

The Westminster Foundation
for Democracy Limited

(Company number: 2693163)

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

ANNUAL REPORT AND ACCOUNTS

2009/10

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

Ordered by the House of Commons
To be Printed 26 July 2010

HC 374

LONDON: THE STATIONERY OFFICE

£5.75

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ISBN: 9780102966589

Printed in the UK by The Stationery Office Limited
on behalf of the Controller of Her Majesty's Stationery Office

ID: 2370511 07/10

Printed on paper containing 75% recycled fibre content minimum.

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 Foundation for the year ended 31 March 2010. The financial statements have been prepared in a form directed by the Secretary of State for Foreign and Commonwealth Affairs with the consent of the Treasury.

BACKGROUND INFORMATION

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

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

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

The Secretary of State for Foreign and Commonwealth Affairs and the Treasury Solicitor are the two named subscribers to the Company's Memorandum of Association. The Secretary of State has formal powers of appointment to the Foundation'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 16 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 £4,057,108 (2009: £4,059,053).

This deficit is set-off with the grant in aid in the core funds reserve, which leaves total funds (core and corporate) of £155,250 to be carried forward at the end of the year (2009: £112,358)

The Westminster Foundation for Democracy Limited

GOVERNORS' REPORT

BOARD OF GOVERNORS

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

	<i>Appointed in the year</i>	<i>Resignation date</i>	<i>Appointment Ends</i>
Haji Saghir Alam OBE*			16 October 2010
James Bewsher*			18 November 2012
Tina Fahm*			14 August 2011
Lord Foulkes			3 August 2012
Kenneth Jones*			16 October 2010
Christine Knights*			16 October 2010
Richard Spring MP		11 June 2009	
Myles Wickstead CBE*			5 August 2011
David Lidington MP			7 April 2011
Philip Dunne MP			7 August 2011
Sean Farren			8 September 2011
Meg Munn MP			19 October 2011
Jo Swinson MP			13 January 2012
Baroness Armstrong	21 April 2009		
Graham Brady MP	2 July 2009		

* Denotes Independent Governor

No Board member holds company directorships or has other significant interests which may conflict with their management responsibilities. The Register of Interests is available to the public at the Foundation's registered office between the hours of 10.00 a.m. and 5.00 p.m. upon provision of 24 hours notice.

AUDIT COMMITTEE

The Foundation's Audit Committee ensures that the Foundation 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 31st March 2010 membership of the Foundation's Audit Committee comprised;

Tina Fahm	Chair
Kenneth Jones FCMA, CPFA	
Philip Dunne MP	
Christine Knights	

DISABLED PERSONS

The Foundation is an equal opportunities employer and is committed to ensuring that there is no unlawful direct or indirect discrimination. It is the Foundation's aim that there will be no discrimination of any kind against any person on the grounds of disability. The application process for advertised vacancies within the Foundation is designed to ensure confidentiality of candidates at the short-listing stage, so ensuring that applications from disabled candidates are given full and fair consideration. We will follow the Disability Discrimination Acts and will make reasonable adjustments for people with disabilities. Every possible step will be taken to ensure that individuals are treated equally and fairly and that decisions on recruitment, selection, training, promotion and career management are based solely on objective and job related criteria. If a member of staff becomes disabled while working with us, we will do everything possible to ensure they continue working with us.

The Westminster Foundation for Democracy Limited

GOVERNORS' REPORT

EMPLOYEE INFORMATION

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

Staff meetings were held throughout 2009/2010, normally on a monthly basis. These meetings provide the opportunity for consultation by providing information to employees and encouraging views to be expressed. A Staff Survey was also conducted in 2010.

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

The Foundation adheres to the Government-wide standard on bill-paying which is to settle all valid bills within 30 days. In 2009/2010, the average age of invoices paid was 9.07 calendar days (2008/09 8.71 days). All undisputed invoices were paid within the agreed credit terms.

AUDITORS

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

Approved and authorised for issue and signed on behalf of the Board

Meg Munn MP
Chair
14th July 2010

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 the Foundation 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 the Foundation 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 other relevant accounting 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 the Foundation and of the surplus or deficit and cash flows for that year.

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

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

The Governors have taken reasonable steps to:

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

Sections 3.2.1 and 3.2.2 of the Management Statement define the Permanent Under Secretary for Foreign and Commonwealth Affairs as Principal Accounting Officer. The Chief Executive of the Foundation is designated by the Principal Accounting Officer as the Foundation'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 the Foundation 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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MANAGEMENT COMMENTARY

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

1. Nature, Objectives and Strategies of the Foundation

The Westminster Foundation for Democracy Ltd (WFD) is an Executive Non-Departmental Public Body (NDPB) established and sponsored by the Foreign and Commonwealth Office (FCO) in 1992. It is a private company limited by guarantee with no share capital. The purpose of the Foundation is to help establish and strengthen pluralist democratic institutions and political parties in countries where these are absent, or of recent foundation, or in need of further encouragement and development.

The overall aims for the Westminster Foundation for Democracy, as set out by the Foreign Secretary within its Memorandum and Articles of Association in 1992 are:

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

The Foundation's strengths derive from its unique structure which enables it to undertake party political work on a sister party and multi-party basis within one organisation and to draw on other specialist expertise for its parliamentary strengthening work.

