



WESTMINSTER  
FOUNDATION FOR  
DEMOCRACY

**The Westminster Foundation for Democracy Limited**

Company number: 2693163

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

ANNUAL REPORT AND ACCOUNTS 2012/13



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

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# The Westminster Foundation for Democracy Limited

## GOVERNORS' REPORT

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The Governors have pleasure in submitting their annual report together with the audited financial statements of the Westminster Foundation for Democracy for the year ended 31 March 2013. The financial statements have been prepared in a form directed by the Secretary of State for Foreign and Commonwealth Affairs with the consent of HM Treasury.

### BACKGROUND INFORMATION

The Westminster Foundation for Democracy Limited (WFD) is a Non-Departmental Public Body (NDPB) which was established by the Foreign and Commonwealth Office in 1992. It is a private company limited by guarantee with no share capital.

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

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

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

### RESULTS

The results for the year are summarised on page 25 and takes into account the requirement under the Government Financial Reporting Manual that grant-in-aid is to be treated as financing and is taken directly to the core funds reserve, as opposed to being recognised as income. Accordingly the deficit for the year, before accounting for grant-in-aid is £3,499,478 (2011-12: £3,489,066).

This deficit is set-off with the grant-in-aid in the core funds reserve, which leaves total funds (core and corporate) of £149,502 to be carried forward at the end of the year (2011-12: £148,980).



# The Westminster Foundation for Democracy Limited

## GOVERNORS' REPORT

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staff becomes disabled while working with us, we will do everything possible to ensure they continue working with us.

### EMPLOYEE INFORMATION

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

Staff meetings were held during 2012-13 and these meetings 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 2012-13, the average age of invoices paid was 14.07 calendar days (2011-12 14.06 days). All undisputed invoices were paid within the agreed credit terms. The proportion of the aggregate amount owed to trade creditors at the year-end compared with the aggregate amount invoiced by suppliers during the year was equivalent to 29.5 days (2012 31.2 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

Gary Streeter MP  
Chair  
26 June 2013

# The Westminster Foundation for Democracy Limited

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

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

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

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

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

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

The Governors have taken reasonable steps to:

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

Sections 3.2.1 and 3.2.2 of the Management Statement define the Permanent Under-Secretary for Foreign and Commonwealth Affairs as Principal Accounting Officer. The Chief Executive of WFD is designated by the Principal Accounting Officer as WFD's Accounting Officer with responsibilities for:

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

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



# The Westminster Foundation for Democracy Limited

## MANAGEMENT COMMENTARY

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

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

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

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

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

#### *Parliamentary assistance*

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

#### *Political Party assistance*

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

### **Strategic Overview**

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

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

The 2012-13 financial year marked the start of a new three year Accountable Grant to March 2015 of £6 million from the Department for International Development (DFID) in addition to a £3.5 million annual Grant-In-Aid from the FCO. As a condition of funding, WFD committed to developing 13 long-term strategic programmes, to focus on where it could achieve greatest impact, based on its 20 years' experience

# The Westminster Foundation for Democracy Limited

## MANAGEMENT COMMENTARY

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and building on the network of relationships and programmes delivered in recent years<sup>1</sup>. As a result, WFD is now working in fewer countries<sup>2</sup> on more strategic multi-year programmes.

WFD also strengthened its strategic planning and internal coordination and improved its governance during the year. A plan for strengthening monitoring and evaluation across the company was also developed during the second half of the financial year, with the appointment of a specialist M&E Adviser in October 2012.

## 2. Current and Future Development and Performance

### WFD country and regional programmes 2012-13 (focused on parliamentary strengthening, civil society and cross-party support)

In 2012-13 WFD developed 13 strategic, three year programmes<sup>3</sup> from 2012-15, funded by the FCO Grant-in-Aid and a DFID Accountable-Grant. The move to multi-year strategic programmes required detailed country and regional needs' assessments. In selecting programmes, consideration was given to the scope to affect behavioural and institutional change; receptiveness to the Western democracy experience; potential to engage with both civil society and state institutions and opportunities to strengthen democracy by working with multiple actors. These programmes are in:

Africa:	Democratic Republic of Congo; Kenya; Nigeria; and a regional programme to support the East African Legislative Assembly.
Asia:	Pakistan and Indonesia.
Middle East:	Jordan; Iraq; and two regional programmes to strengthen policy capacity and support to women's political participation.
Europe:	Kyrgyzstan; Ukraine (focused on support to civil society) and a regional programme in the Western Balkans focused on economic policy and integration.

All are in countries eligible for Overseas Development Assistance<sup>4</sup> in line with the requirements of FCO's Grant-in-Aid. Six of the eight country programmes are priority countries for DFID. All have resulted from a request for assistance in developing democratic institutions.<sup>5</sup> Most are in countries or regions where WFD has extensive experience (e.g. Kenya where WFD has worked for seven years, the Western Balkans where it has supported political and democratic transition since the 1990s and the Middle East where it has worked since 2004). Three of the programmes are in countries where WFD undertook initial pilot programmes in 2010-11 with a view to developing longer-term programmes (Nigeria, Pakistan and Jordan). A small pilot project was also undertaken during the year in Burma, from which WFD intends to develop a longer-term strategic programme, resources permitting.

### The UK political parties' international work 2012-13

The UK political parties continued activities with their sister-parties internationally to develop local political capacity and participation, and create opportunities for dialogue across the political divide. Their work remained focused on strengthening the ability of their sister-parties to take their place in a multi-party democracy.

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

<sup>2</sup> In 2011-12 WFD ran 12 country programmes, as well as five regional programmes and several smaller projects.

<sup>3</sup> Identified following WFD's Strategy Review autumn 2011, and outlined in WFD's Business Case to DFID in 2011-12.

<sup>4</sup> As defined by the Development Assistance Committee (DAC); see [www.oecd.org/dac/](http://www.oecd.org/dac/)

<sup>5</sup> Strengthening parliamentary capacity and/or developing civil society organisations, including media institutions.

# The Westminster Foundation for Democracy Limited

## MANAGEMENT COMMENTARY

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The UK political parties supported about 60 projects in 2012-13 focused primarily in Africa and South East Europe, including support for regional networks. Most were of 12 months' duration or less, the nature of party-to-party work often involving smaller-scale interventions, although nine longer-term party programmes were also developed. Bilateral party programmes continued to focus on; *policy-based platforms; political and ideological identity; structure and capacity to communicate internally; building networks and local structures including women and youth; ability to communicate with the electorate.*

### WFD's extra-budgetary funded programmes 2012-13

During 2012-13, WFD continued to attract additional funding outside the FCO Grant-in-Aid and DFID Accountable-Grant, and remained committed to expanding extra-budgetary funded programmes in line with its Corporate Plan. During 2012-13, WFD operated **15** extra-budgetary programmes totalling £1,788,207.

These included:

- The five-year, £5 million parliamentary strengthening programme delivered by The Westminster Consortium<sup>6</sup> (TWC), which WFD leads, funded by DFID's Global Transparency Fund. The programme works in Georgia, Ukraine, Lebanon, Morocco, Mozambique and Uganda.
- A 21-month programme in Lebanon funded by the EU (completed June 2012)
- Programmes in Macedonia, Serbia and Montenegro jointly funded by Grant-in-Aid and Embassy funds (completed March 2013)
- Programmes in Morocco and Tunisia funded by the Arab Partnership Fund
- A programme in Pakistan, in partnership with the British Council, funded by the EU
- A small programme in the Turks & Caicos Islands funded by the FCO
- A new two-year programme in Georgia, funded by the EU, complementing the TWC programme
- An induction training programme for MPs in Egypt, delivered in the first quarter of the year. WFD is aiming to continue with an APF multi-year programme once the political situation allows
- A DFID-funded programme<sup>7</sup> in Bangladesh, which was however closed during the year.

These extra-budgetary programmes enabled WFD successfully to respond to requests for assistance in a number of additional priority countries and regions going through political change. WFD remains committed to seeking additional external funding, but bids selectively for external programme funds, where it has capacity and where the programme fits with its overall strategy and Corporate Plan.

