

The Westminster Foundation
For Democracy Limited

Company Number: 2693163

AN EXECUTIVE NON-DEPARTMENTAL PUBLIC BODY OF THE FOREIGN &
COMMONWEALTH OFFICE
ANNUAL REPORT AND ACCOUNTS

For the year ended 31 March 2016

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

STATEMENT OF GOVERNORS' AND ACCOUNTING OFFICER'S RESPONSIBILITIES

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

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

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

In preparing the financial statements, the Governors are required to comply with the requirements of the Government Financial Reporting Manual and in particular to ensure that:

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

The Governors have taken reasonable steps to:

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

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

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

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

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STRATEGIC REPORT

This Strategic Report has been prepared following guidance issued by the Financial Reporting Council.

1. Nature, Objectives and Strategies of the Foundation

The Westminster Foundation for Democracy Ltd (WFD) is a non-departmental public body sponsored by the Foreign and Commonwealth Office (FCO). It is a private company limited by guarantee with no share capital. Since its establishment in 1992, WFD's primary aim has been to assist, support and encourage the peaceable establishment and development of pluralistic democratic practice and political institutions. WFD implements programmes to (i) strengthen political parties, (ii) support parliaments and (iii) build knowledge about democracy-support. The British Government provides the vast majority of WFD's funding through a combination of central grants from the Foreign and Commonwealth Office and the Department for International Development plus grants or contracts from country-specific or thematic programmes. WFD also secures funding from other donors.

Highlights of 2015-16

WFD's new five-year strategic framework was launched in February 2015. While maintaining the overall mission of supporting inclusive and effective governance, the strategy described the increasingly complex environment for democracy-strengthening work and the need for WFD to evolve in order to have an impact on the democratic culture in our partner countries. The strategy maintained WFD's long-standing political party and parliamentary strengthening programmes, consolidated the pilot Integrated programmes into a full programme combining parliamentary and political party work, and established a new Research and Policy programme to provide stronger evidence about how best to support democracy-strengthening.

In response to the new strategy, the FCO and DFID agreed a further round of funding for WFD for the period April 2015 – March 2018¹, with the DFID contribution increasing compared to the previous grant period. In parallel, WFD continued to secure additional funding from other FCO and DFID programmes, as well as from other donors, including the EU, Germany and The Netherlands.

Following the May 2015 UK General Election, preparations were made to adjust the allocations to and management of political party programme resources to reflect the new composition of the Westminster parliament. The adjustments took effect at the beginning of the 2016/17 financial year. Three of the political Governor positions on the Board changed; and one new independent Governor was appointed to fill a vacancy. As a result of increased funding, WFD established nine new offices for managing either parliamentary or integrated programmes, with the total number of country parliamentary programmes increasing from 12 to 23².

A DFID-funded final evaluation of the 2010-2015 WFD programme found that WFD had "improved the means by which it has delivered its assistance to its partners and beneficiaries"³. An independent review of WFD's implementation of the recommendations of the Government's Triennial Review⁴ assessed achievements in all four of the broad reform areas - strategic direction and alignment with HMG priorities, integration between parliamentary and political party programmes, the role of the Board, and programme delivery - as strong or satisfactory.

¹ Although this was a joint agreement, the FCO funding continues to be on an annual basis while the DFID grant is for three years.

² Two of the country programmes operated without a country office.

³ Examples in the final evaluation included:

- New legislation has been adopted in Morocco and Bosnia-Herzegovina as a result, at least in part, of the interventions of WFD.
- Space has been created for citizens to participate in the budgeting process by the Constitution and legislation is being utilised and enforced at the local level in Kenya with budgets having been adjusted to reflect local concerns and interests.
- A government coalition has been formed in Bosnia-Herzegovina more quickly, resulting in less political dysfunction, as a result of the efforts of WFD.
- The Botswana political system is the most competitive it has ever been through the support provided to political parties.

⁴ Starting from 2011, Cabinet Office announced that all non-departmental public bodies (NDPBs) would have to undergo a substantive review at least once every 3 years

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Progress on implementation of the strategy

WFD's 2015-2020 strategy is framed around three objectives:

A. To support developing and transition countries in establishing or strengthening inclusive and effective democratic governance for their citizens by delivering political party, parliamentary and integrated (parties in parliament) programmes.

This objective covers the majority of WFD's work and expenditure. All programmes contribute to one or more of four overarching outcomes, namely, better policy-making, greater accountability, better representation, and greater citizen-engagement. The focus was largely on establishment of new programmes at the beginning of the new funding cycle. The fact that the May 2015 UK General Election came near the start of the financial year meant that there was an inevitable delay to some of the start-up activity. However, by the end of the year, 30 Political Party programmes, 17 Parliamentary programmes and 4 Integrated programmes were underway. Some of the programmes were continuing existing programmes from the previous funding cycle.

The new strategy fed into the strategic approach of each of the main programmes. The political party programmes were designed to enable WFD to support competitive political parties that would represent and engage citizens effectively and inclusively while presenting policy-based platforms, all in ways that would strengthen multi-party democracy in their countries. Most of the parliamentary programmes responded to requests to support efforts to strengthen oversight and accountability, for example in Morocco and Tunisia we helped to establish the first Committees in their region focused on scrutiny of public expenditure. For both political party and parliamentary programmes, work to increase engagement of women was a significant theme, including through a network in Africa focused on increasing the skills of potential women candidates for political office. In Ghana, the new Integrated programme began work to strengthen the democratic culture within parliament by supporting Committees as well as working directly with political parties on their behaviours within the Committees.

B. To contribute to public knowledge about effective democracy strengthening, including democracy assistance for parliaments and political parties, in developing and transition countries.

This objective covers WFD's Research and Policy programme, which is a new element in WFD's strategy. The core of the programme is a new research partnership that was signed with the Department of Politics and International Relations at the University of Oxford. The aim is to provide publicly available analysis of the lessons from WFD's programmes in order to contribute to evidence about what works best in supporting democracy-building. The first result of the partnership – a paper on the lessons from WFD's parliamentary programme - was presented at a conference in March 2016. A further collaboration with the Faculty of Law at Oxford on parliaments and human rights has yielded a new assessment tool to review the effectiveness of a parliament's work on human rights that has been applied in six countries, most notably improving the effectiveness of our work in Georgia. This will be linked with several of our new programmes funded through the FCO's Magna Carta Fund for Democracy and Human Rights⁵, bolstering our capacity to analyse and evaluate these interventions. An additional research programme on the Cost of Politics was also launched, with initial papers to be presented at an event in July 2016. WFD also established a partnership with opendemocracy.org that aimed to share further lessons and debate priorities on democracy-strengthening.

C. To improve the sustainability, public accountability and value for money of WFD's programmes through strengthening its structures, skills, and systems.

As part of WFD's response to the Triennial Review, we initiated a significant amount of work to modernise our programme management processes and our related systems. WFD's draft programme manual was launched in November 2015 and is due for completion shortly. In parallel, we introduced new IT systems to improve connectivity and make it easier to share information within the organisation. In London, we updated our offices to allow more flexible working and increase the meeting and desk space within the existing premises. The WFD

⁵ Launched in January 2016 the Magna Carta Fund is the FCO's dedicated strategic fund supporting global human rights and democracy work

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website was re-launched and a new Transparency Policy was introduced. The Board also adopted a new Value For Money Policy that draws on best practice from DFID and related organisations.

The first external Annual Review of WFD's new programmes reported good progress in achieving our objectives.

