



Commonwealth Foundation

**Financial statements
for the year ended 30 June 2017**

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Commonwealth Foundation

Legal and administrative information For the year ended 30 June 2017

International Organisation status

The Commonwealth Foundation (the Foundation) was established by Agreed Memorandum approved by the Commonwealth Heads of Government in London in 1966. It was originally registered as a charity under English law but was reconstituted as an International Organisation on 14 February 1983 under the Headquarters Agreement between the Foundation and the government of the United Kingdom of Great Britain and Northern Ireland (Cmnd.8675), as ratified by the Commonwealth Foundation Immunities and Privileges Order 1983 (SI 1983 No. 143).

The objective of the Foundation is to strengthen and mobilise civil society in support of Commonwealth principles and priorities.

Within this broad framework, the Foundation:

1. assists civil society organisations, including Commonwealth professional bodies and networks at the national, regional and Commonwealth level;
2. supports exchange between civil society organisations, including Commonwealth professional bodies and networks;
3. stimulates the flow of information between civil society organisations including Commonwealth professional bodies and networks and governments through Commonwealth processes; and
4. stimulates and supports any other activities which fall within the Foundation's four year strategic plan as approved by the Board of Governors.

The Foundation is governed in accordance with its Memorandum of Understanding.

Mission

To develop the capacity of Civil Society to act together and learn from each other to engage with the institutions that shape people's lives.

Address

Marlborough House
Pall Mall
London
SW1Y 5HY

Tel: +44 (0)20 7930 3783

Chair

Sir Anand Satyanand GNZM QSO KStJ
End of Term in Office: 31 December 2016

Ambassador Shree Baboo Chekitan Servansing
Start of Term in Office: 1 January 2017

Director-General

Mr Vijay Krishnarayan BA (Hons) MSc

Deputy Director-General

Ms Maria Garcia BA (Hons) MA

Commonwealth Foundation

Legal and administrative information (continued) **For the year ended 30 June 2017**

Membership and governance

All 52 Commonwealth governments are eligible to become Members of the Commonwealth Foundation. Total membership stands today at 45 countries.

Associated states or overseas territories may apply for associate member status. Gibraltar is currently an Associate Member.

The Commonwealth Foundation is governed by a Chair and a Board of Governors. Each Member Government is represented on the Board by a Governor. In addition, five Governors are selected to represent civil society. The Associate Member is represented on the Board by an observer.

Member Governments

Antigua & Barbuda	Mauritius
Australia	Mozambique
Bahamas	Namibia
Bangladesh	New Zealand
Barbados	Nigeria
Belize	Pakistan
Botswana	Papua New Guinea
Brunei Darussalam	Rwanda
Cameroon	Seychelles
Canada	Sierra Leone
Cyprus	Solomon Islands
Dominica	South Africa
Ghana	Sri Lanka
Grenada	St Lucia
Guyana	St Vincent & the Grenadines
India	Swaziland
Jamaica	Tonga
Kenya	Trinidad & Tobago
Kiribati	Uganda
Lesotho	United Kingdom
Malawi	United Republic of Tanzania
Malaysia	Zambia
Malta	

Associate Member

Gibraltar

Non-member Governments

Fiji Islands	The Gambia (withdrew Oct 2013)
Maldives (withdrew Commonwealth Oct 2016))	St Kitts & Nevis
Nauru	Tuvalu
Samoa (withdrew May 2011)	Vanuatu
Singapore (withdrew Feb 2012)	

Commonwealth Foundation

Legal and administrative information (continued)