## **2.1 Key achievements during 2012-13**

### Supporting democratic transition in the Middle East and North Africa (MENA)

Significant demand for assistance in building strong democratic institutions in MENA continued throughout 2012-13. WFD responded by developing new strategic programmes in the region from 2012-15 in countries that are well placed to receive help in their transitions. An on-going challenge is to ensure that its investment delivers real support where it is needed, in what is still an evolving political environment.

WFD's Arab Partnership Fund (APF) programme in Tunisia from 2012-15 – *Supporting multi-party democracy and the Constituent Assembly* - is continuing to work with the Tunisian Constituent Assembly<sup>8</sup>

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<sup>6</sup> TWC: a Consortium managed by WFD. Includes the Commonwealth Parliamentary Association UK Branch, House of Commons Overseas Office, International Bar Associations, National Audit Office, Thomson Reuters Foundation and the Institute for Democracy and Conflict Resolution, Essex University. TWC has been delivering a 5-year programme across six countries (2009-13).

<sup>7</sup> In October 2009, DFID Bangladesh approved a £1 million accountable grant for the 'Bangladesh Political Parties and Parliamentary Capacity Building Project,' over five years. However implementation was delayed for a number of reasons including political developments on the ground, local approval procedures and internal review by DFID. During this time, similar programmes were underway through other international donors. WFD submitted a revised work plan in November 2012. DFID decided however to close the programme, and notified WFD in March 2013.

# The Westminster Foundation for Democracy Limited

## MANAGEMENT COMMENTARY

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and political parties, on a multi-party and party-to-party basis, to strengthen the country's democratic institutions. Progress in 2012-13 included two cross-party workshops for youth and women from the Tunisian political parties, to develop strategies to increase their participation. A '*Guideline for Legislative Analysis*' was also developed and training held for MPs and staff in legislative process. Workshops were undertaken for MPs and staff on financial oversight and relationships with supreme audit institutions, and supporting the local government committee in reviewing Tunisia's decentralisation arrangements. A delegation of MPs visited London to learn more about the UK's approach to media regulation, to support the drafting of a media regulation bill currently underway in Tunisia.

WFD's programme in Jordan from 2012-15 – *Developing skills of Jordanian youth leaders and support to the Parliament* – was formally launched during the year with a Memorandum of Understanding signed with the Jordanian Lower House. The programme supported a two-month induction training aimed at newly elected MPs drawing on with experience from the UK, Jordan and other Arab countries. A second component of the programme is supporting young leaders to increase their understanding and expertise in governance reform, which involves 40 young Jordanians aged between 20 and 30. A regional workshop for Arab youth leaders to share experience with Jordanian youth leaders from political parties and civil society was held in March 2013. Following this, the youth leaders from Jordan are participating in activities led by Jordan's Al-Quds Centre for Political Studies, an independent research institute based in Amman and WFD's partner in its youth-focused activities.

In Iraq, WFD is deepening its engagement with the *Kurdistan Parliament-Iraq* from 2012-15. The programme aims to develop parliamentary capacity, strengthen the work of MPs in parliament and in key parliamentary committees, strengthen accountability and oversight functions, regional engagement and participation; and cross-party dialogue within parliament. WFD also continued to support the Iraqi House of Expertise (an independent policy advisory unit to the Council of Representatives in Baghdad, which WFD helped to establish) to develop better policy analysis for action on women, health, education, transparency, feeding into improved decision-making and legislation. During the year, the Iraqi House of Expertise supported three committees with four policy papers on key issues, and MPs and Iraqi experts agreed a Memorandum of Understanding for further support including training staff. Training for Iraqi parliamentary staff was also undertaken on policy analysis.

WFD's Arab Partnership Fund (APF) programme in Morocco from 2012 to 2015 is focused on –*Increasing political participation and transparency in the Moroccan Parliament*<sup>9</sup>. A Memorandum of Understanding covering a new phase of programming was signed in January 2013 between the Moroccan Parliament and WFD. During the year the programme focused on supporting the effective representation of women and youth in parliament. This included a study day in February 2013 attended by 20 women MPs from the Moroccan Parliament's Equality Working Group. As a result, the group developed plans for establishing a committee on equality building also building on an earlier working session with women MPs. WFD's programme continues to focus on providing support for the establishment of a public accounts committee and review of the finance law, a code-of-conduct for the parliament, and strengthening relations and engagement with civil society. Further work was undertaken on financial oversight with peer-to-peer exchanges between British and Moroccan parliamentarians.

WFD also supported the regional Arab Institute for Parliamentary Training and Legislative Studies (AIPTLS)<sup>10</sup> based in the Lebanese Parliament, to build its expertise in strengthening women's leadership in Parliament, and training in policy analysis and development.

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<sup>8</sup> WFD undertook an initial programme in 2011 with the Constituent Assembly.

<sup>9</sup> WFD has been working on a parliamentary strengthening programme with the Moroccan Parliament since 2011.

<sup>10</sup> An outcome of the TWC programme in Lebanon, AIPTLS was launched in 2011 as a regional training centre aimed at building the capacities of parliamentary staff in the Arab world.

# The Westminster Foundation for Democracy Limited

## MANAGEMENT COMMENTARY

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In 2012-13 WFD developed two regional programmes which include nine countries in the MENA region focused on women's leadership and public policy debate. WFD's programme *Enhancing Women's Leadership*, has been identifying and training a regional pool of experienced former women politicians to provide training and support for new women politicians and equip them with the skills and knowledge to advance key issues. These exchanges are set to be scaled-up, extended to other countries and help build strong networks across the region. In December 2012, WFD hosted a workshop in London on how to encourage and build women's participation in political decision-making to inform this programme. WFD's programme *Strengthening Links between policy-makers and policy research* supported the engagement of parliamentarians regionally with high quality independent research conducted by local 'think-tanks,' to help them develop stronger policies and exercise greater oversight of their respective governments' policy choices. For example, in March 2013, WFD supported a two-day seminar which brought together 28 MPs from seven countries in the MENA region to discuss the relationship between policy-makers and policy researchers and analysts.

### Consolidating democratic progress in Europe

During the year WFD completed parliamentary strengthening programmes in Macedonia, Montenegro, and Serbia, developed new three-year programmes in Kyrgyzstan and Ukraine, and supported on-going work in Georgia and Ukraine through the Westminster Consortium programme.

Building on its long-standing support to the Western Balkans region, WFD developed a new region-wide strategic programme for 2012-15 - *Strengthening the role of parliaments in promoting competitiveness and economic growth (Albania, Bosnia and Herzegovina, Macedonia, Montenegro, Serbia and Kosovo)*. A regional meeting in Montenegro in October 2012 brought together more than 70 representatives from parliamentary committees across the Western Balkans, to discuss a regional study on *'Economic and European Perspectives of Western Balkan Countries,'* commissioned as part of the programme. The two-day workshop also gave members of the Regional Network of Parliamentary Committees for Economy and Finance of the Western Balkan Countries, set up in 2009, the chance to discuss the Network's importance and their vision for its future. The workshop marked the official launch of WFD's programme of support to the network. The regional study was disseminated at three international workshops during the year, including to the EU and OECD.

WFD's programme in Kyrgyzstan from 2012-15 - *Strengthen & widen partnerships between civil society organisations, local communities and parliament to address sources of instability* - is helping to develop the skills of grassroots civil society organisations (CSOs) so they can identify issues of concern, have the techniques to articulate these through evidence-based policy briefs and strengthen the channels available to them to lobby parliament and MPs. This should allow them to engage more effectively with parliament and maximise a provision in the Rules and Procedures, which provides a mandate for civil society to engage and consult with parliament. WFD opened an office in Kyrgyzstan in 2011 to deliver an initial 12-month programme on civil society involvement in parliamentary policy-making. The programme laid the groundwork for improving access and consultation between parliament and civil society, which this programme is taking forward and for achieving consensus between Parliament and CSOs on the joint development of legal mechanisms for future interaction.

