

The Westminster Foundation  
for Democracy Limited

Company number: 2693163

AN EXECUTIVE NON-DEPARTMENTAL PUBLIC BODY OF THE  
FOREIGN & COMMONWEALTH OFFICE

ANNUAL REPORT AND ACCOUNTS

2010/11



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2010/11

Presented to the House of Commons pursuant to article 6 of the of the Government Resources  
and Accounts Act 2000 (Audit of Non-profit-making Companies) Order 2009

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# 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 2011. 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 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 17 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 £3,412,004 (2009-10: £4,057,108).

This deficit is set-off with the grant-in-aid in the core funds reserve, which leaves total funds (core and corporate) of £138,046 to be carried forward at the end of the year (2009-10: £155,250)

# 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>
Haji Saghir Alam OBE*		16 October 2010	
James Bewsher*			18 November 2012
Tina Fahm*			14 August 2011
Lord Foulkes			3 August 2012
Kenneth Jones*			16 October 2013
Christine Knights*		16 October 2010	
Myles Wickstead CBE*			5 August 2011
David Lidington MP		9 July 2010	
Philip Dunne MP		9 July 2010	
Sean Farren			8 September 2011
Meg Munn MP			19 October 2011
Jo Swinson MP		24 June 2010	
Baroness Armstrong			21 April 2012
Graham Brady MP		9 July 2010	
Don Foster MP	16 July 2010		
Anne Main MP	5 August 2010	30 March 2011	
Gary Streeter MP	9 August 2010		
Andrew Rosindell MP	18 August 2010		
Bronwen Manby*	21 February 2011		
John Osmond*	22 February 2011		

\* 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 2011 membership of the WFD's Audit Committee comprised;

Tina Fahm	Chair
Kenneth Jones FCMA, CPFA	
Philip Dunne MP	Resigned 9 July 2010
Christine Knights	Resigned 16 October 2010

### 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 will follow the Equality Act 2010 and will make reasonable adjustments for people with disabilities. Every possible step will be 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.

# The Westminster Foundation for Democracy Limited

## GOVERNORS' REPORT

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### EMPLOYEE INFORMATION

Each member of staff has their performance against agreed objectives appraised annually. An integral part of this review requires the identification of training 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.

Staff meetings were held throughout 2010-11, normally on a monthly basis. These meetings provide 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 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

In 2010-11, the average age of invoices paid was 13.55 calendar days (2009-10 9.07 days). All undisputed invoices were paid within the agreed credit terms.

### 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

Gary Streeter MP  
Chair  
20 June 2011

# 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 the 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 there are sound financial systems and management controls in place to safeguard public funds;
- c. safeguard the assets of WFD and prevent and detect fraud;
- d. secure the economical, efficient and effective management of WFD's resources.

Sections 3.2.1 and 3.2.2 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

## MANAGEMENT COMMENTARY

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This Management Commentary has been prepared in accordance with 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 an Executive Non-Departmental Public Body (NDPB) established and sponsored by the Foreign and Commonwealth Office (FCO) in 1992. It is a private company limited by guarantee with no share capital. The purpose 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.

The overall aims for 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.

WFD's priorities and objectives, approved by the Board of Governors, support and contribute to the delivery of the Government's strategic international goals. In particular, WFD's programmes to strengthen democracy, governance and human rights in fragile states and in post-conflict countries make a strong contribution to the FCO's work to reduce conflict, improve governance and stability and promote British values including human rights. WFD also contributes to DfID's international goals, notably through its work to develop local democratic institutions, strengthen transparency and accountability and promote civil society participation in policy-making.

WFD offers the FCO and HMG as a whole two principal capabilities:

- a focus on political work which the FCO or the Government could not or would not wish to undertake directly: developing political parties and democratic institutions, in particular parliaments, and working in repressive regimes and post-conflict situations where engaging directly with new/emerging political and civic groups and free media is politically sensitive, and where direct British government support could be interpreted as foreign interference.
- a capacity to deliver a broad range of parliamentary and political party strengthening programmes, providing the FCO/DFID/HMG with an instrument capable of working alongside their own teams, leveraging external sources of funding in addition to FCO and DfID sources.

