

# The Westminster Foundation for Democracy Limited

Company Number: 2693163

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

ANNUAL REPORT AND ACCOUNTS

For the year ended 31 March 2015

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

**Ordered by the House of Commons to be printed on 21 July 2015**



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# 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 are required to comply with the requirements of the Government Financial Reporting Manual and in particular 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 following guidance issued by the Financial Reporting Council.**

### **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. Since its establishment in 1992, WFD's primary aim has been to assist, support and encourage the peaceable establishment and development of pluralistic democratic practice and political institutions. WFD believes that stronger democracy is the best way of safeguarding human rights and of ensuring sustained prosperity and stability and WFD's vision is the universal establishment of legitimate and effective, multi-party, representative democracy.

Delivering this is beyond the scope of any individual organisation or government and so WFD's mission is to contribute to this long-term vision by supporting inclusive and effective governance that strengthens policy-making, representation, accountability, and citizen participation, at local, national and regional levels. With its relatively limited resources, WFD focuses its capacity on parties and parliaments in order to build on its core strengths.

WFD has a unique structure, incorporating sister party links as well as parliamentary strengthening expertise. This enables WFD to provide support in three main areas: parliamentary assistance, political party strengthening, and by combination of these such as supporting the work of parties in parliaments. By focusing on these three areas WFD is able to engage elected representatives across all of the major contexts in which they operate: their party, the parliaments to which they are elected, the parliamentary groupings/caucuses in which they undertake parliamentary business, and their relationships with constituents.

British political parties have long-term sister party relationships with many counterparts around the world and 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, improve their competitiveness and support multi-party democracy. These relationships provide engagement with parties from across the political spectrum, based on mutual trust and commitment. No other actor is able to mobilise British political party expertise to the same degree as WFD.

### **Strategic Overview**

The latest Triennial Review of WFD reaffirmed the importance to the UK of WFD's role and confirmed its status as a Non-Departmental Public Body. WFD's work is determined by its Corporate Strategy and during 2014-15 an updated strategy looking ahead to 2015-2020 was approved by the Board and which builds on the work achieved to date. For 2015-2020 WFD will have three strategic objectives as follows:

- A. To support developing and transition countries in establishing or strengthening inclusive and effective democratic governance for their citizens by delivering political party, parliamentary and integrated (Parties in parliament) programmes.
- B. To contribute to public knowledge about effective democracy strengthening, including democracy assistance for parliaments and political parties, in developing and transition countries.
- C. To improve the sustainability, public accountability and value for money of WFD's programmes through strengthening its structures, skills, and systems

In implementing programmes in the three focus areas of parliaments, political parties, and parties in parliament, WFD will adopt a number of approaches to its work that (i) ensure that WFD adds value to the work of other organisations, (ii) apply the lessons from assessments of past democracy assistance programmes and (iii) implement specific recommendations in recent reviews of WFD's work by DFID, the FCO, and the House of Commons International Development Committee.

Alongside the updated strategy, WFD has agreed a new Accountable Grant with DFID to complement ongoing funding from FCO. This joint funding supports a new, approved business case for the first three years, 2015-18. The intended impact of the programme is that developing and transition countries where WFD will work should provide inclusive and effective democratic governance for their citizens and the planned outcome is democratic

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culture and practice in the respective parliaments and political parties that will support inclusive and effective governance in four key areas:

1. Policy: Public policy processes are open, consultative and evidence-based
2. Accountability: Parliaments and political parties hold other government institutions and actors to account and are accountable themselves to their constituents and stakeholders
3. Representation: Parliaments and political parties represent effectively their specific constituencies and are representative of the interests and needs of their citizens as a whole
4. Citizen Participation: Citizens, particularly women, youth and other marginalised groups, have greater access to and a more active role in parliamentary and political processes

A series of country programmes is being developed, some of which are extensions of work recently completed under the previous funding. Between 2012 and 2015, the Foundation has shifted its focus away from short term programmes towards longer term, multi-year programming. Using the FCO's annual Grant-In-Aid and the Accountable Grant over the three years to March 2015 provided by DFID<sup>1</sup>, WFD was able to deliver 11 long-term strategic programmes by end March 2015. These included multi-year programmes across a range of parliamentary and civil society strengthening initiatives in the Democratic Republic of Congo, Iraq, Jordan, Kenya, Kyrgyzstan, Nigeria, and Pakistan as well as regional programmes in the Western Balkans, the Middle East and North Africa (MENA), and East Africa. In addition, integrated programmes involving combined parliamentary and political party resources were conducted in Bosnia and Tunisia, and externally funded multi-year programmes continued in Morocco, Georgia, and Uganda. All the programmes are in countries eligible for Official 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. The political assistance programmes delivered by the UK political parties also included more strategic, multi-year programmes.

## 2. Current and Future Development and Performance

The following 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 2014-15 and of work planned in 2015-16. Information is presented alphabetically either by region or country – programmes that span regions are listed under 'international programmes.'

### AFRICA – REGIONAL PROGRAMMES

#### *Africa Liberal Network*

The UK Liberal Democrats continued their support to the Africa Liberal Network (ALN) – an alliance of political parties and organisations from across the continent, united in their commitment to political and civil rights, democratic government based on free and fair elections, minority rights and fair trade. The ALN further expanded its membership at its general assembly in Morocco in 2014 when it adopted a new constitution and human rights framework. The network is now the largest regional liberal network outside Europe – comprising 44 political parties.

#### *Democratic Union of Africa*

In 2014 the UK Conservative Party provided training and workshops for member states of the Democratic Union of Africa – an association of democratic parties from the centre and centre-right African parties. The stated aim of the DUA is to further the right of free and fair elections and the freedom to organise effective opposition.

#### *East African Legislative Assembly*

WFD's three year programme with the East African Legislative Assembly concluded in 2015. The programme's emphasis was on increasing the effectiveness of EALA's legislative role by the provision of assistance to the assembly's MPs and staff in developing parliamentary and committee skills. The programme also contributed to the development, production and adoption of a strategic plan to guide the Assembly's future direction. This is intended to strengthen the mandate of the East African Legislative Assembly to work toward its stated goal: the

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<sup>1</sup> An organisational log-frame sets out how WFD was to 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.

<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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establishment of a *'people centred approach to a widening and deepening of East African integration by a strong and effective EALA.'*

### *Women's Academy for Africa*

In 2014-15 the UK Labour Party continued its support to the 'Women's Academy for Africa' – a regional network of activists from across the continent. The network expanded its pool of trainers and produced a training programme on women's leadership. The mobilisation of women trainers will enable the next stage: the provision of training to more member parties. Women from the network also participated in Labour Women's Network's Annual Political Day – a one day conference run by women for women.

