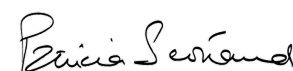


Financial Statements of the Commonwealth Youth Programme

Year Ended 30 June 2021



The Commonwealth



**The RT Hon
Patricia Scotland QC**
Secretary-General
23 December 2021



Dr Arjoon Suddhoo
Deputy Secretary-General
23 December 2021

COMMONWEALTH YOUTH PROGRAMME FUND

PRINCIPAL ACTIVITIES AND OPERATING STRUCTURE

Principal Activities of the Commonwealth Secretariat

The Commonwealth Secretariat, herein after referred to as The Commonwealth, is a voluntary association of 54 independent countries and equal sovereign states. Its members are bound together by respect for all states and peoples; by shared values and principles; and by concern for the vulnerable.

Commonwealth members are supported by a network of more than 80 intergovernmental, civil, cultural and professional organisations.

The Commonwealth:

- Supports Commonwealth member states to achieve development, democracy and peace. It is a voice for small and vulnerable states and a champion for young people;
- Helps to strengthen governance, build inclusive institutions and promote justice and human rights. Its work helps to grow economies and boost trade, empower young people, and address threats such as climate change, debt and inequality; and
- Provides technical assistance and supports decision-makers to draw up legislation and deliver policies. The Commonwealth deploys experts and observers who offer impartial advice and solutions to national issues. The Commonwealth also provides systems, software and research for managing resources.

At Commonwealth summits, the Commonwealth brings together government leaders whose decisions will have an enduring impact on all its citizens.

Priority areas of work are agreed at Commonwealth Heads of Government Meetings (CHOGM), which occur every two years.

Further information regarding The Commonwealth's current four year Strategic Plan from 2017/18 - 2020/21, which was approved in June 2017, and the new Strategic Plan from 2021/22 - 2024/25 which was approved in September 2021, can be found on the website www.thecommonwealth.org

Commonwealth Youth Programme Fund

The activities of The Commonwealth are funded by Member Governments via three separate multilateral funds:

- Commonwealth Secretariat Fund (COMSEC);
- Commonwealth Fund for Technical Co-operation (CFTC); and
- Commonwealth Youth Programme Fund (CYP).

The Memoranda of Understanding of the three funds require The Commonwealth to operate and prepare separate financial statements for each of the funds.

Accordingly, these are the financial statements of the **Commonwealth Youth Programme Fund** for the year ended 30 June 2021.

COMMONWEALTH YOUTH PROGRAMME FUND
PRINCIPAL ACTIVITIES AND OPERATING STRUCTURE

Governance and Structure

The Commonwealth is headed by a Secretary-General, The Rt Hon Patricia Scotland QC, who is appointed by the Heads of Government of the Commonwealth Member States.

The Secretary-General reports to the Heads of Government through individual meetings and also collectively at the biennial CHOGM. The Secretary-General is also held accountable through the Commonwealth's Board of Governors which meets regularly in London on behalf of all member governments at a senior diplomatic level. The Board of Governors also approves the Commonwealth Secretariat's strategic plan and supporting delivery plan and budget.

The Secretary-General is assisted by a senior management team in managing the activities of the organisation.

The Commonwealth Secretariat's structure is split into three directorates:

- Governance and Peace;
- Trade, Oceans and Natural Resources; and
- Economic, Youth and Sustainable Development.

The organisation has its headquarters in Marlborough House, Pall Mall, London, SW1Y 5HX, United Kingdom.

COMMONWEALTH YOUTH PROGRAMME FUND
INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF GOVERNORS

Independent auditor's report to the Board of Governors of Commonwealth Youth Programme Fund

Report on the audit of the non-statutory financial statements

Opinion

In our opinion the non-statutory financial statements of Commonwealth Youth Programme Fund (the 'Fund'):

- give a true and fair view of the state of the affairs of the Fund as at 30 June 2021 and of its surplus for the year then ended; and
- have been properly prepared in accordance with International Public Sector Accounting Standards and the Financial Regulations as authorised by the Commonwealth Heads of Government.

We have audited the non-statutory financial statements which comprise:

- the statement of financial position;
- the statement of financial performance;
- the statement of changes in net assets;
- the cash flow statement; and
- the related notes 1 to 20.

The financial reporting framework that has been applied in their preparation is International Public Sector Accounting Standards and the Financial Regulations as authorised by the Commonwealth Heads of Government.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the non-statutory financial statements section of our report.

We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Secretary General's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the non-statutory financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the non-statutory financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the non-statutory financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the non-statutory financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

COMMONWEALTH YOUTH PROGRAMME FUND
INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF GOVERNORS

Independent auditor's report to the Board of Governors of Commonwealth Youth Programme Fund

Report on the audit of the non-statutory financial statements

Responsibilities of the Secretary-General

The Secretary-General is responsible for the preparation of the non-statutory financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Secretary-General determines is necessary to enable the preparation of non-statutory financial statements that are free from material misstatement,

In preparing the non-statutory financial statements, the Secretary-General is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Secretary-General either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the non-statutory financial statements

Our objectives are to obtain reasonable assurance about whether the non-statutory financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these non-statutory financial statements.

A further description of our responsibilities for the audit of the non-statutory financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the fund's industry and its control environment, and reviewed the fund's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the fund operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the fund's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team including relevant internal specialists such as valuations and pensions regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following area, and our specific procedures performed to address it are described below:

There is management judgement and estimation involved in determining the level of provision to recognise in respect of doubtful debts. For this reason we identify a potential risk of fraud in recognition of the provision.

We obtained understanding of relevant controls in place to mitigate the risk, assessed the appropriateness of the method of estimating the provision, perform retrospective review of past recovery and tested whether the inputs and the methods have been applied correctly and re-calculated the provision amount

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

COMMONWEALTH YOUTH PROGRAMME FUND
INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF GOVERNORS

Independent auditor's report to the Board of Governors of Commonwealth Youth Programme Fund

Report on the audit of the non-statutory financial statements

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing internal audit reports.

Use of our report

This report is made solely for the exclusive use of the Board of Governors in accordance with the engagement letter dated 10 November 2021 and the Financial Regulations of the funds. Our report is not to be used for any other purpose, recited or referred to in any document, copied or made available (in whole or in part) to any other person without prior written express consent. We accept no duty, responsibility or liability to any other party in connection with the report or this engagement.



Deloitte LLP
St Albans, United Kingdom
17 January 2022

COMMONWEALTH YOUTH PROGRAMME FUND
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

| | | 30 June 2021 | 30 June 2020 |
|---|-------------------|------------------|------------------|
| ASSETS | Notes | £ | £ |
| Current Assets | | | |
| Cash and Cash Equivalents | 2 | 2,790,178 | 3,949,436 |
| Investments | 3 | 2,500,000 | - |
| Prepayments | | - | 864 |
| Members' Contributions Receivable from Non-exchange Transactions | 7(a) | 408,786 | 424,318 |
| Other Receivables from Exchange Transactions | 4 | 59,444 | 138,836 |
| | | 5,758,408 | 4,513,454 |
| Non-current Assets | | | |
| Members' Contributions Receivable from Non-exchange Transactions | 7(a) | 24,254 | - |
| TOTAL ASSETS | | 5,782,662 | 4,513,454 |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Provisions | 6 | 37,665 | 18,140 |
| Deferred Income from Non-exchange Transactions | 8 | 11,126 | 15,644 |
| Members' Contributions Prepaid from Non-exchange Transactions | 7(a)(i), 7(a)(ii) | 43,149 | 15,219 |
| Payables and Other Current Liabilities from Exchange Transactions | 5 | 290,444 | 181,475 |
| | | 382,384 | 230,478 |
| Non-current Liabilities | | | |
| Provisions | 6 | 57,338 | 21,636 |
| | | 57,338 | 21,636 |
| TOTAL LIABILITIES | | 439,722 | 252,114 |
| NET ASSETS | | 5,342,940 | 4,261,340 |
| FUND BALANCES AND RESERVES | | | |
| General Reserve | | 4,273,578 | 3,189,728 |
| CYMM/RAM Reserve | | 25,893 | 25,893 |
| Designated Reserve | | 279,950 | 282,200 |
| Working Capital Reserve | | 763,519 | 763,519 |
| TOTAL FUND BALANCES AND RESERVES | | 5,342,940 | 4,261,340 |