The Foundation's priorities and objectives, approved by the Board of Governors, support and contribute to the delivery of the Government's strategic international goals. In particular, the Foundation's projects and programmes make a strong contribution to the FCO's Strategic Objective 6 (Preventing and Resolving Conflict) as well as Strategic Objective 8 (Strengthening the European Union) by building strong democratic institutions and parties around the world including in the EU's neighbourhood. The Foundation also contributes to DfID's international goals, notably PSAs 29 and 30.

WFD's Board established three corporate objectives for the Foundation for 2009-12 which define the direction that the Foundation will take in transforming itself to deliver programmes and projects that enable WFD to fulfil its mission.

The three corporate objectives are:

Objective 1 – Achieving demonstrable changes that have improved democracy in each of the parliaments and political parties with which we work

Objective 2 – Becoming a strategic partner for the Foreign and Commonwealth Office and the Department for International Development

Objective 3 – Strengthened collaboration with UK and international donors and partners

A new corporate plan will be put before the Board in January 2012.

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MANAGEMENT COMMENTARY

2. Current and Future Development and Performance

WFD specialises in parliamentary strengthening and political party development and has the unique ability to bring together the expertise in political party and parliamentary strengthening to which it has access. This meeting point is fundamental to the Foundation's work, as it is key to effective democracy building.

WFD is committed to increasing its role and impact as a world leader in supporting the development of democratic systems of government in: sub-Saharan Africa, the Middle East and North Africa (MENA), Central and Eastern Europe and increasingly, Asia. Today, WFD is working in 27 out of the 38 FCO priority countries for governance and democracy and 14 out of the 22 DFID priority countries under PSA 29; it is managing 15 cross-party/long-term parliamentary strengthening programmes in Macedonia, Ukraine, Georgia, Uganda, Mozambique, Kenya, Sierra Leone, Ghana, DRC, Ethiopia, Lebanon, Morocco, Iraq, Hong Kong and Bangladesh; as well as running capacity building projects in over 30 countries on a bi-lateral basis through the Westminster political parties.

WFD's core parliamentary strengthening programmes are multi-year, multi-project, multi-partner programmes and centre on four areas: financial oversight; parliamentary process and management; access to information; and human rights & the rule of law. These programmes involve building strong and effective partnerships with local organisations to help ensure the long term sustainability of our programmes. In those countries where we have long term programmes, we now have dedicated field offices to ensure the effective delivery of programmes and to maintain close contact with local partners and stakeholders.

WFD is working to a three year corporate plan which commits it to increasing income from £5.1 million in 2008-09 to £7.5 million per annum in 2011-12. We are aiming to achieve the objective of £6.5 million total income in 2010-11 but the impact of recent UK government spending reductions has restricted grant-in-aid element to £3.4 million in 2010-11 rather than the planned £4.1 million. WFD is developing new methods to support the delivery of its multi-stakeholder programmes and is committed both to deepening its relationships with current funders – principally the FCO and Department for International Development (DFID) – and to broadening its base of financial support.

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

- a focus on political work which the FCO or the Government could not or would not wish to undertake directly: strengthening political parties and parliaments, and working in repressive regimes and post-conflict situations where engaging directly with new/emerging political and civic groups and free media is politically sensitive, and where direct British government support could be interpreted as foreign interference.
- a developing capacity to deliver parliamentary and political party strengthening programmes, providing the FCO/DFID/HMG with an instrument capable of working alongside their own teams, with funding from programmes such as the FCO's Strategic Programme Fund and DFID's Governance and Transparency Fund.

Delivery of the Business Plan in 2009/10:

In Uganda, WFD worked with the Foundation for Human Rights Initiative (FHRI) to strengthen the capacity of local councillors, in key areas of participatory budgeting and planning, public accountability and awareness of human rights. This resulted in a 'Guide on Good Practices in Local Government', now being used by the Ministry of Local Government to help local leaders and councillors better engage in budgetary processes. WFD also supported the Uganda Women Parliamentary Association (UWOPA) in 2009-10 to carry out gender legislation advocacy work. A common women's legislative agenda has now been launched in the Ugandan parliament and four new progressive gender bills enacted, as a direct result of the programme.

The focus of WFD's Kenya programme in 2009-10 was on democratic engagement between constituents and their elected representatives. Working at both the parliamentary and the constituency level, WFD co-operated with civil society organisations to encourage a better understanding of the Constituency Development Fund (CDF) and the opportunities that this provides for more inclusive governance. Targeting four constituencies in Central, Coast and Nyanza, this programme explored more effective participatory methods of governance in

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regards to the CDF, and helped support civil society and politicians to work together to foster inclusive governance.

In Lebanon, as part of a WFD programme to strengthen the financial oversight role of the Lebanese Parliament, WFD has supported the Finance Committee in reviewing a Government Pensions Bill. This was necessary to improve the forecasting and financial provision and to enable policy options to be properly debated by all parties. The new draft bill was for the first time analysed by representatives of all political parties and trade unions and a final version produced for parliamentary decision.