### AFRICA – COUNTRY PROGRAMMES

#### *Botswana – party to party*

The UK Liberal Democrat Party supported its sister party, the Botswana Movement for Democracy in the run up to the 2014 elections. Despite the death of the party's leader shortly before the elections, the BMD with campaign support from the Liberal Democrats established itself as the official opposition as part of the Umbrella for Democratic Change.

The UK Labour Party continued to support its sister party, the Botswana Congress Party to recruit, train and field a record number of women and young candidates in the 2014 elections – all of whom had attended mobilisation workshops supported by the UK's Labour Party.

The UK Conservative Party continued to support its sister party, the Botswana Democratic Party in the 2014 elections by providing training to parliamentary candidates and support to the central campaign team of the BDP.

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

In 2015 WFD concluded its three year programme of support to the provincial assembly in the northeast of DRC – Province Orientale. The programme supported the assembly's committees, MPs and staff as well as civil society organisations. The implementers placed a particular focus on increasing the skills of women MPs and members of civil society organisations to present their case for greater inclusion and reform to the provincial assembly.

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

In 2015 WFD concluded its three year programme to support good governance following the provisions in Kenya's constitution to devolve powers to the country's 47 county assemblies. The programme supported ten county assemblies to fulfil the public finance duties conferred upon them by the devolution process.

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

WFD also concluded its three year programme in Nigeria to support implementation of gender budgeting. This was intended to raise awareness of parliamentarians, civil society and the wider populace about the application of gender budgeting and oversight of public expenditure.

#### *South Africa – party to party*

The UK Liberal Democrats continued their work with the Democratic Alliance through its Young Leaders project which invests in future potential political leaders. In 2014-15 the project increased access to the programme for youth from underprivileged backgrounds and developed an alumni programme for top graduates of the project – with the longer term aim of establishing an advisory youth council to lead on youth issues within the Africa Liberal Network (see above).

#### *South Africa – Support to the African Christian Democratic Party*

With support from the Democratic Unionist Party, the African Christian Democratic Party modernised internal communications; reformed central messages so that they more clearly articulate what the party stands; assisted analysis of electoral performance. In 2015-16 with continued DUP support the party intends to enhance its strategic focus and develop its communications capacity.

#### *Uganda: Securing greater implementation of legislation to protect women and girls from violence*

In 2014 WFD launched a new programme to protect and promote the rights of women and girls in Uganda's northern and eastern regions. Its principal goal is to address the absence of effective implementation of



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measures to combat gender based violence. The programme's implementers will target those who can influence policy and effect change: MPs, parliamentary caucuses and committees, councils, civil society and media.

### *Uganda – People's Progressive Party programme*

Uganda's People's Progressive Party was supported by the UK Social Democratic and Labour Party to implement a strategy to expand party membership and recruitment in preparation for 2016 elections at a local level.

### *Zambia – Forum for Democracy and Development programme*

Drawing on the experience of the Scottish National Party the programme succeeded in building the fund raising capacity of the Forum for Democracy and Development and increase engagement with the party's grassroots supporter base – resulting in greater competitiveness at the 2015 presidential by-election, following the death of President Michael Sata.

## ASIA

### *Democracy development in Kyrgyzstan*

In 2015 WFD completed its three year parliamentary strengthening and civil society programme in Kyrgyzstan which assisted in implementing constitutional provisions for greater inclusivity and representation of citizens by the national parliament. This was facilitated by a series of regional committee hearings addressing topics of concern to citizens including access to clean water and the practice of torture.

### *Maldives – party to party*

In 2015 the UK Conservatives supported their sister party during another politically volatile period in the Maldives. This consists of support to the Maldives Democratic Party's capacity in attracting new members through strengthened campaigning and communications and improving party structures in order to prepare for future elections.

### *Myanmar – party to party*

In anticipation of elections in 2015 senior members of the Liberal Democrats met with Aung San Suu Kyi and other senior members of the National League for Democracy to discuss international cooperation and the plight of the Rohingya .

### *Improving parliamentary performance in Pakistan*

Led by the British Council, WFD contributes to a parliamentary strengthening programme supporting parliamentarians in their functions of representation, legislation and oversight. The programme has supported Pakistan's parliamentary committees, secretariats and the Pakistan Institute for Parliamentary Services.

### *Deepening democratic engagement in Pakistan*

This programme runs parallel with the British Council's Pakistan programme with provision of support to the Provincial Assembly of the Punjab. The programme is a response to the opportunities that emerged with the provisions of Pakistan's amended constitution which conceives of greater devolution of power. Throughout 2014-15 WFD worked with the Assembly's members and secretariat staff to support understanding of parliamentary procedures and roles. In 2015 WFD is exploring the possibility of extending the programme into Sindh province.

## EUROPE – REGIONAL PROGRAMMES

### *Youth Summer School*

In 2014, 26 youth activists from the Conservatives' sister parties were brought together by Conservative International Office to better understand the core values of conservative-centre parties and how these might be applied in developing and implementing political policies and campaigns.

### *Western Balkans: SD9*

The Labour Party continued to support the Social Democratic 9 – a regional youth network comprised of members committed to strengthening cooperation between young social democrats. Labour also runs a Summer Academy for Eastern Europe – both networks provide a forum for regional dialogue, technical exchanges and policy discussions.

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### *Western Balkans: strengthening regional cooperation*

In 2015 WFD completed its parliamentary strengthening programme in the Western Balkans having achieved its objective of supporting the development of a network of parliamentary committees established in 2009 comprised of MPs from Albania, Bosnia and Herzegovina, Kosovo, Macedonia, Montenegro and Serbia. The Western Balkans network of parliamentary committees is fully operational and consists of 25 parliamentary committees on economy, finance and European integration. The network's sustainability has been secured as its secretariat will be located in Serbia's National Assembly.

### EUROPE - COUNTRY PROGRAMMES

#### *Bosnia and Herzegovina – party to party*

Conservative International Office worked with two sister parties – one of which won the presidency (rotating) and significantly increased its representation in Bosnia's parliaments. Following elections in 2014, 70 per cent of the dominant party's members received training from Conservative International Office.

#### *Bosnia and Herzegovina – party to party*

The Liberal Democrats worked with their sister party Nasa Stranka which improved its competitiveness in the 2014 election. The support focused on working with women candidates in improving their communications and campaigning skills.

#### *Bosnia and Herzegovina – party to party*

The Labour Party worked with the Social Democratic Party of Bosnia, providing technical assistance and consultations on women in local government. Cooperation and dialogue with civil society organisations were also encouraged. WFD's work in Bosnia 2014-15 demonstrates implementation of recommendations that the Foundation integrate the two essential elements of its democracy strengthening work: UK political party work with overseas 'sister' parties and parliamentary strengthening.