For the year ended 30 June 2017

Bankers

Lloyds Bank Plc
Pall Mall, St James's Branch
39 Piccadilly
London
W1V 0AA

Barclays Bank Plc
P O Box 9359
Leicester
OE87 2BB

Pubali Bank
Motijheel Branch
195 Motijheel Commercial Area
Dhaka
Bangladesh

Auditors

Saffery Champness LLP
71 Queen Victoria Street
London
EC4V 4BE

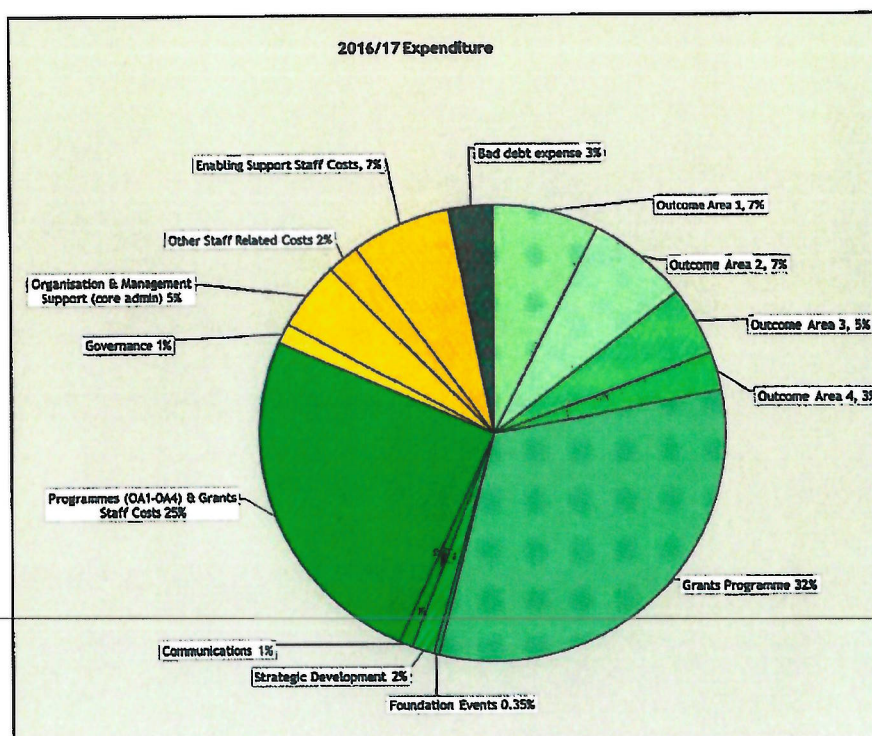
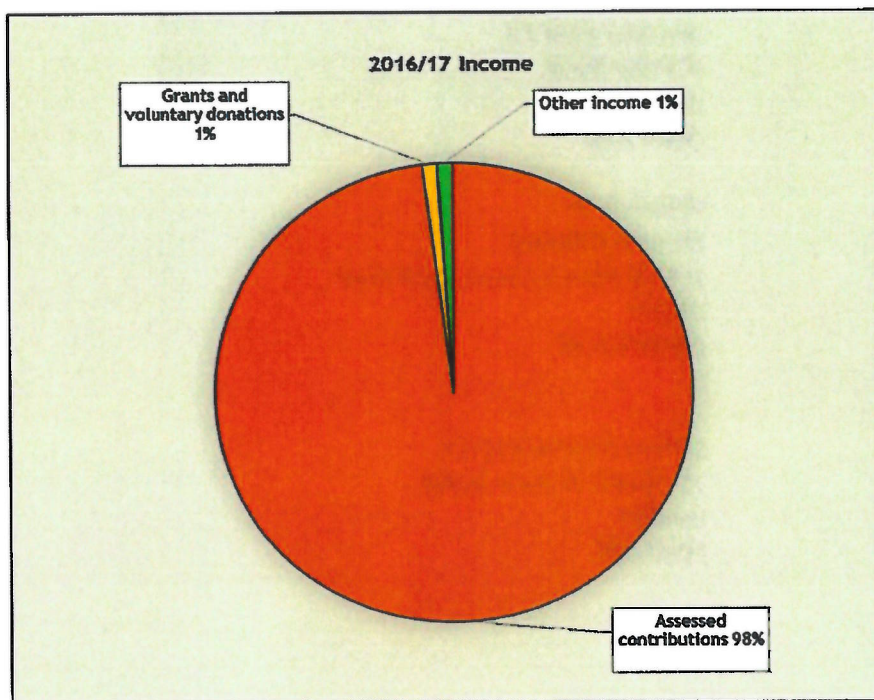
Commonwealth Foundation

Financial review

For the year ended 30 June 2017

For the year ended 30 June 2017, the Foundation recognised income of £3,147,596 (2016: £3,174,146) and expenditure of £3,180,335 (£3,416,981). Reserves decreased by £32,739 (2016: decrease of £242,835) resulting in reserves carried forward at 30 June 2017 of £1,932,250 (2016: £1,964,989).

A summary of the Foundation's income and expenditure for the year is provided below.



Commonwealth Foundation

Statement of Board of Governors' responsibilities For the year ended 30 June 2017

The Board of Governors is entrusted by Member Governments with responsibility for and oversight of the Foundation's policies, programmes, priorities and approval of the annual budget and for ensuring that these are in accordance with the strategic plan of the Foundation.

The Memorandum of Understanding requires the Board of Governors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Commonwealth Foundation and of its result for that period.

