

**The Westminster Foundation
for Democracy Limited**

(A company limited by guarantee without having a share capital)

ANNUAL REPORT AND ACCOUNTS

For the year ended 31 March 2009

The Westminster Foundation
for Democracy Limited

AN EXECUTIVE NDPB OF THE
FOREIGN & COMMONWEALTH OFFICE

ANNUAL REPORT AND ACCOUNTS

2008/09

Presented to the House of Commons pursuant to section 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 21 July 2009

HC 917

LONDON: THE STATIONERY OFFICE

£5.50

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ISBN: 978 0 10 296233 8

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 2009. 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, particularly 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 take 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 £4,050,118 (2008: £4,083,595).

This deficit is set-off with the grant in aid in the core funds reserve, which leaves total funds (core and corporate) of £133,993 to be carried forward at the end of the year (2008: £84,112).

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 1985 were:

	<i>Appointed in the year</i>	<i>Resignation date</i>	<i>Appointment Ends</i>
Haji Saghir Alam OBE*			16 October 2010
Hugh Bayley MP		27 February 2009	
James Bewsher*			18 November 2009
Thomas Brake MP		9 December 2008	
Tina Fahm*			14 August 2011
Lord Foulkes			3 August 2009
Kenneth Jones*			16 October 2010
Christine Knights*			16 October 2010
Hugh Robertson MP		21 July 2008	
Richard Spring MP			11 June 2009
Gisela Stuart MP		9 October 2008	
Myles Wickstead CBE*			5 August 2011
David Lidington MP	8 April 2008		
Philip Dunne MP	8 August 2008		
Sean Farren	9 September 2008		
Meg Munn MP	20 October 2008		
Jo Swinson MP	14 January 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 2009 membership of the Foundation's Audit Committee comprised;

Tina Fahm	Chair
Kenneth Jones FCMA, CPFA	
Philip Dunne MP	appointed on 8 August 2008
Christine Knights	appointed on 22 October 2008

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 2008/2009, normally on a monthly basis. These meetings provide the opportunity for consultation by providing information to employees and encouraging views to be expressed.

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 2008/2009, the average age of invoices paid was 8.71 calendar days (2007/08 7.36 days). All undisputed invoices were paid within the agreed credit terms.

AUDITORS

The Comptroller & Auditor General was appointed as the statutory auditor for the year ending 31 March 2009 under the Government Resources and Accounts Act 2000 on 29 February 2009. Baker Tilly UK Audit LLP stepped down as auditors when the Comptroller & Auditor General was appointed.

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



Chair
15th July 2009

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 1985 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. suitable 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.

The Westminster Foundation for Democracy Limited

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, particularly political parties, in countries where these are absent, or of recent foundation, or in need of further encouragement and development.

The Westminster Foundation for Democracy's mission statement was laid out by the Foreign Secretary within its Memorandum and Articles of Association.

The overall aims for the WFD 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 priorities and objectives contribute to those of the FCO. They are established by the Foundation's Board of Governors, through a strategy agreed by the Foreign Secretary, and key targets are agreed within its corporate and business planning process particularly Department Strategic Objective 6 "Prevent and resolve conflict".

An updated Corporate Plan presented to the WFD Board in January 2009 confirmed the mission for the Westminster Foundation for Democracy as working to support and strengthen democracy around the world through developing political parties and parliamentary institutions. WFD's strengths derive from its unique structure which enables it to undertake party political work on a multi-party basis, within one organisation, as well as from its status as an independent agency sponsored by the Foreign and Commonwealth Office.

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

The Westminster Foundation for Democracy Limited

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 its three priority regions: sub-Saharan Africa, the Middle East and North Africa (MENA) and Eastern Europe. It currently runs and/or has commitments to parliamentary programmes in Kenya, Mozambique, Uganda, Egypt, Lebanon, Yemen, Georgia, Macedonia, Ukraine, Democratic Republic of Congo, Sierra Leone; and to political party programmes in Ethiopia, Serbia and Sierra Leone in addition to the grant-in-aid funded programmes of each Westminster political party.

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. It is on course to achieve the objective of £5.7 million total income in 2009-10, and is developing new methods to support the delivery of its multi-stakeholder programmes. It 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.