#### *Supporting civil society in Georgia*

In 2014 WFD concluded a programme having achieved its goal of assisting greater engagement between civil society and parliament. The programme also demonstrated successful outcomes achieved by civil society organisations to inform and influence policy reform and legislation.

#### *Georgia: Toward greater integration*

In 2014 WFD launched a new programme in partnership with the UN Development Programme and funded by the European Union to forge stronger international relations between Georgia's Parliament and its foreign counterparts and international organisations. The establishment of the programme follows the June 2014 signing of the trade partnership between the EU and Georgia – the Association Agreement which commits Georgia to EU standards and potentially paves the way toward membership.

#### *Georgia – party to party*

In 2014-15 the Liberal Democrats worked with their sister parties in Georgia on political communications and also developed peer-to-peer exchange programmes with liberal partners to strengthen the Georgian parties' knowledge of coalition government. The Liberal Democrats also produced a training resource for the use of sister parties on coalition building in transitional democracies, 'Liberals in Coalition.'

#### *Moldova – party to party*

The Liberal Democrats worked with their sister parties providing support on political communications, peer to peer exchange programmes to strengthen parties' knowledge of coalition negotiation and building.

#### *Moldova – party to party*

The Conservative Party worked with its sister party, one of the governing parties in the coalition government. With mentoring from Conservative International Office the party has worked on improved communications with its members. Party members who benefited from the training were assessed in 2015 as the most effective and successful volunteers for the party.

#### *Montenegro – Socialist People's Party youth academy*

Party experts from the Scottish National Party and Plaid Cymru continued their support to Montenegro's Socialist People's Party. The party now has an established youth academy with modules that are tailored to the

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needs of younger members to improve their media and campaigning skills. The programme closed in 2015 following the provision of training to party members by their peers, allowing for continued skill sharing and sustainability.

### *Serbia – party to party*

The Liberal Democrats continued to support their sister party in Serbia develop party structures to support young people, women and minority rights. With the UK Liberal Democrats' support Serbia's Liberal Democrat Party became the first political party in Serbia to establish a body within the party with a specific focus on LGBT rights.

### *Ukraine*

Despite conflict and political upheaval in the country, the UK's Labour Party continued to work with the New Social Democratic Platform supporting it in efforts to become a strong movement that can offer a clear and attractive social democratic alternative to citizens.

## MIDDLE EAST AND NORTH AFRICA – REGIONAL PROGRAMMES

### *Arab Alliance for Freedom and Democracy*

Facilitated by the UK Liberal Democrats, the leaders of the Arab Alliance for Freedom and Democracy and the Africa Liberal Network (see above) were brought together to explore future collaboration between the two networks to deepen ties and cooperation between the two regional networks.

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

Throughout the reporting period the programme continued its work in developing leadership skills of women politicians to pursue reforms and legislation that reflect women's interests. In 2014 the programme contributed to the development of a network for women MPs, the provision of training and materials as well as the cultivation of more trainers. It also established greater links and coalitions between politicians from across the region culminating in a highly visible coalition to combat domestic violence – which WFD will continue to support in 2015.

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

The programme concluded in 2015 having initiated and strengthened links between research institutes, policy-makers and civil society. The programme also culminated in agreement to establish a regional network of policy analysts and the joint production of policy materials. The goal of the programme was the provision of policy analysis that is evidence-based and meets the requirements of MPs. A training course on policy making is now available for MPs, staff and think tanks in the Arab Institute for Parliamentary Training and Legislative Studies, based in the Lebanese Parliament. 33 trainers from eight Arab countries are now certified to deliver the course in their countries.

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

With the UK Labour Party's support, Tha'era has proactively forged greater solidarity between members of the network despite political volatility. The network increased its pool of trainers to 130 reaching hundreds of women activists from member parties in Egypt, Morocco, Tunisia and Lebanon. Women from Tha'era also participated in *Labour Women's Network's Annual Political Day* – a one day conference run by women for women.

## MIDDLE EAST AND NORTH AFRICA – COUNTRY PROGRAMMES

### *Iraq: Supporting the Kurdistan Regional Parliament*

Concluding in 2015 WFD ran a three year parliamentary strengthening programme which proved resilient in the face of formidable political and security challenges. Results included greater legislative and oversight skills on the part of parliamentarians; greater links between think tanks and the Council of Representatives in Baghdad, sustainable induction programmes for Kurdistan's MPs and greater visibility and participation of women MPs. The programme will be extended in 2015.

### *Jordan: Parliamentary reform and youth engagement*

Concluding in 2015 WFD ran a three year parliamentary strengthening programme to enhance its legislative, scrutiny and representative functions. Following an agreement with the Speaker of the parliament, WFD also supported the establishment and development of a parliamentary research service – now fully operational. It

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also contributed to a strengthened women MPs' caucus to promote and protect women's rights and combat discriminatory practices. A parliamentary reform programme will be extended in 2015.

### *Increasing political participation and transparency in the Moroccan Parliament I*

In 2015 WFD completed the first phase of its three year programme to support the Moroccan Parliament develop into a more transparent, accountable and democratic institution. It resulted in a number of outcomes including strengthened fiscal oversight demonstrated by the establishment of a new standing committee for the control of public funds.

### *Increasing political participation and transparency in the Moroccan Parliament II*

In 2015 WFD was awarded further funding from the Arab Partnership Fund to continue its democracy strengthening work with the Moroccan Parliament. The programme will build on steps taken over the past three years and in 2015-16 will continue to focus on more transparent and accountable governance on the management of public finance. It will also seek to support parliament's role in public policy evaluation and strengthen a parliamentary research centre that can meet the requirements of members of the upper house.

### *Supporting democratic transition in Tunisia*

WFD's three year programme concluded in 2014 following Tunisia's historic parliamentary and presidential elections. It provided UK peer-to-peer political party mentoring to forge partnerships and provide training to aspiring parliamentarians.

### *Supporting parliamentary and multi-party democracy in Tunisia*

In 2014 WFD launched another programme in response to the needs of Tunisia's newly elected Peoples Representatives Assembly by the provision of an induction and orientation programme for the new intake of MPs in the first critical months of the parliament. A notable development was the provision in the Assembly's rules of procedure for the establishment of a new oversight committee modelled on Westminster's public accounts committee. The programme will be extended in 2015.

## INTERNATIONAL

### *Political Ideology Barometer*

An initiative led by the UK Liberal Democrats, this programme has continued to help define and assess a political party's ideology. A means of identifying appropriate sister parties that espouse liberal values is critical in transition democracies where political parties can be undeveloped, vulnerable to fragmentation and changes of leadership and ideology.