Elections support

WFD also re-engaged in the field of election support this year. This was part of WFD's original mandate but work in this area had stopped when a separate UK organisation focused on elections support was established. However, their closure last year left a vacuum in UK capacity in this field and WFD subsequently secured two contracts with the British Government for the recruitment of UK observers for EU and OSCE election observation missions. WFD also manages training courses for potential observers that give them the skills they need to scrutinize the entire process – including the legal framework, the media environment, campaign finance, procedures on election day, and the complaints and appeals process. There is scope to expand WFD's work on elections in the future, including into capacity-building for election management.

2. Current and Future Development and Performance

Programmes by region

Africa

WFD began a major reshaping of its Africa programmes during 2015-16.

Central and East Africa

In the **Democratic Republic of Congo**, WFD's five-year programme of support to the regional assembly of Province Orientale – which had built the skills of parliamentarians, parliamentary staff and civil society organisations and strengthened links with the Network of Congolese Parliamentary Staff (RCPP) - came to an end, as planned in the previous year. WFD's programme with the **East Africa Legislative Assembly (EALA)** also ended. WFD has supported EALA's ability to represent the citizens in one of the most effective regional economic communities in Africa. In its final year, the programme focused on EALA's engagement with the public including through social media and online platforms. The Speaker commended the 'dedication and commitment' of WFD's work with the legislative assembly.

In **Kenya**, WFD's three-year programme to help County Assemblies to develop a high level of expertise in financial development, resource management and oversight also ended. We worked with key bodies such as the Centre for Parliament Studies and Training and the Transitional Authority to the devolution process to equip the County Assemblies with the expertise they need. WFD is now developing a new programme to support the Kenyan Senate, which has the responsibility under the Constitution to ensure effective decentralisation. In **Uganda**, WFD continued to implement an EU-funded programme on Gender equality and women's empowerment in Uganda. This included convening the first ever Women's Parliament in Uganda that brought together over 200 women to consider how to support women's political empowerment. This programme will end in December 2016 and WFD is developing a new programme in the country.

West Africa

WFD established a new Integrated programme in **Ghana** in late 2015, bringing together work inside the parliament with support to the main political parties. We are focusing on improving the quality of policy analysis that MPs receive from parliamentary staff by providing training for the Parliament's dedicated research, library and ICT departments. WFD will also offer assistance to the Parliament's communications team to conduct effective outreach work to the public. WFD began work to establish a new programme in **Sierra Leone** in late 2015, working in close collaboration with the Commonwealth Parliamentary Association UK branch. The programme will aim to support the parliament to play a strong role in representing all citizens of Sierra Leone, addressing policy challenges, including strengthening health care and securing sustained economic growth, and ensuring oversight and accountability of the Government of Sierra Leone as it implements the Ebola Recovery Plan. WFD is also reviewing the scope for supporting political party development that would promote stable, responsible and policy-focused political competition during and following the 2017 Presidential

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elections. In **Nigeria**, the Conservative Party worked with the former ruling party following the elections in March 2015 to learn lessons from their first electoral failure. In parallel, WFD is starting implementation of a programme in the National Assembly and in some State Assemblies to help civil society groups to advocate for policy change.

Southern Africa

In **Zambia**, the Scottish National Party programme continued working with the Forum for Democracy and Development, helping strengthen their engagement with their members and improve their policy development. In **Mozambique**, WFD began work to establish a new programme in late 2015 to encourage a greater dialogue between citizens, CSOs and parliament. Subject to further consultation, the programme will support reforms to the Parliamentary Study Centre, which WFD had set up in 2011, including by increasing the Parliament's research capacity through training a new generation of parliamentary research staff. The Labour Party continued their work with the **Botswana** Congress Party (BCP) to increase its membership and build on its success in having the highest number of female and youth candidates amongst all the parties at the general election. The Democratic Unionist Party continued to work with the **African Christian Democrat Party (South Africa)** to improve their core skills, including through the establishment of a dedicated Press and Communications Office within the party's national secretariat.

Multi-country in Africa

The Liberal Democrat Party continued to support the development of strong and inclusive liberal parties across Africa through the **Africa Liberal Network**, which includes members from across the continent that are both in Government and in opposition. The Labour Party's **Youth Academy for Africa** brought together young activists and future leaders from social democratic parties in Africa to consider ways of tackling key policy issues affecting their countries. Their **Women's Academy for Africa** continued to support women from political parties across Africa by training its members with the aim of increasing the number of women in public and elected positions. The Green Party of England and Wales supported the **East Africa Green Federation (EAGF)** to plan the next stages of its programme, building on the Strategic Plan that was developed in 2015.

Europe and Central Asia

In Europe, WFD built on its long-standing presence in the Western Balkans, re-engaged in parts of Eastern Europe and maintained its programmes in Georgia and Kyrgyzstan. WFD's support for the Network of Parliamentary Committees (NPC) in the **Western Balkans** continued, bringing together representatives from Albania, Bosnia and Herzegovina, Kosovo, Macedonia, Montenegro and Serbia. The network enables sharing of best practice among 25 key parliamentary committees in the region. The Labour Party also worked with a network of social democratic parties to strengthen their policy-making skills, and to engage young people. In response to the demand for better financial and budgetary oversight in the Serbian parliament, WFD helped to establish a Parliamentary Budget Office (PBO) in November 2015 in the National Assembly of the **Republic of Serbia**. The Labour Party also worked to build the skills of two centre left parties in Serbia and the Liberal Democrat Party established the Liberal Democrat Party of Serbia as a platform for promoting LGBT rights.

In **Bosnia**, WFD worked with a range of political parties and media outlets to increase the skills and visibility of women candidates. This was WFD's first Integrated programme which is preparing for the local elections in October 2016. The Conservative Party also continued to work with parties in both entities in Bosnia. In **Macedonia**, WFD began working with a range of Civil Society Organisations in partnership with the European Instrument for Democracy and Human Rights (EIDHR). The aim is to develop the ability of those organisations to advocate on behalf of citizens and therefore promote and defend human rights. Both the Labour and Conservative Parties worked with parties in **Montenegro**, supporting internal organisational skills as well as improving policy formulation.

In **Ukraine**, WFD worked with the German development agency GIZ to support Ukrainian MPs by establishing a Financial and Economic Analysis Office in the Verkhovna Rada. The Labour Party also supported development of the New Social Democratic Platform to reach out to new members and address employment and women's rights policies. In **Moldova**, the Labour Party worked with the Democratic Party to strengthen the skills of young activists in the party. In **Belarus**, working with international partners, UK parties supported the ability of local groups to observe the Presidential elections in October 2015. WFD worked with CSOs in

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Georgia to encourage greater oversight of the Government's Human Rights Action Plan and with the parliamentary Committees to build their understanding of the role they play in dealing with policy and legislation originating from the EU Association Agreement, as well as increasing the committee's understanding of human rights issues and related international best practice. The Liberal Democrat Party supported the Republican Party of Georgia to improve their campaigning and communications skills. WFD began consultations and analysis to plan a programme of support to the parliament in **Armenia**. WFD's support for the **Kyrgyzstan** parliament continued with an induction programme following the elections in October 2015. We have also been exploring the possibility of a wider programme working with the political factions in the parliament.