WFD's work in 2010-11 continued to be guided by the three-year Corporate Plan approved by the Board of Governors for 2009-12. This Plan set three strategic objectives for WFD, namely:

1. Achieving demonstrable changes that have improved democracy in each of the parliaments and political parties with which we work
2. Becoming a strategic partner for the Foreign and Commonwealth Office and the Department for International Development
3. Strengthened collaboration with UK and international donors and partners

# The Westminster Foundation for Democracy Limited

## MANAGEMENT COMMENTARY

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### **2. Current and Future Development and Performance**

WFD specialises in political party development and parliamentary strengthening. WFD is uniquely placed to draw directly on the expertise and involvement of all the Westminster political parties who work on both a sister party and cross-party basis to develop the capacity of local political parties. It also draws on the expertise of the UK Parliament and other organisations for its parliamentary strengthening programmes.

WFD is committed to increasing its role and impact as a world leader in supporting the development of democratic systems of government in: sub-Saharan Africa, the Middle East and North Africa (MENA), Central and Eastern Europe and increasingly, Asia. In 2010-11, WFD was responsible for 14 long-term parliamentary strengthening and cross-party programmes in Georgia, Macedonia, Montenegro, Ukraine, Democratic Republic of Congo, Ghana, Kenya, Mozambique, Sierra Leone, Uganda, Lebanon, Morocco, Iraq and Bangladesh; as well as running party development projects in over 30 countries on a bi-lateral basis through the Westminster political parties.

WFD provides support to the Westminster political parties who deliver projects across five key themes. These are:

- Political party building and organisation development
- Development of party campaigning and communications
- Message and policy development
- Regional co-operation
- Development of nationally and locally elected representatives

WFD also delivers country-led, sustainable parliamentary strengthening programmes, working with local parliamentarians and parliamentary staff. These programmes are tailored to local needs, but we currently prioritise four key areas of parliamentary practice:

- Financial oversight
- Access to information
- Management and administration of parliament
- Human rights and the rule of law

### **Delivery of the Business Plan 2010-11**

Over the last financial year, WFD has delivered key improvements at the national, regional and local level in the parliaments and political parties with which it has worked.

In a number of its parliamentary strengthening programmes, WFD has worked to strengthen the links between civil society and parliament. The Ukraine programme has been successful in improving the exchange of knowledge, experience and best practice through a linked and active network of NGO trainers, parliamentary staff and practitioners. In Macedonia, NGOs are now starting to be seen as partners with the Parliament and able to contribute their expertise to the work of committees.

Our programmes in this financial year also focused strongly on local governance, including, for example, holding public fora in Kenya to provide an opportunity for marginalised communities to engage in the political process and to be better informed about the purpose and disbursement of devolved funds.

During 2010-11 a mid-term review of the Westminster Consortium programme, which WFD leads and manages, was undertaken. This is a five year, £5 million programme funded by the DfID Governance and Transparency Fund. The programme aims to strengthen the capacity of six programme parliaments (in Georgia,

# The Westminster Foundation for Democracy Limited

## MANAGEMENT COMMENTARY

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Lebanon, Morocco, Mozambique, Uganda and Ukraine) to fulfil their mandates more effectively by developing sustainable models of professional development for staff and MPs. The mid-term review highlighted a number of successes of the programme to date, as well as recommendations for the remainder of the programme. Some of the highlights include: sharing with participating parliaments international knowledge and ways of working from the UK; delivering a raft of training courses which have used good technical materials and which have been generally well received; preparing good quality parliamentary handbooks with support from UK and local partners on financial oversight, human rights and the rule of law, and access to information; and providing focused, practical, job-related follow-up support to some training participants which is beginning to demonstrate results.

In particular, WFD was commended for managing a complex programme involving 7 international partners and 22 local partners. The review recognised that the field offices had achieved more in the parliaments over a relatively short period of time than other donor programmes. This was attributed to the flexibility of the programme and the fact it is demand led. The review recommended that the programme focus on fewer priorities in the coming years in order to yield stronger results, and to consider allocating greater resources to those countries where the chances of producing greater impact were highest.

WFD's political party development work also made important gains in 2010-11, particularly in the areas of gender equality, local governance and conflict resolution. For example, a number of projects worked to increase the participation of women in the democratic process. This includes the Liberal Democrats' project with the Network of Arab Liberals (NAL) to develop the professional skills of female politicians from NAL countries and help them develop their campaigning and communication skills.

Activities to develop local political capacity and local participation in political processes also underpinned many of WFD's party development programmes in 2010-11. Work focused on encouraging local political engagement and capacity building, demonstrated by campaigns such as the Conservative Party's activities in Europe including in Serbia, where intensive work was undertaken at the grass-roots level looking at how activists and young councillors could localise the party message and image.

