

**The Westminster Foundation  
for Democracy Limited**

(A company limited by guarantee without having a share capital)

**ANNUAL REPORT AND ACCOUNTS**

For the year ended 31 March 2014

Company Number: 2693163

# The Westminster Foundation for Democracy Limited

## STATEMENT OF GOVERNORS' AND ACCOUNTING OFFICER'S RESPONSIBILITIES

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In accordance with Company Law and with the Memorandum and Articles of Association, the Governors of The Westminster Foundation for Democracy Limited are responsible for the administration and management of the affairs of WFD and are required to present audited financial statements for each financial year.

The Governors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of WFD and enable them to ensure that the financial statements are prepared in accordance with the Companies Act 2006 and the Accounts Direction given by the Secretary of State for Foreign and Commonwealth Affairs and relevant International Financial Reporting Standards.

In addition, within the terms and conditions of a Management Statement agreed between the Foreign and Commonwealth Office and the Governors of The Westminster Foundation for Democracy Limited, the Governors, through the Chief Executive, are required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of WFD and of the surplus or deficit and cash flows for that year.

In preparing the financial statements, the Governors have to ensure that:

- a. appropriate accounting policies are selected and then applied consistently;
- b. judgements and estimates are made that are reasonable and prudent;
- c. applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- d. the financial statements are prepared on a going concern basis unless it is inappropriate to presume that WFD will continue its activities.

The Governors have taken reasonable steps to:

- a. ensure that funds from the Foreign and Commonwealth Office are used only for the purposes for which they have been given and in accordance with the Management Statement;
- b. ensure that funds from the Department for International Development are used only for the purposes for which they have been given and in accordance with the relevant Accountable Grant;
- c. ensure that all other grants are used only for the purposes for which they have been given;
- d. ensure that there are sound financial systems and management controls in place to safeguard public funds;
- e. safeguard the assets of WFD and prevent and detect fraud;
- f. secure the economical, efficient and effective management of WFD's resources.

Sections 5.1, 5.2, and 5.3 of the Management Statement define the Permanent Under-Secretary for Foreign and Commonwealth Affairs as Principal Accounting Officer. The Chief Executive of WFD is designated by the Principal Accounting Officer as WFD's Accounting Officer with responsibilities for:

- a. ensuring that the requirements of Government Accounting are met as defined in the Treasury guidance publication "Managing Public Money";
- b. compliance with the terms of the Management Statement with the Foreign and Commonwealth Office;
- c. ensuring that all accounts of WFD are properly maintained and presented; and
- d. ensuring that all resources are used economically, efficiently and effectively.

The Governors are responsible for the maintenance and integrity of the corporate and financial information on the Westminster Foundation for Democracy website. Legislation in the UK governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

# The Westminster Foundation for Democracy Limited

## STRATEGIC REPORT

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**This Strategic Report has been prepared in accordance with the Reporting Statement: Operating and Financial Review, issued by the Accounting Standards Board.**

### 1. Nature, Objectives and Strategies of the Foundation

The Westminster Foundation for Democracy Ltd (WFD) is a non-departmental public body sponsored by the Foreign and Commonwealth Office (FCO). It is a private company limited by guarantee with no share capital. The aims of the Westminster Foundation for Democracy, as set out by the Foreign Secretary within its Memorandum and Articles of Association in 1992, are:

- To assist, support and encourage the peaceable establishment and development of pluralistic democratic practices and political institutions;
- To provide advice, guidance and practical assistance in support of pluralistic democratic electoral processes; and
- To assist in the formation, organisation and management of democratic political parties committed to non-violent policies and programmes.

#### *Parliamentary and political party assistance*

WFD's priorities and objectives are intended to contribute to the delivery of the government's strategic international goals. The Foundation works primarily with countries undergoing a transition to democracy. It provides expertise in developing parliaments, political party structures and civil society organisations – the institutions that make up a functioning democracy.

WFD works to strengthen parliamentary capacity at regional, national and sub-national level. It does this through training, sharing expertise on a peer-to-peer basis and building institutional capacity. The Foundation supports both members of overseas parliaments and their staffs. Programmes are tailored to the needs of the specific parliament and may include, for example, strengthening financial oversight, accountability, policy development and legislation, human rights, induction training, committee work and communications.

Strong multi-party democracies which deliver good governance and development outcomes for their citizens require effective political parties to articulate collective interests into policy platforms, and provide the means for opposing opinions to be debated peacefully. WFD draws directly on the expertise of all Westminster's political parties who work with their overseas sister parties to develop local political capacity, accountability and participation. This is a unique feature of WFD's work.

#### **Strategic Overview**

All WFD's work is aligned with its Corporate Strategy 2011-15 and its three strategic objectives, which are:

- To contribute to democracy, stability and good governance in post-conflict countries and fragile states.
- To improve engagement in political processes in weak, emerging or developing democracies.
- To be a results and learning orientated organisation delivering programmes of the highest quality.

In recent years the Foundation has shifted its focus from short term programmes, previously funded by annual grants to longer term, multi-year programming in response to the growing consensus in the democracy and governance sector that sustainable impact requires investment in strategic programming. Accordingly, WFD's programming has evolved from short-term interventions that can deliver only limited results to those that will better support the Foundation's strategic objectives.

In support of this transition, the 2013-14 financial year represented the second year of a three year Accountable Grant provided by the Department for International Development (DFID). Through this funding of up to £6 million over three years to March 2015, WFD was able to supplement its £3.5 million annual Grant-In-Aid from the FCO and is committed to delivering 11 long-term strategic programmes by March 2015. Based on its 20 years' experience and building on the network of relationships and programmes delivered in recent years<sup>1</sup>, WFD's multi-year programmes include a range of parliamentary and civil society strengthening initiatives in the

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<sup>1</sup> An organisational log-frame sets out how WFD will meet the requirements of the Business Case to DFID/FCO under the Intervention: Transforming Political Parties and Democratic Institutions: An Integrated approach to party-to-party, cross-party and parliamentary assistance 2012-15.

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Democratic Republic of Congo, Georgia, Iraq, Jordan, Kenya, Kyrgyzstan, Morocco, Nigeria, Pakistan and Tunisia as well as regional programmes in the Middle East and North Africa (MENA), the Western Balkans and East Africa. All are in countries eligible for Overseas Development Assistance<sup>2</sup> in line with the requirements of FCO's Grant-in-Aid. Six of the eight country programmes are priority countries for DFID. Similarly, political assistance programmes delivered by the UK political parties have also moved to more strategic, multi-year programmes.

## 2. Current and Future Development and Performance

Below is a review of WFD's work with overseas political parties, parliaments and civil society in Africa, Asia, Europe, the Middle East and North Africa (MENA), during 2013-14 and work planned in 2014-15. Information is presented alphabetically either by region or country – programmes that span regions are listed under 'international programmes.'

### *AFRICA – REGIONAL PROGRAMMES*

#### *Africa Liberal Network: Support for the Secretariat*

Throughout the reporting period the Liberal Democrat Party continued its work with the Africa Liberal Network. Founded in 2003 the network is comprised of more than 30 political parties and organisations from across the African continent. In 2013 the programme continued to provide resources to the network's secretariat which enabled the ALN to hold its annual general meeting in Zanzibar where a resolution on free trade, jobs and economic growth was adopted. The ALN's annual general assembly is the principal opportunity for networking, adopting policies, strengthening regional cooperation and passing resolutions – the 2014 assembly is expected to be the largest in the network's history. In 2013 the Liberal Democrat Party supported the network with the development and launch of a Guide to Best Practice in Political Communication which has been distributed internationally to Liberal political parties.

#### *The Democratic Union of Africa*

In 2013 the Conservative Party continued its support to the DUA – an association of democratic parties from the centre and centre-right – which serves as a forum where parties that share similar ideologies can network. Events during the past year included a winter youth school, a party leaders' forum and regional seminars which will be replicated in 2014.

#### *East African Legislative Assembly*

In 2013-14 WFD completed the second of a three year parliamentary strengthening programme working with the assembly which serves as the legislative arm of the East African Community, comprised of Burundi, Kenya, Rwanda, Tanzania and Uganda. During this time the programme continued to support EALA's legislative role by providing training to the assembly's MPs and staff in parliamentary and committee skills. This was complemented by the programme's engagement with civil society organisations to enable greater advocacy and influence over the assembly's policy development and legislation. The programme's final year (2014-15) is intended to result in sustainable training modules to assist current and future parliamentarians in their duties of legislation, representation and oversight.

### *AFRICA – COUNTRY PROGRAMMES*

#### *Botswana – party to party*

- In 2013 the UK Liberal Democrats completed a project with its sister party – the Botswana Movement for Democracy – to support the party's competence in strategy and polling ahead of the 2014 elections. In 2014 the Liberal Democrats will provide support in order to connect the party with election experts who will mentor the party in the creation of a party manifesto, campaign messages and strategy.
- the UK Labour Party worked with its sister party by encouraging women and youth to take up positions within the party ahead of the 2014 elections.
- the UK Conservative Party supported the Botswana Democratic Party in the lead up to the 2014 elections by providing training to parliamentary candidates, the development of an election manifesto and support to the central campaign team of the BDP.

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<sup>2</sup> As defined by the Development Assistance Committee (DAC); see [www.oecd.org/dac/](http://www.oecd.org/dac/)

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### *Cameroon – party to party*

The Labour Party worked with its sister party on training women and youth candidates to run for office.