COMMONWEALTH YOUTH PROGRAMME FUND
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2021

| | | 2020-21 | 2019-20 |
|---|------------------|-------------------------|-------------------------|
| | Notes | £ | £ |
| REVENUE FROM NON-EXCHANGE TRANSACTIONS | | | |
| Contributions to CYP | 7(a)(i),7(a)(ii) | 3,105,509 | 3,107,623 |
| Special Projects | 8 | 4,518 | 24,000 |
| SUB-TOTAL REVENUE FROM NON-EXCHANGE TRANSACTIONS | | <u>3,110,027</u> | <u>3,131,623</u> |
| REVENUE FROM EXCHANGE TRANSACTIONS | | | |
| Interest Receivable | 9 | 1,117 | 25,043 |
| Other Income | 10 | - | 5,260 |
| SUB-TOTAL REVENUE FROM EXCHANGE TRANSACTIONS | | <u>1,117</u> | <u>30,303</u> |
| TOTAL REVENUE | | <u>3,111,144</u> | <u>3,161,926</u> |
| EXPENSES | | | |
| Staff Costs | 11 | 958,472 | 780,258 |
| Other Costs | 13 | 661,849 | 1,367,377 |
| Office Consolidation Charge | 1.15(f) | - | 111,567 |
| Common Service Charge | | 409,223 | 426,167 |
| TOTAL EXPENSES | | <u>2,029,544</u> | <u>2,685,369</u> |
| SURPLUS FOR THE YEAR | | <u>1,081,600</u> | <u>476,557</u> |

COMMONWEALTH YOUTH PROGRAMME FUND
STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2021

| | Notes | General Reserve | CYMM/RAM Reserve | Working Capital Reserve | Designated Reserve | Total |
|----------------------------------|-------|------------------|------------------|-------------------------|--------------------|------------------|
| | | £ | £ | £ | £ | £ |
| Balance at 1 July 2019 | | 2,508,652 | 25,893 | 763,519 | 486,719 | 3,784,783 |
| Surplus | | 476,557 | - | - | - | 476,557 |
| Transfer from Designated Reserve | 1.13 | 204,519 | - | - | (204,519) | - |
| Balance at 30 June 2020 | | 3,189,728 | 25,893 | 763,519 | 282,200 | 4,261,340 |
| Surplus | | 1,081,600 | - | - | - | 1,081,600 |
| Transfer from Designated Reserve | 1.13 | 2,250 | - | - | (2,250) | - |
| Balance at 30 June 2021 | | 4,273,578 | 25,893 | 763,519 | 279,950 | 5,342,940 |

COMMONWEALTH YOUTH PROGRAMME FUND
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2021

| | 2020-21 | 2019-20 |
|--|---------------------------|-------------------------|
| Notes | £ | £ |
| Cash Flow from Operating Activities | | |
| Surplus | 1,081,600 | 476,557 |
| Adjustments for: | | |
| (Increase)/Decrease in Contributions Receivable | (8,722) | 873,221 |
| Increase/(Decrease) in Contributions Prepaid | 27,930 | (9,313) |
| Decrease/(Increase) in Other Receivables | 79,392 | (119,511) |
| Decrease in Prepayments | 864 | 746 |
| Decrease in Deferred Income | (4,518) | (24,000) |
| Increase/(Decrease) in Payables and Other Current Liabilities | 108,969 | (189,158) |
| Increase/(Decrease) in Provisions | 55,227 | (27,049) |
| Net Cash Flow generated from Operating Activities | <u>1,340,742</u> | <u>981,493</u> |
| Cash Flow from Investing Activities | | |
| Investments in Fixed Term Investments | (2,500,000) | - |
| Cash from Fixed Term Deposit Maturities | - | 1,000,000 |
| Net Cash Flow (used in)/generated from Investing Activities | <u>(2,500,000)</u> | <u>1,000,000</u> |
| Net (Decrease)/Increase in Cash and Cash Equivalents | <u>(1,159,258)</u> | <u>1,981,493</u> |
| Cash and Cash Equivalents at the Beginning of the Period | 3,949,436 | 1,967,943 |
| Cash and Cash Equivalents at the End of the Period | <u>2,790,178</u> | <u>3,949,436</u> |

2

COMMONWEALTH YOUTH PROGRAMME FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

1. Accounting Policies

1.1 Statement of Compliance

The financial statements of the Commonwealth Youth Programme Fund (CYP) have been prepared on an accruals basis in accordance with the International Public Sector Accounting Standards (IPSAS).

In accordance with IPSAS 1, budgets and related budget reconciliation analysis have not been provided as they are not publicly available.

The financial statements include segmental information relating to the General Fund and Special Projects. Information is analysed into the statement of financial position and statement of financial performance for each segment. The segmental information does not include income, expenses, advances or loans to or between segments.

1.1.1 Standards Issued not yet effective:

IPSAS 41 – Financial Instruments

IPSAS 41, which replaces IPSAS 29, addresses the principles for recognition, measurement, classification and de-recognition of financial assets, financial liabilities and some contracts to buy or sell non-financial items. The main changes from IPSAS 29 to IPSAS 41 are the introduction of simplified classification and measurement requirements for financial assets, a forward looking impairment model, and a flexible hedge accounting model. IPSAS 41 will be effective from 1 January 2023. The Commonwealth has not yet implemented this standard whose expected impact on the Commonwealth's financial statements is minimal primarily because the entity already recognises impairment losses on its financial assets at the earliest opportunity.

IPSAS 42 – Social benefits

IPSAS 42, also effective from 1 January 2023 applies to a transaction that meets the definition of a social benefit. This standard has not been implemented by CYP as the nature of the entity's work does not include transactions which would be classified as social benefits.

1.2 Change to Accounting Policies

The Commonwealth reviews its accounting policies on a regular basis and amends them as necessary in line with the prevailing accounting standards and its operational circumstances.

1.3 Basis for Non-Consolidation of Financial Statements

As mentioned previously under Principal Activities and Operating Structure, the activities of The Commonwealth are funded by Member Governments via three separate multilateral funds:

- Commonwealth Secretariat Fund (COMSEC);
- Commonwealth Fund for Technical Co-operation (CFTC); and
- Commonwealth Youth Programme Fund (CYP).

The Memoranda of Understanding of the three funds require The Commonwealth to operate and prepare separate audited financial statements for each of the funds. Each fund is controlled by its member governments and these member governments may vary from fund to fund.

The Commonwealth has reviewed IPSAS 35 Consolidated and Separate Financial Statements and considers that the consolidation requirement is not applicable in this situation.

1.4 Accounting Convention

The financial statements have been prepared using the historical cost convention except for the revaluation of property assets.

1.5 Going Concern Assumption

The financial statements have been prepared on the going concern basis. The Secretariat has considered the potential uncertainties of the impact of the Covid-19 pandemic on the organisation and has modelled different scenarios to quantify the potential impact of a reduction in income collection from member countries. After due consideration, management has a reasonable expectation that The Commonwealth will continue in operational existence for the foreseeable future and at least for a period of 12 months subsequent to the date of signing these financial statements. The Board of Governors has approved the 2021-22 Budget and Delivery Plan along with the associated funding by member states.

COMMONWEALTH YOUTH PROGRAMME FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

1. Accounting Policies (continued)

1.6 Functional and Presentational Currency

The financial statements have been presented in GB Pounds Sterling which is The Commonwealth's functional currency. All financial information presented in GB Pounds Sterling has been rounded to the nearest £1.

1.7 Financial Instruments

Financial instruments are recognised when CYP becomes a party to the contractual provisions of the instrument until such a time as when the rights to receive cash flows from those assets have expired or have been transferred and CYP has transferred substantially all the risks and rewards of ownership.