Asia

Our programme in Asia began to expand with new programmes in Indonesia and Sri Lanka. A further programme is planned in Burma/Myanmar. WFD continued its work in Pakistan, supporting the Punjab Assembly to operate effectively within the provisions of Pakistan's decentralisation programme, and beginning cooperation with the Sindh Assembly. WFD also supported the British Council's 'Improving Parliamentary Performance' programme which aimed to strengthen the capacity of the Pakistan Institute of Parliamentary Services, a federal-level institution. In Indonesia, WFD started work on a new programme to support the lower house of the Indonesian parliament to improve its capacity in financial scrutiny with the aim of rebuilding the trust of citizens in the transparency and accountability of the parliament. In Sri Lanka, WFD began a new programme working with the parliament and with the political parties to support the evolving responsibilities of the parliament in response to constitutional change.

Middle East and North Africa (MENA)

In Iraq, WFD continued to work with the Kurdish and National parliaments to help committees to develop clear strategies and good quality research and information. The aim is to increase their capacity to hold government to account, improve legislation and promote transparency and good governance. In Jordan, WFD continued to support the parliament by consolidating establishment of the parliament's research centre and increasing the use of evidence in the parliament's work. WFD also continued to support the Integrity Committee and the Women MPs' Caucus. In Tunisia, WFD's programme is strengthening the Parliament's legislative, oversight and representation functions. WFD provided training and mentoring to help MPs improve their skills in drafting legislation, and is strengthening the outreach work of MPs and their communications with citizens. WFD continued its work in Morocco with the House of Representatives, supporting greater transparency and scrutiny of public policies, as well as a more supportive and enabling environment for women. WFD is also supporting the Legislative and Oversight Office and committee staff. WFD is also starting a new programme of work with the upper house in Morocco. WFD established a new programme in Lebanon to enhance and strengthen the effectiveness of the parliament in carrying out its core functions and tackling key policy issues. The programme is supporting parliamentary committees and aims to strengthen parliamentary staff services. The programme is also trying to increase young people's trust in parliament and participation in politics.

WFD provides support to the Coalition of Women MPs from Arab Countries. WFD works with the coalition to press for reform on three levels: building the awareness of forms and consequences of Violence against Women (VAW); supporting the development of a regional framework to combat VAW; and supporting new legislation in four countries (Lebanon, Tunisia, Jordan and Iraq)

Latin America and Caribbean

The Conservative Party began a programme of support to the Caribbean Democrat Union (CDU), covering 10 Caribbean countries with the aim of strengthening democratic processes and the outreach capabilities of CDU and some non-CDU parties, as well as increasing youth engagement in the CDU. WFD began a programme of support to the Venezuela National Assembly, working with all parties represented in the Assembly to increase its capacity to play a responsible role in representing all Venezuelan citizens, addressing policy challenges, and ensuring oversight and accountability of the Government of Venezuela. In Paraguay, the Conservative Party provided support to develop the campaigning and organisational capacity, and internal democratic processes of the Partido Colorado (ANR-PC). The programme also aimed to strengthen the role of women and the youth within the ANR-PC.

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Research and Policy

WFD's research and policy programme was started during this year. We began a research partnership with the Department of Politics and International Relations at Oxford University that enables us to learn lessons from WFD's political party and parliamentary strengthening programmes and make those available both internally and with the wider democracy-strengthening community. The initial work of the partnership was presented in March 2016 and will be followed by further research papers during 2016-17. WFD will be expanding its research and policy work to develop some further lessons to apply to our programmes, for example in areas such as women's political empowerment, decentralisation, tolerance and the link between the cost of politics and corruption.

Priorities for 2016/17

WFD has three main priorities for the year ahead.

First, following the significant start up activities in 2015/16, the majority of our programmes now need to reach the stage of full implementation. In particular, there was extensive recruitment and consultation for the parliamentary and integrated programmes which should allow activities to be planned and implemented. The significant number of research programmes that are being launched during 2016/17 should provide important evidence for future programmes.

Second, WFD will seek to secure significant additional donor funding beyond its core grant in order to increase our impact. This will require us to improve our business development skills and capacity. Our target is to double the level of additional funding compared to 2015/16, i.e. to secure about £2 million of additional funding. However, we will operate cautiously so that we do not incur obligations that pose financial risk to the organisation.

Third, WFD will complete its programme of modernisation of its systems to consolidate improvement in our programme and information management, and our value for money. This will require continued investment in equipment and training. This is also an opportunity to make further progress in strengthening WFD's internal communications and our effectiveness.

3. Principal risks and uncertainties

As the nature of working on political governance abroad is complex and often delicate, the Board acknowledges that risk is a characteristic of WFD's work. WFD was set up as a non-departmental public body, at arm's length from Government, precisely so that it could undertake projects carrying a higher degree of political risk than would be undertaken by Government. There will also often be serious security risks in the countries in which WFD operates. WFD has always sought to support innovative projects for which direct UK Government support would not be available, and which carry a higher risk of failure than projects with less uncertainty. Risk management is fundamental to WFD in order to meet its programme and organisational goals and WFD has in place a risk management framework to identify and to manage risks and this is reported in more detail on pages 16 and 17.

The Board has identified its principal risks and uncertainties that could have a material impact on WFD in carrying out its work and has grouped them under four headings: Programmes, Policy, Capability, and cross-cutting these, Governance.

Programmes – this group of risks includes the risk that WFD suffers from the perception of political interference or of operating outside national laws, and the lack of public confidence if poor management leads to individual safety risk to staff, trainers, and delegates during its programmes. WFD takes care when planning programmes to identify potential risks whether based on relevant context analysis or via pragmatic security and logistic assessments. It is in the nature of WFD's work that political risks will always be prevalent and therefore building trust between individuals and groups is seen as a key way to mitigate them. WFD also needs to be able to demonstrate that it has a strong understanding of the policy context for democracy assistance, particularly assistance related to parliaments and political parties, in order to maintain the confidence of partners and funders.

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Policy – this group captures the risks that WFD can lose support for its theory of change or its programme model if WFD fails to maintain impact and/or quality in its programmes and research publications. During the year, WFD has commenced a number of initiatives intended to strengthen WFD’s reputation among political and professional groups and institutions, including launch of a Community of Practice, research events, a research partnership with Oxford University, and more refinement of WFD’s internal guidance and procedures.

Capability – these relate to the need to maintain appropriate staff capacity and maintain effective systems, particularly IT and financial controls. WFD needs to be able to manage its staff, skill-sets, and funds in a way that ensures value for money in its operations, and provides assurance of sound financial management of public funds.

Governance – these principal risks are not specific to the above and are concerned with loss of support from key stakeholders, particularly core funders, or economic conditions that impact on funders’ ability to maintain or grow support for WFD programmes. They include the risks of not addressing the recommendations from key external reviews, including lack of cohesion that undermines WFD’s effectiveness or reputation. During the year, a number of new initiatives have commenced that are intended to mitigate these risks, including a more focussed communications strategy, higher level of political engagement, and implementation of external review recommendations.

4. Resources

As at 31 March 2016, WFD employed 22 full-time equivalent staff in the UK (2015: 20), of whom 15 (2015: 12) are responsible for the design, management and delivery of country programmes and for managing local and UK partnerships. In countries where WFD is represented, WFD employs local staff that are engaged either on contract of services terms, or contract for services terms, and which are determined by the local circumstances. As at 31st March 2016, there were a total of 33 full-time equivalent appointments overseas (2015: 24).

UK staff are currently organised into specialist regional teams covering Africa, Europe and Eurasia, Middle East and North Africa (MENA), Asia, and Latin America/Caribbean (LAC). At the start of the year a new UK staff structure was implemented including two Regional Director posts that allow for greater focus on strategy, policy, and business development issues, with delegation of programme management responsibilities to Senior Programme Managers. Policy skills are now provided by WFD’s new parliamentary adviser. Inconsistencies in the way in which programme management responsibilities and accountability are reconciled are being addressed by adopting a model of Senior Responsible Officer, though more work on this initiative is still required. Overseas arrangements will continue to be assessed for their effectiveness and purpose but mainly follow the previous model of a Country Representative leading a country team supported by Programme Assistant/Financial Administrators. Increasingly, parliamentary and integrated programmes are managed or administered by local hubs, as one way of improving efficiency or effectiveness.