### *Democratic Republic of Congo – Increasing democratic participation in Province Orientale*

WFD's three year parliamentary strengthening programme supports one of DRC's provincial assemblies located in Kisangani, the capital of Province Orientale. Throughout the reporting period the programme continued to support the assembly's committees, MPs, and staff, as well as civil society organisations.

### *Kenya – Devolution and public finance management*

In 2013 WFD's three year programme to assist Kenya's transition from a centralised unitary government to one that devolves greater powers continued its work with ten of the country's 47 county assemblies. Democratic reforms mean that each county assembly receives resources which will require skills in public finance management in order to manage and oversee their budgets. As the programme reaches completion in 2014-2015 it is intended to provide a model of public finance management that will be rolled out across the county assemblies.

### *Nigeria – Working with parliament and civil society to improve the lives of women and girls*

A three year programme to support oversight of the Nigerian government commitments to allocate resources to benefit Nigeria's 80.2 million women and girls. Throughout 2013-14 the programme has supported the provision of training to increase parliamentarians' awareness and oversight of gender-specific budget initiatives. In 2014-15 the programme will prioritise the establishment of sustainable training models in gender-specific budgeting for parliamentarians, parliamentary staff, and civil society to benefit future generations of parliamentarians.

### *South Africa – party to party*

In 2013-14 Northern Ireland's Democratic Unionist Party worked with South Africa's African Christian Democratic Party on communications strategy during the pre- and post-election period and concludes with an evaluation in 2014-15.

### *South Africa – party to party*

The Democratic Alliance Young Leaders programme led by the Liberal Democrats supports post-apartheid pluralism by investing in the skills of aspiring young politicians as tomorrow's potential leaders. In 2013 the Liberal Democrats recruited five new members from disadvantaged backgrounds into the programme. Other activities focused on policy-making, ideology, public speaking and debating, coalition-building, by-elections and campaigning. In 2014 the programme will continue to focus on building effective youth structures not just in South Africa but also with other African liberal parties including those in Tanzania and Botswana. The Liberal Democrats, Democratic Alliance and the Africa Liberal Network will develop a 'best practice blueprint' in youth political development for political parties in Southern Africa.

### *Uganda – party to party*

Northern Ireland's Social Democratic and Labour Party supported Uganda's People's Progressive Party in developing party membership and recruitment strategy for implementation prior to completion in 2014-15.

### *Zambia – party to party*

The Scottish National Party worked with Zambia's Forum for Democracy and Development to assist the development of an information management system that underpins the party's fundraising, party membership and finance management. In 2014 the programme will document its impact, lessons learned and case studies of the work achieved over a three year period.

## ASIA

### *Kyrgyzstan – Strengthening democracy*

WFD's parliamentary strengthening and civil society programme continued to support closer links between politicians and their electorates by developing a system of regional committee hearings with local councils and CSOs. The programme reached a significant milestone in April 2014 when MPs overwhelmingly voted to approve regulations intended to facilitate greater engagement between politicians and their electorates following WFD's work with CSOs, local experts, MPs, committees, and parliamentary officials. In 2013-14 the programme has facilitated a number of hearings in Osh and Naryn on key local issues including clean water

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supply, torture, and immigration.

### *Pakistan – Deepening democratic engagement in the province of Punjab*

In 2013 this parliamentary strengthening programme continued its support to the Provincial Assembly of the Punjab following the opportunities that arose for democracy development after the Pakistani constitution's provisions for greater devolution of powers. In 2014, WFD will continue to support the assembly by the provision of training in legislative, oversight and representative roles, as well as its engagement with civil society.

### *Pakistan – Improving parliamentary performance*

Running parallel with the Provincial Assembly of the Punjab programme is an EU funded parliamentary strengthening initiative. Led by the British Council, the two year programme supports the federal parliament in its functions of representation, legislation and oversight. WFD's contribution to this programme during 2013-14 focused on the provision of training of parliamentary staff and the "Young Professional Associates" programme which places graduates in Parliament.

## **EUROPE – REGIONAL PROGRAMMES**

### *The European Forum for Democracy and Solidarity*

A project which enabled the Labour Party to attend the 2013 bi-annual council meetings of the EFDS – a platform for cooperation between social democratic parties and political foundations with the aim of contributing to democracy in Eastern & South Eastern Europe and the Caucasus. In 2014 attendance is planned for the bi-annual council meetings in spring and autumn and the annual foundation meeting in winter 2014.

### *Eastern Europe - Liberals in Coalition*

The UK Liberal Democrats work with their sister parties in Georgia and Moldova – both countries governed by coalitions and both of which experience inter-party tensions. In response the Liberal Democrats have focused on assisting their sister parties in coalition negotiations and the development of a best practice guide for liberal parties in coalition governments. In Moldova the emphasis will shift to support with communications and public relations strategy in the pre-November 2014 election period.

### *Eastern Europe – Political Youth Academy*

In 2013 the second annual summer academy for young political activists in Eastern Europe took place with the support of the UK Labour Party. The third and final annual political youth academy will take place in summer 2014 and provide training in principles of social democracy, public speaking and campaigning.

### *Western Balkans – Strengthening the role of parliaments in promoting competitiveness and economic growth*

WFD's parliamentary strengthening programme continued to support a network of parliamentary committees from across the Western Balkans. In 2013 the programme supported efforts to improve parliamentary oversight on the use of European Union pre-accession funds. In 2014 the programme will continue to support the network's committee members on budgetary oversight, also in the context of greater integration in the EU.

## **EUROPE – COUNTRY PROGRAMMES**

### *Bosnia & Herzegovina – party to party*

The UK Conservative Party supported two leading centre right parties – the Party of Democratic Action (SDA) and the Party of Democratic Progress (PDP). This centred on consolidating a centre-right identity for the parties and support in the development of policy programmes and women's wings. The Labour Party worked with its sister party on activities to promote women and youth in public office and policy related issues.

### *Georgia - Supporting civil society in Georgia*

WFD's civil society programme supported fifteen civil society organisations in 2013-14 by equipping them with the skills to become more effective players in Georgia's political life. Its focus has been on assisting civil society to formulate evidence-based cases for policy reform and legislation that will provide for all sectors of society, including poor and marginalised groups. In 2014 the programme will continue its work in promoting greater links between parliamentarians and civil society. The Liberal Democrats work with the Free Democrats and the Republican Party, currently both in coalition, through the regional 'Liberals in Coalition' project (see above).

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### *Moldova – party to party*

The Green Party of England and Wales worked with its counterpart in Moldova, while the UK Conservative Party worked with the Liberal Democratic Party of Moldova on party development and in 2014-15 will support the party's councillors, grassroots campaigns, women's wing, and continue development of the party's policy. The Liberal Democrats have been working with their partners in Moldova – the Liberal Party (currently in opposition) and the Liberal Reformist Party (in government) through the regional 'Liberals in Coalition' project (see above).

### *Montenegro – party to party*

The Scottish National Party and Plaid Cymrus's joint three year programme with the Socialist People's Party of Montenegro has established a youth academy. In 2013-14 this programme delivered media and campaign training to young political party activists, part of a programme of support to one of Montenegro's opposition parties, the Socialist People's Party.

### *Serbia – party to party*

The UK Labour Party supports their sister party through an alliance with the Belgrade based Centre for Modern Skills, which seeks to promote the values of social democracy. In 2014-15 the Labour Party will support a series of 'ideology workshops.'

The UK Liberal Democrats supported the Serbian Liberal Democrats to promote inclusivity of marginalised groups, youth, women and LGBT (lesbian, gay, bisexual and transgender) on campaign and candidate development and in 2014 will build on this work and the creation of formal networks for youth and women within the party. The Liberal Democrats provided support with communications, public speaking and policy development to increase political competence. In 2014 the focus will be exclusively on LGBT issues which will be supported by the UK's Liberal Democrat LGBT group.

## *MIDDLE EAST AND NORTH AFRICA - REGIONAL PROGRAMMES (MENA)*

### *Arab Alliance for Freedom and Democracy*

As a founding partner of the network established in Cairo in 2006, the UK Liberal Democrats have supported the network's promotion of freedom, pluralism, tolerance and the separation of religion from state affairs throughout MENA. The UK Liberal Democrats have established a group of national liberal leaders who can replicate training within their respective parties throughout the region which will continue in 2014-15 in Morocco, Tunisia, and Egypt.

### *Arab Women's Network for Parity and Solidarity (Tha'era)*

The UK Labour Party has supported the network with training, the development of a curriculum in lobbying, working with the media, public speaking and campaign strategy. The programmes train women who can replicate training with the overall goal of increasing women's representation in political life. Tha'era is comprised of social democratic parties from Egypt, Lebanon, Morocco and Tunisia. In 2014-15 the programme seeks to reach a target of 2,000 women activists.

### *Enhancing women's political participation and leadership in MENA*

Throughout 2013-14 WFD continued its work with women MPs to promote greater inclusivity and representation in political life across MENA. The programme placed particular emphasis on political apprenticeships for those women who are beginning their parliamentary careers and in developing the leadership skills of women to pursue reforms and legislation that protect women's rights. The programme reached a milestone in January 2014 with the establishment of a regional coalition of women MPs to combat domestic violence. The programme also supported the development of domestic violence legislation in Jordan and Morocco.

### *Linking policy-making with policy analysis in MENA*

In 2013-14 WFD continued its work to strengthen links between policy-makers, researchers, research institutes, and think tanks in MENA. The programme is a response to the dearth of independent sources of policy analysis in some MENA countries and/or lack of established think tanks. In 2013-14 the programme focussed on building the skills of policy analysts and strengthening their links with parliamentary committees. In 2014-15 the programme will continue efforts to improve liaison between parliamentarians, experts and public policy analysts to stimulate greater use of evidence-based research that will help to inform policy.

