472	3,081,221	906,124	(23,641)

*The Gambia and Maldives withdrew from The Commonwealth in 2013 and 2016 respectively.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

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

Country	Balance at 30 June 2015		Assessment 2015/16	Received In 2015/16	Balance at 30 June 2016	
	Receivable	Prepaid			Receivable	Prepaid
	£	£	£	£	£	£
Antigua & Barbuda	8,499	-	8,499	(8,500)	8,498	-
Australia	-	-	327,348	(327,348)	-	-
Bahamas	-	-	19,514	(19,514)	-	-
Bangladesh	-	-	16,369	(16,369)	-	-
Barbados	16,369	-	16,369	(32,738)	-	-
Belize	8,499	-	8,499	(16,998)	-	-
Botswana	34,510	-	17,468	-	51,978	-
Brunei Darussalam	25,025	-	25,025	(50,050)	-	-
Cameroon	16,369	-	16,369	(24,232)	8,506	-
Canada	-	-	756,814	(756,814)	-	-
Cyprus	25,025	-	25,025	(25,025)	25,025	-
Dominica	55,681	-	8,499	(5,126)	59,054	-
Fiji	27,077	-	19,750	(22,759)	24,068	-
The Gambia *	161,849	-	-	-	161,849	-
Ghana	43,219	-	21,876	(43,219)	21,876	-
Grenada	-	-	8,499	(8,499)	-	-
Guyana	12,341	-	8,499	(3,842)	16,998	-
India	247,586	-	122,120	(257,994)	111,712	-
Jamaica	28,771	-	21,876	(19,763)	30,884	-
Kenya	-	(13,584)	22,819	(22,819)	-	(13,584)
Kiribati	-	-	4,407	-	4,407	-
Lesotho	-	-	8,499	(8,499)	-	-
Malawi	8,499	-	8,499	(8,499)	8,499	-
Malaysia	-	-	41,705	(41,705)	-	-
Maldives	-	-	5,822	-	5,822	-
Malta	-	-	16,369	(16,369)	-	-
Mauritius	-	-	16,369	(16,369)	-	-
Mozambique	-	(25,791)	8,499	-	-	(17,292)
Namibia	-	-	19,986	-	19,986	-
Nauru	3,685	-	3,777	(7,462)	-	-
Nigeria	-	-	34,624	-	34,624	-
Pakistan	-	-	32,106	(32,106)	-	-
Papua New Guinea	11,368	-	14,007	-	25,375	-
Rwanda	10,441	-	10,702	(21,143)	-	-
Samoa	-	-	8,499	(8,499)	-	-
Seychelles	-	-	8,499	-	8,499	-
Sierra Leone	-	-	14,007	(14,007)	-	-
Singapore	-	-	53,350	(53,350)	-	-
Solomon Islands	22,645	-	8,499	(31,144)	-	-
South Africa	-	(15,181)	102,134	(102,134)	-	(15,181)
Sri Lanka	-	-	21,876	(21,876)	-	-
St Kitts & Nevis	8,499	-	8,499	(8,499)	8,499	-
St Lucia	-	(8,292)	8,499	-	206	-
St Vincent & The Grenadines	45,903	-	8,499	-	54,402	-
Swaziland	-	-	8,499	(8,499)	-	-
Tanzania	63,980	-	21,876	(63,980)	21,876	-
Tonga	1,352	-	8,499	(9,851)	-	-
Trinidad & Tobago	29,115	-	29,115	(29,115)	29,115	-
Tuvalu	3,685	-	3,777	(3,685)	3,777	-
Uganda	43,218	-	21,876	(43,218)	21,876	-
United Kingdom	-	-	1,030,760	(1,030,760)	-	-
Vanuatu	8,499	-	8,499	(8,499)	8,499	-
Zambia	42,594	-	21,560	(50,567)	13,587	-
Zimbabwe	76,339	-	-	-	76,339	-
Cook Islands	44,453	-	-	-	44,453	-
Total	1,135,095	(62,848)	3,093,430	(3,301,444)	910,289	(46,057)

*The Gambia has withdrawn from the Commonwealth in 2013.