In preparing those financial statements, the Board of Governors is required to:

- select suitable accounting policies and then apply them consistently;
- make judgement and estimates that are reasonable and prudent;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Commonwealth Foundation will continue to operate; and
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Board of Governors is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Commonwealth Foundation. The Board of Governors is also responsible for safeguarding the assets of the Commonwealth Foundation and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

To assist the Board in the execution of these duties, the Memorandum of Understanding provides for the appointment of a Director. The Foundation will be represented by the Director and as such the Director will authorise the financial statements and associated reports on behalf of the Board of Governors and the Commonwealth Foundation.

The Board of Governors are responsible for the maintenance and integrity of the Foundation and financial information included on the Foundation's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved and signed on behalf of the Board of Governors on 13 November 2017 by:



V Krishnamayan
Director-General

Commonwealth Foundation

Independent auditors' report to the Board of Governors For the year ended 30 June 2017

We have audited the financial statements of the Commonwealth Foundation for the year ended 30 June 2017 set out on pages 6 to 16. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102.

This report is made solely to the Board of Governors of the Commonwealth Foundation, as a body, in accordance with the Memorandum of Understanding adopted by Commonwealth Governments. Our audit work has been undertaken so that we might state to the Foundation's members those matters we are required to state to them in an auditors' 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 Foundation and the Foundation's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Board of Governors' Responsibilities, the Board of Governors of the Commonwealth Foundation is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Foundation's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Board of Governors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information published with the financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of affairs of the Commonwealth Foundation as at 30 June 2017 and of its result for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities.

Saffery Champness LLP

Saffery Champness LLP

14 November 2017

**Chartered Accountants
Statutory Auditors**

**71 Queen Victoria Street
London
EC4V 4BE**

Commonwealth Foundation

Statement of income and expenditure For the year ended 30 June 2017

	Note	2017				2016
		General funds £	Designated funds £	Restricted funds £	Total £	Total £
Income from						
Assessed contributions	5	3,105,352	-	-	3,105,352	3,105,352
Grants and voluntary donations	5	-	-	23,000	23,000	25,000
Other income	5	19,244	-	-	19,244	43,794
Total income		3,124,596	-	23,000	3,147,596	3,174,146
Expenditure on						
Programmes						
- Direct programme costs	6	598,706	79,678	23,000	701,384	696,492
- Grants programme	7	969,507	42,506	-	1,012,013	987,694
- Foundation events	8	5,412	5,826	-	11,238	341,688
- Staff and related costs	9	776,109	14,416	-	790,525	732,023
		2,349,734	142,426	23,000	2,515,160	2,757,897
Enabling support						
- Strategic development		35,000	13,754	-	48,754	66,864
- Communications		30,029	-	-	30,029	29,952
- Governance		33,315	12,823	-	46,138	31,701
- Organisation and management support costs		153,051	-	-	153,051	191,115
- Staff and related costs	9	289,478	-	-	289,478	270,007
		540,873	26,577	-	567,450	589,639
Bad debt expense	5	97,725	-	-	97,725	69,445
Total expenditure		2,988,332	169,003	23,000	3,180,335	3,416,981
Net income/ (expenditure) for the financial year		136,264	(169,003)	-	(32,739)	(242,835)
Transfers between funds	10	(397,526)	397,526	-	-	-
Reserves brought forward		1,595,854	369,135	-	1,964,989	2,207,824
Reserves carried forward		1,334,592	597,658	-	1,932,250	1,964,989

Commonwealth Foundation

**Statement of financial position
For the year ended 30 June 2017**

		2017		2016	
	Notes	£	£	£	£
Fixed assets					
Plant and equipment	11		386		1,335
Current assets					
Debtors	12	958,373		1,029,273	
Cash at bank and in hand		2,287,743		2,151,331	
		<u>3,246,116</u>		<u>3,180,604</u>	
Current liabilities					
Creditors: Amounts falling due within one year	13	(1,314,252)		(1,216,950)	
Net current assets			1,931,864		1,963,654
Net assets			<u>1,932,250</u>		<u>1,964,989</u>
Reserves					
General fund			1,334,592		1,595,854
Designated fund			597,658		369,135
Restricted funds			-		-
Total reserves	10		<u>1,932,250</u>		<u>1,964,989</u>

These financial statements have been prepared in accordance with the provisions applicable to entities subject to the small entities' regime.