In the year WFD operated programme field offices in more countries than ever before, including some for the first time, plus conducted assessments and context analyses in preparation for several more new countries for 2016-17. This network of local offices has proved very successful in WFD being able to establish strong relationships with local partners and to respond quickly to new needs and opportunities. The relationships with UK political parties and the access to their expertise and trainers, and the ability to draw on other specialist expertise in Parliament and the devolved UK Assemblies, provides WFD with an extensive network of skills and knowledge as well as a unique selling point.

As well as WFD’s sponsor department FCO, DFID remains an important strategic partner and funder for WFD programmes and will continue to fund WFD until 2018 under the terms of its three-year (2015-2018) Accountable Grant of up to £9 million. This is in addition to the FCO’s core grant-in-aid (GIA) which for 2015-16 was £3.5 million, and for 2016-17 has been confirmed as £4.5 million.

In addition to its grant funding by the FCO and DFID, WFD secured other funding through the Arab Partnership Fund of £339,000 for programmes during 2015-16 in Morocco (£307,000) and Algeria (£32,000) (last year combined was £203,000). During the year 2015-16, WFD received £143,000 from the EU for parliamentary strengthening programmes in Pakistan (sub-contracted from British Council), in Uganda, and for elections observation work in Macedonia.

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5. Financial Position

WFD receives an annual core grant-in-aid from the FCO out of monies voted by Parliament, to enable it to achieve agreed objectives. This core grant is supplemented by further specific contracts from the FCO and from DFID. WFD has bid for and received European Union funds and it may seek funds from other public sector funds and from the private sector. The conditions of the grant-in-aid require that it should be applied for according to need and be spent in the year to which it relates. Cash balances are to be minimised, commensurate with being sufficient to meet liabilities. WFD applies for grant-in-aid periodically, typically bi-monthly, based upon cash flow forecasts of project and non-project expenditure.

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

During the year 2015-16 the grant-in-aid was £3.5 million. In 2015-16 £2,091,140 (2014-15: £2,182,006) was awarded or spent from grant-in-aid on projects and programmes and WFD spent a further £2,919,265 on projects funded wholly or partly by additional income (2014-2015: £2,662,575). 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 2016-17 will be increased to the level of £4.5 million although this is one-off and for 2017-18 onwards is expected to be restored to the level of £3.5 million. DFID funded WFD with £2.5 million as the first year of its 3-year Accountable Grant 2015-2018 under which DFID has committed to spend up to £9 million with WFD between 2015 and 2018.

5.1 Capital Structure

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

5.2 Cash Flow and Liquidity

During the year WFD had an increase of £296,640 (2014-15: increase £110,983) in cash and cash equivalents, resulting in net liquid funds at 31 March 2016 of £955,163 (2014-15 £658,523). Key factors contributing to the increase were the increase of deferred income at year end less the increase of accrued income (combined £14,000), the sharp increase in trade receivables and prepayments (combined £-133,000), the increase in trade payables and accruals (combined £372,000), and increased provisions (£33,000). Other working capital changes had the net effect of increasing cash by £10,000. The Statement of Cash Flows provides further analysis.

6. Relationships

WFD has significant relationships with the UK political parties, FCO, DFID, British Council, in-country partners and institutions, and grantees and institutions of the countries in which it operates. WFD has on-going contractual arrangements with and on behalf of the European Union, for work until 2016.

7. Details of Particular Matters

7.1 Employees

WFD's policy is to be an equal opportunities employer and its aim is that there will be no discrimination of any kind against any person on the grounds of colour, race, nationality, creed, religion or belief, sexual orientation, marital status, gender, disability, age or any other personal characteristics. We observe the Equality Act 2010 and make reasonable adjustments for people with disabilities. If a member of staff becomes disabled while working with us, we will do everything possible to ensure they continue working with us.

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WFD is committed to the policy on equal opportunities set out in the statement above and is required to comply with the Civil Service Commissioners' Recruitment Code. This ensures that there is no unlawful direct or indirect discrimination and enables the development of good employment practices. The application process for advertised vacancies within WFD is designed to ensure confidentiality of candidates at the short-listing stage, so ensuring that applications from disabled candidates are given full and fair consideration.

WFD's management and staff policies are maintained, reviewed, and updated on a regular basis and made available to all staff. They are also subject to internal audit to ensure compliance with legislation. Recruitment and interview procedures are structured to avoid discrimination. The breakdown of each sex as at the end of March 2016 was as follows:

	Female	Male
Governors	3	7
Employees in senior executive positions	-	2
UK staff	12	8
Overseas staff	18	15

WFD has a grievance procedure to be used by staff if they believe they may have been discriminated against. There were no grievances raised by staff during the last financial year

7.2 Essential Contractual Arrangements

Political parties in receipt of an allocation of grant-in-aid entered into contractual agreements with WFD for the financial year 2015-16. The contracts specify the amount of, and the conditions attached to, the allocated grant-in-aid. New contracts in respect of the financial year 2016-17 have been issued.

On behalf of the Board

Anthony Smith
Chief Executive and Accounting Officer
4 July 2016

The Westminster Foundation for Democracy Limited

GOVERNORS' REPORT

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 2016. The financial statements have been prepared in a form directed by the Secretary of State for Foreign and Commonwealth Affairs with the consent of HM Treasury.

Background Information

The Westminster Foundation for Democracy Limited (WFD) is domiciled in the United Kingdom and its registered office is 8th Floor Artillery House, 11-19 Artillery Row, London SW1P 1RT.

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

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

Results

The results for the year are summarised on page 21 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 £3,481,356 (2014-15: £3,497,572).

This deficit is set-off with the grant-in-aid in the core funds reserve, which leaves total funds (core and corporate) of £170,832 to be carried forward at the end of the year (2014-15: £152,188).

Board Of Governors

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

	<i>Appointed in the year</i>	<i>Resignation date</i>	<i>Appointment Ends</i>
Rushanara Ali MP			30-Jan-19
Henry Bellingham MP			03-Sep-16
Ken Caldwell			17-Jul-16
Rt Hon Jeffrey Donaldson MP	6-Jul-15		6-Jul-18
Rt Hon Dame Margaret Hodge MP	25-Aug-15		25-Aug-18
Bronwen Manby			20-Feb-17
Ann McKechin MP		11-Jun-15	
John Osmond			21-Feb-17
Andrew Rosindell MP			17-Aug-16
Rt Hon Alex Salmond MP	21-Jul-15		21-Jul-18
Rt Hon Andrew Stunell MP		21-Jul-15	
Peter Wishart MP		31-May-15	
Simon Walker	7-Dec-15		7-Dec-18

No Board member holds company directorships or has other significant interests which may conflict with their responsibilities, or has undertaken any material transactions with related parties. The Register of Interests is

The Westminster Foundation for Democracy Limited

GOVERNORS' REPORT

available to the public at WFD's registered office upon provision of 24 hours' notice.