COMMONWEALTH YOUTH PROGRAMME FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

7. (a) Deferred Income from Non-exchange Transactions 2016-17

Special Projects	Deferred Income 30 June 2016 £	Project Receipts £	Project Expenses £	Adjustment £	Deferred Income 30 June 2017 £
Commonwealth Youth Council	47,760	-	(12,425)	-	35,335
Sports as a Tool for Development & Peace	5,748	-	-	(5,748)	-
Youth Mainstreaming	189	-	-	(189)	-
Young Professionals Programme	18,710	-	(4,800)	-	13,910
Youth Development Index	70,624	65,940	(65,181)	6,400	77,783
Commonwealth YouthCAN	6,479	-	(5,341)	-	1,138
TOTAL	149,510	65,940	(87,747)	463	128,166

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

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

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

8. Interest Receivable from Exchange Transactions

	2016-17	2015-16
	£	£
Interest on Bank Deposits	3,061	7,202
Total Interest Receivable	3,061	7,202

Interest bearing accounts and investments yielded an average rate of 0.20% (2015-16: 0.29%) during the reporting period.

COMMONWEALTH YOUTH PROGRAMME FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

9. Staff Costs

	Notes	2016-17	2015-16
		£	£
Salaries & Allowances		76,679	86,230
Salaries & Allowances – Direct		603,656	784,081
Employers National Insurance Contributions		77,251	73,578
Contributions to Staff Gratuity Fund		114,929	109,887
Staff provisions		28,346	(40,570)
Termination Benefits	(a)	23,335	-
Total Staff Costs		924,196	1,013,206

(a) During the financial year 2016-17 the Commonwealth implemented a new organisational structure which came into effect 1 July 2017. As a result of the structural reconfiguration, the Commonwealth has recognised an obligation for estimated termination costs in the Statement of Financial Performance in 2017-18 in relation to the organisational restructure costs that will occur in the 2017-18 financial period.

10. Remuneration of Key Management Personnel

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

	Number of persons		Aggregate Remuneration	
	2016-17	2015-16	2016-17	2015-16
			£	£
Management Committee	-	-	24,827	26,407
Directors and Heads of Units	1	1	173,167	139,623
TOTAL	1	1	197,994	166,030

The Management Committee consisted of the Secretary-General, two Deputy Secretaries-General and one Chief Operating Officer. Aggregate remuneration includes salary, allowances and employer's contribution to the gratuity fund as analysed further below. The Secretary-General is provided with rent-free accommodation at The Commonwealth's official residence at Hill Street along with a chauffeur driven car for official use which is also available for the Secretary-General's private use.

	Management Committee		Directors and Heads of Units	
	2016-17	2015-16	2016-17	2015-16
	£	£	£	£
Salary	16,058	15,662	131,233	98,624
Allowances	5,235	7,089	20,882	20,088
Gratuity	3,534	3,656	21,052	20,911
TOTAL	24,827	26,407	173,167	139,623

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

COMMONWEALTH YOUTH PROGRAMME FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

11. Other Costs

	2016-17	2015-16
	£	£
Rent and Rates	210,386	182,323
Printing & Stationery	599	5,492
Short Term Consultants Costs	161,317	307,669
Communications, Publicity & Information	53,134	86,724
Events and Venue Costs	98,248	140,571
Travel & Subsistence Costs	381,170	762,288
Restructure Costs	-	349
Insurance	8,528	8,783
Library & Subscriptions	5,472	6,137
Audit Fees	16,200	11,444
Bank & Financial Charges	2,771	4,705
Conference Facility Costs	133,439	134,444
Computer Maintenance	35,961	37,829
Non Staff Related Provision	100,313	(72,606)
Miscellaneous Expenses	12,408	19,650
Total Other Costs	1,219,946	1,635,802

12. Direct Project Expenses

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

	2016-17	2015-16
	£	£
Youth	1,497,647	2,107,625
Total	1,497,647	2,107,625

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

	2016-17	2015-16
	£	£
Salaries & Allowances	806,510	898,796
Other Costs	691,137	1,208,829
Total	1,497,647	2,107,625

13. Related Party Disclosures

(a) Controlled Entities

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

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

COMMONWEALTH YOUTH PROGRAMME FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

13. Related Party Disclosures (Continued)

As described in note 1.16(e), costs of common service divisions are incurred by COMSEC. These charges are then recovered from CFTC and CYP as Common Service Charges.