The accounts were approved on 13 November 2017 and signed on behalf of the Board of Governors by:


V Krishnan
Director-General

Commonwealth Foundation

Notes to the financial statements (continued)

For the year ended 30 June 2017

1. Statutory information

The Commonwealth Foundation is an International Organisation. The registered office is Marlborough House, Pall Mall, London, SW1Y 5HY, United Kingdom.

2. Compliance with accounting standards

The accounts have been prepared in accordance with the provisions of Financial Reporting Standard 102 (FRS 102) for small entities. There were no material departures from that standard.

3. Accounting policies

The financial statements are presented in the currency of the United Kingdom. Monetary amounts in these financial statements have been rounded to the nearest whole £.

The Commonwealth Foundation constitutes a public benefit entity as defined by FRS 102.

The financial statements have been prepared on a going concern basis.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the organisation's financial statements.

3.1 Income

All incoming resources are included in the statement of income and expenditure when the Foundation is entitled to the income and the amounts can be quantified with reasonable accuracy. Assessed contributions are recognised in the year to which the contribution relates. Interest is recognised when earned. Grants received by the Foundation are recognised over the periods to which they relate.

3.2 Expenditure

All expenditure is accounted for on an accruals basis. Expenditure is allocated to the different headings on the statement of income and expenditure on a basis that is consistent with the use of the resources.

3.3 Fixed assets

Fixed assets greater than £500 is capitalised at cost, which includes the purchase price and directly attributable costs to bring the asset into functional use.

Depreciation is charged so as to write off the cost less the estimated residual value of assets by equal instalments over their estimated useful lives as follows:

Fixtures and fittings	20% per annum
Equipment	33% per annum

3.4 Debtors

Debtors are stated at net realisable value. A provision for loss is established based on a review of outstanding amounts at the reporting date.

Provision is only made in relation to assessed contributions from Member Governments where there are exceptional circumstances, as contributions are expected to be recoverable.

3.5 Financial instruments

Notes to the financial statements (continued)
For the year ended 30 June 2017

Financial instruments primarily include financial assets and liabilities such as cash and cash equivalents, receivables and payables. The Commonwealth Foundation has not entered into any derivative financial instrument transactions at the reporting date. Interest relating to financial instruments is reported in the statement of income and expenditure.

Financial assets and liabilities are recorded at fair value as at the reporting date.

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled.

Financial liabilities are derecognised when the Foundation's contractual obligations expire or are discharged or cancelled.

3.6 Cash and cash equivalents

The Commonwealth Foundation considers cash in hand, amounts due from banks and short-term deposits with banks to be cash and cash equivalents.

3.7 Provisions

Provisions are recognised when the Commonwealth Foundation has a legal or constructive obligation as a result of past transactions, when it is probable that an outflow of resources will be required to settle that obligation, and when an estimate of the amount of the obligation can be made.

3.8 Foreign currency transactions

All assessed contributions are payable in sterling. Voluntary contributions are accepted in currencies other than sterling. Foreign currency transactions are accounted for at the exchange rates prevailing on the date of the transactions. Both realised and unrealised gains and losses resulting from the settlement of such transactions and from the revaluation at reporting date of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of income and expenditure.

3.9 Reserves

General funds are spent or applied at the discretion of the Commonwealth Foundation to further any of its purposes. It is one aim of the Commonwealth Foundation to hold the equivalent of six months' operating expenditure in cash in General Fund reserves to provide working capital. This figure is calculated as one half of the previous year's assessed contributions.

Designated funds represent amounts set aside by the Board of Governors to meet specific activities of the organisation. Details of activities funded by designated funds are disclosed in Note 10.

Restricted funds represent amounts received by the Commonwealth Foundation that are earmarked for specific usage by the funder.

3.10 Taxes

The Commonwealth Foundation is exempt from direct and indirect tax under its agreement with the UK Government. VAT incurred on the supply of goods and services is recoverable from the UK government.

3.11 Gratuity scheme

The Foundation contributes fifteen per cent of gross salary on a monthly basis for members of staff in lieu of pension contributions. The funds are invested and administered by the Commonwealth Secretariat Staff Gratuity Fund. The Fund's underlying assets are represented by cash and fixed term deposits. Payments of accumulated gratuity plus interest are made to staff at the end of their contract or on leaving the Foundation. Contributions to the fund are recognised as staff costs in the statement of income and expenditure.

4. Critical estimates and judgements

Judgements and estimations are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In making these estimates the Foundation makes assumptions concerning the future. The judgements and estimations that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Provision against contributions receivable

At the end of each financial year the Foundation assesses the recoverability of outstanding contributions due from Member Governments and makes a provision against certain outstanding contributions. The Foundation provides against amounts due from Member Governments that are five or more years overdue as well as any debts owed by former members of the Foundation.