The Westminster Foundation for Democracy Limited

GOVERNORS' REPORT

Audit and Risk Assurance Committee

WFD's Audit and Risk Assurance Committee ensures that WFD adheres to the highest standards of propriety in the use and stewardship of public funds and encourages proper accountability for the use of those funds. The Committee also promotes the development of internal control systems. During the year ending 31 March 2016 membership of WFD's Audit and Risk Assurance Committee comprised;

John Osmond	Chair
Bronwen Manby	
Rt Hon Dame Margaret Hodge MP	Appointed 16 September 2015
Rt Hon Andrew Stunell MP	Until 21 July 2015

Employee Information

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

Staff meetings held during 2015-16 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 2015-16, the average age of invoices paid was 10.98 calendar days (2014-15 8.76 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 39.2 days (2015 18.7 days).

Events after the reporting period date

The result of the referendum held on 23 June was in favour of the UK leaving the European Union. This is a non-adjusting event. A reasonable estimate of the financial effect of this event cannot be made.

Auditor

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

Approved and authorised for issue and signed on behalf of the Board on 4 July 2016

Henry Bellingham	Chair
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Anthony Smith	Chief Executive and Accounting Officer
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The Westminster Foundation for Democracy Limited

REMUNERATION REPORT

The Terms and Conditions Sub-Committee of the Board is responsible for reviewing all aspects of remuneration and employment terms and conditions of staff. Their recommendations are submitted to the Board for approval. The committee is chaired by a governor appointed by the Board and during the year ending 31 March 2016 the following Governors were members of the Committee:

Rt Hon Alex Salmond MP, Chair
Andrew Rosindell MP

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

The remuneration of the Chief Executive and the Finance Director is reviewed annually and is determined by reference to the recommendations of the Senior Salaries Review Body, based on the annual performance appraisal conducted by the Chair of the Board. Performance objectives are set for the succeeding year and these are reviewed on an iterative basis through the year, to assess performance. A performance related bonus can be paid dependent on performance in line with civil service guidelines.

WFD entered into a Service Agreement with Anthony Smith, Chief Executive, on 18 August 2014 and this remained in effect throughout the year to 31 March 2016.

During the year, in line with the pay policy there was an increase in base pay by 1 percent and bonuses of £1,600 and £1,120 were paid to Anthony Smith and Paul Naismith respectively based on performance in the year to 31 March 2015. The Chair's recommendations were reviewed by the Terms and Conditions Committee and the awards approved by the Board.

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

Single total figure of remuneration										
	Salary (£'000)		Bonus payments (£'000)		Benefits in kind (to nearest £100)		Pension benefits ⁶ (to nearest £1,000)		Total (£'000)	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
Anthony Smith	95-100	60-65 ⁷	0-5	0-5	-	-	35,000	22,000	130-135	80-85 ⁴
Paul Naismith	70-75	80-85 ⁸	0-5	5-10	-	-	29,000	31,000	100-105	120-125
All Governors	-	-	-	-	-	-	-	-	-	-

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid employee in their organisation at the reporting period end date, and the median remuneration of the organisation's workforce. The mid-point of the banded remuneration of the highest-paid employee in WFD at the financial year end 2015-16 was £97,500 (2014-15, £97,500). This was 2.6 times (2014-15, 2.8) the UK median remuneration of the workforce, which was £37,400 (2014-15, £35,410). Total remuneration includes salary and non-consolidated performance-related pay but excludes severance payments. There were no benefits-in-kind paid in the year (2014-15, nil). It does not include employer pension contributions and the cash equivalent transfer value of pensions.

⁶ The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation or any increase or decreases due to a transfer of pension rights.

⁷ The prior year figure is between 18 August 2014 and 31 March 2015. The full year equivalent was £95k-£100k

⁸ The prior year figure includes period as Acting Chief Executive between 1 April 2014 and 18 August 2014

The Westminster Foundation for Democracy Limited

REMUNERATION REPORT

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

Pension benefits at 31 March 2016:

	Accrued pension at pension age as at 31 March 2016 and related lump sum £000	Real change in pension and related lump sum at pension age £000	CETV at 31 March 2016 £000	CETV at 31 March 2015 ⁹ £000	Real change in CETV £000	Employer contribution to partnership pension account Nearest £100
Anthony Smith	35-40 plus lump sum of 105-110	0-2.5 plus lump sum of 5-7.5	793	705	33	-
Paul Naismith	15-20 plus lump sum of nil	0-2.5 plus lump sum of nil	240	199	16	-

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 Principal Civil Service Pension Scheme (PCSPS) is a multi-employer fund, the CETV values will include accumulated accrued benefits from any previous employers that operate the PCSPS.

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

Compensation for loss of office:

During the year, compensation for loss of office was made to 3 staff members that left on early departure terms. Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme and they received compensation payments as follows:

Compensation payments during 2015-16 (2014-15 £nil)			
Exit package cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
<£10,000	-	-	-
£10,000 - £25,000	-	2	2
£25,001 - £50,000	-	1	1
Total number of exit packages	-	3	3
Total cost (£)	-	£74,821	£74,821

Anthony Smith

⁹ The CETV at 31 March 2015 can differ from the corresponding figure in last year's report as new or changed actuarial factors are used for the calculation of transfer values at the start and end of each period

The Westminster Foundation for Democracy Limited

REMUNERATION REPORT

Chief Executive and Accounting Officer
4 July 2016

The Westminster Foundation for Democracy Limited

GOVERNANCE STATEMENT

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. WFD's corporate and business plans, objectives and associated risks are discussed regularly with the FCO.

Governance Framework

The relationship between WFD and the FCO is specified in the Management Statement and its associated Financial Memorandum. These framework documents also include specific general guidance documents that WFD must comply with, and in addition WFD has drawn on guiding principles published in the UK Corporate Governance Code and The Audit Committee Handbook in establishing its governance framework. In line with recommended practice, in November 2013 WFD completed a review with the FCO of its Management Statement to ensure that robust governance arrangements are in place and maintained.

In line with Cabinet Office guidelines for a mandatory triennial review of all non-departmental public bodies the FCO published the report of the Triennial Review of the WFD in March 2015. The report included a range of recommended organisational, policy and governance measures to increase the relevance and impact of the WFD's work and during the past year the Board has reviewed progress towards fulfilment of these measures. The Board took a more strategic and less transactional role during the year in line with the review of its functioning that it had approved in the previous year. This enabled the Board to satisfy itself about the practical arrangements for programme approval (which had been delegated to the CEO) and to establish additional measures to assess the strategic fit of programmes and their effectiveness. By the end of year 19 of the 20 review recommendations had been completed and the remaining recommendation required no action.

The Board met four times during the year, and the average attendance by its appointed Governors was 83% 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. Throughout the year, they monitored delivery of the Business Plan 2015-16.

Accountability within WFD during the year has been overseen and exercised through the Board and three sub-committees, the Audit and Risk Assurance Committee, the Terms and Conditions Committee, and the newly established Programme Quality Committee. Each of these sub-committees was active under the chairmanship of a different non-executive Board member and supported the Board's and my corporate governance role.

The Terms of Reference for the Programme Quality sub-committee define its purpose which is to review the quality of WFD programmes and projects, and to help shape and monitor initiatives to strengthen the impact of WFD's work. As part of its work in the year the Committee performed a review of the annual strategic planning process and also monitored overall progress towards programme objectives. This highlighted that some indicators remain focussed on process rather than impact, pointing to the need to accelerate implementation in some cases,

The Audit and Risk Assurance Committee supports the Board to discharge its fiduciary, risk control and governance responsibilities by monitoring and giving advice to me in the exercise of my duties, and by promoting a climate of financial discipline and control within the organisation. The Committee performs the key role of reviewing and monitoring the systems of internal control and receives regular reports on the work and findings of the internal and external auditors. Minutes are prepared immediately following each meeting and provided to the Board, together with an annual report. The Committee agreed an overall audit plan for 2015-16 as proposed by WFD's internal audit service provider which was consistent with the existing three-year internal audit strategic plan, and this was performed as planned.