In Macedonia, as part of a long-term strengthening programme, WFD provided a forum for cross-party dialogue and cooperation. This has been welcomed and used by all party factions to increase the effectiveness of the Assembly and secure cross-party agreement on key issues. A good example of this is the new 'Law on Parliament', creating a cross-party oversight instrument on parliamentary resources for the first time.

In Ukraine in 2009-10, WFD facilitated greater access for civil society organisations (CSOs) to engage with Parliament through improving their effectiveness to propose policy recommendations to Parliament. One coalition of CSOs brought together within the framework of the WFD programme lobbied for amendments to the Ukrainian Land Law and convinced a Parliamentary Committee to adopt 4 out of 5 of their proposals, ultimately improving public access to information about land regulations in Ukraine.

The Westminster Consortium for Parliaments and Democracy, a formal consortium of UK partners led and managed by WFD, has expanded its parliamentary strengthening programmes across three continents, funded by DfID's Governance and Transparency Fund (GTF). This is a £5 million programme currently working in Mozambique, Uganda, Ukraine, Georgia and Lebanon over five years and focusing on four thematic areas: financial oversight, access to information, parliamentary process and management, and human rights and the rule of law.

In 2010-11, WFD will be implementing a new DfID-funded Bangladesh political party capacity building programme, as well as launching new programmes in Morocco (under TWC) and Montenegro, hosting an innovative conference with all its overseas partners to provide new opportunities to build networks, as well as exploring new programme opportunities in places as diverse as the Kurdish region of Iraq and the British Overseas Territories.

3. Resources

The Foundation currently has a full time staff of 16 in the UK, eight of whom are responsible for the design, management and delivery of country programmes. UK staff are organised into regional teams for the Africa, Europe and MENA programmes. During the year the Foundation extended its long term parliamentary strengthening programmes and as a result established field offices in Lebanon, Uganda, Mozambique, Kenya, Sierra Leone, Georgia, and Bangladesh (field offices already operate in Ukraine and Macedonia).

For its grant-making, the Foundation relies on the capabilities of in-country partners responsible for the delivery of projects to ensure their success and important characteristics of these partners are their capacity, experience and integrity. The relationship with these partners and the ability to respond quickly to partner needs is a key strength of the Foundation, as well as its geographical and thematic expertise. The relationships with UK political parties and access to their expertise and trainers, as well as the ability to draw on other specialist expertise in Parliament and the devolved Assemblies provide the Foundation with further substantial resources. The Foundation publishes an Annual Review in which the political parties who work with the Foundation set out details of their Foundation related activities for the year.

Funding is still the most significant influence on the business as this determines the resource available. The Foundation received a grant-in-aid of £4.1 million in 2009/10, a level that has been maintained since 1999/2000. During the year the Foundation received further grants for other specific projects, producing revenue in 2010 of £1,437,426 (2009: £571,005).

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MANAGEMENT COMMENTARY

4. Principal Risks and Uncertainties

The Board supports and promotes a Risk Management system that is integrated within the day to day operations of the Foundation, supporting the management of the Foundation and the achievement of core objectives. The Foundation was set up at arm's length from Government so that it could undertake projects carrying a higher degree of political risk than would be undertaken by Government. The Foundation's approach is therefore not to avoid risk but to assess and manage it. The Foundation maintains a high level risk register summarising those risks that are above a tolerance level relevant for each risk. This is reviewed by both the Audit Committee and Board and by Internal Audit on an annual basis.

Effective risk management is an important priority for the Foundation and during the year it was integrated fully into the programme methodology tools used to monitor all programmes. Risk assessment of the Business Continuity Plan was also conducted through the year.

Risks are reviewed and changes made where necessary to the risk registers as a result of management meetings. The action plans and risk registers are used by the Audit Committee and internal audit in setting the internal audit plan of work for the year and ensuring that internal audit resources are allocated in the most appropriate manner. Programme risks are also reviewed and monitored regularly by the Foundation's Project and Programmes Committee.

5. Financial Position

The Foundation receives an annual grant-in-aid (GIA) from the Foreign and Commonwealth Office (FCO) out of monies voted by Parliament, to enable it to achieve agreed objectives. This grant is supplemented by further specific contracts from the FCO and the Department for International Development (DfID). The Foundation may receive private sector and other funds, including other public sector funds, in addition to these funds. The conditions of the GIA require that it should be applied for according to need and spent in the year to which it relates. Cash balances are to be minimised, commensurate with being sufficient to meet liabilities. The Foundation applies periodically for GIA, typically monthly, based upon cash flow forecasts of project and non-project expenditure.

The Foundation is not capital intensive and grant-in-aid funding is used for project expenditure and Foundation non-project costs, capital expenditure and changes in working capital. It has been confirmed by the FCO that GIA for 2010/11 will be reduced to a level of £3.392 million.

In 2009/10 £2,438,298 (2008/09: £2,798,632) was awarded or spent from grant-in-aid on projects and programmes and the Foundation spent a further £1,760,447 on projects funded wholly or partly by 3rd parties (2008/2009: £657,704). The Foundation 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 the Foundation. At the present time, the one factor that may affect the financial position of the Foundation going forward is the Government led review of UK public expenditure as part of the new four-year comprehensive spending plan. The Foundation will work closely with the FCO as this review is taken forward.