### *Election observation*

In 2014-15 the UK Labour Party delivered a programme in which participants gain insights into campaign strategies and observe at first hand election campaigns in the UK, Slovenia and Moldova. The Labour Party hosted representatives from sister parties in Africa, the Caribbean, Eastern Europe, the Middle East and Western Balkans – enabling them to hear about the Labour Party's campaign from a national and local perspective.

In 2014-15 the UK Conservative Party enabled representatives of overseas political parties to observe the party conference, local and national election campaigns. The UK Liberal Democrats also enabled representatives of sister parties to share pre-election campaign organising and constituency campaigning.

### *International Youth Democrat Union*

An international centre-right youth network, the International Youth Democrat Union was re-launched in 2014 with support from the UK Conservative Party. In 2014 participants assembled from Bosnia, Belarus, Ghana, St Lucia, Grenada, Morocco, Macedonia, Sri Lanka, Moldova and the Maldives.

### *International Democrat Union*

A network of more than 80 centre, Christian Democrat and centre-right political parties, the IDU is supported by the UK Conservative Party – a founding member of the union under then Prime Minister, Margaret Thatcher. The IDU assists parties in merging and struggling democracies. Conservative International Office continued to facilitate sister party engagement with the IDU – a forum where parties which hold similar ideologies can come together to exchange views on matters of policy and organisation interest.

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### 3. Principal risks and uncertainties

The management of 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 reported in more detail on pages 16 to 20.

The Board has identified the following principal risks and uncertainties that could have a material impact on WFD in carrying out its work:

**Risk to reputation** – risk that WFD suffers from the perception of political interference 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 this way WFD also needs to be able to demonstrate that it has a strong understanding of the policy context for democracy assistance, particularly assistance related to parliaments and political parties, in order to maintain the confidence of partners and funders.

**Financial risks** – these relate mainly to the budget climate affecting government that would impact on WFD's core grant funding, such as austerity measures by UK government. WFD has a strategy to grow external funding in order to multiply our impact and diversify our funding base. WFD sometimes uses its core funding to leverage external funding that would otherwise be unavailable, as with most EU-funded programmes. By ensuring a high level of financial controls, it is intended to largely offset risk of inefficient use of funds and to mitigate the risk of financial loss through corruption.

**Programme Quality** - at corporate level these risks would arise from a failure to demonstrate delivery of high quality programmes, whether perceived or real. WFD has improved its monitoring and evaluation processes plus made permanent the appointment of a small M&E office. A new programming manual has been developed that tailors established best practice methods to specific WFD requirements. This is being rolled out as programmes in the new funding period are designed, approved and begin to be implemented.

**WFD's operational effectiveness** - WFD needs to be able to manage its staff and funds in a way that ensures value for money in its operations, and provides assurance of sound financial management of public funds.

At the programme level, the main risks for WFD are political, i.e. they are risks of inadequate political commitment to the actions that our partners need to take to deliver the change that they want. There are also important security risks in some locations.

### 4. Resources

As at 31 March 2015, WFD employed 20 full-time equivalent staff in the UK, of whom 12 are responsible for the design, management and delivery of country programmes and for managing local and UK partnerships. In countries where WFD is represented, WFD employs local staff that are engaged either on contract of services terms, or contract for services terms, and which are determined by the local circumstances. As at 31<sup>st</sup> March 2015, there were a total of 24 full-time equivalent appointments overseas.

UK staff are currently organised into specialist regional teams covering Africa and Asia, Europe, and MENA. WFD is presently completing a staffing review as part of a process of improving WFD's programme management and addressing some significant areas for improvement. This will resolve inconsistencies in the way in which programme management responsibilities and accountability are reconciled, and to enable more flexibility, and to remove gaps in policy capability and business development capacity. Other advantages of the review will be to improve relationship management with parliament and to strengthen IT capacity. The majority of the changes will affect UK staffing but overseas arrangements will continue to be assessed for their effectiveness and purpose.

During the year, WFD operated programme field offices in Georgia, Jordan, Kenya, Iraq (Erbil), Kyrgyzstan, W Balkans (via Macedonia), Morocco, Tunisia, and Uganda. WFD has established strong relationships with local partners through its network of local offices enabling us to respond quickly to new needs and opportunities. The



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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. DFID has been an important strategic partner and funder for WFD programmes since 2012 and recently confirmed continued funding for WFD via a further three-year (2015-2018) Accountable Grant of up to £9 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 2016 and beyond. The GIA for 2014-15 was £3.5 million, and this same level has been confirmed for 2015-16.

In addition to its grant funding by the FCO and DFID, WFD secured other funding through the Arab Partnership Fund of £203,000 for programmes during 2014-15 in Morocco (£143,000) and Tunisia (£60,000) (last year combined was £356,000). Since the end of the year, further funding has been agreed from this Fund for 2015-2016 in Morocco (£308,000). During the year 2014-15, WFD received £182,000 from the EU for parliamentary strengthening programmes in Pakistan (sub-contracted from British Council), in Georgia, and in Uganda.

### **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 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 therefore grant-in-aid funding is used for project expenditure and WFD non-project costs, as well as capital expenditure and changes in working capital.

During the year 2014-15 the grant-in-aid was £3.5 million. In 2014-15 £2,182,006 (2013-14: £2,220,937) was awarded or spent from grant-in-aid on projects and programmes and WFD spent a further £2,622,575 on projects funded wholly or partly by third parties (2013-2014: £2,705,080). 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 2015-16 will remain at the level of £3.5 million and the FCO has indicated that the level of funding for 2016-17 onwards is dependent on the outcome of the 2015 Comprehensive Spending Review. DFID completed the funding of its 3-year Accountable Grant 2012-2015 and has recently confirmed a new 3-year Accountable Grant under which DFID has committed to spend up to £9 million with WFD between 2015 and 2018.

At 31 March 2015 the Board had approved projects amounting to £935,343 (2013-14: £2,281,956) that are intended to be funded from future grant-in-aid.

#### **5.1 Capital Structure**

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

#### **5.2 Cash Flow and Liquidity**

During the year WFD had an increase of £110,983 (2013-14: decrease £73,822) in cash and cash equivalents, resulting in net liquid funds at 31 March 2015 of £658,523 (2013-14 £547,540). Key factors contributing to the increase were the increase of deferred income at year end and the decrease of accrued income (combined £44,000), the steep reduction in trade receivables and prepayments (combined £132,000), offset by the decrease in trade payables and accruals (combined -£61,000). Other working capital changes had the net effect of decreasing cash by £4,000. The Statement of Cash Flows provides further analysis.

# The Westminster Foundation for Democracy Limited

## STRATEGIC REPORT

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### 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 2016, and continues to make new bids for further EU funds for which decisions are pending.