WFD continued to work at reducing the potential for conflict through creating opportunities for dialogue across the political divide and strengthening peaceful means of addressing tensions. One example of this in 2010-11 was the work of the Labour Party in Bosnia and Herzegovina to help local partners develop and embed a sense of national identity, as opposed to sectarian identities. This was achieved through raising awareness of the lack of constitutional rights for individuals who regard themselves as Bosnian or Herzegovinian, and encouraging debate around the merits of one national identity and the need to change the national constitution to recognise this.

### **Looking ahead: a fresh strategy and Corporate Plan 2011-15**

In March 2011, the Board of Governors approved a new Corporate Plan 2011-15, setting a new strategic direction for the organisation. WFD's three new strategic objectives are to:

1. Contribute to democracy, stability and good governance in post-conflict countries and fragile states
2. Improve engagement in political processes in weak, emerging or developing democracies
3. Be a results and learning orientated organisation delivering programmes of the highest quality

In 2011-12, WFD faces new opportunities, notably across the MENA region following the recent wave of democratic uprisings. In particular, WFD hopes to develop new programmes in Egypt, Tunisia and Jordan, and will explore other opportunities to support democratic reform. WFD will take forward a new EU-funded parliamentary strengthening programme in Lebanon, start new FCO-funded parliamentary strengthening programmes in Serbia, Albania and Moldova, as well as a parliamentary intern programme in Pakistan, and explore new programme opportunities in places as diverse as Nigeria and Indonesia.

# The Westminster Foundation for Democracy Limited

## MANAGEMENT COMMENTARY

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### 3. Resources

WFD currently has 16 staff in the UK, of which 10 are directly responsible for the design, management and delivery of country programmes and for managing local and UK partnerships. Staff are organised into specialist regional teams covering Africa and Asia, Europe and Middle East/North Africa (MENA) and a separate team managing the Westminster Consortium programme. During the year, WFD expanded its long term parliamentary strengthening programme reach and, as a result, established new field offices in Montenegro, Morocco and Iraq (Kurdish region). Other field offices already operate in Macedonia, Ukraine, Lebanon, Uganda, Mozambique, Kenya, Sierra Leone, Georgia, and Bangladesh.

WFD continues to work on a grant-making basis in a few countries, working with established and experienced in-country partners responsible for the delivery of projects. The relationship with these partners and the ability to respond quickly to partner needs remains a key strength of WFD, as well as its geographical and thematic expertise. The relationships with UK political parties and access to their expertise and trainers, as well as the ability to draw on other specialist expertise in Parliament and the devolved Assemblies, provide WFD with substantial resources.

Funding is still the most significant influence on the business as this determines the resource available. FCO core grant-in-aid remains central to WFD's operations, both for programme delivery and to maintain our operating base in London. Core grant-in-aid (GIA) was reduced by 17.2% in 2010-11 to £3.395 million, although the FCO have agreed to increase this by 3.1% for 2011-12.

WFD is now mid-way through its five year contract with DfID to manage the £5 million grant to The Westminster Consortium under its Global Transparency Fund, and approximately £2.75 million remains to be spent between April 2011 and September 2013. DfID is an important strategic partner and funder for WFD programmes and this is reflected in our Strategic Objectives. As well as the GTF programme, WFD is currently managing a five year DfID-funded programme in Bangladesh, overall value £1 million.

As well as its main funders, the FCO and DfID, WFD will continue to bid for programme funding from other donors including the European Union (EU) and the British Council. During the year 2010-11, WFD secured funding of £0.3 million from the EU for a parliamentary strengthening programme in Lebanon to run between October 2010 and June 2012.

WFD's ambition remains to increase programming and diversify our funding base in the long term, although the global and national economic climate remains difficult. Against this backdrop, we have invested time in improving impact and delivery, and have also reduced corporate costs and increased cost-recovery from programmes, to release more programme funding.

#### Principal Risks and Uncertainties

The Board has adopted a rigorous Risk Management system which runs through all WFD's operations. WFD was set up at arm's length from Government so that it could undertake projects carrying a higher degree of political risk than could be undertaken by Government. WFD's approach is therefore not to avoid risk but to assess and manage it. WFD maintains a high level risk register summarising those risks that are above a tolerance level relevant for each risk. This is reviewed by both the Audit Committee and WFD Board and by Internal Audit on a quarterly basis.