In Ukraine, WFD supported an initial phase of a new programme to strengthen civil society engagement - *Strengthening citizens' capacity for democratic participation through direct democracy tools*. The programme seeks to address weaknesses<sup>11</sup> in the country's democratic process by fostering public debate about policy priorities, drawing these into a 'People's Charter' and feeding the results back to the public and to decision-makers. The initiative is being led by the Ukrainian Foundation for Democracy 'People

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<sup>11</sup> Civil society organisations have had some success in influencing MPs to adopt their recommendations but overall improvements in oversight and the legislative process have not been noted.

# The Westminster Foundation for Democracy Limited

## MANAGEMENT COMMENTARY

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First<sup>12</sup>, who is seeking to give Ukrainians a say on the future political, social and economic direction of their country.

WFD's two-year programme in Serbia to support more effective public hearings culminated in a high profile hearing in March 2013, where guidelines produced as part of the programme were used by the parliament for the first time. WFD's programme also supported the parliament's public relations team and journalists to improve the way in which parliament communicates with the media and public. The programme was completed in March 2013.

### Supporting democratic reform in Africa

In the Democratic Republic of Congo (DRC), WFD began a three year programme from 2012-15, to strengthen the skills of the Provincial Assembly of the Province Orientale. The programme - *Increasing democratic participation in Province Orientale, Kisangani* – is engaging with parliamentarians, parliamentary staff and civil society to promote a more effective Assembly. Provincial Assemblies in the DRC are relatively new institutions, established in 2006, and parliamentarians and staff are seeking to build their legislative, oversight and representative capacity. WFD is therefore also supporting the Réseau Congolais des Personnels des Parlements (RCPP), the network of Congolese parliamentary staff established to share parliamentary expertise from the capital Kinshasa, with the provinces. This included support to strengthen the organisational capacity of the RCPP Secretariat in Kinshasa, and make its branches in the provinces operational. Through consultation with women's civil society organisations, WFD identified a need to strengthen civil society organisations' capacity so they could engage with the Assembly and local institutions. In Province Orientale, only eight out of 97 parliamentarians are female and there are barriers to women's engagement. Activities included three workshops in Kisangani. A workshop in October 2012 brought together women MPs and representatives from civil society organisations across the province to take part in advocacy training, as well as developing evidence-based policy recommendations and building policy platforms. A follow-up workshop was held in January 2013 which focused on building practical skills in advocacy and developing ways of working closely with MPs on gender-based policy issues.

WFD's Kenya programme 2012-15 - *Governance Improvement* - is designed to support the country's transition to a bicameral Parliament, whereby power is devolved to 47 County Assemblies, as determined by the 2010 Constitution of Kenya, to take effect after the March 2013 elections. Kenya's Political Parties Act 2011 and the Elections Act 2011 have transformed political parties and the country's electoral system to include youth, women and stronger democratic governance. WFD's programme is supporting 18 of the new County Assemblies in developing parliamentary best practice. It is also working to strengthen the voice of young people in Kenya's political parties. The programme builds on WFD's previous parliamentary strengthening programme in Kenya, completed in March 2012, which resulted in curriculum development and delivery of training to support the institutional development of the parliament's Centre for Parliamentary Studies and Training (CPST).

WFD's programme in Nigeria 2012-15- *Enhancing participation and leadership of women parliamentarians* – is supporting the establishment of a women's caucus and the promotion of women's leadership; strengthening civil societies' gender-based advocacy; and supporting the National Institute of Legislative Studies (NILS - a capacity building institution mandated by law to deliver training to the National Assembly). WFD is well-placed to support this organisation, given its established ties with similar bodies. During 2012-13, WFD strengthened relationships with key stakeholders in Nigeria and also brought together Ugandan and Nigerian women parliamentarians to share experiences of working in parliament and to raise the profile and effectiveness of women parliamentarians. This has led to calls from Nigerian women parliamentarians to improve their capacity through continued regional exchanges and training programmes, which WFD is looking to facilitate. A baseline assessment was also undertaken on the working of women parliamentarians, civil society organisations (CSOs) and NILS and was reviewed by

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<sup>12</sup> People First has produced Democracy Watch since 2010, a regular analysis of developments in Ukraine. It is available at <https://peoplefirst.org.ua/en/rubric/democracy-watch>

# The Westminster Foundation for Democracy Limited

## MANAGEMENT COMMENTARY

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relevant stakeholders. An outcome was the need to undertake a training session for CSOs on effective communications with parliamentarians, which WFD is undertaking later in 2013.

WFD has been supporting the East African Legislative Assembly (EALA) since 2009. This regional institution represents all citizens of East Africa and has a key role in ensuring a 'people-orientated' East African Community (EAC) through its oversight and legislative functions. WFD's three year programme from 2012-15 *Supporting regional integration of the East Africa Legislative Assembly* – provides deeper support to EALA as EAC integration gathers pace, and includes a capacity building component with civil society so it can better engage and advocate with the Assembly. The programme has been working to strengthen civil society advocacy and engagement at regional and country level (e.g. in Rwanda and Tanzania), to make EALA a more responsive and accountable institution, and build the capacity of the Assembly's MPs and staff. Achievements during 2012-13 have included identifying CSOs in Rwanda and Tanzania to engage in the EAC integration process; and collaboration with the EAC Secretariat, regional and national CSOs and co-ordinating the WFD programme with international partners, for example Trade Mark East Africa.

### Asia

In Pakistan, WFD worked on two linked programmes during the year: an EU-funded programme to support the federal parliament in Islamabad, the other with the Provincial Assembly of the Punjab. At the federal level, the Improving Parliamentary Performance Programme (IP3) is an EU-funded programme, from 2012-14, led by the British Council of which WFD is a consortium member. WFD's involvement is to strengthen the capacity of the Pakistan Institute of Parliamentary Services (PIPS) to support both the National Assembly and the Senate.

WFD's three year parliamentary strengthening programme with the Provincial Assembly of the Punjab from 2012-15 also draws on national expertise from the PIPS but is tailored to support the Punjab Assembly as powers are devolved to the provinces following the 18<sup>th</sup> Amendment to the Constitution. By 2015 the programme aims to support more effective parliamentarians and staff of the Provincial Assembly of Punjab as it implements the requirements of the 18<sup>th</sup> Amendment to the Constitution. The programme has been supporting parliamentarians undertake their new roles and responsibilities, including support for female parliamentarians.

In Indonesia, WFD is developing a two year programme to build the capacity of parliamentary staff and increase the effectiveness of Indonesia's Upper House of Representatives (DPD), following an initial project in 2012-13. In Myanmar (Burma) WFD undertook an assessment visit in July 2012, and a small initial programme in early 2013. The assessment visit identified a clear need to strengthen the effectiveness of the legislature in key areas of its work; as well as opportunities for supporting political parties. In the first phase, WFD's support focused on the needs of the Public Accounts Committee in conducting oversight and providing support to elected representatives and parliamentary staff. WFD is looking to develop a longer-term programme of engagement in co-ordination with other international partners. This will be dependent on securing extra-budgetary funding

### The Westminster Consortium Programme

During 2012-13 WFD continued its fourth year of programming by The Westminster Consortium (TWC) in six countries (Georgia, Ukraine, Morocco, Lebanon, Mozambique and Uganda). The five-year TWC programme is due for completion in September 2013. A growing area of expertise for WFD, through this programme, has been supporting parliaments to create their own sustainable centres of learning for staff and members. These centres work in close association with the national parliament, especially in the field of legislative drafting and co-ordinating and implementing training services for staff and members.

WFD has been supporting the development of PSCs in Uganda, Lebanon and Mozambique since 2009. It has also been supporting the Kenyan Centre for Parliamentary Studies and Training (CPST) since 2010, the Parliamentary Institute of Pakistan (PIPs) since 2011 and has held two international workshops on setting

# The Westminster Foundation for Democracy Limited

## MANAGEMENT COMMENTARY

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up PSCs. In July 2012 representatives from more than 10 countries with PSCs at different stages of development came together at an event facilitated by WFD, to review the curriculum of Kenya's CPST. The CPST is playing a key role in the transition of the Kenya polity into a bicameral parliament. Following this WFD-supported event, the Kenya CPST now has a fully developed curriculum which has been benchmarked against international best-practice.