### 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. We observe the Equality Act 2010 and make reasonable adjustments for people with disabilities. If a member of staff becomes disabled while working with us, we will do everything possible to ensure they continue working with us.

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. 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.

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. The breakdown of each sex as at the end of March 2015 was as follows:

	Female	Male
Directors	3	6
Employees in senior executive positions	-	2
UK staff	11	7
Overseas staff	15	11

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 2014-15. The contracts specify the amount of, and the conditions attached to, the allocated grant-in-aid. New contracts in respect of the financial year 2015-16 have been issued.

On behalf of the Board

Anthony Smith  
Chief Executive and Accounting Officer  
15 June 2015

# 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 2015. 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 domiciled in the United Kingdom and its registered office is 8<sup>th</sup> Floor Artillery House, 11-19 Artillery Row, London SW1P 1RT.

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 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 £3,497,572 (2013-14: £3,499,742).

This deficit is set-off with the grant-in-aid in the core funds reserve, which leaves total funds (core and corporate) of £152,188 to be carried forward at the end of the year (2013-14: £149,760).

### 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 2016
Ken Caldwell			17 July 2016
Tina Fahm		9 October 2014	
Bronwen Manby			20 February 2017
Ann McKechin MP			12 June 2015
John Osmond			21 February 2017
Andrew Rosindell MP			17 August 2016
Andrew Stunell MP			27 January 2016
Peter Wishart MP			31 May 2015

No Board member holds company directorships or has other significant interests which may conflict with their 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.



# The Westminster Foundation for Democracy Limited

## GOVERNORS' REPORT

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### AUDIT COMMITTEE

WFD's Audit and Risk Assurance 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 2015 membership of WFD's Audit and Risk Assurance Committee comprised;

John Osmond	Chair (appointed Chair 11 September 2014)
Andrew Stunell MP	
Bronwen Manby	Appointed 11 September 2014
Tina Fahm	Chair until term ended 11 September 2014

### 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.

Staff meetings held during 2014-15 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 2014-15, the average age of invoices paid was 8.76 calendar days (2013-14 14.73 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 18.7 days (2014 29.0 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 15 June 2015

Henry Bellingham

Chair

Anthony Smith

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 2015 the following Governors were members of the Committee:

Ann McKechin MP, Chair  
John Osmond

As a public funded body, WFD adopts the guidelines followed by its sponsor body, the FCO. In the Autumn Statement 2011 the Chancellor of the Exchequer announced that public sector pay awards will average at 1 per cent for the two years following the pay freeze (2013-14 and 2014-15). In the Budget 2013, the government announced that public sector pay awards will be limited to an average of up to 1 per cent in 2015-16.

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.

Between 1 April 2014 and 18 August 2014 Paul Naismith continued as Acting Chief Executive and Accounting Officer. On 18 August 2014, Anthony Smith was appointed as Chief Executive and Accounting Officer under the terms of a new Service Agreement approved by the Board, and this was in effect throughout the period between 18 August 2014 and 31 March 2015.

During the year Paul Naismith was paid a temporary increased salary until 18 August 2014 and regular salary after then. In line with pay policy, he also received an increase in base pay by 1 percent applied from 19 August 2014 as well as a bonus of £8,887 paid based on performance in the previous year to 31 March 2014. During the year there was also a payment of £10,413 to Linda Duffield in respect of performance in the previous year until her retirement on 28 February 2014. Each of The Chair's recommendations were reviewed by the Terms and Conditions Committee and the awards approved by the Board.

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>3</sup> (to nearest £1,000)		Total (£'000)	
	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
Anthony Smith	60-65 <sup>4</sup>	-	0-5		-	-	22,000		80-85	
Paul Naismith	80-85	70-75	5-10	5-10	-	-	31,000	30,000	120-125	105-110 <sup>5</sup>
All Governors	-	-	-	-	-	-	-	-	-	-
Linda Duffield (retiree)	-	90-95 <sup>6</sup>		10-15						105-110

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 2014-15 was £97,500 (2013-14, £80,000). This was 2.8 times (2013-14, 2.3) the UK

<sup>3</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>4</sup> The figure quoted is from date of appointment 18 August 2014 to 31 March 2015. The full year equivalent is £95k-£100k.

<sup>5</sup> Prior year is a restatement

<sup>6</sup> Between 1 April 2013 and 28 February 2014

# The Westminster Foundation for Democracy Limited

## REMUNERATION REPORT

median remuneration of the workforce, which was £35,410 (2013-14, £34,244). If the change of the most highly paid director in mid-August 2014 had not occurred, the equivalent multiple at the year-end would have been 3.1 times. Total remuneration includes salary and non-consolidated performance-related pay. There were no benefits-in-kind or severance payments paid in the year (2013-14, nil). It does not include employer pension contributions and the cash equivalent transfer value of pensions.

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 new 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 2015:

	Accrued pension at pension age as at 31 March 2015 and related lump sum £000	Real change in pension and related lump sum at pension age £000	CETV at 31 March 2015 £000	CETV at 31 March 2014 <sup>7</sup> £000	Real change in CETV £000	Employer contribution to partnership pension account Nearest £100
Anthony Smith	30-35 plus lump sum of 100-105	0-2.5 plus lump sum of 2.5-5	702	655	19	-
Paul Naismith	10-15 plus lump sum of nil	0-2.5 plus lump sum of nil	199	160	22	-

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.

Anthony Smith  
Chief Executive and Accounting Officer  
15 June 2014

<sup>7</sup> The CETV at 31 March 2014 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

# The Westminster Foundation for Democracy Limited

## GOVERNANCE STATEMENT

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### SCOPE OF RESPONSIBILITY

I was appointed as Chief Executive and Accounting Officer on 18 August 2014. During the period between 1 March 2014 and 18 August 2014, Paul Naismith was Acting Chief Executive and Accounting Officer, in addition to his role as Finance Director and Company Secretary, and the Board was content that the aggregation of responsibility in his 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. In line with recommended practice, in November 2013 WFD completed a review with the FCO of its Management Statement to ensure that robust governance arrangements are in place and maintained.

In line with Cabinet Office guidelines for a mandatory triennial review of all non-departmental public bodies the FCO published the report of the Triennial Review of the WFD on 12 March 2015. Following the extensive collection of evidence from a wide range of stakeholders, the review has recommended that the WFD retain its status as a non-departmental public body at arm's length from Government. The review also recommends a range of organisational, policy and governance measures to increase the relevance and impact of the WFD's work, enabling it to become a world-leading organisation in the field of democracy assistance. The Board has put in place plans to take forward these recommendations. Nothing in the review has been discovered or reported that in their view compromises the overall good governance of WFD.