Commonwealth Foundation

Notes to the financial statements (continued) For the year ended 30 June 2017

5. Income

5.1 Assessed contributions

	General funds £	Designated funds £	Restricted funds £	2017 £	2016 £
Assessed contributions	3,105,352	-	-	3,105,352	3,105,352

The Foundation is financed by assessed contributions from 45 of the 52 member countries that make up the Commonwealth.

	General funds £	Designated funds £	Restricted funds £	2017 £	2016 £
Provision for contributions arrears	97,725	-	-	97,725	69,445

A provision is made in recognition of amounts due from member governments, over five or more years. Member government contributions for the year after provision were £3,007,627 (2016: £3,046,392).

5.2 Project grants and voluntary income

The Commonwealth Foundation gratefully acknowledges project and voluntary support in the year.

	General funds £	Designated funds £	Restricted funds £	2017 £	2016 £
Sigrid Rausing Trust	-	-	-	-	15,000
Miles Moorland Foundation	-	-	-	-	10,000
Jan Michalski Foundation	-	-	15,000	15,000	-
Kfw	-	-	8,000	8,000	-
	-	-	23,000	23,000	25,000

5.3 Other income

	General funds £	Designated funds £	Restricted funds £	2017 £	2016 £
Bank interest	12,594	-	-	12,594	14,151
Foundation events	6,200	-	-	6,200	29,400
Sundry	450	-	-	450	243
	19,244	-	-	19,244	43,794

Commonwealth Foundation

Notes to the financial statements (continued)

For the year ended 30 June 2017

6. Direct programme costs

	General funds £	Designated funds £	Restricted funds £	2017 £	2016 £
Short-term Outcome Area 1 Strengthened ability of CSOs to use creative expression for participatory governance	181,045	28,595	23,000	232,640	212,178
Short-term Outcome Area 2 Enhanced capacity of regional CSOs and networks/ alliances to engage in participatory/governance	218,447	8,820	-	227,267	265,349
Short-term Outcome Area 3 Enhanced interaction between regional CSOs and Networks/alliances and institutions in governance	139,508	15,300	-	154,808	157,576
Short-term Outcome Area 4 Enhanced knowledge management for more effective participatory governance	59,706	26,963	-	86,669	60,988
Prior year Outcome Area 1-4 Project activities and communications	-	-	-	-	401
	<u>598,706</u>	<u>79,678</u>	<u>23,000</u>	<u>701,384</u>	<u>696,492</u>

7. Grants programme

	General funds £	Designated funds £	Restricted funds £	2017 £	2016 £
Grants payable and awards					
Grants programme	-	7,842	-	7,842	50,108
Participatory governance grants	919,495	34,664	-	954,159	937,586
Deliver Grants Outreach Programme and Monitoring & Evaluation	50,012	-	-	50,012	-
	<u>969,507</u>	<u>42,506</u>	<u>-</u>	<u>1,012,013</u>	<u>987,694</u>

Expenditure on participatory governance grants of £954,159 reflects new grants awards of £984,664 less grants withdrawn of £30,505.

Commonwealth Foundation

Notes to the financial statements (continued)
For the year ended 30 June 2017

8. Foundation events

	General funds £	Designated funds £	Restricted funds £	2017 £	2016 £
Commonwealth People's Forum	-	5,826	-	5,826	329,643
Diplomats Induction Programme	5,412	-	-	5,412	12,045
	<u>5,412</u>	<u>5,826</u>	<u>-</u>	<u>11,238</u>	<u>341,688</u>

9. Staff and related costs

	General funds £	Designated funds £	Restricted funds £	2017 £	2016 £
The main components of staff costs are:					
Salaries	787,017	-	-	787,017	738,930
Social security	90,156	-	-	90,156	92,276
Gratuity scheme costs	116,986	-	-	116,986	112,210
Other staff related costs	71,428	-	-	71,428	58,614
Redundancy pay	-	14,416	-	14,416	-
	<u>1,065,587</u>	<u>14,416</u>	<u>-</u>	<u>1,080,003</u>	<u>1,002,030</u>

Of which:

Programmes	776,109	14,416	-	790,525	732,023
Enabling support	289,478	-	-	289,478	270,007
	<u>1,065,587</u>	<u>14,416</u>	<u>-</u>	<u>1,080,003</u>	<u>1,002,030</u>

Average staff numbers in the year

	2017	2016
Senior management	2	2
Programmes and grants	12	12
Enabling support	4	4
	<u>18</u>	<u>18</u>

The Foundation considers its key management personnel to be the Director-General and Deputy Director-General. The total employment benefits including contributions to the gratuity fund of key management personnel in the year ended 30 June 2017 were £250,120 (2016: £240,137).