The Terms and Conditions Committee assists the Board to discharge its responsibilities relative to the terms and conditions of employment of WFD staff. The Committee works with me in my role as the Chief Executive to set

The Westminster Foundation for Democracy Limited

GOVERNANCE STATEMENT

policies relating to terms and conditions of service, health and safety, and security, to monitor the application of these policies, and to ensure transparency and fairness in the application of these arrangements. During the year the Committee was kept regularly informed on matters relating to staff including relevant issues identified by the Audit and Risk Assurance Committee.

During the year in review the Board met on four occasions, the Audit and Risk Assurance Committee met on four occasions, the Terms and Conditions committee met once, and the Programme Quality Committee met on four occasions. The committee structures reporting through to the Board have been clearly defined and the terms of reference, membership, and reporting arrangements reviewed annually.

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

	<i>Board Meetings</i>	<i>Audit Committee</i>	<i>Terms and Conditions Committee</i>	<i>Programme Quality Committee</i>
Rushanara Ali MP	3/4			0/2
Sir Henry Bellingham MP	4/4			
Kenneth Caldwell	4/4			4/4
Rt Hon Jeffrey Donaldson MP	1/3			0/2
Rt Hon Dame Margaret Hodge MP	3/3	1/2		
Bronwen Manby	3/4	4/4		4/4
Ann McKechin MP	0/0			
John Osmond	3/4	4/4		
Andrew Rosindell MP	3/4		1/1	
Rt Hon Alex Salmond MP	3/3		1/1	
Rt Hon Andrew Stunell	1/1	1/2		1/1
Simon Walker	1/1			
Peter Wishart MP	0/0			

Risk Assessment

The principal risks are set out on page 7 and the system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; 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 2016 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

A Risk Management Strategy and Risk Management Framework provide the framework for risk control and a Corporate Risk Register is maintained by WFD for review by the Board at each of its meetings. The risk strategy covers risk identification and evaluation, the recording of risks and their control and review, and risk assurance. It also defines the structures for the management and ownership of risk and identifies the company's approach to its risk appetite. The Board has previously agreed its appetite levels for eight key risks that were communicated throughout WFD and at its May 2016 meeting the Board reviewed each of these, following which some minor alterations were made. 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 and Risk Assurance Committee for them to review the action plans presented for each risk and the progress made towards reducing risk to the tolerance level set on a risk-by-risk basis. During the year, a dedicated risk management group has continued to operate and whose responsibilities were to ensure that risk management processes are operating effectively within programme and corporate teams, to review WFD's risks and confirm the top-level corporate risks, and to promote and facilitate

The Westminster Foundation for Democracy Limited

GOVERNANCE STATEMENT

feedback from risk management activities and discussions. As part of its work this group developed a revised high-level corporate risk register that re-aligned it to the new strategic objectives. Following this, a revised set of risk sub-registers was developed to ensure consistency throughout WFD. Staff are trained to identify and manage risk in a way appropriate to their authority and duties and the review has helped ensure that risks are assessed and managed at a level appropriate to its perceived threat, and that consideration of all significant risks and their management is escalated and recorded promptly. Any new project and programme proposals include a risk assessment and following their approval risk registers are maintained and used for all major programmes.

The significance and impact of identified risks is assessed and graded according to four measures, ranging between green, yellow, amber, and red. A red risk is a real or perceived immediate or sudden inability to deliver strategic objectives or to ensure the safety and security of staff. Amber risk is where there is a reasonable expectation of a material risk to the achievement of objectives or a heightened level of risk beyond what is acceptable to the security and safety of staff. The corporate risk register reports the current strategy for managing each risk, the relative strength of that risk control, and the net risk outcome - whether low, moderate, high, or severe.

During the year there continued to be no severe or high net risks identified. The risks considered to be moderate were: risk of reputational damage owing to perceived political interference or operating outside national laws, risk of inability to demonstrate strategic impact of programmes, risk of loss of support for WFD's theory of change, risk of poor quality management, risk that IT systems do not enable effective management, and risk of failure to demonstrate value for money. Active mitigation of each of these has been assigned to senior managers.

WFD has regularly reported to the FCO and to DFID of its progress, initially against WFD's Business Case for 2012-15 including a final annual progress report in June 2015 covering 2014-15 which was approved by both FCO and DFID, and more recently a first annual report of progress towards WFD's Business Case for 2016-18 is being prepared covering 2015-16. Meanwhile FCO and DFID have each confirmed ongoing funding for 2016-17.

Review of Effectiveness

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

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

- an Audit and Risk Assurance Committee that normally meets at least four times a year and reports to the Board of Governors regularly, including an Annual Report of the committee to the Board. The committee includes members with a range of audit and risk management experience. As well as monitoring an internal audit plan, the committee initiates a self-assessment review from time-to-time the most recent being in January 2015, and also follows an annual timetable covering its key responsibilities through the year;
- an Internal Audit Annual Report to the Audit and Risk Assurance Committee for 2015-16 included an overall opinion that, on the basis of the work performed, there was reasonable assurance that there is generally a sound system of internal control;
- 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 Governance, Open Societies and Anti-corruption Team of DFID;
- Management Accounts reporting in detail on programme and project expenditure and overheads, each compared to budget, on any resource allocations, and with estimated full year outcome regularly updated. These are reviewed by the Audit and Risk Assurance Committee and approved by the Board. ;
- 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;

The Westminster Foundation for Democracy Limited

GOVERNANCE STATEMENT

- periodic reports from the internal auditors to standards defined in the Government Internal Audit Standards;
- an independent triennial review, in line with Cabinet Office guidelines, by the FCO, as the sponsor department; the most recent being published on 12 March 2015.

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

Internal Audit activities

WFD has an internal audit function provided by an independent firm of auditors which operates to standards defined in the Government Internal Audit Standards. The work of internal audit is informed by an analysis of the risks to which WFD is exposed. An internal audit strategic plan 2015-18 has been approved and forward annual internal audit plans are based on this. I am responsible for approval of the analysis of risk and internal audit plans. The Audit and Risk Assurance Committee reviews these plans and they are endorsed by WFD's Board of Governors. A rolling programme of internal audit agreed by the Audit and Risk Assurance Committee provides me with regular reports on internal audit activity in WFD. The Internal Auditors were able to provide an overall opinion of reasonable assurance that there is a generally sound system of internal control and that these controls are generally applied consistently.

During 2015-16 the committee received eight internal audit reports covering the items in the programme, and update on previous reports. These concerned: Payroll and Procurement, HR Performance Management, Risk Management, (Programme) Performance Monitoring, Programme Manual Implementation Review, Safety & Security, and Overseas office (Jordan). In each report, level of assurance is provided for the design of internal control framework and for the operational effectiveness of internal controls respectively. Assurance can range from substantial, through moderate, limited, and finally nil assurance. Each report normally contains detailed findings and when reported these are expressed either as high, medium, or low significance.

Two limited assurance reports related to a Programme Manual Implementation review that considered the suitability, coherence, and clarity of WFD's programme manual and found, for example, a relative lack of compliance with minimum documentation requirements, and one limited assurance report was provided after a review of Safety and Security that considered whether appropriate arrangements are currently in place for which the evidence was that some substantial changes were required. Each of these reports were received at the end of the year. Overall, there were no findings of high significance, sixteen of medium significance and eight of low significance. The two mentioned reports with limited assurance each received the highest number of recommended actions (five) and senior management is now working through a series of initiatives to ensure the recommendations are implemented as quickly as possible.