The Board takes an overarching role in assurance and monitoring of performance and throughout the year has monitored delivery of the Business Plan 2014-15<sup>8</sup>. The Board met five times during the year, and the average attendance by its appointed Governors was 77% 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.

Accountability within WFD during the year has been overseen and exercised through the Board and two sub-committees, the Audit and Risk Assurance Committee and the Terms and Conditions Committee. Each of these sub-committees was active under the chairmanship of a different non-executive Board member and supported the Board's and my corporate governance role. At the November Board meeting, as part of intention to make the board more strategically-focussed, it was agreed to delegate to the CEO the authority to approve party and parliamentary project and programme proposals. To ensure transparency, a process was introduced for the CEO to consider such proposals in consultation with two Governors. This is an evolving process and further developments are planned that will coordinate with another Board decision to establish a Programme Quality Committee. The Terms of Reference for this new sub-committee have been agreed and its remit is to maintain an overview of programme quality and impact across party and parliamentary work, and encourage greater synergy. The committee met for the first time in May 2015.

The Audit and Risk Assurance 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 Committee performs the key role of reviewing and 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

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<sup>8</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

provided to the Board, together with an annual report. The Committee agreed an overall audit plan for 2014-15 proposed by WFD's internal audit service provider which was consistent with the existing three-year internal audit strategic plan, 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 Chief Executive to set policies relating to terms and conditions of service and health and safety, to monitor the application of these policies, and to ensure transparency and fairness in the application of these arrangements. During the year the Committee was kept regularly informed on matters relating to staff including relevant issues identified by the Audit and Risk Assurance Committee. 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 on three occasions and the Terms and Conditions committee met twice. 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	3/5		
Henry Bellingham MP	4/5		
Kenneth Caldwell	5/5		
Tina Fahm	2/3	1/1	
Bronwen Manby	4/5	2/2	
Ann McKechin MP	4/5		2/2
John Osmond	4/5	3/3	2/2
Andrew Rosindell MP	3/5		0/1
Andrew Stunell MP	5/5	3/3	
Peter Wishart MP	3/5		

### RISK ASSESSMENT

As the nature of working on political governance abroad is complex and often delicate, 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. There will also often be serious security risks in the countries in which WFD operates. 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 projects with less uncertainty.

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 2015 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 Corporate Risk Register is maintained by WFD for review by the Board at each of its meetings. The risk strategy covers risk identification and evaluation, the recording of risks and their control and review and risk assurance. It also defines the structures for the management and ownership of risk and identifies the company's approach to its risk appetite. The Board has assessed its risk appetite and agreed appetite levels for eight key risks that were communicated throughout WFD. The overall responsibility for the management of risk lies with me as Accounting Officer.

# The Westminster Foundation for Democracy Limited

## GOVERNANCE STATEMENT

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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 and Risk Assurance 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. In November a risk management group was also established whose responsibilities were to ensure that risk management processes are operating effectively within programme and corporate teams, to review WFD's risks and confirm the top-level corporate risks, and to promote and facilitate feedback from risk management activities and discussions. This group has reported regularly to the Committee and a number of recommended improvements have been agreed for implementation in 2015. These include revision to the corporate risk register to align it to the new strategic objectives and to make clear individual responsibility for risk mitigation. Staff are trained to identify and manage risk in a way appropriate to their authority and duties, and part of the review will be to ensure that risks are assessed consistently across WFD, that risk is assessed and managed at a level appropriate to its perceived threat, and that consideration of all significant risks and their management is escalated and recorded promptly. New project and programme proposals include a risk assessment and following their approval 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 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 conflict owing to the Board's structure and Accounting Officer responsibility, and risk of failure of the IT control environment. Active mitigation of each of these has been assigned to senior managers.

WFD has regularly reported to the FCO and to DFID of progress against WFD's Business Case for 2012-15 and provided an annual progress report in June 2014 covering 2013-14 which was approved by both FCO and DFID. The third annual report is being prepared covering 2014-15, meanwhile FCO and DFID have each confirmed ongoing funding for 2015-16 based on a new Business Case for 2015-18.

### 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 and Risk Assurance 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 and Risk Assurance Committee that normally meets at least four times a year and reports to the Board of Governors regularly, including an Annual Report of the committee to the Board. In 2014-15 the Committee met three times. The committee includes members with a range of audit and risk management experience. As well as monitoring an internal audit plan, the committee initiates a self-assessment review from time-to-time the most recent being in January 2015, and also follows an annual timetable covering its key responsibilities through the year;
- an Internal Audit Annual Report to the Audit and Risk Assurance Committee for 2014-15 included an overall opinion that, on the basis of the work performed, there was reasonable assurance that there is generally a sound system of internal control;



# The Westminster Foundation for Democracy Limited

## GOVERNANCE STATEMENT

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- 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;
  - Management Accounts reporting in detail on programme and project expenditure and overheads, each compared to budget, on any resource allocations, and with estimated full year outcome regularly updated. These are reviewed by the Audit and Risk Assurance Committee and approved by the Board. During the year it was reported that the parliamentary programme in Kenya required additional unforeseen resources that were investigated. This showed that the resources had been properly applied however internal controls were adapted to help prevent any reoccurrence;
  - 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 published on 12 March 2015 (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.

### *Internal Audit activities*

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. An internal audit strategic plan 2015-18 has been approved and forward annual internal audit plans are based on this. The analysis of risk and internal audit plans are approved by me, reviewed by the Audit and Risk Assurance Committee, and endorsed by WFD’s Board of Governors. A rolling programme of internal audit agreed by the Audit and Risk Assurance Committee provides me with regular reports on internal audit activity in WFD.

During 2015 the committee received four internal audit reports covering the items in the programme, and update on previous reports. These concerned: IT Security and Resilience, Strategic and corporate Planning, Key Financial Controls, and Partnership and Relationship Management. In each report, level of assurance is provided for the design of internal control framework and for the operational effectiveness of internal controls respectively. Assurance can range from substantial, through moderate, limited, and finally nil assurance. Each report normally contains detailed findings and when reported these are expressed either as high, medium, or low significance. In summary the reports were as follows:

	Design	Operational effectiveness
Substantial assurance	2	2
Moderate assurance	1	1
Limited assurance	1	1
No assurance	-	-
	Significance of findings	
High	6	
Medium	3	
Low	4	

The limited assurance report related to an IT Security and Resilience review that considered the adequacy of the physical and logical IT access controls, and the IT backup arrangements in place. There were six findings of high significance, two of medium significance and one of low significance. The exercise covered a broad range of investigation and the high significance findings included that there was no overarching IT policy or procedures in place providing staff and other stakeholders with sufficient guidance to ensure WFD’s IT security

# The Westminster Foundation for Democracy Limited

## GOVERNANCE STATEMENT

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and resilience measures are adequately managed, and that the IT outsourced support contract contained only minimal reference to provision of IT security. The report noted that although steps have been taken to manage IT security risks, WFD needs to strengthen current measures and introduce a more robust IT framework. Since the report was received a dedicated IT work-stream has been implemented overseen by the Finance Director and its remit includes measures to remedy the findings. Some of the solutions are dependent on a wider IT renewal programme that is due for completion by August 2015.