Commonwealth Foundation

Notes to the financial statements (continued)

For the year ended 30 June 2017

10. Reserves

	Balance 1 July 2016 £	Incoming resources £	Outgoing resources £	Transfers £	Balance 30 June 2017 £
General funds					
General Fund	1,595,854	3,124,596	(2,988,332)	(397,526)	1,334,592
Designated funds					
Special Grants Funds (i)	100,000	-	-	-	100,000
Grants Programme (ii)	30,985	-	(42,506)	30,505	18,984
Commonwealth People's Forum Fund (iii)	116,498	-	(5,826)	300,000	410,672
Strategic Development activities carried forward (iv)	13,754	-	(13,754)	-	-
Governance activities carried forward (v)	19,700	-	(12,823)	-	6,877
Outcome Areas 1-4: project activities carried forward (vi)	88,198	-	(79,678)	52,605	61,125
Redundancy Pay (vii)	-	-	(14,416)	14,416	-
	369,135	-	(169,003)	397,526	597,658
Restricted funds					
Jan Michalski Foundation	-	15,000	(15,000)	-	-
KfW	-	8,000	(8,000)	-	-
	-	23,000	(23,000)	-	-
Total funds	1,964,989	3,147,596	(3,180,335)	-	1,932,250

The designated reserves are for the following purposes:

- (i) The Special Grants Fund was used to make one-off grants to Commonwealth countries in exceptional circumstances, for example, grants to alleviate difficulties arising from natural disasters.
- (ii) The Grants Programme fund reflects the unspent balance of the previous budget for grants carried forward to fund expenditure on grant making.
- (iii) The Commonwealth People's Forum Fund represents money set aside to support the Foundation's biennial event. £5,826 was spent in 2016/17 on follow-up activities relating to the 2015 CPF. A further sum of £300,000 has been transferred to the fund from the General Fund to meet associated costs for the preparation of 2018 CPF.
- (iv) This reflects the unspent balance of the 2014/15 and 2015/16 strategic development budget, which had been carried forward to fund the development of new Strategic Plan.
- (v) This reflects the unspent balance of the Governance budget funds carried forward for new Civil Society Advisory Governance expenses (CSAG).
- (vi) This reflects reserves set aside to meet the costs of specific projects taking place in 2017/18 that were included in the original budget for OA1-4.
- (vii) Redundancy pay relates to restructuring costs; the Governors approved this expenditure, which was not included in the budget for the year ended 30 June 2017.

Notes to the financial statements (continued)
For the year ended 30 June 2017

11. Fixed assets

	Fixtures and fittings £	Equipment £	Total £
Cost			
Balance at 1 July 2016 and 30 June 2017	10,855	2,266	13,121
Depreciation			
Balance at 1 July 2016	10,275	1,511	11,786
Depreciation charge for the year	194	755	949
Balance at 30 June 2017	10,469	2,266	12,735
Net book value			
At 30 June 2017	386	-	386
At 30 June 2016	580	755	1,336

12. Debtors

	2017 £	2016 £
Assessed contributions	1,280,471	1,238,383
Provision for contribution arrears (see below)	(357,707)	(259,982)
VAT and other recoverable taxes	24,565	32,518
Other debtors	1,311	6,022
Accrued income and prepayments	9,733	12,331
	958,373	1,029,273
Provision for contribution arrears	2017 £	
Provision for contribution arrears at 1 July 2016	259,982	
Provided against in the year	97,725	
	357,707	

Commonwealth Foundation

Notes to the financial statements (continued)
For the year ended 30 June 2017

13. Creditors: amounts falling due within one year

	2017	2016
	£	£
Grants payable	1,073,827	871,332
Other accounts payable	44,328	135,290
Social security costs	11,758	13,951
Accrued charges	142,213	177,390
Deferred income	42,126	18,987
	<hr/>	<hr/>
	1,314,252	1,216,950
	<hr/>	<hr/>

Further to the amounts committed and included above, the Commonwealth Foundation has also approved grants subject to the recipient satisfying specified conditions. The total amount approved but not included as grants payable at 30 June 2017 was £1,050,920 (2016: 867,940).