Key achievements in 2008-09:

The Foundation and the Westminster political parties organised and provided several skills and campaign training workshops in the four regions of Sierra Leone for aspirants from the four main registered political parties which enabled them to campaign on policy platforms and support issue based rather than personality led campaigning.

WFD worked in partnership with the Thomson Reuters Foundation and the Speaker's office of the Kenya National Assembly (KNA) to identify local and international experts to provide staff training, skills development and capacity building to 21 newly recruited journalists and staff in the Parliamentary Broadcasting Unit. The Foundation also supported the ICJ (International Commission of Jurists – Kenya chapter) to assist the Human Rights Committee of the KNA to promote human rights and to support the Freedom of Information (FoI) bill.

In Uganda, the Foundation supported the Planning and Development Coordination Office (PDCO) of the Ugandan Parliament and partner civil society organisations to develop a parliamentary and community outreach programme to bring MPs and citizens in ten constituencies together to increase citizens' access to their MPs and to enable them influence the legislative agenda of the Ugandan parliament.

In Ukraine, a Memorandum of Understanding has been signed with the Secretariat of the Verkhovna Rada confirming its support to WFD's Ukraine parliamentary programme. A number of parliamentary departments and committees have been selected and local partners have been identified to develop the local content of the curriculum, having been twinned with UK partners to develop and deliver curriculum to parliamentary staff, journalists and NGOs.

The Westminster Foundation for Democracy Limited

MANAGEMENT COMMENTARY

In Macedonia, where WFD opened a branch during the year, there has been full and active support for WFD's parliamentary programme by the President of Parliament, other parliamentary officials, MPs and staff. The programme is seen by the Parliament, as well as the British Embassy as playing a key role in improving Macedonia's institutional capacity in preparation for EU integration. The programme addresses two areas that are crucial to a functioning parliament: 1) the capacity of its staff to support MPs, committees and departments; and 2) constructive political dialogue within the institution. The programme has provided, through a number of its events, a neutral forum for parliamentarians to discuss and resolve issues that they were unable or unwilling to do otherwise and has identified a number of MPs who champion a more effective Parliament, some of whom are on the steering committee of the programme. The programme has also given these reformers an added forum to network, and a mechanism which they could use to introduce their ideas.

A cross-party programme in Serbia aimed at strengthening Serbian political parties was completed earlier this year. As a result, policy commissions have been formed in all participating political parties. There is also a greater understanding among the Serbian political parties on the need to communicate their policies to the public and the media and a wider understanding of political and ideological issues and identity within the party has been achieved through a series of ideology seminars. The programme has also set in place mechanisms which the parties can use to identify issues and develop policies.

Another programme in Serbia, concentrating on strengthening the network of municipal code of conduct monitoring boards has seen all six participating boards develop and adjust their Municipal Statute to allow for the permanent functioning of the monitoring boards and have adopted rules of the procedures for their boards. A more effective system of complaints and investigation is now found in all active boards monitoring the conduct of local councillors. Monitoring boards have a slow, but constantly growing number of complaints from the citizens and other interested parties, and a number of councillors have resigned due to investigations which have determined breaches to the code of conduct. All six monitoring boards have established partnerships with the local media to raise the awareness of the boards' work among the public. This has led to a growing awareness of the role the boards can play for citizens and a willingness amongst citizens to use them if they felt breaches to the code have been committed.

In Belarus, quarterly meetings of local activists has allowed for strategic support on a needs-driven basis, collaboration (networking), sharing ideas, evaluation and learning from their own experience and the experience of others. WFD provided ongoing support in 2008-09 to activists providing a boost to civic engagement, especially between elections, when many Belarusians became disinterested in politics. WFD focused on issues relevant to citizens' needs which has allowed for an increase in civic engagement at a local level. Door-to door campaigns and direct communication with the local constituencies were successful methods of outreach, raising the support of the public for civic activists.