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### *MIDDLE EAST AND NORTH AFRICA – COUNTRY PROGRAMMES*

#### *Iraq – Supporting the Kurdistan Parliament*

This parliamentary strengthening programme builds on the relationship between the Kurdistan Parliament and WFD which jointly commit to develop accountability and oversight of parliament, to the provision of induction training for new MPs, the constructive engagement with the opposition in parliament, and support to the Kurdistan Parliament's research centre. In 2013-14 the programme also responded to the opportunities that arose following the growing numbers of women representatives in the Kurdistan regional parliament. In 2014-15 WFD contributed to a Foreign Affairs Committee inquiry into UK government policy on the Kurdistan region of Iraq.

#### *Jordan – Supporting parliamentary strengthening and youth leadership*

Developed in response to the opportunities for democracy development that arose in the 'Arab Spring', this programme has supported young leaders active in Jordan's political and civic life. In 2013 it delivered its first induction training within the Jordanian Parliament provided by trainers and MPs with expertise in parliamentary ethics, rules of procedure, budget and financial oversight and committee functions. The programme also supported the development of a Jordanian Women MPs Forum and in 2014 will focus on the establishment of a parliamentary research unit within the Jordanian Parliament.

#### *Increasing political participation and transparency in the Moroccan parliament*

Established to support reforms to secure a more transparent, accountable, and democratic institution this parliamentary strengthening programme has sought to increase the representation and influence of women and young parliamentarians; to secure greater scrutiny and more effective oversight of government budgets; and a code of conduct for parliament. The programme reached a significant milestone in late 2013 when the parliament's lower house established a public accounts committee.

#### *Tunisia – Democratic Forum for Labour and Liberties – party to party*

The Labour Party supported its sister party in Tunisia's newly emerging multi-party environment.

#### *Supporting democratic transition in Tunisia*

After the elections of 2011 and the establishment of the Tunisian National Constituent Assembly, WFD developed a programme to support Tunisia's new institutions, political parties, parliamentarians and their staffs. In 2013 this programme made marked progress in developing closer links between the National Constituent Assembly and Tunisia's civil society organisations. In 2014, a critical year for Tunisia following the establishment of a new constitution and provisions for elections, the programme will support the establishment of a public finance management system and induction training for newly elected MPs. In 2013 the programme supported key committees in the National Constituent Assembly including those instrumental in drawing up the constitution. The programme also engaged in cross party work with women and youth and with Tunisian political parties through links with the UK political parties.

### *INTERNATIONAL PROGRAMMES*

#### *Annual conference best practice programme*

In 2013-14 Labour continued its ongoing programme in enabling representatives from sister parties in Africa, Europe, the Middle East and elsewhere to attend its annual conference. In 2013-14 the programme focused on youth and in 2014-15 focus will be on policy development.

#### *Conservative Campaign Headquarters election study observation programme*

Starting in 2013-14 this two year programme enables participants to observe how the Conservative Party organises and manages campaigns for local and European elections as well as during an mid-election period. Participants are selected by the Conservative International Office and drawn from political parties with which the party shares strong relations and ideological agreement.

#### *Liberal Democrats Risk Assessment and Policy Audit*

This programme is led by the UK Liberal Democrats and assesses sister parties, particularly in transitional democracies. Its purpose is to analyse the values and policies of sister parties to assess any reputation risk to the UK Liberal Democrats and WFD. The first part of the project was implemented in 2013 and in 2014-15 analysis will extend to parties in Europe, Africa and the Middle East and the establishment of a 'political ideology barometer.' This will assess political parties' commitment to liberal values.



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### *Local government study visits*

In 2013-14 this Labour Party programme provided a series of study visits to the UK with a focus on local government and the provision of local services and managing a local authority budget in a climate of fiscal austerity.

### *Party conference study observation programme*

This Conservative Party programme enables sister parties to attend and observe the annual party conference. In September 2014 the last party conference before the general election is intended to provide observers with insight into how the party's policies and messages are communicated to conference delegates and the media.

### *TWC - Westminster Consortium for Parliaments and Democracy<sup>3</sup>*

The consortium supported six parliaments in Africa, Eastern Europe and the Middle East over a period of five years. Between 2009-2013 the consortium established a range of self-sustaining initiatives to strengthen democratic procedures. These include the establishment of parliamentary study centres to support politicians and their staff in Lebanon, Uganda and Mozambique. The largest of these is the Arab Institute for Parliamentary Training and Legislative Studies which has become an established centre for parliamentary development in the Middle East and North Africa region. The consortium also resulted in greater representation and inclusivity of civil society, more rigorous parliamentary reporting by the media, the establishment of freedom of information legislation, and a dedicated human rights committee for the Ugandan Parliament. The consortium's work was funded by DFID's Governance and Transparency Fund and reached completion in Autumn 2013.

### *Women's Political Day*

In 2013 the Labour Party began a three year programme designed for up to 45 women to attend Labour Women's Network Political Day which is intended to provide training in policy development, a forum for regional cooperation and share experience in campaigning and fund raising. Participants are selected from Africa, the Middle East and the Western Balkans. In 2014 another 15 women will be selected for the programme.

### *World-wide building and sustaining the cross border centre network*

The Conservative Party's two year international programme brought together young representatives of centre-right political parties from across the Balkans, Eastern Europe and the MENA region to gain insight into the Conservative Party's campaigning, communications and policy development.

### *Youth UK Spring School*

In 2014 this programme targeted youth leaders from the Conservative Party's centre-right sister parties from around the world – principally sub Saharan Africa. The programme provides two youth spring schools each held over a period of three days in London which bring together delegates for a 'master-class' in political campaigning, policy development and communications.

## **3. Principal risks and uncertainties**

Managing risk is fundamental to WFD in order to meet its programme and organisational goals. WFD has in place a risk management framework to identify and manage risks and this is covered on pages 17 to 20.

The principal risks and uncertainties facing WFD, and steps taken to mitigate and manage those risks, are as follows:

Risk to reputation – risk that WFD suffers from the perception of political interference, or poor quality of programming, or inability to evidence strategic impact of its programmes: WFD takes care when planning programmes to identify potential risks based on relevant context analysis. It is in the nature of its work that political risks will always be prevalent and therefore building trust between individuals and groups is seen as a way to mitigate them. In the last two years up to 2013-14 WFD has made a number of changes to improve its monitoring and evaluation processes, including the appointment of an M&E Adviser and the introduction of an

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<sup>3</sup> TWC: a Consortium managed by WFD. Includes the Commonwealth Parliamentary Association UK Branch, House of Commons Overseas Office, International Bar Associations, National Audit Office, Thomson Reuters Foundation and the Institute for Democracy and Conflict Resolution, Essex University. TWC has been delivering a 5-year programme across six countries (2009-13).

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M&E framework and improved design documents, with further improvements planned in 2014-15. Along with measure to improve staff skills and training, these are designed to safeguard against poor quality programmes and ensure maximum impact.

Risk to funding – risk that austerity measures by UK government could leave WFD exposed to insufficient funding to fully achieve its strategic objectives: WFD has sought to maintain an income stream from outside its core funding, on occasions using part of this core funding to leverage other funding, as with EU-funding for ongoing WFD programmes in Georgia and Uganda. During 2014-15 a clear strategy for setting targets for this level of future funding will be determined by the board. We also ensure high level of financial controls are used to offset risk of inefficient use of funds and to mitigate the risk of financial loss through corruption.

Risk of not achieving strategic objectives – risk that WFD fails to fulfil the requirements of its main funders: As a non-departmental public body, WFD is subject to a regular three-year review that considers its relevance and appropriateness to fulfil the objectives set for it by its core stakeholder, the FCO. The next Triennial Review is scheduled to report in July 2014. In addition, the current funding provided by DFID's accountable grant is provided subject to annual review, normally in July. Each of these reviews are important measurements in ensuring that WFD is meeting its objectives.

#### 4. Resources

As at 31 March 2014, WFD employed 20 full-time equivalent staff in the UK, of whom 13 are responsible for the design, management and delivery of country programmes and for managing local and UK partnerships.

UK staff are organised into specialist regional teams covering Africa and Asia, Europe, and MENA. During the year, WFD operated programme field offices in Georgia, Jordan, Kenya, Iraq (Erbil), Kyrgyzstan, Lebanon, Macedonia (W Balkans), Morocco, Tunisia, and, until the completion of the TWC programme in Autumn 2013, Mozambique, Uganda, and Ukraine. WFD has established strong relationships with local partners through its network of local offices enabling us to respond quickly to new needs and opportunities. In a small number of countries WFD continues to work on a grant-making basis using established and experienced in-country partners responsible for project delivery that complements our strategic programmes. The relationships with UK political parties and the access to their expertise and trainers, and the ability to draw on other specialist expertise in Parliament and the devolved UK Assemblies, provides WFD with an extensive network of skills and knowledge as well as a unique selling point.

Funding is a significant influence on the business as this determines the resource available for programme activity. Since April 2012, DFID has been an important strategic partner and funder for WFD programmes, as reflected in our Strategic Objectives. DFID are currently funding WFD via a three-year (2012-2015) Accountable Grant of up to £6 million. This is in addition to the FCO's core grant-in-aid (GIA) and together these funds will be central to WFD's operations until March 2015. The GIA for 2013-14 was £3.5 million, the same level as for 2012-13.