At 31 March 2010 the Board had approved projects amounting to £2,010,448 (2009: £2,539,609) that are intended to be funded from future GIA.

5.1 Accounting Policies

Core grants are credited in the year to which they relate. The Foundation has complied with the Government Financial Reporting Manual (FRM 2009-2010) in the treatment of grant in aid income which is therefore taken through the income and expenditure reserve. The accounting policy in respect of non-core grants ensures that costs in respect of these grants are matched to revenues. Non-core grants received in advance of expenditure are carried forward as deferred income and released to the Income and 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. Other expenditure is charged to the Income and Expenditure Account on an accruals basis inclusive of irrecoverable VAT.

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5.2 Capital Structure

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

5.3 Cash Flow and Liquidity

During the year the Foundation had a decrease of £391,272 (2008/9: increase £467,390) in cash and cash equivalents, resulting in net liquid funds at 31st March 2010 of £94,606 (2008/9 £485,877). Key factors contributing to the decrease were changes to deferred and accrued income arising from the high level of programme activity (reducing cash reserves by net £412,000) and use of provisions made in 2009 (£116,355). Other working capital changes had the net effect of increasing cash by £137,000. The Statement of Cash Flows provides further analysis.

6. Relationships

The Foundation has significant relationships with the Foreign and Commonwealth Office, UK political parties and patrons, Department for International Development (DfID), British Council, in-country partners and institutions, grantees and citizens of the countries in which we operate. The Foundation is also the lead partner in a consortium of British institutions known as The Westminster Consortium (TWC), which was awarded a grant from DfID scheduled to span five years up to 2013. The consortium includes the University of Essex Centre for Democratic Governance, the International Bar Association, the National Audit Office, Thomson Reuters Foundation, the Commonwealth Parliamentary Association UK Branch and the Overseas Office of the House of Commons. We work closely with partners and draw on other specialist expertise to maximise the impact of the work of the Foundation.

7. Details of Particular Matters

7.1 Employees

The Foundation'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.

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

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

7.2 Essential Contractual Arrangements

Political parties in receipt of an allocation of grant-in-aid entered into contractual agreements with the Foundation for the financial year 2009/10. The contracts specify the amount of, and the conditions attached to, the allocated grant-in-aid. New contracts in respect of the financial year 2010/11 have been issued.

On behalf of the Board

Linda Duffield
Chief Executive and Accounting Officer
14th July 2010

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 conditions of staff. Their recommendations are submitted to the Board for approval. The committee is chaired by an independent governor and during the year ending 31 March 2010 the following Governors were members of the committee:

James Bewsher	Chairman
Christine Knights	
Sean Farren	

The remuneration of the Chief Executive is reviewed annually and is determined by the recommendations of the Senior Salaries Review Body, based on the annual performance appraisal conducted by the Chair. Objectives are set for the succeeding year and used to assess performance. A performance related bonus can be paid dependent on performance and as determined by the Board. During the year there were no performance bonuses paid in respect of performance in the year to 31 March 2009. The Chair's recommendations are reviewed by the Terms and Conditions committee and approved by the Board.

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

The Foundation and David French, Chief Executive, agreed to terminate his Service Agreement on 8 May 2009. As part of the agreement as to the terms of his departure he was not required to serve his notice period as set out in his Service Agreement but was entitled to receive part of his early departure settlement by remaining on the payroll until 8 November 2009 at his option. On 8 November 2009 he was paid a final lump sum representing the balance of his contractual entitlement for which full provision was made at 31 March 2009

On 1 September 2009 the Foundation entered into a Service Agreement with Linda Duffield, as Chief Executive. This remained in effect in effect as at 31 March 2010. Between 8 May and 31 August, 2009, Paul Naismith was Acting Chief Executive and Acting Accounting Officer.

During the year the following payments were made to senior managers as Chief Executive Officer:

Remuneration	Salary &	Salary &
	Allowances	Allowances
	2010	2009
	£000	£000
David French*	10-15	105-110
Paul Naismith*	25-30	-
Linda Duffield*	50-55	-
All Governors	Nil	Nil
In addition David French received £100,000 as early departure settlement		

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

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REMUNERATION REPORT

Pension benefits

	Accrued pension at age 60 £000	Related lump sum at 31 March £000	Real increase in pension at age 60 £000	CETV at 31 March 2010 £000	CETV at 31 March 2009 £000	Real increase in CETV £000
David French	10-15	-	0-2.5	203	190	7
Paul Naismith	0-5	-	0-2.5	61	47	12
Linda Duffield	35-40	115-120	2.5-5	839	778	53

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

Linda Duffield
 Chief Executive and Accounting Officer
 14th July 2010

The Westminster Foundation for Democracy Limited

STATEMENT ON INTERNAL CONTROL

SCOPE OF RESPONSIBILITY

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievements of the Foundation's policies, aims, and objectives whilst safeguarding the public funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Managing Public Money. In addition I am accountable to the Principal Accounting Officer of the Foreign and Commonwealth Office (FCO) to enable him to discharge his overall responsibility for ensuring that the Foundation as an FCO Non-Departmental Public Body has adequate financial systems and procedures in place. The relationship between the Foundation and the FCO is specified in the Management Statement and its associated Financial Memorandum. The Foundation's corporate and business plans, objectives and associated risks are discussed at quarterly review meetings with the FCO.