In the MENA region, a draft Guidebook on Parliamentary Ethics, written by an expert commissioned by WFD, has now been produced. This guidebook is intended to provide a tool for parliamentarians to develop ethics regimes in their own parliaments and to promote best practice in this area. The guidebook is due to be published in July 2009. In parallel, an analysis has been undertaken of current ethics legislation and regulations in seven Arab Countries – those in which WFD's partner, the Arab Region Parliamentarians Against Corruption (ARPAC) – have chapters. Training sessions for parliamentarians and legal experts from the seven countries will be conducted based on the guidebook.

A draft proposal for the establishment of an advisory unit within the Lebanese Parliament has been developed as part of a programme designed to strengthen the financial oversight role of the Lebanese Parliament. Workshops on the budgetary process in Lebanon and training in IT, English and parliamentary terminology for the group of eight parliamentary staff who will be supporting the future budgetary unit in the Parliament took place. A glossary of parliamentary and financial terminology in Arabic and English is also being developed in cooperation with the British Council. WFD and the Lebanese Parliament commissioned a team of experts to assist the Finance Committee with its legislative agenda. Following a competitive assessment of proposals from four local and international agencies, PriceWaterhouseCoopers were commissioned to conduct a review of the proposed Pension Bill and related amendments to the Social Security Bill. The new bill will be submitted to the newly-elected Parliament for discussion and adoption. WFD and the Lebanese Parliament have agreed to extend its cooperation to include, in addition to the existing project, a GTF Programme (see below) and a Memorandum of Understanding was signed for that purpose.

The Westminster Foundation for Democracy Limited

MANAGEMENT COMMENTARY

The Egypt Parliamentary Programme is reaching its third year of delivery. WFD has managed to build useful relationships with relevant stakeholders, mainly the People's Assembly. A workshop on the twin themes of the relationship between the upper and lower houses and party caucuses took place in cooperation with the UK political parties earlier this year. Attended by some 24 parliamentarians, the workshop was very effective in enabling a relatively small group representing the full spectrum of political opinion in Egypt to participate in different debates.

The Governance and Transparency Fund (GTF) programme funded by DfID has made a successful start during the year. WFD have taken the lead role in a UK consortium that bid for, and were awarded, a grant by DfID covering 5 years to 2013. The GTF implementation team has been established with the employment of a programme director, a governance officer and several in-country programme managers. Structure and role definition has been given to the GTF programme in terms of the overall curriculum and consortium member contributions. Furthermore, the programme has now been either introduced or launched in three of the six programme countries: Ukraine, Lebanon and Uganda and much work has gone into the identification of suitable partners to work on specific curriculum components in all six countries.

3. Resources

The Foundation has a full time staff of 15 in the UK, ten of whom are responsible for the design, management and delivery of country programmes. Staff are organised into three teams for the Africa, Europe and MENA programmes. In addition the Foundation has begun to make field appointments and by year end there was presence in Ukraine, Macedonia, and Egypt. Other field offices are scheduled to begin operating in the next year.

The Foundation relies on the capabilities of in-country partners responsible for the delivery of projects to ensure their success. It is important that partners are selected who have capacity, experience and integrity. Within the countries in which we work, Government attitude towards opposition parties and NGOs influences the effectiveness of our work in those countries. Key strengths of the Foundation are its geographical and thematic expertise and the good relationships we have with partners. Our size provides the ability to respond quickly to partner needs. Our relationships with UK political parties, access to their expertise and trainers as well as the expertise in Westminster and the Assemblies provide the Foundation with substantial resources. The Foundation publishes an Annual Review in which the political parties who work with the Foundation set out further details of their Foundation related activities for the year.

Funding continues to be the most significant influence on the business as this determines the resource available. The Foundation received grant in aid of £4.1 million in 2008/09, a level that has been maintained since financial year ending 31 March 2000. In addition to this, the Foundation received grants for ten specific projects, producing revenue in 2009 of £571,005.

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.

Risk assessment of the Business Continuity Plan was ongoing through the year. Risk strategy is a priority for the Foundation during this coming year to complement the growing number of managed programmes, and will be standardised through the programme methodology tools being embedded. This will include a review process that allows shared experiences to be considered, including those of the FCO.

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.

The Westminster Foundation for Democracy Limited

MANAGEMENT COMMENTARY

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 2009/10 will continue at the 2008/9 level of £4.1 million.