It was also noted that following a review by the internal auditors of recommendations made in prior year reports, substantial work had been done for thirty-five of the forty recommendations that were followed-up, including eighteen that have been fully implemented or have been superseded, and a further twelve are in progress. Five of the recommendations were not due for implementation as at the year-end.

Anthony Smith
Chief Executive and Accounting Officer
4 July 2016

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

I certify that I have audited the financial statements of the Westminster Foundation for Democracy (WFD) for the year ended 31 March 2016 under the Government Resources and Accounts Act 2000. The financial statements comprise the Statement of Comprehensive Net Expenditure, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards as adopted by the European Union. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Board, Accounting Officer and auditor

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the 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 and Accounts 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 2016 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 directions made under the Government Financial Reporting Manual; and
- the information given in the Governors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

The Westminster Foundation for Democracy Limited

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

Matters on which I report by exception

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

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

Report

I have no observations to make on these financial statements.

Sir Amyas C E Morse
Comptroller and Auditor General

8 July 2016

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 2016

	<i>Notes</i>	Core Funds £	Corporate Funds £	31 March 2016 Total £	31 March 2015 Total £
INCOME					
European Union funding	2	143,609	-	143,609	182,253
Other additional funding	2	3,152,251	-	3,152,251	2,545,955
		<u>3,295,860</u>	<u>-</u>	<u>3,295,860</u>	<u>2,728,208</u>
DIRECT EXPENDITURE					
Projects	3,4	(4,893,058)	-	(4,893,058)	(4,740,584)
		<u>(1,597,198)</u>	<u>-</u>	<u>(1,597,198)</u>	<u>(2,012,376)</u>
OTHER EXPENDITURE					
Staff costs	4	(1,423,939)	-	(1,423,939)	(1,095,883)
Depreciation - owned assets	6	(8,323)	-	(8,323)	(508)
Property costs		(181,588)	-	(181,588)	(147,839)
Office expenditure		(92,154)	-	(92,154)	(86,523)
Computer expenses		(117,449)	-	(117,449)	(42,616)
Professional fees		(24,684)	-	(24,684)	(28,123)
Monitoring & Evaluation development		(24,225)	-	(24,225)	(71,996)
Audit fee		(12,000)	-	(12,000)	(12,000)
	5	<u>(1,884,362)</u>	<u>-</u>	<u>(1,884,362)</u>	<u>(1,485,488)</u>
NET OPERATING EXPENDITURE					
		<u>(3,481,560)</u>	<u>-</u>	<u>(3,481,560)</u>	<u>(3,497,864)</u>
Interest receivable		204	-	204	292
NET EXPENDITURE FOR THE YEAR					
		<u>(3,481,356)</u>	<u>-</u>	<u>(3,481,356)</u>	<u>(3,497,572)</u>

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

The Westminster Foundation for Democracy Limited
 STATEMENT OF FINANCIAL POSITION
 31 March 2016

	<i>Notes</i>	£	31 March 2016 £	£	31 March 2015 £
NON-CURRENT ASSETS					
Equipment	6		22,602		8,358
CURRENT ASSETS					
Trade and other receivables	8	317,566		77,265	
Cash and cash equivalents:					
Core		940,485		644,221	
Corporate		14,678		14,302	
			1,272,729	735,788	
Trade and other payables: amounts falling due within one year	9	(1,106,249)		(591,958)	
NET CURRENT ASSETS			166,480		143,830
PROVISION FOR LIABILITIES AND CHARGES	10		(18,250)		-
TOTAL ASSETS LESS CURRENT LIABILITIES			170,832		152,188
FUNDS					
Core	12		156,154		137,510
Corporate	12		14,678		14,678
			170,832		152,188

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 4 July 2016

Henry Bellingham

Chair

Anthony Smith

Chief Executive

The Westminster Foundation for Democracy Limited
 STATEMENT OF CASH FLOWS
 For the year ended 31 March 2016

	<i>Notes</i>	31 March 2016 £	31 March 2015 £
CASH FLOWS FROM OPERATING ACTIVITIES			
Net deficit after interest		(3,481,356)	(3,497,572)
Adjustment for depreciation	6	8,323	508
Decrease/(Increase) in trade and other receivables	8	(240,301)	160,909
Increase/(Decrease) in trade and other payables	9	514,291	(45,182)
Adjustment for provision	10	18,250	-
Net cash outflow from operating activities		<u>(3,180,793)</u>	<u>(3,381,337)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of equipment	6	<u>(22,567)</u>	<u>(7,680)</u>
Net cash outflow from investing activities		<u>(22,567)</u>	<u>(7,680)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Grant from FCO	1	<u>3,500,000</u>	<u>3,500,000</u>
Net financing		<u>3,500,000</u>	<u>3,500,000</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS IN THE PERIOD		<u>296,640</u>	<u>110,983</u>
Cash and cash equivalents at the beginning of the period		<u>658,523</u>	<u>547,540</u>
Cash and cash equivalents at the end of the period		<u>955,163</u>	<u>658,523</u>

The Westminster Foundation for Democracy Limited
 STATEMENT OF CHANGES IN EQUITY
 For the year ended 31 March 2016

	Core Funds £	Corporate Funds £	Total £
Balances at 31 March 2014	135,082	14,678	149,760
CHANGES IN EQUITY 2014-15			
Net expenditure	(3,497,572)	-	(3,497,572)
Total recognised Income and Expenditure 2014-15	(3,497,572)	-	(3,497,572)
Grant from FCO	3,500,000	-	3,500,000
Balances at 31 March 2015	137,510	14,678	152,188
CHANGES IN EQUITY 2015-16			
Net expenditure	(3,481,356)	-	(3,481,356)
Total recognised Income and Expenditure 2015-16	(3,481,356)	-	(3,481,356)
Grant from FCO	3,500,000	-	3,500,000
Balances at 31 March 2016	156,154	14,678	170,832

The Westminster Foundation for Democracy Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

1 Accounting Policies

1.1 Basis of Accounting

These financial statements have been prepared in accordance with IFRS as applied in accordance with the provisions of the Companies Act 2006. The financial statements are prepared under the historical cost convention, and in accordance with those parts of the Government Financial Reporting Manual (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.

1.2 Tangible Fixed Assets

All assets above £1,000 are brought onto the Statement of Financial Position (SoFP) 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

1.3 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.

1.4 Grants Receivables 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.

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.

1.5 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.

1.6 Taxation

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

1.7 Retirement Benefits

For defined contribution schemes the amount charged to the Statement of Comprehensive Net Expenditure account (SoCNE) 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 SoFP.

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

The Westminster Foundation for Democracy Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

2	Additional Funding¹⁰	2016 £	2015 £
	European Union	143,609	182,253
	DFID	2,430,129	2,250,000
	Joint DFID & FCO (APF)	338,867	203,079
	Other FCO	101,000	4,800
	Other third party	282,255	88,076
		<u>3,295,860</u>	<u>2,728,208</u>

During the year DFID provided Accountable Grant funding of £2,500,000 as part of its new 3-year grant ending in March 2018, of which £2,364,218 was utilised in 2015-16. The remainder relates to deferred income as it has not yet been earned by WFD.