The Audit and Risk Assurance Committee noted that the Board's plans to review its governance arrangements as part of the recommendations anticipated in the Triennial Review report published in March 2015 included measures to address the potential conflict of CEO responsibility for programmes approval and WFD's Management Statement requirements and a means by which the Board can judge the suitability and strategic fit of programmes. These measures will be monitored in 2015-16. It was also noted that following a review by the internal auditors of recommendations made in prior year reports, twelve of the twenty nine recommendations have been implemented, a further four are in progress and thirteen are in process of being implemented through one of three initiatives: the risk management group, the IT work-stream, and the programme quality work-stream.

Anthony Smith  
Chief Executive and Accounting Officer  
15 June 2015



# 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 (WFD) for the year ended 31 March 2015 under the Government Resources and Accounts Act 2000. The financial statements comprise the Statement of Comprehensive Net Expenditure, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Equity 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 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 2015 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 2015

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 2015

	<i>Notes</i>	Core Funds £	Corporate Funds £	31 March 2015 Total £	31 March 2014 Total £
<b>INCOME</b>					
European Union funding	2	182,253	-	182,253	155,391
Other third party funding	2	2,545,955	-	2,545,955	2,662,092
		<u>2,728,208</u>	<u>-</u>	<u>2,728,208</u>	<u>2,817,483</u>
<b>DIRECT EXPENDITURE</b>					
Projects	3,4	(4,740,584)	-	(4,740,584)	(4,857,457)
		<u>(2,012,376)</u>	<u>-</u>	<u>(2,012,376)</u>	<u>(2,039,974)</u>
<b>OTHER EXPENDITURE</b>					
Staff costs	4	(1,095,883)	-	(1,095,883)	(1,150,394)
Depreciation - owned assets		(508)	-	(508)	(339)
Property costs		(147,839)	-	(147,839)	(149,356)
Office expenditure		(80,571)	-	(80,571)	(78,029)
Computer expenses		(42,616)	-	(42,616)	(43,274)
Printing and stationery		(5,952)	-	(5,952)	(5,584)
Professional fees		(28,123)	-	(28,123)	(21,050)
Business process improvement		(71,996)	-	(71,996)	(0)
Audit fee	5	(12,000)	-	(12,000)	(12,000)
		<u>(1,485,488)</u>	<u>-</u>	<u>(1,485,488)</u>	<u>(1,460,026)</u>
<b>NET OPERATING EXPENDITURE</b>					
		<u>(3,497,864)</u>	<u>-</u>	<u>(3,497,864)</u>	<u>(3,500,000)</u>
Interest receivable		292	-	292	258
<b>NET EXPENDITURE FOR THE YEAR</b>					
		<u>(3,497,572)</u>	<u>-</u>	<u>(3,497,572)</u>	<u>(3,499,742)</u>

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

The Westminster Foundation for Democracy Limited  
 STATEMENT OF FINANCIAL POSITION  
 31 March 2015

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	<i>Notes</i>	£	31 March 2015 £	£	31 March 2014 £
<b>NON-CURRENT ASSETS</b>					
Equipment	6		8,358		1,186
<b>CURRENT ASSETS</b>					
Trade and other receivables	8	77,265		238,174	
Cash and cash equivalents:					
Core		644,221		529,206	
Corporate		14,302		18,334	
		<u>735,788</u>		<u>785,714</u>	
Trade and other payables: amounts falling due within one year	9	(591,958)		(637,140)	
		<u></u>		<u></u>	
<b>NET CURRENT ASSETS</b>			<u>143,830</u>		<u>148,574</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>152,188</u>		<u>149,760</u>
<b>FUNDS</b>					
Core	11		137,510		135,082
Corporate	11		14,678		14,678
			<u>152,188</u>		<u>149,760</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 15 June 2015

Henry Bellingham

Chair

Anthony Smith

Chief Executive

The Westminster Foundation for Democracy Limited  
 STATEMENT OF CASH FLOWS  
 For the year ended 31 March 2015

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	<i>Notes</i>	31 March 2015 £	31 March 2014 £
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net deficit after interest		(3,497,572)	(3,499,742)
Adjustment for depreciation	6	508	339
Decrease/(Increase) in trade and other receivables		160,909	138,161
Increase/(Decrease) in trade and other payables		(45,182)	(211,055)
Use of provisions		-	-
		<hr/>	<hr/>
Net cash outflow from operating activities		(3,381,337)	(3,572,297)
		<hr/>	<hr/>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of equipment	6	(7,680)	(1,525)
		<hr/>	<hr/>
Net cash outflow from investing activities		(7,680)	(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>			
		110,983	(73,822)
		<hr/>	<hr/>
Cash and cash equivalents at the beginning of the period		547,540	621,362
		<hr/>	<hr/>
Cash and cash equivalents at the end of the period		658,523	547,540
		<hr/>	<hr/>

The Westminster Foundation for Democracy Limited  
 STATEMENT OF CHANGES IN EQUITY  
 For the year ended 31 March 2015

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	Core Funds £	Corporate Funds £	Total £
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
CHANGES IN EQUITY 2014-15			
Net expenditure	(3,497,572)	-	(3,497,572)
Total recognised Income and Expenditure 2014-15	(3,497,572)	-	(3,497,572)
Grant from FCO	3,500,000	-	3,500,000
Balances at 31 March 2015	137,510	14,678	152,188

# The Westminster Foundation for Democracy Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

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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 2015

2	THIRD PARTY FUNDING <sup>9</sup>	2015	2014
		£	£
	European Union	182,253	155,391
	DFID	2,250,000	2,285,342
	Joint DFID & FCO (APF)	203,079	356,369
	Other FCO	4,800	140
	Other third party	88,076	20,241
		<u>2,728,208</u>	<u>2,817,483</u>

During the year DFID provided Accountable Grant funding of £2,250,000 as part of its 3-year grant ending in March 2015. Cumulatively the accountable grant funding amounted to £5,218,417 between 2012-15.