Financial assets that are held for trading are initially measured at fair value and any gains or losses arising from changes in the fair value are accounted for through surplus or deficit and included within the Statement of Financial Performance in the period in which they arise.

Financial assets with fixed or determinable payments that are not quoted in active markets comprise contributions receivable in cash, other receivables and cash and cash equivalents which are initially measured at fair value and subsequently stated at amortised cost.

Financial assets with fixed or determinable payments and fixed maturity dates that CYP has both the intention and the ability to hold to maturity are initially measured at fair value and subsequently measured at amortised cost. As at 30 June 2021, no such financial assets were held by CYP.

All non-derivative financial liabilities are recognised initially at fair value, and subsequently measured at amortised cost using the effective interest method.

1.8 Cash and Cash Equivalents

Cash and cash equivalents consist of cash in hand and bank balances that can easily be converted into cash without loss of value. Cash and cash equivalents are held in interest bearing accounts on the money market, instant access accounts or as fixed short-term deposits. All deposits are due to mature within three months and, as such, they have all been classified as cash and cash equivalents under current assets.

Cash and cash equivalents held for use for specific purposes are considered as restricted.

1.9 Impairment

Each year, a review of all assets is carried out for indications of impairment. If such indications exist, management will estimate the recoverable service amount and any loss is charged against the Statement of Financial Performance.

1.10 Payables and Accruals

Payables and accruals include liabilities in respect of goods and services which have been received and are either invoiced but unpaid or not invoiced at the year-end. Accruals for purposes of disclosure in the financial statements are aggregated with trade payables.

1.11 Deferred Income

CYP receives additional contributions and grants from member states, non-Commonwealth countries and other organisations. These are awarded subject to specific performance conditions. The revenue for these contributions and grants is recognised when the conditions are met and is reported in the Statement of Financial Performance as Special Project Income under revenue from non-exchange Transactions. The unutilised balance is reported as Deferred Income from non-exchange transactions in the Statement of Financial Position.

COMMONWEALTH YOUTH PROGRAMME FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

1. Accounting Policies (continued)

1.12 Provisions and Contingent Liabilities

Provisions are made for future liabilities and charges where CYP has a present legal or constructive obligation as a result of a past event and a reliable estimate can be made.

Other obligations, which do not meet the recognition criteria for liabilities, are disclosed in the notes to the financial statements as contingent liabilities when their existence could only be confirmed by the occurrence or non-occurrence of uncertain future events.

1.13 Reserves

CYP's reserves consist of the following:

- General Reserve is the fund carried forward after accounting for contributions, other sources of income and expenses for all programme related and administrative categories;
- Working Capital Reserve, serves to protect the Fund against temporary shortages of cash, arising from the need to maintain expenditure levels in the event of irregular settlement of receivables by member states. Investments are held separately to represent the Working Capital Fund. In accordance with Section V of the revised Financial Regulations, the reserve will be subject to a maximum of 25% of approved planned expenditure for that year;
- CYMM/RAM Reserve is the fund set aside to finance the governance meetings. Commonwealth Youth Ministers Meeting (CYMM)/Regional Advisory Meeting (RAM) is held every four years; and
- Designated Reserve is set aside for specific purposes within the overall reserves as agreed with the Board of Governors as part of the annual budget.

1.14 Revenue

(a) Revenue from Non-Exchange Transactions

Non-exchange transactions are transactions in which CYP receives contributions either with nominal or no consideration provided directly in return.

(i) Contributions

CYP is financed by assessed contributions from 53 member states of the Commonwealth. Revenue is recognised in the period to which the contribution relates following agreement of contributions at the annual meeting of the Board of Governors. Where contributions are received in advance of the year to which they relate, the amount is recognised as a non-exchange liability in the Statement of Financial Position.

Members' contributions receivable in the Statement of Financial Position is stated at the agreed amount and reduced by a provision for doubtful balances.

(ii) Special Projects

CYP receives additional contributions and grants from member states, non-Commonwealth countries and other organisations for special projects (see note 8 for details of individual special projects). These monies are awarded subject to specific performance conditions.

Where a transfer is subject to conditions that, if unfulfilled, require the return of the transferred resources, deferred income is reported as a non-exchange liability on the Statement of Financial Position. The revenue for these projects is recognized when the agreed conditions are met.

(b) Revenue from Exchange Transactions

Exchange transactions are transactions in which CYP provides a service and receives fair value consideration in return.

(i) Interest Receivable

Interest income from interest-bearing accounts and investments is recognised in the period in which the transaction occurred rather than when the income is received.

COMMONWEALTH YOUTH PROGRAMME FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

1.14 Revenue (b) Revenue from Exchange Transactions (Continued)

(ii) Other Income

Other income consists of:

- Sundry receipts, Insurance payments and refunds; and
- Special Projects Administration Fees.

Such income is recognised in the period in which the transaction occurred, not when the income is received.

1.15 Expenses

(a) Staff Costs

(i) Unused Annual Leave

Staff are permitted to accumulate unused annual leave for use in future periods. The value of unused annual leave at year-end has been estimated using salary pay points and number of leave days outstanding. This is included within staff costs in the Statement of Financial Performance. The obligation is recognised as an accrual in the Statement of Financial Position.

(ii) Relocation Expenses

The Commonwealth pays relocation expenses for overseas recruited staff and experts at the beginning and end of their contracts. A provision for future costs is included within staff costs in these financial statements.

(iii) Home Leave

The Commonwealth pays for home leave passages for overseas recruited staff after serving a minimum period of 18 months of their contracts. A provision for future home leave passages is included within staff costs in these financial statements.

(iv) Pensions

The Commonwealth operates a defined contribution pension scheme, two defined benefit pension schemes, and a supplementary arrangement as described below.

Work Place Pension

With the introduction of Automatic Enrolment on 1 January 2018, a Commonwealth Secretariat Workplace Pension Scheme was established. The Workplace Pension Scheme is a defined contribution pension scheme administered by Scottish Widows. Staff can elect to have either The Commonwealth's contribution of 15% of their gross salary transferred to the Workplace Pension Scheme or The Commonwealth's contribution of 10% of their gross salary transferred to the Workplace Pension Scheme with the remaining 5% invested in the Staff Gratuity Fund.

The Commonwealth's contributions to the workplace pension scheme are recognised as staff costs in the statement of financial performance.

Former Secretaries-General Pension Scheme

An unfunded, defined benefit pension scheme is in operation for three former Secretaries-General. Costs relating to the financial year are recognised in the Statement of Financial Performance of COMSEC.

An actuarial valuation of The Commonwealth's obligation as at the year-end is obtained, with the liability recognised in the Statement of Financial Position of COMSEC. The present value of the defined benefit obligations due to the former Secretaries-General is determined by discounting the estimated future cash outflows using agreed assumptions. There are no directly attributable investments or assets to support the obligations of this scheme. Unrealised actuarial gains and losses are recognised in the Statement of Changes in Net Assets in COMSEC.

All transactions and valuations are recorded within the COMSEC financial statements for administrative efficiency.

COMMONWEALTH YOUTH PROGRAMME FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

1.15 Expenses (a) Staff Costs (iv) Pensions (Continued)

Staff Defined Benefit Pension Scheme

CYP participates in the defined benefit scheme, Commonwealth Secretariat Pension and Life Assurance Scheme (1979), operated by The Commonwealth where the benefits are based on final pensionable pay. The scheme is managed by a board of trustees nominated by The Commonwealth as employer and scheme members in line with UK pension regulations.

The current Schedule of Contributions requires the employer to contribute the amount required to bring the aggregate contribution to one twelfth of 99.7% of the total contributory payroll of the active members of all the funds each month in respect of future service, together with additional monthly contributions of £90,000 to meet the past service shortfall on behalf of entitled employees. Also payable are insurance premiums for death-in-service benefits and expenses incurred by the trustees in administering the scheme.

The Scheme is subject to UK pension regulations. It undertakes valuations every three years and prepares financial statements to 31 March. The financial statements of the scheme are audited by Assure UK. The scheme's actuary is Neal Thompson, Partner, First Actuarial LLP. The audited financial statements and details of advisors are available on request from the Payroll and Pensions Team, Finance and Management Information Section, Marlborough House, London, SW1Y 5HX.