With so many experts in one place, WFD took the opportunity to consider the importance of PSCs world-wide and their increasing role in strengthening the capacity of parliaments. Representatives from centres in Bangladesh, the Democratic Republic of the Congo, South Africa, South Sudan, Zambia, Sierra Leone, Lebanon, India, Mozambique, Nigeria and Uganda shared their experiences. An international working group from these countries was established and is now meeting regularly.

In addition to establishing parliamentary study centres, other key outcomes of TWC's programme in the year include:

- the improvement of parliamentary communications and financial oversight in Uganda. The support for a 'journalists' forum' for example has improved the coverage of parliament, the effectiveness of the accountability committees and the development of parliamentary benchmarks
- continued support to the regional parliamentary training centre in Lebanon which it helped to launch in July 2011. *The Arab Institute for Parliamentary Training and Legislative Studies (AIPTLS)* is a regional resource centre, based in the Lebanese Parliament, to provide expertise, guidance and encourage communication and debate between MPs and parliamentary officials in 22 Arab parliaments. It is unique in being the first attempt globally at a truly regional training centre serving parliaments in countries with varying parliamentary systems. WFD, through its TWC programme, has been assisting the centre with curriculum development and facilitating training, including parliamentary processes and management, financial oversight, access to information and communications, and human rights. Events that have taken place at the AIPTLS during the year include workshops on strategic communication planning for parliaments, in September 2012, and on human rights, including the launch of an Arabic version of the *'Human Rights and Parliaments: Handbook for Members and Staff'*<sup>13</sup> in February 2013
- long-term support to the Moroccan Parliament which is continuing through WFD's Arab Partnership Fund programme
- establishing a unit to increase the technical and analytical support to committees in Mozambique
- the establishment and training of a dedicated Human Rights Committee in Uganda
- in Ukraine, the Parliament has increased interaction with civil society organisations on key human rights legislation including bills to support victims of human trafficking
- in Georgia, much of the learning from the TWC programme is being used in a new EU-funded programme to strengthen parliamentary engagement with civil society organisations

### Party development work

#### The Conservative Party

The Conservative Party's international activity, through WFD, continued to support the development of stable and effective political parties, with clearly articulated policy programmes that can play a key role in the promotion of democratic principles and values in their countries. It primarily worked with parties on the centre-right and Conservative parties, but occasionally worked on a cross-UK party basis, for example in Tunisia. Throughout its programmes it continued to actively promote the increased political participation and involvement of women and young people.

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<sup>13</sup> TWC launched the *Human Rights and Parliaments: Handbook for Members and Staff* in 2011. It draws on experiences from training sessions undertaken by the International Bar Association Human Rights Institute, as part of the TWC programme, for parliamentarians and parliamentary staff in Georgia, Lebanon, Mozambique, Uganda and Ukraine in 2009 and 2010. This reference tool designed to support MPs and parliamentary staff in ensuring that legislation passed is aligned to international human rights' conventions. A copy of the handbook is available at [www.wfd.org](http://www.wfd.org)



# The Westminster Foundation for Democracy Limited

## MANAGEMENT COMMENTARY

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During the year programmes were undertaken in the Balkans, Eastern Europe, the Caribbean, the MENA region, the Caucasus, Africa and South Asia which covered party building, strengthening campaign and communications, policy and programme development, and consolidation of political and party identities. A key element of the Conservative Party's work was building regional networks of centre-right parties to increase inter-party co-operation and support. In May 2012, for example, the Conservative Party brought together elected and aspirant women leaders from the Democratic Union of Africa (DUA) at a *Women Regional Candidate Training Workshop*, to share experiences on overcoming the challenges faced by women in getting elected, raising their political profile and developing and implementing effective campaigns. Another key event was an economic 'round-table' involving participants from political parties in Bosnia, and across the Balkans region, and the *Balkans and Eastern Europe Regional Youth Conference*, held in London in July 2012.

Also in Bosnia, in the run-up to the October 2012 local elections, the Conservative International Office worked intensively with centre-right parties to strengthen their capacity to communicate with the electorate and campaign effectively. In Georgia, a project to assist a relatively new political party helped with party organisation and internal management. It also assisted with improving internal communications and the party's internal structures with a focus on how women and youth could increase their participation and have their voices heard. A project in Moldova with the Liberal Democratic Party, which involved training for party secretaries on practical methods of building party capacity, resulted in local party leaders from 12 districts developing new campaign strategies and action plans. These plans were shared at a regional party conference. A project to develop understanding amongst young activists from sister-parties in Serbia and Montenegro assisted with knowledge on the mechanisms used to develop policies; how these policies can be used to appeal to young voters; and how these policies can be communicated to the electorate.

### The Labour Party

The Labour Party continued its support to social democratic parties around the world who promote a multi-ethnic inclusive platform. They worked with parties in Africa, the Balkans, the Caucasus, Eastern Europe and the Middle East, with programmes focused on effective organisation of parties, campaigning, communications, developing policy platforms and, crucially, regional co-operation.

An underlying theme of the Labour Party's regional work is to improve the representation of women in politics. During 2012 this included support to the *Women's Academy for Africa*. From its small beginning in 2009, the Academy has grown into a vibrant network, through which member parties and individual members can share knowledge and experiences. The impact of this work has been far reaching, helping to promote the participation of women in public life and strengthening relations between parties on a regional level. It is hoped that, longer-term, the Academy will increase the number of women involved in the member parties in Africa.

Regional co-operation and networking remained a key focus during the year. For example in autumn 2012, the party hosted a study programme for women from contact parties in Africa, the Balkans and the Middle East around its annual conference. The focus was '*women in politics*' and participants met with prominent female politicians in the Labour Party, including members of the Shadow Ministerial team. In May 2012, it supported a regional workshop in Turkey for women activists from Egypt, Morocco and Tunisia to exchange experiences with representatives from Bosnia and Herzegovina, Serbia, Slovenia and Turkey. The project ended in a commitment to create an Arab Network for women developed later in 2013.

In September 2012, the Labour Party hosted an intensive four day workshop for young political activists from the Caucasus and Eastern Europe as part of its newly established '*Political Youth Academy*.' The establishment of the Academy builds on the success and knowledge gained from workshops in 2010 and 2011. The Academy aims to strengthen the network of social democrats in the region and improve the political and communication skills of individual participants. A theme will be the focus on ideology with a view to consolidating social democratic principles within the represented parties.

# The Westminster Foundation for Democracy Limited

## MANAGEMENT COMMENTARY

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Examples of the Labour Party's bilateral work included a series of workshops for young activists in Jordan. These workshops provided a forum to establish dialogue between young people and left orientated political parties ahead of national elections in January 2013 and resulted in a number of the participants joining, or becoming more actively involved in the political parties. In Cameroon, the Labour Party provided support to educate 400 trainers who will, in turn, train election monitoring agents from across Cameroon ahead of the municipal and legislative elections due in 2013. In the long run, more than 20,000 polling agents will indirectly benefit from this support before the elections.

### The Liberal Democrats

The Liberal Democrats, through its WFD programme, supported work in Eastern Europe, Sub-Saharan Africa, the Middle East and North Africa and Asia. Its strategic focus has been to strengthen the development of liberal democratic parties and support active international and regional networks of liberal parties. Throughout the year it was also involved in cross-party projects with the Conservative, Labour and Smaller Parties.

In Africa, the Liberal Democrats worked with sister-parties in to promote liberal democracy with programmes undertaken in Botswana, Côte d'Ivoire, Malawi, Kenya, Ethiopia, South Africa, Tanzania, and Sierra Leone. It also supported development of the Africa Liberal Network (ALN), a network of liberal democratic parties from around Africa. It provided partners with policy-based support, skills exchange and strategy workshops. The ALN has recently grown to a membership of 34 political parties from 25 African countries.