Effective risk management is an important priority for WFD and is integrated fully into programme methodology tools used to monitor all programmes. Risk assessment of the Business Continuity Plan was also conducted through the year. Risks are reviewed and changes to the risk registers made where necessary, as a result of management meetings.

The risk registers and risk dashboard are used by the Audit Committee and internal audit as a guide in setting the internal audit plan of work for the year and ensuring that internal audit resources are allocated in the most appropriate manner. Programme risks are also reviewed and monitored regularly by WFD's Project and Programmes Committee.

# The Westminster Foundation for Democracy Limited

## MANAGEMENT COMMENTARY

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### 5. Financial Position

WFD receives an annual core grant-in-aid from the Foreign and Commonwealth Office (FCO) out of monies voted by Parliament, to enable it to achieve agreed objectives. This grant is supplemented by further specific contracts from the FCO and the Department for International Development (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 GIA require that it should be applied for according to need and spent in the year to which it relates. Cash balances are to be minimised, commensurate with being sufficient to meet liabilities. WFD applies for the GIA periodically, typically 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 2010-11 the GIA was reduced from £4.1 million to £3.395 million in the light of wider public expenditure cuts. In 2010-11 £2,083,861 (2009-10: £2,438,298) was awarded or spent from grant-in-aid on projects and programmes and WFD spent a further £1,951,457 on projects funded wholly or partly by third parties (2009-2010: £1,760,447). 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 GIA for 2011-12 will be increased to a level of £3.5 million. The level of funding to be allocated to WFD by the FCO for the remaining three years of the current Spending Review until 2014-2015 has yet to be announced.

At 31 March 2011 the Board had approved projects amounting to £1,492,331 (2009-10: £2,010,448) that are intended to be funded from future GIA.

#### 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 2010-2011) 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 an increase of £469,862 (2009-10: decrease £391,274) in cash and cash equivalents, resulting in net liquid funds at 31 March 2011 of £564,466 (2009-10 £94,604). Key factors contributing to the increase were the reduction of accrued income and the increase of deferred income, each arising from the continued high level of programme activity (increasing cash reserves by net £312,000) plus an increase in creditors and accruals (net £92,000). Other working capital changes had the net effect of increasing cash by £66,000. The Statement of Cash Flows provides further analysis.

### 6. Relationships

WFD has significant relationships with the UK political parties, Foreign and Commonwealth Office, Department for International Development (DfID), British Council, in-country partners and institutions, and grantees and citizens of the countries in which we operate. In the year WFD entered into a new contract with the European Union, for work until June 2012.

# The Westminster Foundation for Democracy Limited

## MANAGEMENT COMMENTARY

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WFD is also the lead partner in a consortium of British institutions known as The Westminster Consortium (TWC), which was awarded a grant from DfID scheduled to span five years up to 2013. The consortium includes 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 Centre for Democratic Governance. We work closely with these partners and draw on other specialist expertise to maximise the impact of the work of WFD.

### **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 have been 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 2010-11. The contracts specify the amount of, and the conditions attached to, the allocated grant-in-aid. New contracts in respect of the financial year 2011-12 have been issued.

On behalf of the Board

Linda Duffield  
Chief Executive and Accounting Officer  
20 June 2011

# The Westminster Foundation for Democracy Limited

## REMUNERATION REPORT

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The Terms and Conditions sub-Committee of the board is responsible for reviewing all aspects of remuneration and employment conditions of staff. Their recommendations are submitted to the Board for approval. The committee is chaired by an independent governor and during the year ending 31 March 2011 the following Governors were members of the Committee:

James Bewsher	Chairman
Christine Knights	Resigned 16 October 2010
Sean Farren	
Meg Munn MP	Appointed 27 October 2010

The remuneration of the Chief Executive 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. Objectives are set for the succeeding year and used to assess performance. A performance related bonus can be paid dependent on performance and as determined by the Board. During the year a bonus of £5,483 was paid in respect of performance in the year to 31 March 2010. The Chair's recommendations are reviewed by the Terms and Conditions Committee and approved by the Board.

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. Details of the dates of appointment 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.

WFD entered into a Service Agreement with Linda Duffield, Chief Executive, on 1 September 2009 and this was in effect throughout the year.