During the year, WFD completed its five year contract with DFID to manage a £5 million grant to The Westminster Consortium under its Global Transparency Fund.

In addition to its grant funding by the FCO and DFID, WFD secured other funding through the Arab Partnership Fund of £356,000 for programmes during 2013-14 in Morocco (£140,000) and Tunisia (£216,000), identical to the previous year. Since the end of the year, further funding has been agreed from this source for 2014-2015 in Tunisia (£60,000) and Morocco (£144,000). During the year 2013-14, WFD received £164,000 from the EU for parliamentary strengthening programmes in Pakistan (sub-contracted from British Council), and in Georgia.

#### 5. Financial Position

WFD receives an annual core grant-in-aid from the FCO out of monies voted by Parliament, to enable it to achieve agreed objectives. This core grant is supplemented by further specific contracts from the FCO and from DFID. WFD has bid for and received European Union funds and it may seek funds from other public sector funds and from the private sector. The conditions of the grant-in-aid require that it should be applied for according to need and be spent in the year to which it relates. Cash balances are to be minimised, commensurate

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with being sufficient to meet liabilities. WFD applies for grant-in-aid periodically, typically bi-monthly, based upon cash flow forecasts of project and non-project expenditure.

WFD is not capital intensive and grant-in-aid funding is used for project expenditure and WFD non-project costs, capital expenditure and changes in working capital.

During the year 2013-14 the grant-in-aid was £3.5 million. In 2013-14 £2,220,937 (2012-13: £2,393,652) was awarded or spent from grant-in-aid on projects and programmes and WFD spent a further £2,705,080 on projects funded wholly or partly by third parties (2012-2013: £2,795,377). WFD fully spent its grant-in-aid allocation to projects and programmes. There were no events during the year that adversely affected the financial position of WFD. It has been confirmed by the FCO that grant-in-aid for 2014-15 will remain at the level of £3.5 million and the FCO has indicated its on-going support at this same level for 2015-16. DFID commenced its new 3-year Accountable Grant of £6 million from 2012-2013 and following an inception phase during the year, it has confirmed on-going support through the grant.

At 31 March 2014 the Board had approved projects amounting to £2,281,956 (2012-13: £2,241,556) that are intended to be funded from future grant-in-aid.

### 5.1 Accounting Policies

Core grants are credited in the year to which they relate. WFD has complied with the Government Financial Reporting Manual (FRM 2013-2014) in the treatment of grant-in-aid income which is therefore taken through the income and expenditure reserve. The accounting policy in respect of non-core grants ensures that costs in respect of these grants are matched to revenues. Non-core grants received in advance of expenditure are carried forward as deferred income and released to the Statement of Comprehensive Net Expenditure in the period in which costs are incurred. Grants awarded but received after costs are incurred are accrued as income in the period in which the costs are incurred. Other expenditure is charged to the Statement of Comprehensive Net Expenditure on an accruals basis inclusive of irrecoverable VAT.

### 5.2 Capital Structure

WFD is a company limited by guarantee and therefore does not have a share capital.

### 5.3 Cash Flow and Liquidity

During the year WFD had a decrease of £73,822 (2012-13: increase £157,591) in cash and cash equivalents, resulting in net liquid funds at 31 March 2014 of £547,540 (2012-13 £621,362). Key factors contributing to the decrease were the decrease of deferred income at year end, partly offset by the decrease of accrued income – these two factors reduced cash reserves by net £68,000. Other working capital changes had the net effect of decreasing cash by £6,000. The Statement of Cash Flows provides further analysis.

## 6. Relationships

WFD has significant relationships with the UK political parties, FCO, DFID, British Council, in-country partners and institutions, and grantees and institutions of the countries in which it operates. WFD has on-going contractual arrangements with and on behalf of the European Union, for work until 2015, and has recently made new bids for further EU funds for which decisions are pending.

WFD was also the lead partner in a consortium of British institutions known as The Westminster Consortium (TWC), which was awarded a grant from DFID that spanned five years up to September 2013. The consortium included the Commonwealth Parliamentary Association UK Branch, House of Commons Overseas Office, International Bar Association, National Audit Office, Thomson Reuters Foundation, and the University of Essex Institute for Democracy and Conflict Resolution.

# The Westminster Foundation for Democracy Limited

## STRATEGIC REPORT

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### **7. Details of Particular Matters**

#### **7.1 Employees**

WFD's policy is to be an equal opportunities employer and its aim is that there will be no discrimination of any kind against any person on the grounds of colour, race, nationality, creed, religion or belief, sexual orientation, marital status, gender, disability, age or any other personal characteristics.

WFD is committed to the policy on equal opportunities set out in the statement above and is required to comply with the Civil Service Commissioners' Recruitment Code. This ensures that there is no unlawful direct or indirect discrimination and enables the development of good employment practices. All staff are required to co-operate with this policy to ensure that it is implemented in full.

WFD's management and staff policies are maintained, reviewed, and updated on a regular basis and made available to all staff. They are also subject to internal audit to ensure compliance with legislation. Recruitment and interview procedures are structured to avoid discrimination. WFD has a grievance procedure to be used by staff if they believe they may have been discriminated against. There were no grievances raised by staff during the last financial year.

#### **7.2 Essential Contractual Arrangements**

Political parties in receipt of an allocation of grant-in-aid entered into contractual agreements with WFD for the financial year 2013-14. The contracts specify the amount of, and the conditions attached to, the allocated grant-in-aid. New contracts in respect of the financial year 2014-15 have been issued.

On behalf of the Board

Paul Naismith  
Acting Chief Executive and Accounting Officer  
20 June 2014

# The Westminster Foundation for Democracy Limited

## GOVERNORS' REPORT

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The Governors have pleasure in submitting their annual report together with the audited financial statements of the Westminster Foundation for Democracy for the year ended 31 March 2014. The financial statements have been prepared in a form directed by the Secretary of State for Foreign and Commonwealth Affairs with the consent of HM Treasury.

### BACKGROUND INFORMATION

The Westminster Foundation for Democracy Limited (WFD) is a Non-Departmental Public Body (NDPB) which was established by the Foreign and Commonwealth Office in 1992. It is a private company limited by guarantee with no share capital. The company is domiciled in the United Kingdom and its registered office is 8<sup>th</sup> Floor Artillery House, 11-19 Artillery Row, London, SW1P 1RT.

The aim of WFD is to help establish and strengthen pluralist democratic institutions and political parties in countries where these are absent, or of recent foundation, or in need of further encouragement and development. WFD generally seeks to avoid supporting projects for which alternative British Government support is available.

WFD receives grant-in-aid from the Foreign and Commonwealth Office provided out of monies voted by Parliament to enable it to achieve agreed objectives. WFD also receives additional specific grants from the Foreign and Commonwealth Office, from the Department for International Development, and from the European Union, and may receive private sector funds in addition to these core funds. WFD's priorities and objectives for the grant-in-aid are established by its Board of Governors and are kept under continuous review.

The Secretary of State for Foreign and Commonwealth Affairs and the Treasury Solicitor are the two named subscribers to the Company's Memorandum of Association. The Secretary of State has formal powers of appointment to WFD's Board of Governors but the Board operates independently and at arm's length from Government.

### RESULTS

The results for the year are summarised on page 23 and takes into account the requirement under the Government Financial Reporting Manual that grant-in-aid is to be treated as financing and is taken directly to the core funds reserve, as opposed to being recognised as income. Accordingly the deficit for the year, before accounting for grant-in-aid is £3,499,742 (2012-13: £3,499,478).

This deficit is set-off with the grant-in-aid in the core funds reserve, which leaves total funds (core and corporate) of £149,760 to be carried forward at the end of the year (2012-13: £149,502).

# The Westminster Foundation for Democracy Limited

## GOVERNORS' REPORT

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### BOARD OF GOVERNORS

Governors who served on the Board during the year and who were Directors under the Companies Act 2006 were:

	<i>Appointed in the year</i>	<i>Resignation date</i>	<i>Appointment Ends</i>
Rushanara Ali MP			30 January 2016
Henry Bellingham MP	3 September 2013		3 September 2016
Ken Caldwell*	17 July 2013		17 July 2016
Tina Fahm*			14 August 2014
Bronwen Manby*			20 February 2017
Ann McKechin MP			12 June 2015
John Osmond*			21 February 2017
Andrew Rosindell MP			17 August 2016
Gary Streeter MP		8 August 2013	
Andrew Stunell MP			27 January 2016
Peter Wishart MP			2 October 2014

\* Denotes Independent Governor

No Board member holds company directorships or has other significant interests which may conflict with their management responsibilities. The Register of Interests is available to the public at WFD's registered office between the hours of 10.00 a.m. and 5.00 p.m. upon provision of 24 hours' notice.

### AUDIT COMMITTEE

WFD's Audit Committee ensures that WFD adheres to the highest standards of propriety in the use and stewardship of public funds and encourages proper accountability for the use of those funds. The Committee also promotes the development of internal control systems. During the year ending 31 March 2014 membership of WFD's Audit Committee comprised;

Tina Fahm	Chair
John Osmond	
Andrew Stunell MP	
Gary Streeter MP	Resigned 8 August 2013

### DISABLED PERSONS

WFD is an equal opportunities employer and is committed to ensuring that there is no unlawful direct or indirect discrimination. It is WFD's aim that there will be no discrimination of any kind against any person on the grounds of disability. The application process for advertised vacancies within WFD is designed to ensure confidentiality of candidates at the short-listing stage, so ensuring that applications from disabled candidates are given full and fair consideration. We observe the Equality Act 2010 and make reasonable adjustments for people with disabilities. Every possible step is taken to ensure that individuals are treated equally and fairly and that decisions on recruitment, selection, training, promotion and career management are based solely on objective and job related criteria. If a member of staff becomes disabled while working with us, we will do everything possible to ensure they continue working with us.