In Eastern/Central Europe support aimed to foster democracy internally within political parties and externally within the political context. Regionally the focus has been to develop party policy and political messaging, ultimately to deliver greater democratic choices to the electorate. During the year this involved party-to-party support in Bosnia, Georgia, Kosovo, Macedonia, Moldova, Serbia and Ukraine, to build capacity through skills exchange and best practice. An example is in Serbia, where the Liberal Democrats supported its sister-party, the Liberal Democrat Party (LDP), to build capacity of its women and youth wings to encourage greater participation in politics, and foster a more representative party. The focus during 2012 was on policy issues, specifically on issues of gender equality and equal rights, and to build the skills of participants in campaigning on these outside of election time. Work is continuing with the LDP's women and youth organisations throughout 2013 on local policy development and communication.

In the Middle East and North Africa, the Liberal Democrats worked with its sister-parties in the region, and also collectively via the Arab Alliance of Freedom and Democracy (AAFD), with whom it has worked since 2005, to promote liberal democracy. Membership of the AAFD comprises liberal parties from seven Middle East and North African countries. It also continued its support to a sister-party in Morocco to build the capacity of women, through workshops and study-visits to the UK. The long term aim being to support the development of more effective political parties, through more involvement by women and young people, with policies that reflect the wishes of the electorate. It also undertook cross-party work through WFD's three year programme in Tunisia.

The Liberal Democrats also worked with sister-parties in Asia, where it co-operated with members of the Council of Asian Liberals (CALD<sup>14</sup>).

### UK Smaller Parties

During the year the Smaller Parties<sup>15</sup>, international office began implementing multi-year, strategic programmes in Montenegro, Namibia, South Africa, Zambia and Uganda. This focus on long-term

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<sup>14</sup> Members of CALD include Thailand, Burma, Philippines, Taiwan, Sri Lanka, Singapore and Cambodia.

<sup>15</sup> The UK Smaller Parties that have WFD programmes include the Scottish National Party (SNP); the Democratic Unionist Party (DUP); The Social Democratic and Labour Party (SDLP); Plaid Cymru and the Green Party of England and Wales.

# The Westminster Foundation for Democracy Limited

## MANAGEMENT COMMENTARY

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programme aims to yield stronger results and impact while ensuring that each of Westminster's Smaller Parties are able to maintain their own Westminster Foundation for Democracy funded programme.

A focus for SNP and Plaid Cymru during the year was their support in developing a youth academy with their sister-party in Montenegro, the Socialist People's Party (SNP-CG).<sup>5</sup> The academy is designed to be a sustainable way to focus on young people's contribution to policy development, campaigning and communications within their existing party structures, and develop the skills of young leaders. In Namibia and South Africa, the DUP is supporting the development of two small parties, so that they can effectively deliver their messages and ensure their views are heard. In Zambia, SNP continued to support its local partner's development at provincial level. As of December 2012, workshops on financial strategy had taken place across the five provinces covered in the programme. The party now has the basis of a financial and fundraising action plan, due to be further developed and implemented with support from the SNP. Also during the year the SDLP undertook an initial activity with their new partner, the People's Progressive Party (PPP) in Uganda, which followed an assessment and scoping visit after the 2011 elections. The event brought together 30 leading party coordinators and members from across Uganda to begin developing its first strategic plan. This led to the party's national secretariat engaging with members, branches and structures nationwide, finalising a draft plan in October 2013. A strategic plan was formally adopted by the PPP and work is now underway to support the plan's implementation during 2013 and 2014.

The Smaller Parties also supported WFD's three year programme in Tunisia both on a party-to-party and cross-party basis.

### 3. Resources

As at 31 March 2013, WFD employed 22 full-time equivalent staff in the UK, of whom 13 are responsible for the design, management and delivery of country programmes and for managing local and UK partnerships.

Staff are organised into specialist regional teams covering Africa and Asia, Europe and Middle East/North Africa (MENA) and a separate team managing The Westminster Consortium programme. During the year, WFD operated local field offices in Bangladesh, Georgia, Jordan, Kenya, Iraq (Erbil), Kyrgyzstan, Lebanon, Macedonia, Montenegro, Morocco, Mozambique, Serbia, Tunisia, Uganda, and Ukraine. Through its network of local offices WFD can build strong relationships with local partners to respond quickly to new needs and opportunities, which has long been an organisational strength.

WFD has continued to work on a grant-making basis in a few countries, working with established and experienced in-country partners responsible for project delivery, although the number of these direct grants is being reduced. The relationships with UK political parties and access to their expertise and trainers, and the ability to draw on other specialist expertise in Parliament and the devolved 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 is an important strategic partner and funder for WFD programmes, as reflected in our Strategic Objectives. The start of the year was marked by new funding by DFID of a three-year Accountable Grant of £6 million in addition to the FCO's core grant-in-aid (GIA). Together these funds will be central to WFD's operations over the three years to March 2015. The GIA for 2012-13 was £3.5 million, the same level as for 2011-12.

At the end of March 2013 WFD also has six months remaining of its five year contract with DFID to manage a £5 million grant to The Westminster Consortium under its Global Transparency Fund.

In addition to its grant funding by the FCO and DFID, WFD secured other funding through the Arab Partnership Fund of £356,000 for programmes during 2012-13 in Morocco and Tunisia. Since the end of the year, further funding has been agreed from this source for a further two years between 2013-2015 in Tunisia (£439,000) and Morocco (£283,000).

# The Westminster Foundation for Democracy Limited

## MANAGEMENT COMMENTARY

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During the year 2012-13, WFD received £154,000 from the EU for parliamentary strengthening programmes in Lebanon (completed in June 2012), Pakistan (sub-contracted from British Council), and Georgia.

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

During the year 2012-13 the grant-in-aid was £3.5 million. In 2012-13 £2,393,652 (2011-12: £2,087,648) was awarded or spent from grant-in-aid on projects and programmes and WFD spent a further £2,795,377 on projects funded wholly or partly by third parties (2011-2012: £2,664,937). 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 2013-14 will remain at the level of £3.5 million and the FCO has indicated its on-going support at this same level for 2014-15. DFID commenced its new 3-year Accountable Grant of £6 million from 2012-2013 and, following an inception phase during the year, it has confirmed on-going support through the grant.

At 31 March 2013 the Board had approved projects amounting to £2,241,557 (2011-12: £1,754,159) that are intended to be funded from future grant-in-aid.

### **4.1 Accounting Policies**

Core grants are credited in the year to which they relate. WFD has complied with the Government Financial Reporting Manual (FRoM 2012-2013) in the treatment of grant-in-aid income which is therefore taken through the income and expenditure reserve. Because of difficult communications in some parts of the world in which the core grants are expended, some project expenditure is recognised when paid, which policy represents a departure from IAS 37. The accounting policy in respect of non-core grants ensures that costs in respect of these grants are matched to revenues. Non-core grants received in advance of expenditure are carried forward as deferred income and released to the Statement of Comprehensive Net Expenditure in the period in which costs are incurred. Grants awarded but received after costs are incurred are accrued as income in the period in which the costs are incurred. Other expenditure is charged to the Statement of Comprehensive Net Expenditure on an accruals basis inclusive of irrecoverable VAT.

### **4.2 Capital Structure**

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

### **4.3 Cash Flow and Liquidity**

During the year WFD had an increase of £157,591 (2011-12: decrease £100,696) in cash and cash equivalents, resulting in net liquid funds at 31 March 2013 of £621,362 (2011-12 £463,771). Key factors contributing to the increase were the increase of deferred income plus the decrease of accrued income, which at the 2011-12 year-end had been in a reverse situation. This increased cash reserves by net £166,000). Other working capital changes had the net effect of decreasing cash by £9,000. The Statement of Cash Flows provides further analysis.

# The Westminster Foundation for Democracy Limited

## MANAGEMENT COMMENTARY

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### **5. 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 2014, and has recently made new bids for further EU funds for which decisions are pending.

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

### **6. Details of Particular Matters**

#### **6.1 Employees**

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

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

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

#### **6.2 Essential Contractual Arrangements**

Political parties in receipt of an allocation of grant-in-aid entered into contractual agreements with WFD for the financial year 2012-13. The contracts specify the amount of, and the conditions attached to, the allocated grant-in-aid. New contracts in respect of the financial year 2013-14 have been issued.