3	DIRECT EXPENDITURE ON PROJECTS	2015	2014
		£	£
	WFD projects	2,558,578	2,674,772
	Political parties' sponsored projects:		
	Conservative Party	883,300	883,300
	Labour Party	883,300	883,300
	Liberal Democrats	307,917	308,195
	Smaller parties	94,927	95,186
		<u>4,728,022</u>	<u>4,844,753</u>
	Travel and subsistence	12,562	12,704
		<u>4,740,584</u>	<u>4,857,457</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	2015	2014
		£	£
	Wages and salaries	809,295	864,403
	Temporary staff	12,677	14,627
	Social security costs	74,996	83,762
	Other pension costs	134,163	136,595
	Recruitment and other staff costs	61,765	56,981
	Change in un-taken holiday entitlement	2,987	(5,974)
		<u>1,095,883</u>	<u>1,150,394</u>

Expenditure on WFD projects costs include overseas locally engaged staff £429,234 (2013-14 £336,944)

The Governors did not receive any remuneration for their services but travel costs of £1,169 (2013-14: £7,362) were reimbursed in the year.

<sup>9</sup> The European Union and DFID require their funding to be listed separately in the accounts



# The Westminster Foundation for Democracy Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

STAFF NUMBERS	2015 No.	2014 No.
The average number of employees (excluding Governors and vacancies) during the year was:		
Permanent – UK	18.8	20.8
Temporary - UK	0.2	0.2
Overseas	24.0	18.7

### 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 valued the scheme as at 31 March 2012. 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 2014-15, employers' contributions of £111,879 were payable to the PCSPS (2013-14 £115,996) 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 2014-15 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 £10,145 were payable to two of the panel of three appointed stakeholder pension providers (2013-14: £10,007). Employer contributions are age-related and range from 6.5% to 11.5% of pensionable pay. Employers can also match employee contributions up to 3% of pensionable pay. During the year contributions of £12,138 were also made to other personal money purchase pension schemes (2013-14: £10,592)

5	OTHER OPERATING CHARGES	2015 £	2014 £
	This includes:		
	(Profit)/Loss on foreign exchange	7,254	77
	Auditor's remuneration - for audit work	12,000	12,000
	- non-audit work*	19,476	19,055
	Operating lease rentals - office equipment	-	-
	- property leases	80,291	80,296

\*for NAO's work as a partner organisation in the Morocco programme

# The Westminster Foundation for Democracy Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

6	NON-CURRENT ASSETS	Computer equipment £	Furniture and fittings £	Total £
	<b>COST</b>			
	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>
	At 1 April 2014	39,475	20,773	60,248
	Additions	7,680	-	7,680
	Disposals	-	-	-
	At 31 March 2015	<u>47,155</u>	<u>20,773</u>	<u>67,928</u>
	<b>DEPRECIATION</b>			
	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>
	At 1 April 2014	38,289	20,773	59,062
	Charge for the year	508	-	508
	Disposals	-	-	-
	At 31 March 2015	<u>38,797</u>	<u>20,773</u>	<u>59,570</u>
	<b>NET BOOK VALUE</b>			
	At 31 March 2015	<u>8,358</u>	-	<u>8,358</u>
	At 31 March 2014	<u>1,186</u>	-	<u>1,186</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	2015 £	2014 £
	Deposits and advances	53,636	48,775
	Trade receivables	6,019	98,037
	Prepayments and Accrued Income	17,610	91,362
		<u>77,265</u>	<u>238,174</u>

# The Westminster Foundation for Democracy Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

9	TRADE PAYABLES AND OTHER CURRENT LIABILITIES: amounts falling due within one year	2015 £	2014 £
	Trade payables	242,370	376,723
	Accruals and Deferred Income	349,588	260,417
		<u>591,958</u>	<u>637,140</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:

	2015 Core £	2015 Corporate £	2015 Total £	2014 Total £
Non-current assets	8,358	-	8,358	1,186
Receivables	77,265	-	77,265	238,174
Cash and cash equivalents	644,221	14,302	658,523	547,540
Payables	(591,958)	-	(591,958)	(637,140)
Inter fund account	(376)	376	-	-
	<u>137,510</u>	<u>14,678</u>	<u>152,188</u>	<u>149,760</u>

The balance of Corporate Funds at 31 March 2015 represents corporate donation funds allocated for specific projects approved by the board.

### 12 OPERATING LEASES

At 31 March 2015 WFD had annual commitments under non-cancellable operating leases as follows:

	2015 £	2014 £
Land and buildings: Expiry date:		
Within one year	47,397	80,295
Between two and five years	0	0
	<u>47,397</u>	<u>80,295</u>

### 13 CAPITAL COMMITMENTS

There were no capital commitments (2013-14: £ Nil).

# The Westminster Foundation for Democracy Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

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14	INTRA GOVERNMENT BALANCES	2015	2014
		£	£
	Balances due from other central government bodies	16,240	141,664
	Balances due from local authority bodies	-	-
	Balances due from bodies external to government	61,025	96,510
		<u>77,265</u>	<u>238,174</u>
	Balances due to other central government bodies	65	174,700
	Balances due to other public bodies	2,400	-
	Balances due to bodies external to government	589,493	673,495
		<u>591,958</u>	<u>848,195</u>

### 15 GRANT COMMITMENTS

At the year end, WFD had Board approvals for grant commitments amounting to £935,343 (2013-14: £2,281,956) of which £Nil (2013-14: £41,494) related to parliamentary projects and £935,343 (2013-14: £2,240,462) related to Political Parties projects. If these projects proceed they will be funded from future grant-in-aid income and no commitments have been accrued for these in the financial statements.

### 16 LOSSES AND SPECIAL PAYMENTS

There are no losses or special payments reported within the Statement of Comprehensive Net Expenditure (2013-14 £nil)

### 17 NON-TRADING TRANSACTIONS

In the course of 2014-15 WFD received donated third party funding of £150,762 unconnected to its programmes and disbursed these same funds within the year. The arrangement was agreed following satisfactory due diligence being performed, is ongoing, and is scheduled to complete by December 2015.

### 18 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 2015-16 at a similar level of funding as for 2014-15 and DFID have confirmed they are committed to spend up to £9 million to support WFD over three years 2015-2018, including £2.5 million in 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 15 June 2015.

### 19 PROVISIONS AND CONTINGENT LIABILITIES

From 1 April 2015, 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 2018. A decision on relocating to other premises has therefore been deferred and no provisions for dilapidation costs, or relocation and fit-out costs if required, have been included within the financial statements.

### 20 RELATED PARTY TRANSACTIONS

Core funding of £3,500,000 was received from the Foreign and Commonwealth Office (FCO) as grant-in-aid. A further £4,800 was recognised as received from FCO Embassies during the year. Funding of

# The Westminster Foundation for Democracy Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

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£2,250,000 was received from the Department for International Development (DFID) in the form of an accountable grant. FCO and DFID also contributed £203,079 from jointly managed funds (Arab Partnership Fund).





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