### EMPLOYEE INFORMATION

Each member of staff has their performance appraised annually against agreed objectives. An integral part of this review requires the identification of learning and development needs and the development of a training programme, by their manager, to address these needs. Staff will be helped to pursue studies which will support their career development and benefit the Foundation by improving performance.

# The Westminster Foundation for Democracy Limited

## GOVERNORS' REPORT

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Staff meetings held during 2013-14 provided the opportunity for consultation by providing information to employees and encouraging views to be expressed. A whistle-blowing policy is in place and staff are reminded of this and encouraged to use it.

### AWARENESS OF RELEVANT AUDIT INFORMATION

So far as each of the Governors is aware, there is no relevant audit information that has not been disclosed to the company's auditors and each of the directors believes that all steps have been taken that ought to have been taken to make them aware of any relevant audit information and to establish that the company's auditors have been made aware of that information.

### CREDITORS

WFD adheres to the Government-wide standard on bill-paying which is to settle all valid bills within 30 days. In 2013-14, the average age of invoices paid was 14.73 calendar days (2012-13 14.07 days). All undisputed invoices were paid within the agreed credit terms. The proportion of the aggregate amount owed to trade creditors at the year-end compared with the aggregate amount invoiced by suppliers during the year was equivalent to 29.0 days (2013 29.5 days).

### AUDITORS

The Comptroller & Auditor General is the statutory auditor for the accounts of WFD.

Approved and authorised for issue and signed on behalf of the Board on 20 June 2014

Henry Bellingham

Chair

Paul Naismith

Acting Chief Executive and Accounting Officer

# The Westminster Foundation for Democracy Limited

## REMUNERATION REPORT

The Terms and Conditions Sub-Committee of the Board is responsible for reviewing all aspects of remuneration and employment terms and conditions of staff. Their recommendations are submitted to the Board for approval. The committee is chaired by a governor appointed by the Board and during the year ending 31 March 2014 the following Governors were members of the Committee<sup>4</sup>:

Ann McKechin MP, Chair                      Appointed 4 September 2013  
John Osmond                                      Appointed 4 September 2013

In the Autumn Statement 2011 the Government announced that following a two year salary freeze between 2011 and 2013 for public sector workforces for those earning above the full-time equivalent of £21,000 per annum, the public sector pay awards will average at 1 per cent for the next two years. In line with this WFD applied 1% increase for the full year 2013-14.

The remuneration of the Chief Executive and the Finance Director is reviewed annually and is determined by reference to the recommendations of the Senior Salaries Review Body, based on the annual performance appraisal conducted by the Chair of the Board. Performance objectives are set for the succeeding year and these are reviewed on an iterative basis through the year, to assess performance. A performance related bonus can be paid dependent on performance in line with civil service guidelines. During the year, in line with the pay policy there was an increase in base pay by 1 percent and bonuses of £11,250 and £9,600 were paid to Linda Duffield and Paul Naismith respectively based on performance in the year to 31 March 2013. The Chair's recommendations were reviewed by the Terms and Conditions Committee and the awards approved by the Board.

WFD entered into a Service Agreement with Linda Duffield, Chief Executive, on 1 September 2009 and this was in effect until her retirement at the end of February 2014. From 1 March Paul Naismith was Acting Chief Executive and Accounting Officer.

The following remuneration information has been subject to audit. During the year the single total figure of remuneration made to senior managers was as follows:

Single total figure of remuneration										
	Salary (£'000)		Bonus payments (£'000)		Benefits in kind (to nearest £100)		Pension benefits <sup>5</sup> (to nearest £1,000)		Total (£'000)	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
Linda Duffield	90-95 <sup>6</sup>	95-100	10-15	10-15	-	-	4,000	2,000	105-110	110-115
Paul Naismith	70-75	70-75	5-10	5-10	-	-	30,000	(11,000)	110-115	65-70
All Governors	-	-	-	-	-	-	-	-	-	-

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid employee in their organisation at the reporting period end date, and the median remuneration of the organisation's workforce. The mid-point of the banded remuneration of the highest-paid employee in WFD at the financial year end 2013-14 was £80,000 (2012-13, £110,000). This was 2.3 times (2012-13, 3.3) the UK median remuneration of the workforce, which was £34,244 (2012-13, £33,514). If the change of the most highly paid director at the end of February had not occurred, the equivalent multiple at the year-end would have been 3.0 times. Total remuneration includes salary and non-consolidated performance-related pay. There were no benefits-in-kind or severance payments paid in the year (2012-13, nil). It does not include employer pension contributions and the cash equivalent transfer value of pensions.

<sup>4</sup> John Glen MP resigned 31 March 2013

<sup>5</sup> The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation or any increase or decreases due to a transfer of pension rights.

<sup>6</sup> The figure quoted is 1 April 2013 to 28 February 2014. The full year equivalent is £95k-£100k.



# The Westminster Foundation for Democracy Limited

## REMUNERATION REPORT

Governors are appointed by the Secretary of State for the Foreign and Commonwealth Office for a term of three years. Appointments can be renewed for a maximum of three consecutive terms (nine years). Governors are not remunerated and WFD does not pay allowances and benefits in kind to Governors, or to the Chief Executive, or any other members of staff. Details of the dates of appointments of Governors and the dates that appointments end are shown in the Governor's Report. During the year no payments were made to third parties for services of a senior manager.

Pension benefits at 31 March 2014:

	Accrued pension at pension age as at 31 March 2014 and related lump sum £000	Real change in pension and related lump sum at pension age £000	CETV at 31 March 2014 £000	CETV at 31 March 2013 <sup>7</sup> £000	Real change in CETV £000	Employer contribution to partnership pension account Nearest £100
Linda Duffield <sup>8</sup>	45-50 plus lump sum of 135-140	0-2.5 plus lump sum of 0-2.5	1,001	991	4	-
Paul Naismith	15-20 plus lump sum of nil	0-2.5 plus lump sum of nil	221	185	20	-

CETV is the Cash Equivalent Transfer Value and is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. As the PCSPS is a multi-employer fund, the CETV values will include accumulated accrued benefits from any previous employers that operate the PCSPS.

Real change in CETV reflects the increase/(decrease) in CETV that is funded by WFD. It does not include the increase in accrued pension due to inflation or the contributions paid by the employee and uses common market valuation factors for the start and end of the period.

Paul Naismith  
Acting Chief Executive and Accounting Officer  
20 June 2014

<sup>7</sup> The CETV at 31 March 2013 can differ from the corresponding figure in last year's report as new factors are used for the calculation of transfer values at the start and end of each period

<sup>8</sup> Quoted figures are calculated as at 28 February 2014, not 31 March 2014 for Linda Duffield

# The Westminster Foundation for Democracy Limited

## GOVERNANCE STATEMENT

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### SCOPE OF RESPONSIBILITY

At the end of February 2014, Linda Duffield retired. In addition to my role as the Finance Director and Company Secretary, I (Paul Naismith) was appointed as Acting Chief Executive and Accounting Officer from 1<sup>st</sup> March 2014 and the Board was content that aggregation of responsibility in acting CEO role did not provide a threat to good governance. As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievements of WFD's policies, aims and objectives, whilst safeguarding the public funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Managing Public Money. I am therefore responsible for ensuring that WFD is administered prudently and economically and that resources are applied efficiently and effectively to deliver our agreed goals. In addition I am accountable to the Principal Accounting Officer of the Foreign and Commonwealth Office (FCO) to enable him to discharge his overall responsibility for ensuring that WFD as an FCO Non-Departmental Public Body has adequate financial systems and procedures in place. WFD's corporate and business plans, objectives and associated risks are discussed regularly with the FCO.

### GOVERNANCE FRAMEWORK

The relationship between WFD and the FCO is specified in the Management Statement and its associated Financial Memorandum. During the year, WFD completed a review with the FCO of its Management Statement to ensure that robust governance arrangements are in place and maintained. The updated Management Statement was signed on 20<sup>th</sup> November 2013 and generally confirms the arrangements in place prior to its review.

In line with Cabinet Office guidelines for a mandatory triennial review of all non-departmental public bodies, the FCO laid before Parliament its planned Triennial Review of WFD on 14<sup>th</sup> February 2014. The review is intended to provide a robust challenge to the continuing need for WFD in terms of its function and form, and to review WFD's control and governance arrangements if WFD is to be confirmed as continuing. The review is ongoing at the time of this report and so far has taken extensive evidence from a wide range of stakeholders, following which a written report will be made to the FCO and the outcome announced in Parliament by Written Ministerial Statement.

Throughout the review process the reviewers have maintained a constant, open dialogue with myself and the Board, and at this advanced stage of the review process, nothing material has been discovered or reported by the reviewers that in their view compromises the overall good governance of WFD. It is expected that the review will highlight some pivotal issues for WFD's future and make a number of recommendations to address key challenges that may be seen to be constraining WFD. The Board will then decide how to take forward those recommendations.

During the year accountability within WFD has been overseen and exercised through the Board and its two sub-committees, the Audit Committee and the Terms and Conditions Committee. Each of these sub-committees were active under the chairmanship of a different non-executive Board member and supported the Board's and my corporate governance role.