(b) Other Related Parties

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

In the financial year to 30 June 2017, there were no transactions outside the normal operations between The Commonwealth Youth Programme Fund and the two Commonwealth organisations mentioned above (2016: £nil).

The Management Committee is remunerated through COMSEC and a portion of the cost is allocated to CYP as disclosed in note 10.

14. Obligations under Operating Leases

All lease agreements are registered in COMSEC and the costs are shared among the three Funds. The total amount of operating leases recognised in CYP Statement of Financial Performance for the period is £105,000 (2015-16: £99,049).

15. Financial Instruments

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

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

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

(a) Fair Values

The assets of CYP are categorised as follows:

	2017	2016
	£	£
Financial Assets	3,000,847	2,512,393
Non-financial assets	428	34,865
Total	3,001,275	2,547,258

COMMONWEALTH YOUTH PROGRAMME FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

15. Financial Instruments (a) Fair Values (Continued)

The liabilities of CYP are categorised as follows:

	2017	2016
	£	£
Financial Liabilities	132,562	295,309
Non-financial Liabilities	283,974	271,651
Total	416,536	566,960

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

Financial Assets:

	Carrying Amount
	£
2017:	
Cash and Cash Equivalents	2,271,427
Receivables - Current	687,955
Non-Current	41,465
Total	3,000,847
2016:	
Cash and Cash Equivalents	1,983,813
Receivables - Current	460,696
Non-Current	67,884
Total	2,512,393

Financial Liabilities:

	Carrying Amount
	£
2017:	
Payables	132,562
Total	132,562
2016:	
Payables	295,309
Total	295,309

Cash and short-term deposits, receivables, payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

Non-current liabilities are carried at their principal amounts, which represent the present value of future cash flows associated with servicing the debt.

(b) Foreign Currency Risk

CYP is currently not exposed to foreign currency risk arising from Non-GB Pound Sterling holdings to support local operating activities in programme countries.

COMMONWEALTH YOUTH PROGRAMME FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

15. Financial Instruments (b) Foreign Currency Risk (Continued)

As at 30 June 2017, 100% of cash and cash equivalents are denominated in GB Pound Sterling. (2016: 98% of cash and cash equivalents were denominated in GB Pound and the remaining 2% in other currencies).

(c) Credit Risk

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

The treasury and investment management policy manages credit risk on cash and cash equivalents by limiting the amount of credit exposure to any one counterparty and ensuring these financial assets are held with well-recognised financial institutions. As at 30 June 2017, 100% of these financial assets were held at counterparty banks with a Moody's credit rating of A3 and higher.

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

(d) Liquidity Risk

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

CYP ensures that it has sufficient cash on demand to meet expected funding needs of the organisation through the use of cash flow forecasts, taking into consideration timing of investment maturities. All investments are short term in nature to ensure that sufficient funds are available to meet CYP commitments as and when they fall due.

The following are contractual liabilities:

2017	<6 months
	£
Liabilities	
Payables	132,562
Total Liabilities	132,562

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

As at 30 June 2017 CYP had not issued any financial guarantees.

(e) Market Risk

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

COMMONWEALTH YOUTH PROGRAMME FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

15. Financial Instruments (Continued)

(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 2017 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		£
	+25%	765
	-25%	(765)

Foreign Currency Risk

Foreign currency balances in GB Pound Sterling as at 30 June 2017 comprises of the following:

2017	GBP	Total
	£	£
Financial Assets	3,000,847	3,000,847
Percentage of Total	100%	100%
Financial Liabilities	132,562	132,562
Percentage of Total	100%	100%

16. Events After Reporting Date

The Secretary-General authorised these financial statements for issue on 8 December 2017.

There are no material events, favourable or unfavourable that occurred between the reporting date, 30 June 2017, and the date of authorisation for issue that would have impacted these statements.

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