On behalf of the Board

Linda Duffield  
Chief Executive and Accounting Officer  
26 June 2013

# The Westminster Foundation for Democracy Limited

## REMUNERATION REPORT

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The Terms and Conditions Sub-Committee of the Board is responsible for reviewing all aspects of remuneration and employment conditions of staff. Their recommendations are submitted to the Board for approval. The committee is chaired by an independent governor and during the year ending 31 March 2013 the following Governors were members of the Committee:

James Bewsher	Chairman until resignation 18 November 2012
Meg Munn MP	Resigned 30 September 2012
John Glen MP	Resigned 31 March 2013

The Government announced a two year salary freeze for public sector workforces for those earning above the full-time equivalent of £21,000 per annum, which continued for 2012-13. Therefore there were no increases in base pay during the year.

The remuneration of the Chief Executive is reviewed annually and is determined by reference to the recommendations of the Senior Salaries Review Body, based on the annual performance appraisal conducted by the Chair. Objectives are set for the succeeding year and used to assess performance. A performance related bonus can be paid dependent on performance in line with civil service guidelines and as determined by the Board. During the year, in line with the salary freeze there was no increase in base pay and a bonus of £11,250 was paid in respect of performance in the year to 31 March 2012. The Chair's recommendations was reviewed by the Terms and Conditions Committee and approved by the Board.

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

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

Remuneration	Performance		Benefits in		Performance		Benefits in	
	Salary	bonus paid	kind	Salary	bonus paid	kind	kind	
	2013	2013	2013	2012	2012	2012	2012	
	£000	£000		£000	£000		-	
Linda Duffield	95-100	10-15	-	95-100	10-15	-	-	
Paul Naismith	70-75	5-10	-	70-75	5-10	-	-	
All Governors	-	-	-	-	-	-	-	

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid employee in their organisation and the median remuneration of the organisation's workforce. The mid-point of the banded remuneration of the highest-paid employee in WFD in the financial year 2012-13 was £110,000 (2011-12, £110,000). This was 3.3 times (2011-12, 3.2) the UK median remuneration of the workforce, which was £33,514 (2011-12, £34,844). Total remuneration includes salary and non-consolidated performance-related pay. There were no benefits-in-kind or severance payments paid in the year (2011-12, 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 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.

# The Westminster Foundation for Democracy Limited

## REMUNERATION REPORT

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### Pension benefits

	Accrued pension at pension age as at 31 March 2013 and related lump sum	Real change in pension and related lump sum at pension age	CETV at 31 March 2013	CETV at 31 March 2012	Real change in CETV	Employer contribution to partnership pension account
	£000	£000	£000	£000	£000	Nearest £100
Linda Duffield	40-45 plus lump sum of 130-135	0-2.5 plus lump sum of 0-2.5	991	936	2	-
Paul Naismith	10-15 plus lump sum of nil	(0-2.5) plus lump sum of nil	162	78	(9)	-

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

\* The CETV at 31 March 2012 differs from the corresponding figure in last year's report which was recalculated based on corrected information.

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.

Linda Duffield  
Chief Executive and Accounting Officer  
26 June 2013

# The Westminster Foundation for Democracy Limited

## GOVERNANCE STATEMENT

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### SCOPE OF RESPONSIBILITY

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievements of WFD's policies, aims and objectives, whilst safeguarding the public funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Managing Public Money. 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. The relationship between WFD and the FCO is specified in the Management Statement and its associated Financial Memorandum. WFD's corporate and business plans, objectives and associated risks are discussed regularly with the FCO.

### GOVERNANCE FRAMEWORK

During the year accountability within WFD was overseen and exercised through the Board and its three sub-committees, the Audit Committee, the Projects and Programmes Committee, and the Terms and Conditions Committee. Each of these sub-committees were active and under the chairmanship of a different non-executive Board member and supported the Board's and my corporate governance role. At the January 2013 Board meeting, and as part of a wider restructuring of the Board and its governance arrangements, it was agreed that it would be more efficient for the Board to resume responsibilities previously delegated to the Projects and Programmes Committee, and to abolish that committee.

The Board takes an overarching role in assurance and monitoring of performance and throughout the year has monitored delivery of the Business Plan 2012-13<sup>16</sup>. The Board met three times during the year, and the average attendance by its appointed Governors was 89% 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.

The Board's work during the year also included a review of the way it works and what reform to structure and governance arrangements should be made to improve effectiveness. The outcome of this review, approved by the Board and the FCO, included a restructuring of the Board that reduced the number of Governors from fourteen to ten (six political party members and four independent members) from 1<sup>st</sup> April 2013. Other changes included an increase in the frequency of Board meetings to five per year from 2013-14 to assist with the review and approval of programme proposals, and with monitoring and evaluation oversight. The changes were consistent with the Board's aim to focus more on strategy, accountability and oversight and to streamline its processes. The Board will continue to assess its performance and effectiveness in line with central government's code of good practice, and is currently reviewing with the FCO its Management Statement to ensure robust governance arrangements are in place and maintained.

The Audit Committee supports the Board to discharge its fiduciary, risk control and governance responsibilities by monitoring and giving advice to me in the exercise of my duties, and by promoting a climate of financial discipline and control within the organisation. The Audit Committee performs the key role of reviewing and monitoring the systems of internal control and receives regular reports on the work and findings of the internal and external auditors. Minutes are prepared immediately following each meeting and provided to the Board, together with an annual report. During the year the existing role of Internal Auditor was put out to tender to selected professional audit companies, including the current provider. Following a thorough selection process based on careful testing of response to specific criteria, a new internal audit service provider was appointed. The committee saw the selection of new internal audit service providers as an opportunity for a new perspective of its audit plan for 2012-13 and of the

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<sup>16</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

effectiveness of the internal controls system and management of risk. Their work began in February 2013 and their first annual report covering 2012-13 was received in May 2013.

The Projects and Programmes Committee remit was to consider and decide on project and programme proposals submitted to it, in line with WFD's agreed strategy, Business Plan and policy set by the Board. It monitored the progress of approved programmes and projects by considering evaluations and other reports submitted to it. From April 2013 these responsibilities have returned to the Board which will ensure scrutiny, approval, and supervision processes enable a thorough and objective examination and oversight to be maintained of all programmes and projects, including risks.

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, to monitor the application of these policies, and to ensure transparency and fairness in the application of these arrangements. The number of matters necessary to be referred to the committee during the year required only a single meeting that was held in June 2012.

During the year in review the Board met on three occasions (as well as April 2013) and the Programmes and Projects Committee met three times until its cessation in March 2013. The Audit Committee met quarterly and the Terms and Conditions committee met once, as required. 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>Programmes and Projects Committee</i>	<i>Terms and Conditions Committee</i>
Rushanara Ali MP	1/1			
Baroness Armstrong	0/0			
James Bewsher*	2/2		2/2	1/1
Tina Fahm*	3/3	4/4		
Don Foster MP	1/1		1/1	
Lord Foulkes	3/3		3/3	
John Glen MP	2/3			1/1
Kenneth Jones*	1/3	4/4	1/3	
Bronwen Manby*	2/3		2/3	
Ann McKechin MP	3/3		2/2	
Meg Munn MP	1/1			0/1
John Osmond*	3/3	4/4	3/3	
Andrew Rosindell MP	3/3		2/3	
Gary Streeter MP	3/3	3/4		
Andrew Stunell MP	1/1			
Peter Wishart MP	3/3		2/3	

\* Denotes Independent Governor

# The Westminster Foundation for Democracy Limited

## GOVERNANCE STATEMENT

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### RISK ASSESSMENT

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

The system of internal control is therefore designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; as such, it can only provide reasonable and not absolute assurance of effectiveness. The system of internal control has been in place at WFD throughout the year ended 31 March 2013 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

A Risk Management Strategy and Risk Management Framework provide the framework for risk control and a strategic Risk Dashboard is maintained by WFD for review by the Board at each of its meetings. The risk strategy covers risk identification, evaluation, recording risk, control, review and assurance. It also defines the structures for the management and ownership of risk and identifies the company's approach to its risk appetite. This is currently being reviewed by the Board. The overall responsibility for the management of risk lies with me as Accounting Officer.