In the year, £2,798,632 (2008: £3,103,861) was awarded for grant-in-aid funded project expenditure compared to budget of £2,742,264 and the Foundation spent a further £657,704 on projects funded wholly or partly by 3rd parties (2008: £432,178). The Foundation and political parties spent their project allocation budgets. There were no events during the year that adversely affected the financial position of the Foundation. At the present time, there are no foreseen factors that are likely to affect the financial position of the Foundation going forward.

At 31 March 2009 the Board had approved projects amounting to £2,539,609 (2008: £1,681,658) 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 2008-2009) in the treatment of grant in aid income and as a result grant in aid income is now 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.

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 an increase of £467,390 (2007/8: decrease £(194,909)) in cash and cash equivalents, resulting in net liquid funds at 31st March 2009 of £485,877 (2007/8 £18,487). This is represented in the majority by advances of restricted funding for the Foundation's programme countries and not core Grant-in-Aid. The Cash Flow Statement provides further analysis.

5. 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. During the year the Foundation took the lead role in a consortium of British institutions awarded a grant from DfID scheduled to span five years up to 2013. The consortium includes the University of Essex, the International Bar Association, the National Audit Office, Thomson Reuters, the Commonwealth Parliamentary Association and the House of Commons Overseas Office. We work closely with partners to ensure we complement their work and maximise the impact of the work of the Foundation.

The Westminster Foundation for Democracy Limited

MANAGEMENT COMMENTARY

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 enables the Foundation to ensure 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 policies are published in a Staff Handbook which is 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 2008/9. The contracts specify the amount of, and the conditions attached to, the allocated grant in aid. New contracts in respect of the financial year 2009/10 have been issued.

On behalf of the Board



Paul J Naismith
Acting Chief Executive and Accounting Officer
15th July 2009

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 2009 the following Governors were members of the committee:

James Bewsher	Chairman
Hugh Robertson MP	resigned on 21 July 2008
Christine Knights	appointed on 23 April 2008
Sean Farren	appointed on 22 October 2008

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 a bonus of £14,000 was paid in respect of performance in the year to 31 March 2008. 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 awards or compensation payments were paid to former senior managers and no payments were made to third parties for services of a senior manager.

The Foundation entered in to a Service Agreement with David French, Chief Executive, on 28 March 2003 and this was in effect throughout the year. Following the year end the Board of Governors agreed with David French that he would leave the Foundation with effect from 8th May 2009. As part of the agreement as to the terms of his departure he would not be required to serve his notice period as set out in his Service Agreement.

During the year the following payments were made to senior managers:

Name	Salary & Allowances 2009	Salary & Allowances 2008
David French	£107,636	£98,572
All Governors	Nil	Nil
For David French:	2009	2008
Real increase in pension at age 60	£1,338	£1,427
Accrued pension value at 31 March	£9,697	£7,961
Cash equivalent transfer value at 1 April	£161,238	£128,000
Real increase in cash equivalent transfer value during the year	£2,677	£48,000

No benefits in kind were paid during the year.



Paul J Naismith
Acting Chief Executive and Accounting Officer
15th July 2009

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 the 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 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 them efficiently, effectively and economically. The system of internal control has been in place at the Foundation for the year ended 31 March 2009 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 is being developed by the Foundation for periodic review by the board. Currently a bottom-up approach is in place where risks are reported verbally during staff and management meetings, and through written reports. Risk is then considered on the agenda of meetings of the Audit Committee 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 2008/9 was agreed by the Audit Committee, who received regular reports during the year regarding its completion. Staff are trained to manage risk in a way appropriate to their authority and duties. These mechanisms help ensure that the appropriate filtering and delegation of risk management is in place. All centre and divisional business plans and major business cases include risk assessments. Development of risk registers for all of the Foundation's programmes and projects is being progressed.

REVIEW OF EFFECTIVENESS

As Accounting Officer, I have responsibility for reviewing 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 executive 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 David French who was the Chief Executive until his resignation on 8th May 2009. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the board and the Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

We have established a framework of regular management information, 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 2008/09 the Committee met quarterly.