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

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Foundation's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage or mitigate them efficiently, effectively and economically. The system of internal control has been in place at the Foundation for the year ended 31 March 2010 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

CAPACITY TO HANDLE RISK

A Strategic Risk Register was developed by the Foundation during the year and is being maintained for periodic review by the Board. Currently a bottom-up approach is in place where risks are reported through monthly and quarterly written reports and verbally during staff and management meetings. Risk is then considered on the agenda at meetings of the Audit Committee, the Projects and Programmes Committee (in the case of programme risks), and the Board. The Audit Committee meets four times a year and reviews the action plans presented for each risk and the progress made towards reducing risk to the tolerance level set on a risk by risk basis. The Audit Committee reports to the Board and the Board reviews and updates the risk register each financial year. An Internal Audit programme for 2009/10 was agreed by the Audit Committee, which received six reports during the year covering each of the items in the programme, as well as updates on previous reports. Staff are trained to identify and manage risk in a way appropriate to their authority and duties. This ensures that risk is assessed and managed at a level appropriate to its perceived threat. All new projects and programmes include a risk assessment and risk registers are maintained and used for all major programmes.

REVIEW OF EFFECTIVENESS

As Accounting Officer, I have responsibility for reviewing and reporting the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and senior managers within the Foundation 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 also been informed by discussions with Paul Naismith who was the Acting Chief Executive until 31 August 2009. I have been advised by the Board and by the Audit Committee on the implications of my review and a plan to address weaknesses and ensure continuous improvement of the system is in place.

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STATEMENT ON INTERNAL CONTROL

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

- an Audit Committee that meets at least four times a year and reports to the Board of Governors regularly, including an Annual Report of the Audit Committee to the Board. In 2009/10 the Committee met quarterly. The membership of the Audit Committee includes a qualified accountant with a background in international development. As well as monitoring an Internal Audit plan, the Audit Committee initiated a self-assessment review during the year and follows an annual timetable covering its key responsibilities through the year;
- an Internal Audit Annual Report to the Audit Committee that for the year 2009/10 included an overall opinion that on the basis of the work performed there was reasonable assurance on the whole system of internal control
- comprehensive budgeting systems with an annual budget approved by the Board and reviewed and agreed by Human Rights, Democracy and Governance Group of the Foreign and Commonwealth Office;
- management accounts reporting in detail on programme and project expenditure and overheads, each compared to budget, together with estimated full year outcome regularly updated. These are reviewed by the Audit Committee and approved by the Board;
- setting targets to measure financial and other performance;
- formal project management disciplines;
- a system of risk assessment and management throughout the organisation;
- periodic reports from the internal auditors to standards defined in the Government Internal Audit Standards
- quinquennial review by our sponsor department, the FCO

The Foundation 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 the Foundation is exposed, and annual internal audit plans are based on this analysis. The analysis of risk and internal audit plans are approved by me, reviewed by the Audit Committee and endorsed by the Foundation's Board of Governors. A rolling programme of internal audit is in place, and provides me with reports on internal audit activity in the Foundation. During the year the internal audit programme reviewed the procedures for Cash and Treasury Management, Payroll, Project and Programme process, IT Security Process, Corporate Governance, and Strategic Aims. Each of the reports reported that substantial assurance can be given to the control environment surrounding the risks reviewed.

Reports are provided by me to the Foundation's Board of Governors, Human Rights, Democracy and Governance Group of the Foreign and Commonwealth Office and the Head of the Internal Audit Unit of the Foreign and Commonwealth Office. During the year, the FCO conducted its own quinquennial review of the Foundation, the previous one being performed in 2004. The objective of the review was to assess the Foundation's performance and its value for money. The review found that the Foundation is well positioned to make a contribution internationally. It was broadly positive about the Foundation's work with parties and parliaments overseas. The Foundation was found to be valued by both participants and beneficiaries.

Linda Duffield
Chief Executive and Accounting Officer
14th July 2010

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 Limited for the year ended 31 March 2010 under the Government Resources and Accounts Act 2000. These comprise the Net Expenditure Account, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Reserves and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards as adopted by the European Union. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the directors and auditor

As explained more fully in the Statement of Governors' and Accounting Officer's Responsibilities, the Governors and the Chief Executive as Accounting Officer are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit the financial statements in accordance with applicable law and 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 am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Opinion on Regularity

In my opinion, in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Opinion on Financial Statements

In my opinion:

- the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2010 and of its net expenditure for the period then ended;
- the financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; and
- the financial statements have been prepared in accordance with the Companies Act 2006.

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

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with the Government Financial Reporting Manual; and
- the information given in the Governors' Report, Management Commentary and Remuneration Report within the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters for which I report by exception

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

- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records or returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- I have not received all of the information and explanations I require for my audit.

Report

I have no observations to make on these financial statements.