The following remuneration information has been subject to audit. During the year the following payments were made to senior managers:

Remuneration	Salary & Allowances	Salary & Allowances
	2011 £000	2010 £000
Linda Duffield*	95-100	50-55
Paul Naismith	70-75	75-80
All Governors	Nil	Nil
	Performance bonus	Performance bonus
	2011 £000	2010 £000
Linda Duffield	5-10	Nil
Paul Naismith	5-10	Nil

\* Equivalent annual salary for 2009-10 (£000) 90-95

# The Westminster Foundation for Democracy Limited

## REMUNERATION REPORT

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### Pension benefits

	Accrued pension at age 60 £000	Related lump sum at 31 March 2011 £000	Real increase in pension at age 60 £000	Real increase in lump sum at age 60 £000	CETV at 31 March 2011 £000	CETV at 31 March 2010 £000	Real increase in CETV £000
Linda Duffield	40-45	125-130	0-2.5	7.0-7.5	895	785	49
Paul Naismith	5-10	-	0-2.5	-	73	44	24

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.

The actuarial factors that are used in the CETV calculation were changed during 2010, due to changes in demographic assumptions and the move from Retail Price Index (RPI) to the Consumer Prices Index (CPI) as the measure used to uprate Civil Service pensions. This means that the CETV in this year's report will not be the same as the corresponding figure shown in last year's report.

Linda Duffield  
Chief Executive and Accounting Officer  
20 June 2011

# The Westminster Foundation for Democracy Limited

## STATEMENT ON INTERNAL CONTROL

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### SCOPE OF RESPONSIBILITY

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. 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. The relationship between WFD and the FCO is specified in the Management Statement and its associated Financial Memorandum. WFD's corporate and business plans, objectives and associated risks are discussed at quarterly review meetings with the FCO.

Accountability within WFD is exercised through the Board and the Audit Committee. WFD's Board has an active Audit Committee, under the chairmanship of a non-executive Board member, to support its corporate governance role and me in my responsibility for risk, controls and associated assurance

### THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed 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. The system of internal control has been in place at WFD for the year ended 31 March 2011 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

### CAPACITY TO HANDLE RISK

A Strategic Risk Register is maintained by WFD for periodic review by the Board. Currently a bottom-up approach is in place where risks are reported through monthly and quarterly written reports and verbally during staff and management meetings. Risk is then considered on the agenda at meetings of the Audit Committee, the Projects and Programmes Committee (in the case of programme risks), and the Board. The Audit Committee meets four times a year and reviews 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. The Audit Committee reports to the Board and the Board reviews and updates the risk register at least each financial year. An Internal Audit programme for 2010-11 was agreed by the Audit Committee, which received six reports during the year covering each of the items in the programme, as well as updates on previous reports. 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.

### 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 2010-11 the Committee met quarterly.

# The Westminster Foundation for Democracy Limited

## STATEMENT ON INTERNAL CONTROL

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The membership of the Audit Committee includes a qualified accountant with a background in international development. 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 that for the year 2010-11 included an overall opinion that on the basis of the work performed there was reasonable assurance on the whole system of internal control;
- comprehensive budgeting systems with an annual budget approved by the Board and reviewed and agreed by Human Rights, Democracy and Governance Group of the Foreign and Commonwealth Office;
- 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 project management disciplines;
- 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;
- quinquennial review by our sponsor department, the FCO, the most recent review being February 2010

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 analysis. 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, and provides me with reports on internal audit activity in WFD. During the year the internal audit programme reviewed the procedures for Accounts Payable, Business Continuity Plans, Information Framework, IT Management, and Risk Management. All of the reports reported that substantial assurance can be given to the control environment surrounding the risks reviewed, except for Business Continuity where a limited assurance was reported as no comprehensive testing of the business continuity plan had been performed, although all the elements for it are in place. The Audit Committee noted that appropriate testing would be carried out when the plan was finalised.

Reports are provided by me to the WFD's Board of Governors, Human Rights, Democracy and Governance Group of the Foreign and Commonwealth Office and the Head of the Internal Audit Unit of the Foreign and Commonwealth Office.

Linda Duffield  
Chief Executive and Accounting Officer  
20 June 2011

# 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 the Westminster Foundation for Democracy Limited for the year ended 31 March 2011 under the Government Resources and Accounts Act 2000. These comprise the Statement of Comprehensive Net Expenditure and the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Reserves and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards as adopted by the European Union. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

### **Respective responsibilities of the directors and auditor**

As explained more fully in the Statement of Governors' and Accounting Officer's Responsibilities, the Governors and the Chief Executive as Accounting Officer 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 company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Governors Report, Statement of Governors' and Accounting Officer's Responsibilities, Management Commentary, Remuneration Report and Statement on Internal Control to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

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

### **Opinion on Regularity**

In my opinion, in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions 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 the company's affairs as at 31 March 2011 and of its net expenditure for the period then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; and
- 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 the Government Financial Reporting Manual; and
- the information given in the Governors' Report, Management Commentary and Remuneration Report with the Annual 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 for 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
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records or returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- I have not received all of the information and explanations I require for my audit.