The Board takes an overarching role in assurance and monitoring of performance and throughout the year has monitored delivery of the Business Plan 2013-14<sup>9</sup>. The Board met five times during the year, and the average attendance by its appointed Governors was 78% across the year. At each meeting the Board received and agreed reports that it was satisfied adequately represented the status of operations, risk, and financial management. Following changes made in January 2013, in 2013-14 the Board re-assumed responsibility for the scrutiny, approval, and supervision of all programmes and projects undertaken by WFD. This enabled the Board to maintain a thorough and objective examination and oversight of programmes, and to consider project and programme proposals submitted to it in line with WFD's agreed strategy and Business Plan. Further measures to improve oversight of programmes are referred to on page 20.

The Audit Committee supports the Board to discharge its fiduciary, risk control and governance responsibilities by monitoring and giving advice to me in the exercise of my duties, and by promoting a climate of financial discipline and control within the organisation. The Audit Committee performs the key role of reviewing and

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<sup>9</sup> The annual Business Plan is approved by the Board and represents a rolling programme of work in line with the company's Corporate Plan 2011-15.

# The Westminster Foundation for Democracy Limited

## GOVERNANCE STATEMENT

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monitoring the systems of internal control and receives regular reports on the work and findings of the internal and external auditors. Minutes are prepared immediately following each meeting and provided to the Board, together with an annual report. The Committee agreed an overall audit plan for 2013-14 proposed by WFD's new internal audit service providers on their appointment in January 2013, and this was performed as planned.

The Terms and Conditions Committee assists the Board to discharge its responsibilities relative to the terms and conditions of employment of WFD staff. The Committee works with me in my role as the Acting Chief Executive to set policies relating to terms and conditions of service, to monitor the application of these policies, and to ensure transparency and fairness in the application of these arrangements. The number of matters necessary to be referred to the committee during the year did not require the Committee to meet however the members were kept regularly informed on matters relating to staff and were consulted on decisions requiring their attention. A review of committee Terms of Reference was completed and approved in April 2014.

During the year in review the Board met on five occasions, the Audit Committee met quarterly and the Terms and Conditions committee were not required to meet. The committee structures reporting through to the Board have been clearly defined and the terms of reference, membership, and reporting arrangements reviewed annually.

The Governors' attendance at each of the meetings that they were entitled to attend during the year was as follows:

	<i>Board Meetings</i>	<i>Audit Committee</i>	<i>Terms and Conditions Committee</i>
Rushanara Ali MP	4/5		
Henry Bellingham MP	2/3		
Kenneth Caldwell*	2/3		
Tina Fahm*	4/5	4/4	
Bronwen Manby*	3/5		
Ann McKechin MP	5/5		0/0
John Osmond*	3/5	4/4	0/0
Andrew Rosindell MP	3/5		
Gary Streeter MP	3/3	1/1	
Andrew Stunell MP	5/5	1/3	
Peter Wishart MP	4/5		

\* Denotes Independent Governor

### RISK ASSESSMENT

The Board acknowledges that risk is a characteristic of WFD's work. WFD was set up as a non-departmental public body, at arm's length from Government, precisely so that it could undertake projects carrying a higher degree of political risk than would be undertaken by Government. WFD has always sought to support innovative projects for which direct UK Government support would not be available, and which carry a higher risk of failure than those operating by established methods.

The system of internal control is therefore designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; as such, it can only provide reasonable and not absolute assurance of effectiveness. The system of internal control has been in place at WFD throughout the year ended 31 March 2014 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

A Risk Management Strategy and Risk Management Framework provide the framework for risk control and a strategic Risk Dashboard is maintained by WFD for review by the Board at each of its meetings. The risk strategy covers risk identification, evaluation, recording risk, control, review and assurance. It also defines the structures for the management and ownership of risk and identifies the company's approach to its risk appetite. At its meeting in June 2013, the Board re-assessed its risk appetite and agreed appetite levels for eight key risks

# The Westminster Foundation for Democracy Limited

## GOVERNANCE STATEMENT

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that were communicated throughout WFD. The overall responsibility for the management of risk lies with me as Accounting Officer.

The WFD Board ensures that robust systems of internal control and management are in place that are intended to identify and prioritise the risks to the achievement of WFD's policies, aims and objectives; to evaluate the likelihood of those risks being realised and the impact should they be realised; and to manage or mitigate them efficiently, effectively and economically. This responsibility is supported through the sub-committees of the Board under the chairmanship of a non-executive Director, with appropriate membership or input from members of the Executive team. Risk is considered on the agenda at all meetings of the Audit Committee for them to review the action plans presented for each risk and the progress made towards reducing risk to the tolerance level set on a risk-by-risk basis.

Staff are trained to identify and manage risk in a way appropriate to their authority and duties. This ensures that risk is assessed and managed at a level appropriate to its perceived threat. All new projects and programmes include a risk assessment and risk registers are maintained and used for all major programmes.

The likelihood and impact of identified risks is assessed and graded according to four measures, ranging between green, yellow, amber, and red. A red risk is a real or perceived immediate or sudden inability to deliver upon strategic objectives or to ensure the safety and security of staff. Amber risk is where there is a reasonable expectation of a material risk to the achievement of objectives or a heightened level of risk beyond what is acceptable to the security and safety of staff.

During the year there continued to be no red risks identified. The risks considered to be amber were: risk of inability to demonstrate strategic impact of programmes, risk of inadequate learning and development of key staff impacting on programme delivery and risk of business interruption because of increasingly obsolete IT equipment. Active mitigation of each of these has been assigned to senior managers with responsibility for the risk ownership.

WFD has continued to report regularly to the FCO and to DFID of progress against WFD's Business Case for 2012-15. WFD provided an annual report in June 2013 covering 2012-13 which was approved by both FCO and DFID who have each confirmed funding for 2014-15.

### REVIEW OF EFFECTIVENESS

As Accounting Officer, I have responsibility for reviewing and reporting the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and senior managers within WFD who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. I have been advised by the Board and by the Audit Committee on the implications of my review and a plan to address weaknesses and ensure continuous improvement of the system is in place.

We have established a framework of regular management information and administrative procedures, including the segregation of duties and a system of delegation and accountability. In particular, it includes:

- an Audit Committee that meets at least four times a year and reports to the Board of Governors regularly, including an Annual Report of the Audit Committee to the Board. In 2013-14 the Committee met quarterly. The committee includes members with a range of audit and risk management experience. As well as monitoring an internal audit plan, the Audit Committee initiates a self-assessment review from time-to-time and follows an annual timetable covering its key responsibilities through the year;
- an Internal Audit Annual Report to the Audit Committee for 2013-14 included an overall opinion that, on the basis of the work performed, there was moderate assurance that there is generally a sound system of internal control;
- comprehensive budgeting systems with an annual business plan and budget approved by the Board and reviewed and agreed by the Human Rights, Democracy and Governance Department of the FCO and the Politics, State & Society Team of DFID;

# The Westminster Foundation for Democracy Limited

## GOVERNANCE STATEMENT

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- Management Accounts reporting in detail on programme and project expenditure and overheads, each compared to budget, together with estimated full year outcome regularly updated. These are reviewed by the Audit Committee and approved by the Board;
- setting of targets to measure financial and other performance;
- formal programme management disciplines in which all programme staff have been trained;
- a system of risk assessment and management throughout the organisation;
- periodic reports from the internal auditors to standards defined in the Government Internal Audit Standards;
- an independent review, in line with Cabinet Office guidelines, by the FCO, as the sponsor department; the most recent being ongoing at the time of this report (previously, February 2010).

Reports are also provided by me to the WFD's Board of Governors, the Human Rights, Democracy and Governance Department of the FCO and the Head of the Internal Audit Unit of the FCO.

WFD has an internal audit function provided by an independent firm of auditors which operates to standards defined in the Government Internal Audit Standards. The work of internal audit is informed by an analysis of the risks to which WFD is exposed, and annual internal audit plans are based on this. The analysis of risk and internal audit plans are approved by me, reviewed by the Audit Committee, and endorsed by WFD's Board of Governors. A rolling programme of internal audit is in place agreed by the Audit Committee, and provides me with reports on internal audit activity in WFD.

During 2014 the committee received six reports covering the items in the programme, and update on previous reports. These concerned: Accounting and Reporting for Projects, Programmes and Project Management, Bidding for Funds process, Key Financial Controls around overseas expenses, and Regulatory Compliance with Health & Safety and with Employment legislation. Level of assurance can range from substantial, through moderate, limited, and finally nil assurance. Two of the reports reported that substantial assurance can be given to the control environment surrounding the risks reviewed, two reported moderate assurance, and two reported limited assurance. Of the limited assurance reports, one related to the risk of potential conflict of interest for programme approvals plus the quality of information and strategic framework provided for programme evaluation, and the other related to the risks around regulatory compliance with health and safety requirements. In the former, the Audit Committee noted that the Board have plans to review its governance arrangements as part of the recommendations anticipated following the Triennial Review due to report shortly, and in the latter the Audit Committee noted that a plan of action to review and formalise health and safety policies and procedures is expected to substantially mitigate the risk – this work has already commenced. It was also noted that following a review by the internal auditors of recommendations made in prior year reports, eleven of the twelve recommendations have been implemented, and the twelfth was in process of being implemented.

The Audit Committee also noted that ongoing work to further raise awareness within WFD of Anti-Bribery and Corruption good practice had been delayed but had been undertaken by the time of this report.