The Westminster Foundation for Democracy Limited

STATEMENT ON INTERNAL CONTROL

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 has initiated self-assessment during the year and has developed an annual timetable covering its key responsibilities through the year;

- an Internal Audit Annual Report to the Audit Committee that for the year 2008/09 included an overall opinion that on the basis of the work performed provided 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;
- periodic reports from the internal auditors to standards defined in the Government Internal Audit Standards.

During the year, the internal audit programme reviewed the procedures for Cash and Treasury Management, Payroll, Project and Programme process, Budget Control, and Staff Appraisals.

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. 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.



Paul J Naismith
Acting Chief Executive and Accounting Officer
15th July 2009

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 for the year ended 31 March 2009 under the Government Resources and Accounts Act 2000. These comprise the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and Statement of Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out within them. 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

The Governors and the Chief Executive as Accounting Officer are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of Governors' and Accounting Officer's Responsibilities.

My responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements, and with International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. I report to you whether, in my opinion, the information given in the Governors' Report, Management Commentary and Remuneration Report, included in the Annual Report, is consistent with the financial statements. I also report whether 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.

In addition, I report to you if, in my opinion, the Westminster Foundation for Democracy has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed. I read the other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Governors' Report, Management Commentary and Remuneration Report. I consider the implications for my certificate if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

Basis of audit opinions

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error, and that 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.

In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements.

The Westminster Foundation for Democracy Limited

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

Opinions

In my opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2009 and of its deficit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985 and 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 is consistent with the financial statements.

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.

Report

I have no observations to make on these financial statements.

Amyas C E Morse
Comptroller and Auditor General
National Audit Office
151 Buckingham Palace Road
Victoria
London
SW1W 9SS
16th July 2009

The Westminster Foundation for Democracy Limited
 INCOME AND EXPENDITURE ACCOUNT
 For the year ended 31 March 2009

	<i>Notes</i>	Core Funds £	Corporate Funds £	2009 Total £	2008 Total £
INCOME					
Third party funding	2	571,005	-	571,005	459,050
DIRECT EXPENDITURE					
Projects	3	(3,361,428)	(17,138)	(3,378,566)	(3,536,039)
		<u>(2,790,423)</u>	<u>(17,138)</u>	<u>(2,807,561)</u>	<u>(3,076,989)</u>
OTHER EXPENDITURE					
Staff costs	4	(727,386)	-	(727,386)	(722,590)
Depreciation - owned assets		(15,452)	-	(15,452)	(16,798)
Property costs	5	(107,576)		(107,576)	(110,138)
Office expenditure	5	(53,001)	(256)	(53,257)	(43,235)
Computer expenses		(32,391)	-	(32,391)	(30,306)
Printing and stationery		(14,812)	-	(14,812)	(18,787)
Professional fees		(87,637)	-	(87,637)	(58,769)
Business development		(97,432)	-	(97,432)	(22)
Audit fee	5	(14,655)	-	(14,655)	(14,687)
Provisions	10	(96,912)	-	(96,912)	-
		<u>(1,247,254)</u>	<u>(256)</u>	<u>(1,247,510)</u>	<u>(1,015,332)</u>
NET OPERATING EXPENDITURE					
		<u>(4,037,677)</u>	<u>(17,394)</u>	<u>(4,055,071)</u>	<u>(4,092,321)</u>
Interest receivable		3,098	1,855	4,953	8,726
NET EXPENDITURE FOR THE YEAR					
	11	<u>(4,034,579)</u>	<u>(15,539)</u>	<u>(4,050,118)</u>	<u>(4,083,595)</u>

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

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the Income and Expenditure Account.

The Westminster Foundation for Democracy Limited

BALANCE SHEET

31 March 2009

	Notes	£	2009 £	£	2008 £
FIXED ASSETS					
Tangible assets	6		<u>17,590</u>		<u>32,433</u>
CURRENT ASSETS					
Debtors	7	219,395		155,545	
Cash at bank and in hand:					
Core		488,193		-	
Corporate		-		65,144	
		<u>707,588</u>		<u>220,689</u>	
Creditors: amounts falling due within one year	8	(472,515)		(102,909)	
Bank overdraft:					
Core		-		(46,658)	
Corporate		(2,315)		-	
		<u></u>		<u></u>	
NET CURRENT ASSETS			<u>232,758</u>		<u>71,122</u>
			250,348		103,555
PROVISION FOR LIABILITIES AND CHARGES	10		<u>(116,355)</u>		<u>(19,443)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>133,993</u>		<u>84,112</u>
FUNDS					
Core	11		65,051		(369)
Corporate	11		68,942		84,481
			<u>133,993</u>		<u>84,112</u>