Amyas C E Morse

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

15th July 2010

The Westminster Foundation for Democracy Limited
NET EXPENDITURE ACCOUNT
For the year ended 31 March 2010

	<i>Notes</i>	Core Funds £	Corporate Funds £	31 March 2010 Total £	31 March 2009 Total £
INCOME					
Third party funding	3	1,437,426	-	1,437,426	571,005
DIRECT EXPENDITURE					
Projects	4	(4,089,145)	(21,621)	(4,110,766)	(3,378,566)
		<u>(2,651,719)</u>	<u>(21,621)</u>	<u>(2,673,340)</u>	<u>(2,807,561)</u>
OTHER EXPENDITURE					
Staff costs	5	(922,940)	-	(922,940)	(736,321)
Depreciation - owned assets		(8,489)	-	(8,489)	(15,452)
Property costs		(110,341)		(110,341)	(107,576)
Office expenditure		(67,279)	(191)	(67,470)	(53,257)
Computer expenses		(50,325)	-	(50,325)	(32,391)
Printing and stationery		(26,596)	-	(26,596)	(14,812)
Professional fees		(72,431)	-	(72,431)	(87,637)
Business development		(113,368)	-	(113,368)	(97,432)
Audit fee	6	(12,000)	-	(12,000)	(14,655)
Provisions	12	-	-	-	(96,912)
		<u>(1,383,769)</u>	<u>(191)</u>	<u>(1,383,960)</u>	<u>(1,256,445)</u>
NET OPERATING EXPENDITURE					
		<u>(4,035,488)</u>	<u>(21,812)</u>	<u>(4,057,300)</u>	<u>(4,064,006)</u>
Interest receivable		192	-	192	4,953
NET EXPENDITURE FOR THE YEAR					
	13	<u>(4,035,296)</u>	<u>(21,812)</u>	<u>(4,057,108)</u>	<u>(4,059,053)</u>

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

The Westminster Foundation for Democracy Limited
 STATEMENT OF FINANCIAL POSITION
 31 March 2010

	Notes	£	31 March 2010 £	31 March 2009 £	1 April 2008 £
				RESTATED	RESTATED
FIXED ASSETS					
Tangible assets	7		9,101	17,590	32,433
CURRENT ASSETS					
Debtors	9	365,360		219,395	155,545
Cash at bank and in hand:					
Core		61,964		488,193	-
Corporate		32,640		-	65,144
		459,964		707,588	220,689
Creditors: amounts falling due within one year	10	(313,815)		(494,150)	(115,609)
Bank overdraft:					
Core		-		-	(46,658)
Corporate		-		(2,315)	-
NET CURRENT ASSETS			146,149	211,123	58,422
			155,250	228,713	90,855
PROVISION FOR LIABILITIES AND CHARGES	12		-	(116,355)	(19,443)
NET ASSETS			155,250	112,358	71,412
FUNDS					
Core	13		108,120	43,416	(13,069)
Corporate	13		47,130	68,942	84,481
			155,250	112,358	71,412

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 14 July 2010

Meg Munn

Chair

Linda Duffield

Chief Executive

The Westminster Foundation for Democracy Limited
 STATEMENT OF CASH FLOWS
 For the year ended 31 March 2010

	<i>Notes</i>	31 March 2010 £	31 March 2009 £ RESTATED
CASH FLOWS FROM OPERATING ACTIVITIES			
Net deficit after interest		(4,057,108)	(4,059,053)
Adjustment for depreciation		8,489	15,452
Adjustment for loss on disposals		-	5,067
(Increase) in debtors		(145,965)	(63,851)
Increase/(Decrease) in creditors		(180,335)	378,541
Use of provisions		(116,355)	96,912
		<hr/>	<hr/>
Net cash outflow from operating activities		(4,491,274)	(3,626,932)
		<hr/>	<hr/>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of tangible fixed assets		-	(5,678)
		<hr/>	<hr/>
Net cash outflow from investing activities		-	(5,678)
		<hr/>	<hr/>
CASH FLOWS FROM FINANCING ACTIVITIES			
Grant from FCO		4,100,000	4,100,000
		<hr/>	<hr/>
Net financing		4,100,000	4,100,000
		<hr/>	<hr/>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS IN THE PERIOD		<hr/> (391,274)	<hr/> 467,390
		<hr/>	<hr/>
Cash and cash equivalents at the beginning of the period		485,878	18,488
		<hr/>	<hr/>
Cash and cash equivalents at the end of the period		94,604	485,878
		<hr/>	<hr/>

The Westminster Foundation for Democracy Limited
 STATEMENT OF CHANGES IN RESERVES
 For the year ended 31 March 2010

	<i>Notes</i>	Core Funds £	Corporate Funds £	Total £
Balances at 31 March 2008		(369)	84,481	84,112
Changes in accounting policy - IFRS adoption		(12,700)	-	(12,700)
		<hr/>	<hr/>	<hr/>
Balances at 1 April 2008		(13,069)	84,481	71,412
		<hr/>	<hr/>	<hr/>
CHANGES IN RESERVES 2008-09				
Net expenditure		(4,043,515)	(15,539)	(4,059,054)
		<hr/>	<hr/>	<hr/>
Total recognised Income and Expenditure 2008-09		(4,043,515)	(15,539)	(4,059,054)
Grant from FCO		4,100,000	-	4,100,000
		<hr/>	<hr/>	<hr/>
Balances at 31 March 2009		43,416	68,942	112,358
		<hr/>	<hr/>	<hr/>
CHANGES IN RESERVES 2009-10				
Net expenditure		(4,035,296)	(21,812)	(4,057,108)
		<hr/>	<hr/>	<hr/>
Total recognised Income and Expenditure 2009-10		(4,035,296)	(21,812)	(4,057,108)
Grant from FCO		4,100,000	-	4,100,000
		<hr/>	<hr/>	<hr/>
Balances at 31 March 2010		108,120	47,130	155,250
		<hr/>	<hr/>	<hr/>

The Westminster Foundation for Democracy Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2010

1 ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards except where noted below for grants payable. The format of the Net Expenditure Account has been adapted from that prescribed by the Companies Act to better reflect the nature of the Foundation's activities. No charge for cost of capital has been applied.