The Scheme, which was accessible to staff of COMSEC, CFTC, CYP and Commonwealth Science Council Funds, was closed to new members with effect from 1 January 2002. It is not possible to separate the scheme liabilities relating to staff under the different funds. The entire liability is therefore recognised in the Statement of Financial Position in COMSEC. The liability or asset recognised in respect of the scheme is the fair value of the plan assets less the present value of the defined obligation at the reporting date.

The current service cost, interest on scheme liabilities and expected return on the scheme assets are recognised in the Statement of Financial Performance of COMSEC.

Actuarial gains and losses are recognised in full in the period in which they occur in the Statement of Changes in Net Assets of COMSEC.

There is no contractual agreement or stated policy for charging the net defined benefit cost from COMSEC to CYP. CYP therefore recognises in its Statement of Financial Performance a cost equal to the contribution payable for the period.

Further details of the defined benefit scheme are disclosed on pages 28 to 38 of the June 2021 financial statements of the Commonwealth Secretariat Fund (COMSEC Fund).

Supplementary Pension

The Secretariat operates an unfunded defined benefit pension plan, Supplementary Pension. This arrangement is not a registered pension scheme in the UK and there are no directly attributable assets held by The Commonwealth to support the liability of the arrangement.

Under the plan, the members are entitled to post-retirement monthly instalments that provide discretionary pension increases in payment over and above the minimum pension increases set out in the Trust Deed and Rules of the Commonwealth Secretariat Pension & Life Assurance Scheme (1979) ("the Main Scheme").

Members are guaranteed a 2.5% increase on pension payments each year. Additional increases may be awarded on a discretionary basis based on an annual review by The Commonwealth.

An actuarial valuation of The Commonwealth's obligation as at the year-end is obtained, with the entire liability recognised in the Statement of Financial Position of COMSEC as it is not possible to separate the scheme liabilities under the different funds. The present value of the supplementary pension obligations is determined by discounting the estimated future cash outflows using agreed assumptions.

There are no directly attributable investments or assets to support the obligations of this scheme. Unrealised gains and losses are recognised in the Statement of Changes in Net Assets in COMSEC.

COMMONWEALTH YOUTH PROGRAMME FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

1.15 Expenses (a) Staff Costs (iv) Pensions (Continued)

Group Stakeholder Defined Contribution Pension Scheme

The Commonwealth also operates a defined contribution pension scheme which is accessible to staff of COMSEC, CFTC and CYP. All contributions are recognised in the Statement of Financial Performance in the period in which the obligations arise.

(v) Gratuity

For staff who opt out of or select the reduced contribution to the Commonwealth Secretariat Workplace Pension Scheme, The Commonwealth contributes up to 15% of gross salary into the Staff Gratuity Fund. The Commonwealth's contributions to the staff gratuity fund are recognised as staff costs in the Statement of Financial Performance. Payments of accumulated gratuity plus interest are made to staff at the end of their contract or on leaving The Commonwealth.

The contributions are paid into a COMSEC bank account and managed separately in readily convertible investments. Cash deposits and fixed term deposits relating to the staff gratuity fund are not available for general use by The Commonwealth. The related asset and liability are reported in the Statement of Financial Position of COMSEC because it is not possible to readily separate the proportion relating to CYP employees. The liability is classified as current or non-current dependent on the expiry dates of the employees' contracts.

(b) Office Rental Costs

The headquarters of The Commonwealth is located in Marlborough House in London. Marlborough House is provided free of rent by the UK Government. Under IPSAS 23 Revenue from Non-Exchange Transactions, the value of this service-in-kind is recognised as both income and expense in the Statement of Financial Performance of COMSEC. The service-in-kind has been estimated using the rental value of Commonwealth House in proportion to the office area in Marlborough House.

The Commonwealth also had operations sited in a separate office building, Commonwealth House. In December 2019, The Commonwealth vacated the building as part of the office consolidation project.

(c) Direct Projects

Direct Project Costs are expenses related to programmatic activities. Where these expenses occur against a contract issued to a service provider, the related cost is recognised in the Statement of Financial Performance when specific conditions in the individual contracts are fulfilled.

(d) Foreign Currency Transactions

Transactions in foreign currencies are translated to GB Pounds Sterling at the rate of exchange on the date of the transactions. Gains and losses resulting from the settlement of foreign currency transactions are recognised in the Statement of Financial Performance.

(e) Common Service Charge

CYP is charged a levy referred to as the Common Service Charge by COMSEC. The charge recovers some of the costs incurred by COMSEC in operating the internal corporate business support functions which includes Finance, Human Resources and Facility Management, Information Technology, Strategy, Portfolio, Partnerships and Digital and to a lesser extent, Communications.

The present method of apportioning these costs is based on the proportion of staff members' time devoted to supporting activities in a particular area of work. The costs are apportioned on the basis of an agreed formula which includes staff costs, office accommodation and other administrative costs related to the corporate business support functions.

COMMONWEALTH YOUTH PROGRAMME FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

1.15 Expenses (Continued)

(f) Office Consolidation Charge

The Commonwealth consolidated its London operations into one office building, Marlborough House, in order to generate savings and improved ways of working. To facilitate this consolidation, in December 2018 The Commonwealth exercised the lease break option in its current lease for Commonwealth House without incurring a penalty. The Commonwealth vacated Commonwealth House in December 2019.

In 2019-20 COMSEC levied an office consolidation charge on the CYP to recover some of the costs incurred by COMSEC in delivering the consolidation project. The method of apportioning these costs is based on the projected total revenue used to fund expenditure in each of COMSEC, CFTC and CYP.

The consolidation project costs cover activities associated with the vacating and yielding up of Commonwealth House to the landlord, accelerated depreciation on Commonwealth House building improvements, enabling and upgrade works required in Marlborough House, and the physical move of staff and operations from Commonwealth House into Marlborough House.

1.16 Tax

The Commonwealth operates an Internal Tax System under an agreement with the UK Government. Tax deducted from staff emoluments is retained by the organisation.

1.17 Use of Estimates and Judgements

Preparing financial statements in accordance with IPSAS requires The Commonwealth to make estimates, judgements and assumptions in the selection and application of accounting policies and in the reported amounts of assets, liabilities, revenues and expenses. For this reason, actual results may differ from those estimates. Accounting estimates and underlying assumptions are reviewed on an on-going basis. Revisions to estimates are recognised in the year in which they are revised and in any future period affected.

There are no key sources of estimation uncertainty at the statement of financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

There were no critical judgements in the year made during the process of applying the accounting policies.

COMMONWEALTH YOUTH PROGRAMME FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

2. Cash and Cash Equivalents

Restricted balances relate to balances for special project funds, which are held for use only for these specific purposes.

| | Unrestricted | | Restricted | | Total | |
|--|------------------|------------------|-----------------|-----------------|------------------|------------------|
| | 30 June 2021 | 30 June 2020 | 30 June 2021 | 30 June 2020 | 30 June 2021 | 30 June 2020 |
| | £ | £ | £ | £ | £ | £ |
| Cash and Cash Deposits | 5,279,052 | 3,933,792 | 11,126 | 15,644 | 5,290,178 | 3,949,436 |
| Total Cash and Cash Equivalents | 5,279,052 | 3,933,792 | 11,126 | 15,644 | 5,290,178 | 3,949,436 |

3. Investments

| | 30 June 2021 | 30 June 2020 |
|-------------------------------|------------------|-----------------|
| | £ | £ |
| Fixed term deposits - current | 2,500,000 | - |
| Total Investments | 2,500,000 | - |

Fixed term deposits held for a period of more than three months have been classified as investments.