The Accounts were approved and authorised for issue by the Board on 15 July 2009



Meg Munn

Chair



Paul J Naismith

Acting Chief Executive

The Westminster Foundation for Democracy Limited

CASH FLOW STATEMENT

For the year ended 31 March 2009

	<i>Notes</i>	2009 £	2008 £
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	(a)	(3,631,885)	(4,299,760)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		4,953	8,726
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			
Purchase of tangible fixed assets		(5,678)	(3,875)
FINANCING			
Grant-in-aid from FCO	11	4,100,000	4,100,000
INCREASE IN CASH AND CASH EQUIVALENTS	(b)	<u>467,390</u>	<u>(194,909)</u>

NOTES TO THE CASH FLOW STATEMENT

(a)	RECONCILIATION OF OPERATING DEFICIT TO NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES	2009 £	2008 £
	Operating deficit	(4,055,071)	(4,092,321)
	Depreciation	15,452	16,798
	Loss on disposals	5,067	-
	Increase in debtors	(63,851)	(54,615)
	Increase/(Decrease) in creditors	369,606	(51,256)
	Increase/(Decrease) in provisions	96,912	(118,366)
		<u>(3,631,885)</u>	<u>(4,299,760)</u>
(b)	RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET LIQUID FUNDS	2008 £	2008 £
	Increase/(Decrease) in cash at bank and in hand in the year	467,390	(194,909)
	Net liquid funds at 1 April 2008	18,487	213,396
	Net liquid funds at 31 March 2009	<u>485,877</u>	<u>18,487</u>

The Westminster Foundation for Democracy Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2009

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 Income and 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

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 income and expenditure reserve account in the year to which it relates.

Other grants are recognised in the income and 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 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.

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 income and 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 income and 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 Principle 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 income and expenditure account.

The Westminster Foundation for Democracy Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2009

2 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.

3 DIRECT EXPENDITURE ON PROJECTS	2009	2008
	£	£
Foundation projects	1,567,402	1,779,044
Political parties' sponsored projects:		
Conservative Party	732,137	708,371
Labour Party	731,220	708,371
Liberal Democrats	260,497	260,455
Smaller parties	65,949	65,692
	<u>3,357,205</u>	<u>3,521,933</u>
Travel and subsistence	21,362	14,106
	<u>3,378,567</u>	<u>3,536,039</u>

4 STAFF COSTS	2009	2008
	£	£
Wages and salaries	546,408	553,618
Temporary staff	25,475	0
Social security costs	45,034	49,639
Other pension costs	97,646	87,091
Recruitment and other staff costs	12,823	32,242
	<u>727,386</u>	<u>722,590</u>

The Governors did not receive any remuneration for their services but travel costs of £7,323 (2008: £1,607) were reimbursed in the year.

	2009	2008
	No.	No.
The average number of employees (excluding Governors and vacancies) during the year was:		
Permanent	13	15
Temporary	1	-

During the year the following payments were made to the Chief Executive:

Name	Period of service	Age	Emoluments	Pension
			£	£
David French	1 April 2008 to 31 March 2009	61	107,636	23,877
	1 April 2007 to 31 March 2008	60	98,572	23,351

The Westminster Foundation for Democracy Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2009

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 was for staff that began employment at the Foundation before 2 October 2002. The scheme ceased in May 2007 and staff members were provided with the option to join the Principal Civil Service Pension Scheme (PCSPS) at that time. Therefore there were no Employer contributions to the scheme during the year (2008: £12,565)

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) 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 2008-09, employer's contributions of £91,373 were payable to PCSPS (2007-08: £75,946) at one of three rates in the range 19.5% - 25.5% of pensionable pay based on salary bands. Employer contributions are reviewed every three years following a full scheme valuation by the Government Actuary and have been revised for 2009-10 when the relevant range will be 18.8% - 24.3%.