3	Direct Expenditure on WFD Projects	2016 £	2015 £
	Parliamentary and integrated projects	2,801,918	2,558,578
	Political parties' sponsored projects:		
	Conservative Party	692,232	883,300
	Labour Party	972,813	883,300
	Liberal Democrats	307,400	307,917
	Multi parties	103,367	94,927
		<u>4,877,730</u>	<u>4,728,022</u>
	Travel and subsistence	15,327	12,562
		<u>4,893,057</u>	<u>4,740,584</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	2016 £	2015 £
	Wages and salaries	902,661	809,295
	Temporary staff	84,312	12,677
	Social security costs	83,844	74,996
	Other pension costs	168,738	134,163
	Recruitment and other staff costs	95,249	61,765
	Voluntary exit costs	74,821	-
	Change in un-taken holiday entitlement	14,314	2,987
		<u>1,423,939</u>	<u>1,095,883</u>

Expenditure on WFD projects costs include overseas locally engaged staff £564,830 (2014-15 £429,234)

The Governors did not receive any remuneration for their services but travel costs of £503 (2014-15: £1,169) were reimbursed in the year.

¹⁰ The European Union and DFID require their funding to be listed separately in the accounts

The Westminster Foundation for Democracy Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

Staff Numbers	2016 No.	2015 No.
The average number of employees (excluding Governors and vacancies) during the year was:		
Permanent – UK	20.4	18.8
Temporary - UK	1.8	0.2
Overseas	27.7	24.0

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 Principal Civil Service Pension Scheme (PCSPS) is an unfunded, multi-employer defined benefit scheme and WFD is unable to identify its share of the underlying assets and liabilities. Details of the scheme can be found in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservice.gov.uk/pensions).

For 2015-16, employers' contributions of £139,458 were payable to the PCSPS (2014-15 £111,879) at one of three rates in the range 20.9% to 24.5% 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 2015-16 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 £15,904 were payable to two of the panel of three appointed stakeholder pension providers (2014-15: £10,145). Employer contributions are age-related and range from 8.0% to 14.75% of pensionable pay. Employers can also match employee contributions up to 3% of pensionable pay. During the year contributions of £13,376 were also made to other personal money purchase pension schemes (2014-15: £12,138)

5	Other Operating Charges	2016 £	2015 £
	This includes:		
	(Gain)/Loss on foreign exchange	(7,611)	7,254
	Auditor's remuneration - for audit work	12,000	12,000
	- non-audit work*	10,968	19,476
	Operating lease rentals - office equipment	-	-
	- property leases	94,734	80,291

*for NAO's work as a partner organisation in the Sri Lanka, Morocco, and MENA region programmes

The Westminster Foundation for Democracy Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

6	Non-Current Assets	Computer equipment £	Furniture and fittings £	Total £
	COST			
	At 1 April 2014	39,476	20,773	60,249
	Additions	7,680	-	7,680
	Disposals	-	-	-
	At 31 March 2015	<u>47,156</u>	<u>20,773</u>	<u>67,929</u>
	At 1 April 2015	47,156	20,773	67,929
	Additions	7,122	15,445	22,567
	Disposals	-	-	-
	At 31 March 2016	<u>54,278</u>	<u>36,218</u>	<u>90,496</u>
	DEPRECIATION			
	At 1 April 2014	38,289	20,773	59,062
	Charge for the year	508	-	508
	Disposals	-	-	-
	At 31 March 2015	<u>38,797</u>	<u>20,773</u>	<u>59,570</u>
	At 1 April 2015	38,797	20,773	59,570
	Charge for the year	4,462	3,861	8,323
	Disposals	-	-	-
	At 31 March 2016	<u>43,260</u>	<u>24,634</u>	<u>67,894</u>
	NET BOOK VALUE			
	At 31 March 2016	<u>11,018</u>	<u>11,584</u>	<u>22,602</u>
	At 31 March 2015	<u>8,358</u>	<u>-</u>	<u>8,358</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	2016 £	2015 £
	Deposits and advances	57,693	53,636
	Trade receivables	107,158	6,019
	Prepayments and Accrued Income	152,715	17,610
		<u>317,566</u>	<u>77,265</u>

The Westminster Foundation for Democracy Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

9	Trade Payables and Other Current Liabilities: amounts falling due within one year	2016 £	2015 £
	Trade payables	514,027	242,370
	Accruals and Deferred Income	592,222	349,588
		<u>1,106,249</u>	<u>591,958</u>

10	Provisions for Liabilities and Charges	Dilapidations £
	Balance at 1 April 2015	-
	New provision for dilapidations at end of lease 31 March 2018	18,250
	Balance at 31 March 2016	<u>18,250</u>

From 1 April 2015, WFD has an operating lease in respect of Artillery Row which provides that either of the two parties can determine the lease at any time by giving not less than six months' notice or otherwise it will determine on 31 March 2018. A decision on relocating to other premises has been deferred meanwhile a provision of £18,250 for dilapidation costs (2014-15 £Nil) has been included within the financial statements.

11 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.

12 Funds

Fund balances are held as follows:

	2016 Core £	2016 Corporate £	2016 Total £	2015 Total £
Non-current assets	22,602	-	22,602	8,358
Receivables	317,566	-	317,566	77,265
Cash and cash equivalents	940,485	14,678	955,163	658,523
Payables	(1,124,499)	-	(1,124,499)	(591,958)
	<u>156,154</u>	<u>14,678</u>	<u>170,832</u>	<u>152,188</u>

The balance of Corporate Funds at 31 March 2016 represents corporate donation funds allocated for specific projects approved by the board.

13 Operating Leases

At 31 March 2016 WFD had annual commitments under non-cancellable operating leases as follows:

	2016	2015
Land and buildings:		
Expiry date:		
Within one year	47,397	47,397
Between two and five years	0	0
	<u>47,397</u>	<u>47,397</u>

The Westminster Foundation for Democracy Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

14 **Capital Commitments**

There were no capital commitments (2014-15: £ Nil).

15 **Grant Commitments**

At the year end, WFD had Board approvals for grant commitments amounting to £1,125,877 (2014-15: £935,343) of which £Nil (2014-15: £Nil) related to parliamentary projects and £1,125,877 (2014-15: £935,343) related to Political Parties projects. If these projects proceed they will be funded from future grant-in-aid income and no commitments have been accrued for these in the financial statements.

16 **Losses and Special Payments**

There are no losses or special payments reported within the Statement of Comprehensive Net Expenditure (2014-15 £Nil)

17 **Non-Trading Transactions**

In the course of 2015-16 WFD received donated third party funding of £29,767 unconnected to its programmes and disbursed these same funds within the year (2014-15 £150,762). The arrangement was agreed following satisfactory due diligence being performed, is ongoing, and is now scheduled to complete by December 2016.

18 **Going Concern**

At the time of signing these financial statements the FCO has confirmed its ongoing commitment to providing core annual funding to WFD for 2016-17 at the level of £4.5 million and DFID have confirmed they remain committed to spend up to £9 million to support WFD over three years 2015-2018, including £3.25 million in 2016-17. 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 4 July 2016.

19 **Related Party Transactions**

Core funding of £3,500,000 was received from the Foreign and Commonwealth Office (FCO) as grant-in-aid. A further £101,000 was recognised as received from FCO Embassies during the year. Funding of £2,500,000 was received from the Department for International Development (DFID) in the form of an accountable grant and other grant of £65,911 (CSSF). FCO and DFID also contributed £338,867 from jointly managed funds (Arab Partnership Fund). All related party transactions were made on terms equivalent to those that prevail in arm's length transactions.

20 **Events after the reporting period date**

The result of the referendum held on 23 June was in favour of the UK leaving the European Union. This is a non-adjusting event. A reasonable estimate of the financial effect of this event cannot be made.

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