4. Other Receivables from Exchange Transactions

| | Notes | 30 June 2021 | 30 June 2020 |
|---|-------|-----------------|-----------------|
| | | £ | £ |
| Commonwealth Secretariat | | 13,976 | 137,190 |
| Other Debtors | | 45,468 | 1,646 |
| Total Receivables less provision | | 59,444 | 138,836 |

Ageing of Receivables from Exchange Transactions:

| | 30 June 2021 | 30 June 2020 |
|--------------|-----------------|-----------------|
| | £ | £ |
| Current | 59,444 | 138,836 |
| Total | 59,444 | 138,836 |

5. Payables and Other Liabilities from Exchange Transactions

Amounts falling due within one year

| | 30 June 2021 | 30 June 2020 |
|---|-----------------|-----------------|
| | £ | £ |
| Staff Balances | 23 | 6,423 |
| Trade Payables and Accruals | 183,469 | 175,052 |
| CFTC | 106,952 | - |
| Total Payables and Current Liabilities | 290,444 | 181,475 |

COMMONWEALTH YOUTH PROGRAMME FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

6. Provisions

The provisions classified as such in the Statement of Financial Position are as follows:

| | As at 30 June 2021 | | As at 30 June 2020 | |
|-------------------------|----------------------------|---------------------------|----------------------------|---------------------------|
| | Due within one year | Due after one year | Due within one year | Due after one year |
| | £ | £ | £ | £ |
| Relocation Expenses | 30,805 | 57,338 | 18,140 | 21,636 |
| Home Leave Expenses | 6,860 | - | - | - |
| Total Provisions | 37,665 | 57,338 | 18,140 | 21,636 |

Movements in provisions during the year are as follows:

| Provisions for Liabilities | Notes | As at 1 July 2020 | Increase in provision | Amount used in year | As at 30 June 2021 |
|---|--------------|--------------------------|------------------------------|----------------------------|---------------------------|
| | | £ | £ | £ | £ |
| Relocation Expenses | (a) | 39,776 | 48,367 | - | 88,143 |
| Home Leave Expenses | (b) | - | 6,860 | - | 6,860 |
| Total Provisions for Liabilities | | 39,776 | 55,227 | - | 95,003 |

(a) CYP incurs relocation expenses for overseas recruited staff and experts at the beginning and end of their contracts. The costs of relocation are variable because they depend on the timing of the relocation, which can be at any stage within the maximum contract period of nine years (depending on renewal of three year contracts); the location from which the staff member is relocated; the size and circumstances of the family; and the complexity of the individual's affairs at the time.

The level of provision is based on an annual review of future costs and the movement in the provision for the year has been included in the Statement of Financial Performance under staff costs.

(b) The provision relates to home leave passages for overseas recruited staff. Overseas recruited staff and their dependents are provided with one home leave passage after serving 18 months of any of their contracts. The level of provision is based on an annual review of future costs and the movement in the provision for the year has been included in the Statement of Financial Performance under staff costs.

7. (a) Members' Contributions Receivable from Non-Exchange Transactions

| | 30 June 2021 | 30 June 2020 |
|---|---------------------|---------------------|
| | £ | £ |
| Current | 640,964 | 729,548 |
| Provision for doubtful accounts | (232,178) | (305,230) |
| Total Net Current Contributions Receivable | 408,786 | 424,318 |
| Non-Current | 96,884 | 82,310 |
| Provision for doubtful accounts | (72,630) | (82,310) |
| Total Net Non-current Contributions Receivable | 24,254 | - |

The provision for doubtful accounts relates to members' contributions. The net contributions receivable is £433,040 (2020: £424,318).

In order to manage and reduce long outstanding arrears, affected governments are invited to discuss and agree a suitable payment plan. As at 30 June 2021, three member countries had agreed a payment plan amounting to £107,401 (2020: £102,979).

COMMONWEALTH YOUTH PROGRAMME FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

7. (a) Members' Contributions Receivable from Non-Exchange Transactions (Continued)

Ageing of receivables from non-exchange transactions:

| | 30 June 2021 | 30 June 2020 |
|---------------------------|-----------------------|-----------------------|
| | £ | £ |
| Less than one year | 328,543 | 315,349 |
| Between one and two years | 58,254 | 84,554 |
| More than two years | 46,243 | 24,415 |
| Total | <u>433,040</u> | <u>424,318</u> |

The provision for doubtful accounts is for the outstanding contributions receivable where there is a delay in settlement of arrears. The change in the provision for doubtful accounts during 2020-21 is as follows:

| | As at 1 July 2020 | Increase in provision | (Decrease) in provision | As at 30 June 2021 |
|-----------------------------|------------------------------|----------------------------------|------------------------------------|-------------------------------|
| | £ | £ | £ | £ |
| Provision for doubtful debt | 387,540 | 75,267 | (157,999) | 304,808 |

The increase in provision of £75,267 (2020: £95,331) is for additional outstanding balances from member states assessed as doubtful contributions as at 30 June 2021 due to delay in settlement of arrears.

The decrease in provision of £157,999 (2020: £23,021) is for receipts received during the year for outstanding contribution balances previously provided for as doubtful.

COMMONWEALTH YOUTH PROGRAMME FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

7. (a) (i) Members' Contributions from Non-Exchange Transactions 2020-21

| Country | Balance as at 01 July 2020 | | Assessment 2020-21 | Received 2020-21 | Balance as at 30 June 2021 | |
|-----------------------------|----------------------------|-----------------|-----------------------|---------------------|----------------------------|-----------------|
| | Receivable | Prepaid | | | Receivable | Prepaid |
| | £ | £ | £ | £ | £ | £ |
| Antigua & Barbuda | - | - | 7,556 | - | 7,556 | - |
| Australia | - | - | 392,908 | 392,908 | - | - |
| The Bahamas | - | - | 22,668 | 22,668 | - | - |
| Bangladesh | - | - | 19,645 | 19,645 | - | - |
| Barbados | - | - | 9,067 | - | 9,067 | - |
| Belize | - | - | 6,045 | - | 6,045 | - |
| Botswana | - | - | 22,668 | 22,668 | - | - |
| Brunei Darussalam | - | - | 25,690 | 25,690 | - | - |
| Cameroon | 19,645 | - | 19,645 | 20,542 | 18,748 | - |
| Canada | - | - | 642,254 | 642,254 | - | - |
| Cyprus | 31,735 | - | 31,735 | 31,735 | 31,735 | - |
| Dominica | 65,525 | - | 6,045 | 7,663 | 63,907 | - |
| Fiji | - | (38) | 9,067 | 9,067 | - | (39) |
| The Gambia | 14,458 | - | 6,045 | - | 20,503 | - |
| Ghana | 45,336 | - | 22,668 | 45,336 | 22,668 | - |
| Grenada | - | - | 6,045 | - | 6,045 | - |
| Guyana | 19,920 | - | 7,556 | - | 27,476 | - |
| India | - | - | 143,563 | 143,563 | - | - |
| Jamaica | 73,189 | - | 19,645 | 73,189 | 19,645 | - |
| Kenya | 18,022 | - | 22,668 | 16,866 | 23,824 | - |
| Kiribati | 6,990 | - | 6,045 | 10,964 | 2,071 | - |
| Lesotho | - | - | 6,045 | 6,045 | - | - |
| Malawi | 7,556 | - | 7,556 | - | 15,112 | - |
| Malaysia | - | - | 68,003 | 68,003 | - | - |
| Maldives | 16,509 | - | 6,034 | 3,303 | 19,240 | - |
| Malta | - | - | 22,668 | 22,668 | - | - |
| Mauritius | - | - | 19,645 | 19,645 | - | - |
| Mozambique | 9,067 | - | 9,067 | 18,134 | - | - |
| Namibia | - | - | 19,645 | 19,645 | - | - |
| Nauru | 7,262 | - | 6,045 | 13,307 | - | - |
| Nigeria | 117,872 | - | 58,936 | 111,392 | 65,416 | - |
| Pakistan | 45,336 | - | 45,336 | 90,672 | - | - |
| Papua New Guinea | 9,067 | - | 9,067 | - | 18,134 | - |
| Rwanda | 7,556 | - | 7,556 | 15,112 | - | - |
| Samoa | 1,021 | - | 6,045 | - | 7,066 | - |
| Seychelles | - | - | 6,045 | - | 6,045 | - |
| Sierra Leone | - | - | 6,045 | 6,045 | - | - |
| Singapore | - | - | 83,115 | 83,115 | - | - |
| Solomon Islands | 6,045 | - | 6,045 | - | 12,090 | - |
| South Africa | - | (15,181) | 83,115 | 83,115 | - | (15,181) |
| Sri Lanka | - | - | 25,690 | 51,380 | - | (25,690) |
| St Kitts & Nevis | - | - | 6,045 | - | 6,045 | - |
| St Lucia | 3,811 | - | 6,045 | 12,090 | - | (2,234) |
| St Vincent & The Grenadines | 37,454 | - | 6,045 | 19,245 | 24,254 | - |
| eSwatini | 7,556 | - | 7,556 | 15,112 | - | - |
| Tanzania | - | - | 19,645 | - | 19,645 | - |
| Tonga | 12,085 | - | 6,045 | 18,135 | - | (5) |
| Trinidad & Tobago | 31,735 | - | 31,735 | - | 63,470 | - |
| Tuvalu | 21,912 | - | 6,045 | 15,867 | 12,090 | - |
| Uganda | 39,290 | - | 19,645 | - | 58,935 | - |
| United Kingdom | - | - | 1,030,660 | 1,030,660 | - | - |
| Vanuatu | 6,045 | - | 6,045 | - | 12,090 | - |
| Zambia | 9,067 | - | 9,067 | - | 18,134 | - |
| Zimbabwe* | 76,339 | - | - | - | 76,339 | - |
| Cook Islands | 44,453 | - | - | - | 44,453 | - |
| Total | 811,858 | (15,219) | 3,105,509 | 3,207,448 | 737,848 | (43,149) |