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

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

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

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

Following FCO and DFID's conditional approval of WFD's Business Case for 2012-15 WFD provided an inception report in September 2012 which was approved by both FCO and DFID who have confirmed funding for 2013-14.

### 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

# The Westminster Foundation for Democracy Limited

## GOVERNANCE STATEMENT

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maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. I have been advised by the Board and by the Audit Committee on the implications of my review and a plan to address weaknesses and ensure continuous improvement of the system is in place.

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

- an Audit Committee that meets at least four times a year and reports to the Board of Governors regularly, including an Annual Report of the Audit Committee to the Board. In 2012-13 the Committee met quarterly. During the year the membership of the Audit Committee included a qualified accountant with a background in international development. As well as monitoring an internal audit plan, the Audit Committee initiates a self-assessment review from time-to-time and follows an annual timetable covering its key responsibilities through the year;
- an Internal Audit Annual Report to the Audit Committee for 2012-13 included an overall opinion that, on the basis of the work performed, there was moderate assurance on the system of internal control;
- comprehensive budgeting systems with an annual business plan and budget approved by the Board and reviewed and agreed by the Human Rights, Democracy and Governance Department of the FCO and the Politics, State & Society Team of DFID;
- Management Accounts reporting in detail on programme and project expenditure and overheads, each compared to budget, together with estimated full year outcome regularly updated. These are reviewed by the Audit Committee and approved by the Board;
- setting of targets to measure financial and other performance;
- formal programme management disciplines in which all programme staff have been trained;
- a system of risk assessment and management throughout the organisation;
- periodic reports from the internal auditors to standards defined in the Government Internal Audit Standards;
- an independent review, in line with Cabinet Office guidelines, by the FCO, as the sponsor department; the most recent being February 2010.

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

WFD has an internal audit function provided by an independent firm of auditors which operates to standards defined in the Government Internal Audit Standards. The work of internal audit is informed by an analysis of the risks to which WFD is exposed, and annual internal audit plans are based on this. The analysis of risk and internal audit plans are approved by me, reviewed by the Audit Committee, and endorsed by WFD's Board of Governors. A rolling programme of internal audit is in place agreed by the Audit Committee, and provides me with reports on internal audit activity in WFD. During 2013 the committee received four reports covering the items in the programme, and updates on previous reports. These concerned: Risk Management, Accounting and Reporting for Projects, Payroll, Procurement and Accounts Payable, and Human Resources. All of the reports reported that moderate assurance can be given to the control environment surrounding the risks reviewed, except Payroll where substantial assurance was reported and Procurement and Accounts Payable processes and procedures, where limited assurance was given over their effectiveness. The Audit Committee noted that recommendations designed to increase the level of assurance have been agreed. The Audit Committee also noted that work to raise awareness within WFD of Anti-Bribery and Corruption good practice had been undertaken as planned and that further work to develop these processes will be undertaken early in the new financial year.

Linda Duffield  
Chief Executive and Accounting Officer  
26 June 2013

# 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 for the year ended 31 March 2013 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 directors and the auditor**

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act 2000. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

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 that 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 the company's affairs as at 31 March 2013 and of its 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 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

---

## **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

Amyas C E Morse  
Comptroller and Auditor General

28 June 2013

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 2013

	<i>Notes</i>	Core Funds £	Corporate Funds £	31 March 2013 Total £	31 March 2012 Total £
<b>INCOME</b>					
European Union funding	2	154,480	-	154,480	180,918
Other third party funding	2	2,695,261	-	2,695,261	2,139,526
		<u>2,849,741</u>	<u>-</u>	<u>2,849,741</u>	<u>2,320,444</u>
<b>DIRECT EXPENDITURE</b>					
Projects	3	(5,037,786)	(867)	(5,038,653)	(4,600,133)
		<u>(2,188,045)</u>	<u>(867)</u>	<u>(2,188,912)</u>	<u>(2,279,689)</u>
<b>OTHER EXPENDITURE</b>					
Staff costs	4	(1,029,976)	-	(1,029,976)	(927,869)
Depreciation - owned assets		(3,814)	-	(3,814)	(7,271)
Property costs		(144,780)	-	(144,780)	(134,018)
Office expenditure		(70,693)	-	(70,693)	(71,277)
Computer expenses		(35,712)	-	(35,712)	(31,874)
Printing and stationery		(5,798)	-	(5,798)	(6,545)
Professional fees		(7,719)	-	(7,719)	(16,525)
Business development		(320)	-	(320)	(2,293)
Audit fee	5	(12,000)	-	(12,000)	(12,000)
		<u>(1,310,812)</u>	<u>-</u>	<u>(1,310,812)</u>	<u>(1,209,672)</u>
<b>NET OPERATING EXPENDITURE</b>		<b>(3,498,857)</b>	<b>(867)</b>	<b>(3,499,724)</b>	<b>(3,489,361)</b>
Interest receivable		246	-	246	295
<b>NET EXPENDITURE FOR THE YEAR</b>		<b>(3,498,611)</b>	<b>(867)</b>	<b>(3,499,478)</b>	<b>(3,489,066)</b>

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

The Westminster Foundation for Democracy Limited  
 STATEMENT OF FINANCIAL POSITION  
 31 March 2013

---

	<i>Notes</i>	£	31 March 2013 £	£	31 March 2012 £
NON-CURRENT ASSETS					
Equipment	6		-		3,814
CURRENT ASSETS					
Trade and other receivables	8	376,335		465,524	
Cash and cash equivalents:					
Core		590,903		350,382	
Corporate		30,459		113,389	
			997,697		929,295
Trade and other payables: amounts falling due within one year	9	(848,195)		(784,129)	
NET CURRENT ASSETS			149,502		145,166
TOTAL ASSETS LESS CURRENT LIABILITIES			149,502		148,980
FUNDS					
Core	11		134,824		133,435
Corporate	11		14,678		15,545
			149,502		148,980

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 26 June 2013

Gary Streeter

Chair

Linda Duffield

Chief Executive

# The Westminster Foundation for Democracy Limited

## STATEMENT OF CASH FLOWS

For the year ended 31 March 2013

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	<i>Notes</i>	31 March 2013 £	31 March 2012 £
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net deficit after interest		(3,499,478)	(3,489,066)
Adjustment for depreciation	6	3,814	7,271
Decrease/(Increase) in trade and other receivables		89,189	(287,981)
Increase/(Decrease) in trade and other payables		64,066	169,080
Use of provisions		-	-
		<hr/>	<hr/>
Net cash outflow from operating activities		(3,342,409)	(3,600,696)
		<hr/>	<hr/>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of equipment	6	-	-
		<hr/>	<hr/>
Net cash outflow from investing activities		-	-
		<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>			
		157,591	(100,696)
		<hr/>	<hr/>
Cash and cash equivalents at the beginning of the period		463,771	564,467
		<hr/>	<hr/>
Cash and cash equivalents at the end of the period		621,362	463,771
		<hr/>	<hr/>



# The Westminster Foundation for Democracy Limited

## STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2013

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	Core Funds £	Corporate Funds £	Total £
Balances at 31 March 2011	97,507	40,539	138,046
CHANGES IN EQUITY 2011-12			
Net expenditure	(3,464,072)	(24,994)	(3,489,066)
Total recognised Income and Expenditure 2011-12	(3,464,072)	(24,994)	(3,489,066)
Grant from FCO	3,500,000	-	3,500,000
Balances at 31 March 2012	133,435	15,545	148,980
CHANGES IN EQUITY 2012-13			
Net expenditure	(3,498,611)	(867)	(3,499,478)
Total recognised Income and Expenditure 2012-13	(3,498,611)	(867)	(3,499,478)
Grant from FCO	3,500,000	-	3,500,000
Balances at 31 March 2013	134,824	14,678	149,502

# The Westminster Foundation for Democracy Limited

## STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2013

---

### 1 ACCOUNTING POLICIES

#### BASIS OF ACCOUNTING

These financial statements have been prepared in accordance with IFRS as applied in accordance with the provisions of the Companies Act 2006, except where noted below for grants payable. The financial statements are prepared under the historical cost convention, and in accordance with those parts of the Government Financial Reporting Manual (FRoM) 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 FRoM grant-in-aid received in the year is accounted for through the net expenditure reserve account in the year to which it relates.