Paul Naismith  
Acting Chief Executive and Accounting Officer  
20 June 2014

# The Westminster Foundation for Democracy Limited

## CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE MEMBERS OF THE WESTMINSTER FOUNDATION FOR DEMOCRACY LIMITED

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I certify that I have audited the financial statements of Westminster Foundation for Democracy (WFD) for the year ended 31 March 2014 under the Government Resources and Accounts act 2000. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Equity, and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

### **Respective responsibilities of the Board, Accounting Officer and auditor**

As explained more fully in the Governors' Responsibilities Statement the Governors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts act 2000. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff 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 WFD's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by WFD; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report and Accounts 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 me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

### **Opinion on regularity**

In my opinion, in all material respects the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

### **Opinion on financial statements**

In my opinion:

- the financial statements give a true and fair view of the state of WFD's affairs as at 31 March 2014 and of the net expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by European Union; and
- the financial statements have been prepared in accordance with the Companies Act 2006

### **Opinion on other matters**

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with directions made under the Government Financial Reporting Manual; and
- the information given in the Governors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

# The Westminster Foundation for Democracy Limited

## CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE MEMBERS OF THE WESTMINSTER FOUNDATION FOR DEMOCRACY LIMITED

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### **Matters on which I report by exception**

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance

### **Report**

I have no observations to make on these financial statements.

Sir Amyas C E Morse  
Comptroller and Auditor General

June 2014

National Audit Office  
157-197 Buckingham Palace Road  
Victoria  
London  
SW1W 9SP

The Westminster Foundation for Democracy Limited  
 STATEMENT OF COMPREHENSIVE NET EXPENDITURE  
 For the year ended 31 March 2014

	<i>Notes</i>	Core Funds £	Corporate Funds £	31 March 2014 Total £	31 March 2013 Total £
<b>INCOME</b>					
European Union funding	2	155,391	-	155,391	154,480
Other third party funding	2	2,662,092	-	2,662,092	2,695,261
		<u>2,817,483</u>	<u>-</u>	<u>2,817,483</u>	<u>2,849,741</u>
<b>DIRECT EXPENDITURE</b>					
Projects	3,4	(4,857,457)	-	(4,857,457)	(5,038,653)
		<u>(2,039,974)</u>	<u>-</u>	<u>(2,039,974)</u>	<u>(2,188,912)</u>
<b>OTHER EXPENDITURE</b>					
Staff costs	4	(1,150,394)	-	(1,150,394)	(1,029,976)
Depreciation - owned assets		(339)	-	(339)	(3,814)
Property costs		(149,356)	-	(149,356)	(144,780)
Office expenditure		(78,029)	-	(78,029)	(70,693)
Computer expenses		(43,274)	-	(43,274)	(35,712)
Printing and stationery		(5,584)	-	(5,584)	(5,798)
Professional fees		(21,050)	-	(21,050)	(7,719)
Business development		(0)	-	(0)	(320)
Audit fee	5	(12,000)	-	(12,000)	(12,000)
		<u>(1,460,026)</u>	<u>-</u>	<u>(1,460,026)</u>	<u>(1,310,812)</u>
<b>NET OPERATING EXPENDITURE</b>					
		<u>(3,500,000)</u>	<u>-</u>	<u>(3,500,000)</u>	<u>(3,499,724)</u>
Interest receivable		258	-	258	246
<b>NET EXPENDITURE FOR THE YEAR</b>					
		<u>(3,499,742)</u>	<u>-</u>	<u>(3,499,742)</u>	<u>(3,499,478)</u>

The result for the year arises from WFD's continuing operations.



The Westminster Foundation for Democracy Limited  
 STATEMENT OF FINANCIAL POSITION  
 31 March 2014

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	<i>Notes</i>	£	31 March 2014 £	£	31 March 2013 £
<b>NON-CURRENT ASSETS</b>					
Equipment	6		1,186		-
<b>CURRENT ASSETS</b>					
Trade and other receivables	8	238,174		376,335	
Cash and cash equivalents:					
Core		529,206		590,903	
Corporate		18,334		30,459	
		<u>785,714</u>		<u>997,697</u>	
Trade and other payables: amounts falling due within one year	9	(637,140)		(848,195)	
		<u></u>		<u></u>	
<b>NET CURRENT ASSETS</b>			<u>148,574</u>		<u>149,502</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>149,760</u>		<u>149,502</u>
<b>FUNDS</b>					
Core	11		135,082		134,824
Corporate	11		14,678		14,678
			<u>149,760</u>		<u>149,502</u>

These accounts are exempt from the requirements of Part 16 of the Companies Act 2006 by virtue of section 482 (non-profit-making companies subject to public sector audit) of that Act.

The Accounts were approved and authorised for issue by the Board on 20 June 2014

Henry Bellingham

Chair

Paul Naismith

Acting Chief Executive

The Westminster Foundation for Democracy Limited  
 STATEMENT OF CASH FLOWS  
 For the year ended 31 March 2014

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	<i>Notes</i>	31 March 2014 £	31 March 2013 £
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net deficit after interest		(3,499,742)	(3,499,478)
Adjustment for depreciation	6	339	3,814
Decrease/(Increase) in trade and other receivables		138,161	89,189
Increase/(Decrease) in trade and other payables		(211,055)	64,066
Use of provisions		-	-
		<hr/>	<hr/>
Net cash outflow from operating activities		(3,572,297)	(3,342,409)
		<hr/>	<hr/>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of equipment	6	(1,525)	-
		<hr/>	<hr/>
Net cash outflow from investing activities		(1,525)	-
		<hr/>	<hr/>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Grant from FCO		3,500,000	3,500,000
		<hr/>	<hr/>
Net financing		3,500,000	3,500,000
		<hr/>	<hr/>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS IN THE PERIOD</b>			
		(73,822)	157,591
		<hr/>	<hr/>
Cash and cash equivalents at the beginning of the period		621,362	463,771
		<hr/>	<hr/>
Cash and cash equivalents at the end of the period		547,540	621,362
		<hr/>	<hr/>

The Westminster Foundation for Democracy Limited  
 STATEMENT OF CHANGES IN EQUITY  
 For the year ended 31 March 2014

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	Core Funds £	Corporate Funds £	Total £
Balances at 31 March 2012	133,435	15,545	148,980
CHANGES IN EQUITY 2012-13			
Net expenditure	(3,498,611)	(867)	(3,499,478)
Total recognised Income and Expenditure 2012-13	(3,498,611)	(867)	(3,499,478)
Grant from FCO	3,500,000	-	3,500,000
Balances at 31 March 2013	134,824	14,678	149,502
CHANGES IN EQUITY 2013-14			
Net expenditure	(3,499,742)	-	(3,499,742)
Total recognised Income and Expenditure 2013-14	(3,499,742)	-	(3,499,742)
Grant from FCO	3,500,000	-	3,500,000
Balances at 31 March 2014	135,082	14,678	149,760

# The Westminster Foundation for Democracy Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2014

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### 1 ACCOUNTING POLICIES

#### BASIS OF ACCOUNTING

These financial statements have been prepared in accordance with IFRS as applied in accordance with the provisions of the Companies Act 2006. The financial statements are prepared under the historical cost convention, and in accordance with those parts of the Government Financial Reporting Manual (FRM) that do not conflict with the Companies Act 2006. The format of the Statement of Comprehensive Net Expenditure has been adapted from that prescribed by the Companies Act to better reflect the nature of WFD's activities.

#### TANGIBLE FIXED ASSETS

All assets above £1,000 are brought onto the balance sheet at their fair value and all such tangible assets are owned in full. Depreciation is provided on all tangible assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life as follows:

Computer equipment: depreciate on straight line basis over 3 years

Furniture and fittings: depreciate on straight line basis over 5 years

#### LEASED ASSETS AND OBLIGATIONS

All leases are operating leases and the annual rentals are charged to the net expenditure account on a straight line basis over the lease term.

#### GRANTS RECEIVABLE AND PAYABLE

In accordance with the FRM grant-in-aid received in the year is accounted for through the net expenditure reserve account in the year to which it relates.

Grants are recognised in the net expenditure account when the relevant conditions for the grant have been met. Other grants received in advance of expenditure are carried forward as deferred income and released to the net expenditure account in the period in which costs are incurred. Grants awarded but received after costs are incurred are accrued as income in the period in which the costs are incurred.

WFD has no liability for claims for grants that are not received by the end of the financial year. Other expenditure is charged to the net expenditure account on an accruals basis inclusive of irrecoverable VAT.

#### FUNDS

Funds represent the unspent balances of income received, for use by WFD in the future at its discretion. Extra-budgetary funds relate to grants received for specific purposes which may be spent only on those purposes.

#### TAXATION

WFD is not liable to Corporation Tax on grants received, but is liable to tax on investment income.

#### RETIREMENT BENEFITS

For defined contribution schemes the amount charged to the net expenditure account in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Pension benefits are provided by the Principal Civil Service Pension Scheme. The rate of the employers' contribution is determined by the Government Actuary and advised by the Treasury and contributions are charged to the Statement of Comprehensive Net Expenditure.

# The Westminster Foundation for Democracy Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2014

2	THIRD PARTY FUNDING	2014	2013
		£	£
	European Union	155,391	154,480
	DFID	2,285,342	2,140,899
	Joint DFID & FCO (APF)	356,369	356,083
	Other FCO	140	193,426
	Other third party	20,241	4,853
		<u>2,817,483</u>	<u>2,849,741</u>

During the year DFID provided Accountable Grant funding of £1,906,882 as part of its 3-year grant (2012-15) and £3,302 for WFD's programme in Bangladesh. In addition, funding of £375,158 was received from DFID's Governance and Transparency Fund (GTF) on behalf of the Westminster Consortium. Cumulatively, the final sum of £4,980,294 has now been received, compared to the maximum grant allocation of £5,000,000.