TANGIBLE FIXED ASSETS

All assets above £1,000 are brought onto the balance sheet at their fair value and all such tangible assets are owned in full. Depreciation is provided on all tangible assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life as follows:

Computer equipment	33.333 % straight line basis
Furniture and fittings	20% straight line basis

LEASED ASSETS AND OBLIGATIONS

All leases are operating leases and the annual rentals are charged to the income and expenditure account on a straight line basis over the lease term.

GRANTS RECEIVABLE AND PAYABLE

In accordance with the Government Financial Reporting Manual (FReM) grant-in-aid received in the year is accounted for through the net expenditure reserve account in the year to which it relates.

Other grants are recognised in the net expenditure account when the relevant conditions for the grant have been met. Other grants received in advance of expenditure are carried forward as deferred income and released to the net expenditure account in the period in which costs are incurred. Grants awarded but received after costs are incurred are accrued as income in the period in which the costs are incurred.

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

FUNDS

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

TAXATION

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

RETIREMENT BENEFITS

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

For defined benefit schemes, the amount charged to the net expenditure account in respect of pension costs and other post retirement benefits is the estimated regular cost of providing the benefits accrued in the year, adjusted to reflect variations from that cost.

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

The Westminster Foundation for Democracy Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2010

2	FIRST TIME ADOPTION IFRS	Core Funds £	Corporate Funds £	Total £
	Shareholders' equity 31 March 2009 under UK GAAP	65,041	68,942	133,993
	Adjustments for: Employee benefits IAS 19	(21,635)		(21,635)
	At 1 April 2009	43,416	68,942	112,358
				£
	Net Expenditure for 2008-09 under UK GAAP			(4,050,119)
	Adjustments for: Employee benefits IAS 19			(8,935)
	Net Expenditure for 2008-09 under IFRS			(4,059,054)

3 THIRD PARTY FUNDING

The UK third party funding income is in relation to multi-year contracts including new project work won by the Foundation during the year. Income has been recognised to match the project expenditure paid for during the year. During the year funding of £865,306 was received from DfID's Governance and Transparency Fund (GTF) on behalf of the Westminster Consortium. Cumulatively, £967,169 has now been received of the £5,000,000 total.

4	DIRECT EXPENDITURE ON PROJECTS	2010 £	2009 £
	Foundation projects	2,310,547	1,567,402
	Political parties' sponsored projects:		
	Conservative Party	715,300	732,137
	Labour Party	724,643	731,220
	Liberal Democrats	275,389	260,497
	Smaller parties	48,707	65,949
		4,074,586	3,357,205
	Travel and subsistence	36,180	21,362
		4,110,766	3,378,567

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.

The Westminster Foundation for Democracy Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2010

5	STAFF COSTS	2010 £	2009 £ RESTATED
	Wages and salaries	646,139	546,408
	Temporary staff	43,626	25,475
	Social security costs	56,056	45,034
	Other pension costs	98,494	97,646
	Recruitment and other staff costs	75,182	12,823
	Un-taken holiday entitlement	3,443	8,935
		922,940	736,321

The Governors did not receive any remuneration for their services but travel costs of £12,000 (2009: £7,323) were reimbursed in the year.

	2010 No.	2009 No.
The average number of employees (excluding Governors and vacancies) during the year was:		
Permanent	14	13
Temporary	1	1

PENSION COMMITMENTS

The Foundation 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 the Foundation. The scheme ceased in May 2007 and all the assets have been distributed.

The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme but The Westminster Foundation for Democracy Limited is unable to identify its share of the underlying assets and liabilities. The scheme actuary (Hewitt Bacon Woodrow) last conducted a full valuation of the scheme as at 31 March 2007. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservice-pensions.gov.uk). For 2009-10, employer's contributions of £89,986 were payable to PCSPS (2009: £91,373) at one of three rates in the range 18.8% - 24.3% of pensionable pay based on salary bands. Employer contributions are reviewed every three years following a full scheme valuation by the Government Actuary and were revised to the current rates in 2009-10.

During the year, contributions were also made to personal money purchase pension schemes of £18,297 (2009: £5,813).