**Report**

I have no observations to make on these financial statements.

Amyas C E Morse  
Comptroller and Auditor General  
National Audit Office  
157-197 Buckingham Palace Road  
Victoria, London, SW1W 9SP

29 June 2011

The Westminster Foundation for Democracy Limited  
 STATEMENT OF COMPREHENSIVE NET EXPENDITURE  
 For the year ended 31 March 2011

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	<i>Notes</i>	Core Funds £	Corporate Funds £	31 March 2011 Total £	31 March 2010 Total £
<b>INCOME</b>					
European Union funding	2	61,347	-	61,347	-
Other third party funding	2	1,702,270	-	1,702,270	1,437,426
		<u>1,763,617</u>	<u>-</u>	<u>1,763,617</u>	<u>1,437,426</u>
<b>DIRECT EXPENDITURE</b>					
Projects	3	(3,913,964)	(6,314)	(3,920,278)	(4,110,766)
		<u>(2,150,347)</u>	<u>(6,314)</u>	<u>(2,156,661)</u>	<u>(2,673,340)</u>
<b>OTHER EXPENDITURE</b>					
Staff costs	4	(891,295)	-	(891,295)	(922,940)
Depreciation - owned assets		(9,723)	-	(9,723)	(8,489)
Property costs		(116,619)	-	(116,619)	(110,341)
Office expenditure		(58,495)	(277)	(58,772)	(67,470)
Computer expenses		(24,442)	-	(24,442)	(50,325)
Printing and stationery		(8,131)	-	(8,131)	(26,596)
Professional fees		(14,808)	-	(14,808)	(72,431)
Business development		(121,010)	-	(121,010)	(113,368)
Audit fee	5	(12,000)	-	(12,000)	(12,000)
		<u>(1,256,523)</u>	<u>(277)</u>	<u>(1,256,800)</u>	<u>(1,383,960)</u>
<b>NET OPERATING EXPENDITURE</b>		<u>(3,406,870)</u>	<u>(6,591)</u>	<u>(3,413,461)</u>	<u>(4,057,300)</u>
Interest receivable		1,457	-	1,457	192
<b>NET EXPENDITURE FOR THE YEAR</b>		<u>(3,405,413)</u>	<u>(6,591)</u>	<u>(3,412,004)</u>	<u>(4,057,108)</u>

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

The Westminster Foundation for Democracy Limited  
 STATEMENT OF FINANCIAL POSITION  
 31 March 2011

	<i>Notes</i>	£	31 March 2011 £	£	31 March 2010 £
<b>NON-CURRENT ASSETS</b>					
Equipment	6		11,085		9,101
<b>CURRENT ASSETS</b>					
Trade and other receivables	8	177,543		365,360	
Cash and cash equivalents:					
Core		533,354		61,964	
Corporate		31,113		32,640	
		<u>742,010</u>		<u>459,964</u>	
Trade and other payables: amounts falling due within one year	9	(615,049)		(313,815)	
		<u></u>		<u></u>	
<b>NET CURRENT ASSETS</b>			<u>126,961</u>		<u>146,149</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>138,046</u>		<u>155,250</u>
<b>FUNDS</b>					
Core	11		97,507		108,120
Corporate	11		40,539		47,130
			<u>138,046</u>		<u>155,250</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 2011 .

Gary Streeter

Chair

Linda Duffield

Chief Executive

The Westminster Foundation for Democracy Limited  
 STATEMENT OF CASH FLOWS  
 For the year ended 31 March 2011

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	<i>Notes</i>	31 March 2011 £	31 March 2010 £
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net deficit after interest		(3,412,004)	(4,057,108)
Adjustment for depreciation	6	9,723	8,489
Decrease/(Increase) in trade and other receivables		187,817	(145,965)
Increase/(Decrease) in trade and other payables		301,234	(180,335)
Use of provisions		-	(116,355)
		<hr/>	<hr/>
Net cash outflow from operating activities		(2,913,230)	(4,491,274)
		<hr/>	<hr/>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of equipment	6	(11,707)	-
		<hr/>	<hr/>
Net cash outflow from investing activities		(11,707)	-
		<hr/>	<hr/>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Grant from FCO		3,394,800	4,100,000
		<hr/>	<hr/>
Net financing		3,394,800	4,100,000
		<hr/>	<hr/>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS IN THE PERIOD</b>		469,863	(391,274)
		<hr/>	<hr/>
Cash and cash equivalents at the beginning of the period		94,604	485,878
		<hr/>	<hr/>
Cash and cash equivalents at the end of the period		564,467	94,604
		<hr/>	<hr/>