3	DIRECT EXPENDITURE ON PROJECTS	2014	2013
		£	£
	WFD projects	2,674,772	2,850,486
	Political parties' sponsored projects:		
	Conservative Party	883,300	883,300
	Labour Party	883,300	884,167
	Liberal Democrats	308,195	308,201
	Smaller parties	95,186	95,074
		<u>4,844,753</u>	<u>5,021,228</u>
	Travel and subsistence	12,704	17,425
		<u>4,857,457</u>	<u>5,038,653</u>

In the opinion of the Board, owing to the scale of activity there is a single segment of business activity which is strengthening pluralist democratic institutions, particularly political parties. The revenues reported are based on the management accounting information that formed the basis of these financial statements.

4	STAFF COSTS	2014	2013
		£	£
	Wages and salaries	864,403	776,804
	Temporary staff	14,627	-
	Social security costs	83,762	73,986
	Other pension costs	136,595	139,588
	Recruitment and other staff costs	56,981	32,771
	Change in un-taken holiday entitlement	(5,974)	6,827
		<u>1,150,394</u>	<u>1,029,976</u>

Expenditure on WFD projects costs include overseas locally engaged staff £336,944 (2012-13 £493,796)

The Governors did not receive any remuneration for their services but travel costs of £7,362 (2012-13: £6,087) were reimbursed in the year<sup>10</sup>.

<sup>10</sup> Prior year is a restatement

# The Westminster Foundation for Democracy Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2014

STAFF NUMBERS	2014 No.	2013 No.
The average number of employees (excluding Governors and vacancies) during the year was:		
Permanent – UK	20.8	19
Temporary - UK	0.2	0
Overseas	18.7	26.7

### PENSION COMMITMENTS

WFD previously made contributions to a defined contribution scheme, the Westminster Foundation for Democracy Pension Plan, the assets of which are held separately from the assets of WFD. The scheme ceased in May 2007 and all the assets have been distributed.

As a publicly-funded body listed in Schedule 1 to the Superannuation Act 1972, WFD is included in Civil Service pension arrangements. The Principle Civil Service Pension Scheme (PCSPS) is an unfunded, multi-employer defined benefit scheme but WFD is unable to identify its share of the underlying assets and liabilities. The scheme actuary (AON Hewitt, formerly Hewitt Bacon Woodrow) valued the scheme as at 31 March 2007. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation ([www.civilservice.gov.uk/pensions](http://www.civilservice.gov.uk/pensions)).

For 2013-14, employers' contributions of £115,996 were payable to the PCSPS (2012-13 £124,273) at one of three rates in the range 18.8% to 24.3% of pensionable pay, based on salary bands. The Scheme Actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2013-14 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Employees can alternatively opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £10,007 were payable to one of the panel of three appointed stakeholder pension providers (2012-13: £3,404). Employer contributions are age-related and range from 3% to 12.5% of pensionable pay. Employers can also match employee contributions up to 3% of pensionable pay. During the year contributions of £10,592 were also made to other personal money purchase pension schemes (2012-13: £11,910)

The Government Actuary's Department (GAD) has been appointed the Scheme Actuary in relation to the Defined Benefit arrangements only (covering the main scheme sections i.e. currently classic, classic plus, premium and nuvos). AON Hewitt is continuing to provide actuarial advice in relation to the Civil Service defined contribution arrangements (i.e. the partnership pension account, Stakeholder, and the CSAVC Scheme).

5 OTHER OPERATING CHARGES	2014 £	2013 £
This includes:		
(Profit)/Loss on foreign exchange	77	(237)
Auditor's remuneration - for audit work 2013-14	12,000	12,000
- non-audit work*	19,055	56,331
Operating lease rentals - office equipment	-	-
- property leases	80,296	80,295

\*for NAO's work as a partner organisation in the Burma, Morocco, Tunisia and TWC programmes

# The Westminster Foundation for Democracy Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2014

6	NON-CURRENT ASSETS	Computer equipment £	Furniture and fittings £	Total £
	<b>COST</b>			
	At 1 April 2012	37,950	20,773	58,723
	Additions	-	-	-
	Disposals	-	-	-
	At 31 March 2013	<u>37,950</u>	<u>20,773</u>	<u>58,723</u>
	At 1 April 2013	37,950	20,773	58,723
	Additions	1,525	-	1,525
	Disposals	-	-	-
	At 31 March 2014	<u>39,475</u>	<u>20,773</u>	<u>60,248</u>
	<b>DEPRECIATION</b>			
	At 1 April 2012	34,136	20,773	54,909
	Charge for the year	3,814	-	3,814
	Disposals	-	-	-
	At 31 March 2013	<u>37,950</u>	<u>20,773</u>	<u>58,723</u>
	At 1 April 2013	37,950	20,773	58,723
	Charge for the year	339	-	339
	Disposals	-	-	-
	At 31 March 2014	<u>38,289</u>	<u>20,773</u>	<u>59,062</u>
	<b>NET BOOK VALUE</b>			
	At 31 March 2014	<u>1,186</u>	-	<u>1,186</u>
	At 31 March 2013	<u>-</u>	<u>-</u>	<u>-</u>

7 As the cash requirements of WFD are substantially met through grant-in-aid provided by the Foreign and Commonwealth Office, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body, and WFD is therefore little exposed to credit, liquidity, or market risk.

8	TRADE RECEIVABLES AND OTHER CURRENT ASSETS	2014 £	2013 £
	Deposits and advances	48,775	46,132
	Trade receivables	98,037	51,885
	Prepayments and Accrued Income	91,362	278,318
		<u>238,174</u>	<u>376,335</u>

# The Westminster Foundation for Democracy Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2014

9	TRADE PAYABLES AND OTHER CURRENT LIABILITIES: amounts falling due within one year	2014 £	2013 £
	Trade payables	376,723	393,654
	Accruals and Deferred Income	260,417	454,541
		<u>637,140</u>	<u>848,195</u>

10 WFD is a company limited by guarantee, not having a share capital. The liability of the two members, being the Secretary of State for Foreign and Commonwealth Affairs and the Treasury Solicitor, is limited to £1 each.

### 11 FUNDS

Fund balances are held as follows:

	2014 Core £	2014 Corporate £	2014 Total £	2013 Total £
Non-current assets	1,186	-	1,186	-
Receivables	238,174	-	238,174	376,335
Cash and cash equivalents	529,206	18,334	547,540	621,362
Payables	(637,140)	-	(637,140)	(848,195)
Inter fund account	15,780	(15,780)	-	-
	<u>147,206</u>	<u>2,554</u>	<u>149,760</u>	<u>149,502</u>

The balance of Corporate Funds at 31 March 2014 represents corporate donation funds allocated for specific projects approved by the board.

### 12 OPERATING LEASES

At 31 March 2014 WFD had annual commitments under non-cancellable operating leases as follows:

	2014 £	2013 £
Land and buildings: Expiry date:		
Within one year	80,295	80,623
Between two and five years	0	80,295
	<u>80,295</u>	<u>80,623</u>

### 13 CAPITAL COMMITMENTS

There were no capital commitments (2012-13: £ Nil).



# The Westminster Foundation for Democracy Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2014

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14	INTRA GOVERNMENT BALANCES	2014	2013
		£	£
	Balances due from other central government bodies	141,664	250,825
	Balances due from local authority bodies	-	37,242
	Balances due from bodies external to government	96,510	88,268
		<u>238,174</u>	<u>376,335</u>
	Balances due to other central government bodies	85,089	174,700
	Balances due to other public bodies	21,738	-
	Balances due to bodies external to government	530,313	673,495
		<u>637,140</u>	<u>848,195</u>

### 15 GRANT COMMITMENTS

At the year end, WFD had Board approvals for grant commitments amounting to £2,281,956 (2012-13: £2,241,556) of which £41,494 (2012-13: £76,084) related to WFD projects and £2,240,462 (2012-13: £2,165,472) related to Political Parties projects. These projects will be funded from future grant-in-aid income and no commitments have been accrued for these in the financial statements.

### 16 GOING CONCERN

At the time of signing these financial statements the FCO has confirmed its ongoing commitment to providing core annual funding to WFD for 2014-15 and present indications following its Triennial Review of WFD that is due to report shortly, are that the FCO intends to provide a similar level of funding for 2015-16. The Board has reviewed WFD's position based on known information and is satisfied that the grant-in-aid will continue to be adequate for its regular activity and that no adjustments to the financial statements are necessary. These financial statements were authorised for issue on 20 June 2014.

### 17 CONTINGENT LIABILITY

From 29 September 2011, WFD has a new operating lease in respect of Artillery Row which provides that either of the two parties can determine the lease at any time by giving not less than six months' notice or otherwise it will determine on 31 March 2015. A decision on relocating to other premises has not yet been made. No provisions for dilapidation costs, or relocation and fit-out costs if required, have yet been included within the financial statements. Any costs are anticipated within funds to be used in 2014-15, although the exact level will depend on the decision reached.

### 18 RELATED PARTY TRANSACTIONS

Core funding of £3,500,000 was received from the Foreign and Commonwealth Office (FCO) as grant-in-aid. A further £140 was recognised as received from FCO Embassies during the year (in 2012-13, £193,426 was received reflecting country programmes closed by end of March 2013). Funding of £2,285,342 was received from the Department for International Development (DFID) in the form of grants. FCO and DFID also contributed £356,369 from jointly managed funds (Arab Partnership Fund).