*Zimbabwe withdrew from The Commonwealth in 2003

COMMONWEALTH YOUTH PROGRAMME FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

7. (a) (ii) Members' Contributions from Non-Exchange Transactions 2019-20

| Country | Balance as at 01 July 2019 | | Assessment 2019-20 | Received 2019-20 | Balance as at 30 June 2020 | |
|-----------------------------|----------------------------|-----------------|-----------------------|---------------------|----------------------------|-----------------|
| | Receivable | Prepaid | | | Receivable | Prepaid |
| | £ | £ | £ | £ | £ | £ |
| Antigua & Barbuda | - | - | 7,556 | 7,556 | - | - |
| Australia | - | - | 392,907 | 392,907 | - | - |
| The Bahamas | - | - | 22,668 | 22,668 | - | - |
| Bangladesh | - | - | 19,645 | 19,645 | - | - |
| Barbados | - | - | 9,067 | 9,067 | - | - |
| Belize | - | - | 6,045 | 6,045 | - | - |
| Botswana | - | - | 22,668 | 22,668 | - | - |
| Brunei Darussalam | - | - | 25,690 | 25,690 | - | - |
| Cameroon | - | - | 19,645 | - | 19,645 | - |
| Canada | - | - | 642,253 | 642,253 | - | - |
| Cyprus | 31,735 | - | 31,735 | 31,735 | 31,735 | - |
| Dominica | 59,480 | - | 6,045 | - | 65,525 | - |
| Fiji | - | (224) | 9,067 | 8,881 | - | (38) |
| The Gambia | 8,413 | - | 6,045 | - | 14,458 | - |
| Ghana | 22,668 | - | 22,668 | - | 45,336 | - |
| Grenada | - | - | 6,045 | 6,045 | - | - |
| Guyana | 22,498 | - | 7,556 | 10,134 | 19,920 | - |
| India | - | - | 143,562 | 143,562 | - | - |
| Jamaica | 89,771 | - | 19,645 | 36,227 | 73,189 | - |
| Kenya | - | (4,646) | 22,668 | - | 18,022 | - |
| Kiribati | 945 | - | 6,045 | - | 6,990 | - |
| Lesotho | - | (2,247) | 6,045 | 3,798 | - | - |
| Malawi | - | - | 7,556 | - | 7,556 | - |
| Malaysia | - | - | 68,003 | 68,003 | - | - |
| Maldives* | 13,360 | - | 3,149 | - | 16,509 | - |
| Malta | - | - | 22,668 | 22,668 | - | - |
| Mauritius | - | - | 19,645 | 19,645 | - | - |
| Mozambique | - | - | 9,067 | - | 9,067 | - |
| Namibia | - | - | 19,645 | 19,645 | - | - |
| Nauru | 6,045 | - | 6,045 | 4,828 | 7,262 | - |
| Nigeria | 58,936 | - | 58,936 | - | 117,872 | - |
| Pakistan | - | - | 45,336 | - | 45,336 | - |
| Papua New Guinea | - | - | 9,067 | - | 9,067 | - |
| Rwanda | 7,556 | - | 7,556 | 7,556 | 7,556 | - |
| Samoa | - | - | 6,045 | 5,024 | 1,021 | - |
| Seychelles | - | - | 6,045 | 6,045 | - | - |
| Sierra Leone | - | - | 6,045 | 6,045 | - | - |
| Singapore | - | - | 83,115 | 83,115 | - | - |
| Solomon Islands | - | - | 6,045 | - | 6,045 | - |
| South Africa | - | (15,181) | 83,115 | 83,115 | - | (15,181) |
| Sri Lanka | - | - | 25,690 | 25,690 | - | - |
| St Kitts & Nevis | - | - | 6,045 | 6,045 | - | - |
| St Lucia | - | (2,234) | 6,045 | - | 3,811 | - |
| St Vincent & The Grenadines | 31,409 | - | 6,045 | - | 37,454 | - |
| eSwatini | 22,650 | - | 7,556 | 22,650 | 7,556 | - |
| Tanzania | - | - | 19,645 | 19,645 | - | - |
| Tonga | 6,040 | - | 6,045 | - | 12,085 | - |
| Trinidad & Tobago | 31,735 | - | 31,735 | 31,735 | 31,735 | - |
| Tuvalu | 15,867 | - | 6,045 | - | 21,912 | - |
| Uganda | 19,645 | - | 19,645 | - | 39,290 | - |
| United Kingdom | 1,031,323 | - | 1,030,662 | 2,061,985 | - | - |
| Vanuatu | - | - | 6,045 | - | 6,045 | - |
| Zambia | 11,901 | - | 9,067 | 11,901 | 9,067 | - |
| Zimbabwe* | 76,339 | - | - | - | 76,339 | - |
| Cook Islands | 44,453 | - | 5,000 | 5,000 | 44,453 | - |
| Total | 1,612,769 | (24,532) | 3,107,623 | 3,899,221 | 811,858 | (15,219) |

*Zimbabwe withdrew from The Commonwealth in 2003. The Maldives rejoined The Commonwealth in 2020

COMMONWEALTH YOUTH PROGRAMME FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

8. (a) Deferred Income from Non-Exchange Transactions 2020-21

Special Projects

| | Deferred Income as at 1 July 2020 £ | Project Receipts £ | Project Expenses £ | Deferred Income as at 30 June 2021 £ |
|--|--|--------------------------|--------------------------|---|
| Young Professionals Programme | 13,910 | - | (2,784) | 11,126 |
| Grant to support SDP Programme Manager | 596 | - | (596) | - |
| Commonwealth YouthCAN | 1,138 | - | (1,138) | - |
| TOTAL | 15,644 | - | (4,518) | 11,126 |

8. (b) Deferred Income from Non-Exchange Transactions 2019-20

Special Projects

| | Deferred Income as at 1 July 2019 £ | Project Receipts £ | Project Expenses £ | Deferred Income as at 30 June 2020 £ |
|--|--|--------------------------|--------------------------|---|
| Commonwealth Youth Council | 10,335 | - | (10,335) | - |
| Young Professionals Programme | 13,910 | - | - | 13,910 |
| Youth Development Index | 11,843 | - | (11,843) | - |
| Grant to support SDP Programme Manager | 2,418 | - | (1,822) | 596 |
| Commonwealth YouthCAN | 1,138 | - | - | 1,138 |
| TOTAL | 39,644 | - | (24,000) | 15,644 |

9. Interest Receivable from Exchange Transactions

| | 2020-21 £ | 2019-20 £ |
|----------------------------------|--------------|---------------|
| Interest on Bank Deposits | 1,117 | 25,043 |
| Total Interest Receivable | 1,117 | 25,043 |

Interest bearing accounts and investments yielded an average rate of 0.10% (2020: 0.70%) during the reporting period.