During the year, contributions were also made to personal money purchase pension schemes of £5,813 (2007: £9,326).

5	OTHER OPERATING CHARGES	2009 £	2008 £
	This includes:		
	Loss on foreign exchange	1	-
	Auditor's remuneration - for audit work 2009	12,000	
	- for audit work 2008	2,655	10,952
	- non-audit work	3,390	3,735
	Operating lease rentals - office equipment	7,853	7,981
	- property leases	60,375	61,687
6	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
	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
	NET BOOK VALUE		
	At 31 March 2009	7,332	10,258 17,590
	At 31 March 2008	11,175	21,258 32,433

The Westminster Foundation for Democracy Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2009

7	DEBTORS	2009 £	2008 £
	Other debtors	25,704	23,132
	Prepayments and Accrued Income	193,691	132,413
		<u>219,395</u>	<u>155,545</u>
8	CREDITORS: amounts falling due within one year	2009 £	2008 £
	Other creditors	43,927	-
	Accruals and Deferred Income	428,588	102,909
		<u>472,515</u>	<u>102,909</u>
9	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.		
10	PROVISIONS FOR LIABILITIES AND CHARGES		Severances £
	Balance at 1 April 2008		19,443
	Paid during the year		0
	Excess provision released to income and expenditure account		(19,443)
	Transfer from income and expenditure account		<u>116,355</u>
	Balance at 31 March 2009		<u>116,355</u>

During the year excess provision of £19,443 in respect of a previous redundancy programme in 2007 was released to the income and expenditure account. An early departure provision has been made in respect of a senior employee. The liability is based upon agreed costs of £116,355 for the Foundation to fulfil its legal and statutory liabilities. The provision will be realised within 12 months.

The Westminster Foundation for Democracy Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2009

11 FUNDS	Core Funds £	Corporate Funds £	Total fund balances £
Income in the year	574,104	1,855	575,959
Expenditure in the year	(4,608,683)	(17,394)	(4,626,077)
Net expenditure for the year	(4,034,579)	(15,539)	(4,050,118)
Balance at 1 April 2008	(370)	84,481	84,111
Balance at 31 March 2009	(4,034,949)	68,942	(3,966,007)
Cash funding from FCO Grant in Aid	4,100,000	-	4,100,000
Balance at 31 March 2009	65,051	68,942	133,993
Fund balances are held as follows:			
	2009 Core £	2009 Corporate £	2009 Total £
Fixed assets	17,590	-	17,590
Debtors	219,395	-	219,395
Cash	488,194	(2,315)	485,879
Creditors	(588,871)	-	(588,871)
Inter fund account	(71,257)	71,257	-
	65,051	68,942	133,993
	84,112		

The balance of Corporate Funds at 31st March 2009 represents corporate donation funds allocated for specific projects approved by the Board.

12 OPERATING LEASES

At 31 March 2009 the Foundation had annual commitments under non-cancellable operating leases as follows:

	2009 Land and buildings £	2009 Other £
Expiry date:		
Within one year	-	2,502
Between two and five years	60,375	5,351

13 CAPITAL COMMITMENTS

There were no capital commitments (2008: £Nil).

The Westminster Foundation for Democracy Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2009

14	INTRA GOVERNMENT BALANCES	2009	2008
		£	£
	Balances due from other central government bodies	135,180	82,880
	Other debtors	25,704	23,131
	Prepayments	58,511	49,533
		<u>219,395</u>	<u>155,544</u>
	Deferred income from other central government bodies	307,613	41,846
	Other creditors	43,927	-
	Accruals	120,975	61,063
		<u>472,515</u>	<u>102,909</u>

15 GRANT COMMITMENTS

At the year end, the Foundation had Board approvals amounting to £2,539,609 (2008: £1,681,658) of which £987,467 (2008: £774,404) related to Foundation projects and £1,552,142 (2008: £907,254) related to Political Parties projects. These projects will be funded from future Grant-in-Aid income and no commitments have been accrued for these in the financial statements.

16 AUTHORISATION

These financial statements were authorised for issue on 15th July 2009 and there were no non-adjusting events after the balance sheet date.

17 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 £543,460 was received from FCO Embassies during the year.



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