The Westminster Foundation for Democracy Limited  
 STATEMENT OF CHANGES IN RESERVES  
 For the year ended 31 March 2011

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	Core Funds £	Corporate Funds £	Total £
Balances at 31 March 2009	43,416	68,942	112,358
CHANGES IN RESERVES 2009-10			
Net expenditure	(4,035,296)	(21,812)	(4,057,108)
Total recognised Income and Expenditure 2009-10	(4,035,296)	(21,812)	(4,057,108)
Grant from FCO	4,100,000	-	4,100,000
Balances at 31 March 2010	108,120	47,130	155,250
CHANGES IN RESERVES 2010-11			
Net expenditure	(3,405,413)	(6,591)	(3,412,004)
Total recognised Income and Expenditure 2010-11	(3,405,413)	(6,591)	(3,412,004)
Grant from FCO	3,394,800	-	3,394,800
Balances at 31 March 2011	97,507	40,539	138,046

# The Westminster Foundation for Democracy Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2011

---

### 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, except where noted below for grants payable. The financial statements are prepared under the historical cost convention, and in accordance with those parts of the Government Financial Reporting Manual (FReM) 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 FReM grant-in-aid received in the year is accounted for through the net expenditure reserve account in the year to which it relates.

Other 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 2011

### 2 THIRD PARTY FUNDING

The UK other third party funding income is in relation to multi-year contracts including new project work won by WFD during the year. Income has been recognised to match the project expenditure paid for during the year. During the year funding of £1,282,753 was received from DfID's Governance and Transparency Fund (GTF) on behalf of the Westminster Consortium. Cumulatively, £2,249,922 has now been received of the £5,000,000 total.

3 DIRECT EXPENDITURE ON PROJECTS	2011	2010
	£	£
WFD projects	2,306,224	2,310,547
Political parties' sponsored projects:		
Conservative Party	662,544	715,300
Labour Party	658,608	724,643
Liberal Democrats	225,747	275,389
Smaller parties	36,620	48,707
	<u>3,889,743</u>	<u>4,074,586</u>
Travel and subsistence	30,536	36,180
	<u>3,920,279</u>	<u>4,110,766</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	2011	2010
	£	£
Wages and salaries	698,580	646,139
Temporary staff	-	43,626
Social security costs	63,009	56,056
Other pension costs	126,408	98,494
Recruitment and other staff costs	3,247	75,182
Un-taken holiday entitlement	51	3,443
	<u>891,295</u>	<u>922,940</u>

The Governors did not receive any remuneration for their services but travel costs of £4,194 (2009-10: £12,000) were reimbursed in the year.

	2011	2010
	No.	No.
The average number of employees (excluding Governors and vacancies) during the year was:		
Permanent – UK	16	14
Temporary	0	1

# The Westminster Foundation for Democracy Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2011

---

### 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.

The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme but The Westminster Foundation for Democracy Limited is unable to identify its share of the underlying assets and liabilities. The scheme actuary (Hewitt Bacon Woodrow) last conducted a full valuation of the scheme as at 31 March 2007. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation ([www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk)). For 2010-11, employer's contributions of £112,927 were payable to PCSPS (2009-10: £89,986) at one of three rates in the range 18.8% - 24.3% of pensionable pay based on salary bands. Employer contributions are reviewed every three years following a full scheme valuation by the Government Actuary and were revised to the current rates in 2009-10.

During the year, contributions were also made to personal money purchase pension schemes of £13,481 (2009-10: £18,297).