10. Other Income

| | 2020-21 £ | 2019-20 £ |
|---------------------------|--------------|--------------|
| Miscellaneous Income | - | 5,260 |
| Total Other Income | - | 5,260 |

11. Staff Costs

| | 2020-21 £ | 2019-20 £ |
|--|----------------|----------------|
| Salaries and Allowances | 756,097 | 631,907 |
| Employer's National Insurance Contributions | 65,446 | 58,100 |
| Contributions to Staff Gratuity Fund | 68,946 | 69,302 |
| Contributions to Staff Defined Contribution Scheme | 15,064 | 5,389 |
| Staff Provisions | 52,919 | 15,560 |
| Total Staff Costs | 958,472 | 780,258 |

COMMONWEALTH YOUTH PROGRAMME FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

12. Remuneration of Key Management Personnel

The members of the Board of Governors do not receive any remuneration from the organisation for their roles. The full time equivalent remuneration paid or payable to key management personnel for CYP during the year was as follows:

| | Number of persons | | Aggregate Remuneration | |
|-----------------------------|-------------------|----------|------------------------|---------------|
| | 2020-21 | 2019-20 | 2020-21 | 2019-20 |
| | | | £ | £ |
| Senior Management Committee | 1 | - | 21,118 | 16,808 |
| Directors | - | - | 33,912 | 32,432 |
| TOTAL | 1 | - | 55,030 | 49,240 |

Key management personnel includes members of the Senior Management Committee of the Commonwealth, which comprised the Secretary-General, Deputy Secretary-General, Assistant Secretary-General, Director and Head of Office of the Secretary-General and Senior Directors. The Senior Management Committee has the authority and responsibility for planning, directing and controlling the activities of The Commonwealth. Key management personnel also includes the Directors of Divisions.

Aggregate remuneration includes salary, allowances and employer's contribution to the gratuity fund and/or workplace pension scheme as analysed further below. The Secretary-General is provided with rent-free accommodation at The Commonwealth's official residence at Hill Street along with a chauffeur driven car for official use which is also available for the Secretary-General's private use.

| | Senior Management Committee | | Directors and Heads of Units | |
|--|-----------------------------|---------------|------------------------------|---------------|
| | 2020-21 | 2019-20 | 2020-21 | 2019-20 |
| | £ | £ | £ | £ |
| Salary | 14,883 | 11,246 | 27,371 | 22,302 |
| Allowances | 2,991 | 2,922 | 1,525 | 5,835 |
| Gratuity | 3,244 | 2,640 | 4,560 | 3,070 |
| Contributions to Staff Defined Contribution Scheme | - | - | 456 | 1,225 |
| TOTAL | 21,118 | 16,808 | 33,912 | 32,432 |

There were no loans to key management personnel that were not available to other staff during the year.

13. Other Costs

| | 2020-21 | 2019-20 |
|--|----------------|------------------|
| | £ | £ |
| Short Term Consultants Costs | 275,603 | 281,636 |
| Travel and Subsistence Costs | 124,018 | 524,605 |
| Conference Facility Costs | 110,809 | 55,217 |
| Rent and Rates | 73,712 | 141,110 |
| Computer Maintenance | 60,990 | 41,569 |
| Communication, Publication and Information | 49,803 | 63,474 |
| Miscellaneous Expenses | 14,562 | 12,094 |
| Audit Fees | 14,000 | 11,042 |
| Insurance | 12,660 | 10,734 |
| Library and Subscriptions | 5,898 | 4,807 |
| Bank and Financial Charges | 1,938 | 3,470 |
| Events and Venue Costs | 588 | 145,309 |
| (Decrease)/Increase in Provision for Doubtful Balances | (82,732) | 72,310 |
| Total Other Costs | 661,849 | 1,367,377 |

COMMONWEALTH YOUTH PROGRAMME FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

14. Direct Project Expenses

For additional information, direct project expenses are analysed according to the cost types below:

| | 2020-21 | 2019-20 |
|--------------|-------------------------|-------------------------|
| | £ | £ |
| Staff Costs | 958,472 | 748,302 |
| Other Costs | 537,458 | 1,029,697 |
| Total | <u>1,495,930</u> | <u>1,777,999</u> |

15. Segmental Information

Segment information is based on the principal activities and sources of financing of CYP. These segments are as follows:

(a) General Fund

This segment includes all resources of CYP that are commingled and not earmarked. The main funding sources of this segment are assessed contributions from member states of the Commonwealth, other voluntary contributions and miscellaneous revenue. Funding from the contributions is used to carry out programme activities as set out in the annual budget and delivery plan approved by the Board of Governors.

(b) Special Project Funds

CYP receives additional contributions and grants from member states, non-Commonwealth countries and other organisations to carry out special projects. The resources in this segment can only be used for the purpose of expenditure subject to specific performance conditions as set out in the agreements with the donors.

COMMONWEALTH YOUTH PROGRAMME FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

15. Segmental Information (Continued)

STATEMENT OF FINANCIAL POSITION BY SEGMENT AS AT 30 JUNE 2021

| | General Fund £ | Special Projects £ | TOTAL £ |
|--|----------------------|--------------------------|------------------|
| ASSETS | | | |
| Current Assets | | | |
| Cash and Cash Equivalents | 2,779,052 | 11,126 | 2,790,178 |
| Investments | 2,500,000 | - | 2,500,000 |
| Prepayments | - | - | - |
| Members' Contributions Receivable from Non-exchange Transactions | 408,786 | - | 408,786 |
| Other Receivables from Exchange Transactions | 59,444 | - | 59,444 |
| | 5,747,282 | 11,126 | 5,758,408 |
| Non-Current Assets | | | |
| Members' Contributions Receivable from non-exchange transactions | 24,254 | - | 24,254 |
| TOTAL ASSETS | 5,771,536 | 11,126 | 5,782,662 |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Provisions | 37,665 | - | 37,665 |
| Deferred Income from Non-exchange Transactions | - | 11,126 | 11,126 |
| Members' Contributions Prepaid from Non-exchange Transactions | 43,149 | - | 43,149 |
| Payables and Other Liabilities from Exchange Transactions | 290,444 | - | 290,444 |
| | 371,258 | 11,126 | 382,384 |
| Non-Current Liabilities | | | |
| Provisions | 57,338 | - | 57,338 |
| TOTAL LIABILITIES | 428,596 | 11,126 | 439,722 |
| NET ASSETS | 5,342,940 | - | 5,342,940 |
| FUND BALANCES AND RESERVES | | | |
| General Reserve | 4,273,578 | - | 4,273,578 |
| CYMM/RAM Reserve | 25,893 | - | 25,893 |
| Designated Reserve | 279,950 | - | 279,950 |
| Working Capital Reserve | 763,519 | - | 763,519 |
| TOTAL FUND BALANCES AND RESERVES | 5,342,940 | - | 5,342,940 |

COMMONWEALTH YOUTH PROGRAMME FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

15. Segmental Information (Continued)

STATEMENT OF FINANCIAL PERFORMANCE BY SEGMENT FOR THE PERIOD ENDED 30 JUNE 2021

| | General Fund £ | Special Projects £ | TOTAL £ |
|---|----------------------|--------------------------|------------------|
| REVENUE FROM NON-EXCHANGE TRANSACTIONS | | | |
| Contributions to CYP | 3,105,509 | - | 3,105,509 |
| Special Projects | - | 4,518 | 4,518 |
| SUB-TOTAL REVENUE FROM NON-EXCHANGE TRANSACTIONS | 3,105,509 | 4,518 | 3,110,027 |
| REVENUE FROM EXCHANGE TRANSACTIONS | | | |
| Interest Revenue | 1,117 | - | 1,117 |
| SUB-TOTAL REVENUE FROM EXCHANGE TRANSACTIONS | 1,117 | - | 1,117 |
| TOTAL REVENUE | 3,106,626 | 4,518 | 3,111,144 |
| EXPENSES | | | |
| Staff Costs | 958,472 | - | 958,472 |
| Other Costs | 657,331 | 4,518 | 661,849 |
| Common Service Charge | 409,223 | - | 409,223 |
| TOTAL EXPENSES | 2,025,026 | 4,518 | 2,029,544 |
| SURPLUS FOR THE YEAR | 1,081,600 | - | 1,081,600 |

Included in total expenses of £2,025,026 is the sum of £1,495,930 which represents direct project expenses incurred by CYP. Direct project expenses are analysed in Note 14 of these financial statements.