6	OTHER OPERATING CHARGES	2010 £	2009 £
	This includes:		
	(Profit)/Loss on foreign exchange	(7)	1
	Auditor's remuneration - for audit work 2010	12,000	12,000
	- non-audit work*	84,732	3,390
	Operating lease rentals - office equipment	7,957	7,853
	- property leases	60,400	60,375

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

The Westminster Foundation for Democracy Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2010

7	TANGIBLE FIXED ASSETS	Computer equipment £	Furniture and fittings £	Total £
	COST			
	At 1 April 2008	144,743	68,101	212,844
	Additions	5,678	-	5,678
	Disposals	124,178	47,328	171,506
	At 31 March 2009	26,243	20,773	47,016
	At 1 April 2009	26,243	20,773	47,016
	Charge for the year	-	-	-
	Disposals	-	-	-
	At 31 March 2010	26,243	20,773	47,016
	DEPRECIATION			
	At 1 April 2008	133,568	46,843	180,411
	Charge for the year	8,876	6,576	15,452
	Disposals	123,533	42,904	166,437
	At 31 March 2009	18,911	10,515	29,426
	At 1 April 2009	18,911	10,515	29,426
	Charge for the year	4,334	4,155	8,489
	Disposals	-	-	-
	At 31 March 2010	23,245	14,670	37,915
	NET BOOK VALUE			
	At 31 March 2010	2,998	6,103	9,101
	At 31 March 2009	7,332	10,258	17,590
	At 1 April 2008	11,175	21,258	32,433
8	As the cash requirements of the Foundation are met through Grant-in-Aid provided by the Foreign and Commonwealth Office, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body, and the Foundation is therefore exposed to little credit, liquidity, or market risk.			
9	DEBTORS	2010 £	2009 £	2008 £
	Deposits and advances	31,498	25,704	-
	Other debtors	149,342	-	23,132
	Prepayments and Accrued Income	184,520	193,691	132,413
		365,360	219,395	155,545

The Westminster Foundation for Democracy Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2010

10	CREDITORS: amounts falling due within one year	2010 £	2009 £	2008 £
	Other creditors	95,584	43,927	-
	Accruals and Deferred Income	218,231	450,223	115,609
		<u>313,815</u>	<u>494,150</u>	<u>115,609</u>

11 The Foundation 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 PROVISIONS FOR LIABILITIES AND CHARGES

	Severances £
Balance at 1 April 2008	19,443
Paid during the year 2008-09	-
Excess provision released to Net Expenditure Account	(19,443)
Transfer from Net Expenditure Account	116,355
Balance at 31 March 2009	116,355
Paid during the year 2009-10	(116,386)
Under provision charged to Net Expenditure Account	31
Balance at 31 March 2010	-

The previous year provision of £116,355 in respect of an early departure of a senior employee was released, reflecting payments made during the year and an adjusting amount of £31 was charged to the net expenditure account.

13 FUNDS

Fund balances are held as follows:

	2010 Core £	2010 Corporate £	2010 Total £	2009 Total £	2008 Total £
Fixed assets	9,101	-	9,101	17,590	32,433
Debtors	365,360	-	365,360	219,395	155,545
Cash	61,964	32,640	94,604	485,878	18,486
Creditors	(313,815)	-	(313,815)	(610,505)	(135,052)
Inter fund account	(14,490)	14,490	-	-	-
	<u>108,120</u>	<u>47,130</u>	<u>155,250</u>	<u>112,358</u>	<u>71,412</u>

The balance of Corporate Funds at 31st March 2010 represents corporate donation funds allocated for specific projects approved by the Board.

The Westminster Foundation for Democracy Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2010

14 OPERATING LEASES

At 31 March 2010 the Foundation had annual commitments under non-cancellable operating leases as follows:

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

15 CAPITAL COMMITMENTS

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

16 INTRA GOVERNMENT BALANCES

	2010 £	2009 £
Balances due from other central government bodies	282,661	135,180
Balances due from other local authority bodies	25,292	-
Deposits and advances	31,498	25,704
Prepayments	25,909	58,511
	<u>365,360</u>	<u>219,395</u>
Deferred income from other central government bodies	31,032	307,613
Other creditors	95,419	43,927
Accruals	187,364	142,610
	<u>313,815</u>	<u>494,150</u>

17 GRANT COMMITMENTS

At the year end, the Foundation had Board approvals amounting to £2,010,448 (2009: £2,539,609) of which £542,899 (2009: £987,467) related to Foundation projects and £1,467,549 (2009: £1,552,142) related to Political Parties projects. These projects will be funded from future Grant-in-Aid income and no commitments have been accrued for these in the financial statements.

18 POST BALANCE SHEET EVENT

At the time of signing these financial statements there has been some uncertainty surrounding future public expenditure generally in the UK, and in particular the FCO's programmes expenditure that provides the Foundation with its core annual funding. On 29th June 2010 it was announced in a written Ministerial Statement that the FCO has decided that it will sustain in future years (resources permitting) the FCO's programmes in support of the Westminster Foundation For Democracy, while making cuts to the programme this financial year (2010-11) of 10%, a cut of £380,000 respectively). The Board has reviewed the Foundation's position following the announcement, including projected cash flow and net asset position, and is satisfied that the grant-in-aid will continue to be adequate for its regular activity and that no adjustments to the financial statements are necessary. These financial statements were authorised for issue on 14th July 2010.

19 RELATED PARTY TRANSACTIONS

Core funding of £4.1 million was received from the Foreign and Commonwealth Office (FCO) as Grant-in-Aid and a further £478,456 was received from FCO Embassies during the year.



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