5	OTHER OPERATING CHARGES	2011	2010
		£	£
	This includes:		
	(Profit)/Loss on foreign exchange	304	(7)
	Auditor's remuneration - for audit work 2011	12,000	12,000
	- non-audit work*	85,768	84,732
	Operating lease rentals - office equipment	-	7,957
	- property leases	61,628	60,400

\*for NAO's work as a partner organisation in the Montenegro, Lebanon, and TWC programmes

# The Westminster Foundation for Democracy Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2011

6	NON-CURRENT ASSETS	Computer equipment £	Furniture and fittings £	Total £
	<b>COST</b>			
	At 1 April 2009	26,243	20,773	47,016
	Additions	-	-	-
	Disposals	-	-	-
	At 31 March 2010	<u>26,243</u>	<u>20,773</u>	<u>47,016</u>
	At 1 April 2010	26,243	20,773	47,016
	Additions	11,707	-	11,707
	Disposals	-	-	-
	At 31 March 2011	<u>37,950</u>	<u>20,773</u>	<u>58,723</u>
	<b>DEPRECIATION</b>			
	At 1 April 2009	18,911	10,515	29,426
	Charge for the year	4,334	4,155	8,489
	Disposals	-	-	-
	At 31 March 2010	<u>23,245</u>	<u>14,670</u>	<u>37,915</u>
	At 1 April 2010	23,245	14,670	37,915
	Charge for the year	5,569	4,154	9,723
	Disposals	-	-	-
	At 31 March 2011	<u>28,814</u>	<u>18,824</u>	<u>47,638</u>
	<b>NET BOOK VALUE</b>			
	At 31 March 2011	<u>9,136</u>	<u>1,949</u>	<u>11,085</u>
	At 31 March 2010	<u>2,998</u>	<u>6,103</u>	<u>9,101</u>

7 As the cash requirements of WFD are 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	2011 £	2010 £
	Deposits and advances	49,715	31,498
	Trade receivables	29,330	149,342
	Prepayments and Accrued Income	98,498	184,520
		<u>177,543</u>	<u>365,360</u>

# The Westminster Foundation for Democracy Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2011

9	TRADE PAYABLES AND OTHER CURRENT LIABILITIES: amounts falling due within one year	2011 £	2010 £
	Trade payables	151,616	95,584
	Accruals and Deferred Income	463,433	218,231
		<u>615,049</u>	<u>313,815</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:

	2011 Core £	2011 Corporate £	2011 Total £	2010 Total £
Non-current assets	11,085	-	11,085	9,101
Receivables	177,543	-	177,543	365,360
Cash and cash equivalents	533,354	31,113	564,467	94,604
Payables	(615,049)	-	(615,049)	(313,815)
Inter fund account	(9,426)	9,426	-	-
	<u>97,507</u>	<u>40,539</u>	<u>138,046</u>	<u>155,250</u>

The balance of Corporate Funds at 31 March 2011 represents corporate donation funds allocated for specific projects approved by the board.

### 12 OPERATING LEASES

At 31 March 2011 WFD had annual commitments under non-cancellable operating leases as follows:

	2011 £	2010 £
Land and buildings:		
Expiry date:		
Within one year	25,269	-
Between two and five years	-	71,708
Other:		
Expiry date within one year	-	732
	<u>-</u>	<u>732</u>

### 13 CAPITAL COMMITMENTS

There were no capital commitments (2009-10: £Nil).

# The Westminster Foundation for Democracy Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2011

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14	INTRA GOVERNMENT BALANCES	2011 £	2010 £
	Balances due from other central government bodies	58,384	282,661
	Balances due from local authority bodies	30,576	25,292
	Deposits and advances	50,933	31,498
	Prepayments	37,650	25,909
		<u>177,543</u>	<u>365,360</u>
	Deferred income from other central government bodies	75,676	31,032
	Other payables	151,616	95,419
	Accruals	387,757	187,364
		<u>615,049</u>	<u>313,815</u>

### 15 GRANT COMMITMENTS

At the year end, WFD had Board approvals amounting to £1,492,331 (2009-10: £2,010,448) of which £430,189 (2009-10: £542,899) related to WFD regional teams projects and £1,062,142 (2009-10: £1,467,549) 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 there remains continued uncertainty surrounding future public expenditure generally in the UK. During the year the FCO has confirmed its ongoing commitment to providing core annual funding to WFD but has been unable to define the level of funding beyond March 2012. The Board has reviewed WFD's position based on known information, including projected cash flow and net asset position, 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 2011.

### 17 CONTINGENT LIABILITY

WFD has an operating lease in respect of Artillery Row with termination date of 24 August 2011. A decision on renewing the lease or 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 2011-12, although the exact level will depend on the decision reached.

### 18 RELATED PARTY TRANSACTIONS

Core funding of £3,394,800 was received from the Foreign and Commonwealth Office (FCO) as grant-in-aid and a further £183,891 was received from FCO Embassies during the year.

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