COMMONWEALTH YOUTH PROGRAMME FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

16. Related Party Disclosures

(a) Controlled Entities

The Commonwealth as an organisation operates and separately prepares audited financial statements for the following three funds:

- Commonwealth Secretariat Fund (COMSEC);
- Commonwealth Fund for Technical Co-operation (CFTC); and
- Commonwealth Youth Programme Fund (CYP).

As described in note 1.15(e), costs of the corporate business support functions are incurred by COMSEC. These charges are then recovered from CFTC and CYP as Common Service Charges.

(b) Other Related Parties

The Secretary-General of the Commonwealth is a member of the Board of Governors of two sister organisations of The Commonwealth. They are the Commonwealth of Learning and Commonwealth Foundation. These fellow intergovernmental Commonwealth organisations each have a separate Memorandum of Understanding, Board of Governors and Executive Management independent of The Commonwealth Secretariat.

In the financial year to 30 June 2021, there were no transactions outside the normal operations between The Commonwealth Youth Programme Fund and the two Commonwealth organisations mentioned above (2020: £nil).

The Senior Management Committee is remunerated through COMSEC and a portion of the cost is allocated to CYP as disclosed in note 12.

17. Obligations under Operating Leases

All lease agreements are registered in COMSEC and the costs are shared among the three Funds. The total amount of operating leases recognised in CYP's Statement of Financial Performance for the period is £nil (2020: £65,026).

18. Financial Instruments

Details of the significant accounting policies and methods adopted, including the criteria for recognition and de-recognition, the basis on which gains and losses are recognised in respect of each class of financial asset and liability are set out in Note 1.7.

The Commonwealth's financial risk management policies are framed within the context of its treasury and investment management policy and financial regulations. The primary objective of the Commonwealth's treasury and investment management policy are security and liquidity. The Commonwealth continues to operate a framework of internal controls designed to safeguard its assets.

The main risks associated with the use of its financial instruments in the normal course of its operations are currency, interest rate, credit and liquidity risks.

(a) Fair Values

The assets of CYP are categorised as follows:

| | 30 June 2021 | 30 June 2020 |
|----------------------|------------------|------------------|
| | £ | £ |
| Financial Assets | 5,782,662 | 4,512,590 |
| Non-financial assets | - | 864 |
| Total | 5,782,662 | 4,513,454 |

COMMONWEALTH YOUTH PROGRAMME FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

18. Financial Instruments (a) Fair Values (Continued)

The liabilities of CYP are categorised as follows:

| | 30 June 2021 | 30 June 2020 |
|---------------------------|-----------------------|-----------------------|
| | £ | £ |
| Financial Liabilities | 290,444 | 181,475 |
| Non-financial Liabilities | 149,278 | 70,639 |
| Total | <u>439,722</u> | <u>252,114</u> |

There is no significant difference between the carrying amounts and fair value of CYP's financial instruments.

Financial Assets:

| | Carrying Amount £ |
|---------------------------|----------------------------------|
| 2021: | |
| Cash and Cash Equivalents | 2,790,178 |
| Investments | 2,500,000 |
| Receivables | 468,230 |
| Receivables – Non Current | 24,254 |
| Total | <u>5,782,662</u> |
| 2020: | |
| Cash and Cash Equivalents | 3,949,436 |
| Receivables – Current | 563,154 |
| Total | <u>4,512,590</u> |

Financial Liabilities:

| | Carrying Amount £ |
|--------------|----------------------------------|
| 2021: | |
| Payables | 290,444 |
| Total | <u>290,444</u> |
| 2020: | |
| Payables | 181,475 |
| Total | <u>181,475</u> |

Cash and short-term deposits, receivables, payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

Non-current liabilities are carried at their principal amounts, which represent the present value of future cash flows associated with servicing the debt.

COMMONWEALTH YOUTH PROGRAMME FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

18. Financial Instruments (Continued)

(b) Foreign Currency Risk

CYP is not exposed to foreign currency risk arising from Non-GB Pound Sterling holdings to support local operating activities in programme countries.

As at 30 June 2021, 100% of cash and cash equivalents were denominated in GB Pound Sterling (2020: 100% of cash and cash equivalents were denominated in GB Pound Sterling).

(c) Credit Risk

Credit risk is the risk of financial loss to CYP if counterparties and other third parties fail to meet their contractual obligations. CYP's exposure relates to receivables and cash and cash equivalents.

The treasury and investment management policy manages credit risk on cash and cash equivalents by limiting the amount of credit exposure to any one counterparty and ensuring these financial assets are held with well-recognised financial institutions. As at 30 June 2021, 100% of these financial assets were held at counterparty banks with a Standard and Poor's credit rating of A3 and higher.

Receivables comprise amounts mostly due from Member States and related parties. CYP manages risk on these receivables by actively seeking recovery of all amounts due. At the reporting date CYP assessed the past due receivables, creating a provision for those debts where it is considered that CYP will not collect the full amount due.

(d) Liquidity Risk

Liquidity risk is the risk of CYP not being able to meet its obligations as they fall due. The liquidity risk is managed by monitoring on a regular basis the available funds against anticipated expenditure and commitments.

CYP ensures that it has sufficient cash on demand to meet expected funding needs of the organisation through the use of cash flow forecasts, taking into consideration timing of investment maturities. All investments are short term in nature to ensure that sufficient funds are available to meet CYP commitments as and when they fall due.

| | |
|--------------------------|---------------------|
| | 2021 |
| | <6 months |
| | £ |
| Liabilities | |
| Payables | 290,444 |
| Total Liabilities | 290,444 |
| | 2020 |
| | <6 months |
| | £ |
| Liabilities | |
| Payables | 181,475 |
| Total Liabilities | 181,475 |

As at 30 June 2021 CYP had not issued any financial guarantees.

(e) Market Risk

Market risk is the possibility that CYP might incur financial losses owing to unfavourable movements in foreign currency exchange rates and interest.

COMMONWEALTH YOUTH PROGRAMME FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

18. Financial Instruments (Continued)

(f) Interest Rate Risk

Owing to the short maturity of cash and investments, an interest rate sensitivity analysis does not disclose significant variations in value. If the weighted average interest rate at 30 June 2021 had been 25% higher or lower, the interest income would have been affected as follows:

| | Increase (+) / Decrease (-) | Effect on Surplus / Deficit |
|----------------------------------|--------------------------------|-----------------------------------|
| Cash and Cash Equivalents | % | £ |
| | 25% | 279 |
| | -25% | (279) |

(g) Foreign Currency Risk

There were no foreign currencies held in CYP as at 30 June 2021 (2020: Nil).

19. Capital Management

The Commonwealth defines the capital that it manages as the aggregate of its net assets, which is comprised of accumulated balances and reserves. The Commonwealth's objectives in managing capital are to safeguard its ability to continue as a going concern to fund its asset base and to fulfil its mission and objectives. The Commonwealth's overall strategy with respect to capital management includes the balancing of its operating and capital activities with its funding on an annual basis.

The Commonwealth manages its capital structure in light of global economic conditions, the risk characteristics of the underlying assets, and working capital requirements. The Commonwealth manages its capital by reviewing, on a regular basis, the actual results against the budgets approved by the Board of Governors.

20. Events After Reporting Date

There are no material events, favourable or unfavourable that occurred between the reporting date, 30 June 2021, and the date of authorisation for issue that would have impacted these statements.

The Secretary-General authorised these financial statements for issue on 23 December 2021.

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