Political party grant-in-aid expenditure is recognised only when paid. On occasions this may be a departure from IAS 37 and arises because of difficult communications in some parts of the world in which these core grants are expended. Other grants are recognised in the net expenditure account when the relevant conditions for the grant have been met. Other grants received in advance of expenditure are carried forward as deferred income and released to the net expenditure account in the period in which costs are incurred. Grants awarded but received after costs are incurred are accrued as income in the period in which the costs are incurred.

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

#### FUNDS

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

#### TAXATION

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

#### RETIREMENT BENEFITS

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

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

# The Westminster Foundation for Democracy Limited

## STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2013

### 2 THIRD PARTY FUNDING

Other third party funding income is in relation to multi-year contracts including new project work won by WFD during the year. Income has been recognised to match the project expenditure paid for during the year. During the year DFID provided Accountable Grant funding of £1,061,534 as part of a new 3-year grant and £98,242 for WFD's programme in Bangladesh, cumulatively £299,334 which is now ended. In addition, funding of £981,123 was received from DFID's Governance and Transparency Fund (GTF) on behalf of the Westminster Consortium. Cumulatively £4,605,167 has now been received of the £5,000,000 total.

3 DIRECT EXPENDITURE ON PROJECTS	2013	2012
	£	£
WFD projects	2,850,486	2,879,928
Political parties' sponsored projects:		
Conservative Party	883,300	689,243
Labour Party	884,167	685,420
Liberal Democrats	308,201	258,132
Smaller parties	95,074	70,694
	<u>5,021,228</u>	<u>4,583,417</u>
Travel and subsistence	17,425	16,716
	<u>5,038,653</u>	<u>4,600,133</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	2013	2012
	£	£
Wages and salaries	776,804	700,575
Temporary staff	-	
Social security costs	73,986	67,403
Other pension costs	139,588	130,066
Recruitment and other staff costs	32,771	24,343
Un-taken holiday entitlement	6,827	5,482
	<u>1,029,976</u>	<u>927,869</u>

The Governors did not receive any remuneration for their services but travel costs of £512 (2011-12: £708) were reimbursed in the year.

	2013	2012
	No.	No.
The average number of employees (excluding Governors and vacancies) during the year was:		
Permanent – UK	19	17
Temporary	0	0

# The Westminster Foundation for Democracy Limited

## STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2013

---

### PENSION COMMITMENTS

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

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

For 2012-13, employers' contributions of £124,273 were payable to the PCSPS (2011-12 £118,009) 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 2012-13 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 £3,404 were payable to one of the panel of three appointed stakeholder pension providers (2011-12: £146). Employer contributions are age-related and range from 3% to 12.5% of pensionable pay. Employers can also match employee contributions up to 3% of pensionable pay. During the year contributions of £11,910 were also made to other personal money purchase pension schemes (2011-12: £11,910)

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

5	OTHER OPERATING CHARGES	2013	2012
		£	£
	This includes:		
	(Profit)/Loss on foreign exchange	(237)	1,054
	Auditor's remuneration - for audit work 2012	12,000	12,000
	- non-audit work*	56,331	69,973
	Operating lease rentals - office equipment	-	-
	- property leases	80,295	72,502

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

# The Westminster Foundation for Democracy Limited

## STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2013

6	NON-CURRENT ASSETS	Computer equipment £	Furniture and fittings £	Total £
	<b>COST</b>			
	At 1 April 2011	37,950	20,773	58,723
	Additions	-	-	-
	Disposals	-	-	-
	At 31 March 2012	<u>37,950</u>	<u>20,773</u>	<u>58,723</u>
	At 1 April 2012	37,950	20,773	58,723
	Additions	-	-	-
	Disposals	-	-	-
	At 31 March 2013	<u>37,950</u>	<u>20,773</u>	<u>58,723</u>
	<b>DEPRECIATION</b>			
	At 1 April 2011	28,814	18,824	47,638
	Charge for the year	5,322	1,949	7,271
	Disposals	-	-	-
	At 31 March 2012	<u>34,136</u>	<u>20,773</u>	<u>54,909</u>
	At 1 April 2011	34,136	20,773	54,909
	Charge for the year	3,814	-	3,814
	Disposals	-	-	-
	At 31 March 2013	<u>37,950</u>	<u>20,773</u>	<u>58,723</u>
	<b>NET BOOK VALUE</b>			
	At 31 March 2013	<u>-</u>	<u>-</u>	<u>-</u>
	At 31 March 2012	<u>3,814</u>	<u>-</u>	<u>3,814</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	2013 £	2012 £
	Deposits and advances	46,132	38,302
	Trade receivables	51,885	54,816
	Prepayments and Accrued Income	278,318	372,406
		<u>376,335</u>	<u>465,524</u>

# The Westminster Foundation for Democracy Limited

## STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2013

9	TRADE PAYABLES AND OTHER CURRENT LIABILITIES: amounts falling due within one year	2013 £	2012 £
	Trade payables	393,654	375,265
	Accruals and Deferred Income	454,541	408,864
		<u>848,195</u>	<u>784,129</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:

	2013 Core £	2013 Corporate £	2013 Total £	2012 Total £
Non-current assets	-	-	-	3,814
Receivables	376,335	-	376,335	465,524
Cash and cash equivalents	590,904	30,459	621,362	463,771
Payables	(848,195)	-	(848,195)	(784,129)
Inter fund account	15,780	(15,780)	-	-
	<u>134,824</u>	<u>14,679</u>	<u>149,502</u>	<u>148,980</u>

The balance of Corporate Funds at 31 March 2013 represents corporate donation funds allocated for specific projects approved by the board.

### 12 OPERATING LEASES

At 31 March 2013 WFD had annual commitments under non-cancellable operating leases as follows:

	2013 £	2012 £
Land and buildings: Expiry date:		
Within one year	80,623	80,295
Between two and five years	160,591	160,591
	<u>241,214</u>	<u>340,886</u>

### 13 CAPITAL COMMITMENTS

There were no capital commitments (2011-12: £ Nil).

# The Westminster Foundation for Democracy Limited

## STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2013

14	INTRA GOVERNMENT BALANCES	2013 £	2012 £
	Balances due from other central government bodies	250,825	355,737
	Balances due from local authority bodies	37,242	36,110
	Deposits and advances	47,351	39,521
	Prepayments	40,917	34,156
		<u>376,335</u>	<u>465,524</u>
	Deferred income from other central government bodies	174,700	58,842
	Other payables	393,654	375,265
	Accruals	279,841	350,022
		<u>848,195</u>	<u>784,129</u>

### 15 GRANT COMMITMENTS

At the year end, WFD had Board approvals for grant commitments amounting to £2,241,556 (2011-12: £1,754,159) of which £76,084 (2011-12: £295,253) related to WFD projects and £2,165,472 (2011-12: £1,458,906) related to Political Parties projects. These projects will be funded from future grant-in-aid income and no commitments have been accrued for these in the financial statements.

### 16 GOING CONCERN

At the time of signing these financial statements the FCO has confirmed its ongoing commitment to providing core annual funding to WFD for 2013-14 and has indicated that it intends to provide a similar level of funding for 2014-15. 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 26 June 2013.

### 17 CONTINGENT LIABILITY

From 29 September 2011, WFD has a new operating lease in respect of Artillery Row which provides that either of the two parties can determine the lease at any time by giving not less than six months' notice or otherwise it will determine on 31 March 2015. A decision on relocating to other premises has not yet been made. No provisions for dilapidation costs, or relocation and fit-out costs if required, have yet been included within the financial statements. Any costs are anticipated within funds to be used in 2013-14, although the exact level will depend on the decision reached.

### 18 RELATED PARTY TRANSACTIONS

Core funding of £3,500,000 was received from the Foreign and Commonwealth Office (FCO) as grant-in-aid and a further £193,426, was received from FCO Embassies during the year. Funding of £2,140,899 was received from the Department for International Development (DFID) in the form of grants. FCO and DFID also contributed £356,083 from jointly managed funds (Arab Partnership Fund).













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