

**COMMONWEALTH WAR
GRAVES FOUNDATION**

ANNUAL REPORT
FOR THE YEAR ENDED

31 MARCH 2019

CHARITY REGISTRATION
NUMBER 1171947

COMMONWEALTH WAR GRAVES FOUNDATION

Financial Statements

for the year ended 31 March 2019

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COMMONWEALTH WAR GRAVES FOUNDATION

Trustees, Executive and Advisors

for the year ended 31 March 2019

Trustees:

The Hon. Mrs Ros Kelly AO **(Chair)**

Major General Alastair Bruce KStJ OBE VR

HE Janice Charette

Lady Lucy French OBE

The Hon Kevan Jones MP (appointed December 2018)

Dame Judith Mayhew Jonas DBE

Sir Adrian Alastair Montague CBE

Captain Jay Singh-Sohal

Chief Executive:

Victoria Wallace LLB DL

Executive Director:

John Grain (appointed May 2019)

Registered Office:

2 Marlow Road, Maidenhead, Berkshire, SL6 7DX.

Bankers:

HSBC, The Boulevard, Crawley, West Sussex, RH10 1UT.

Auditors:

Grant Thornton UK LLP, 30 Finsbury Square, London EC2A 1AG.

COMMONWEALTH WAR GRAVES FOUNDATION

Trustees' Report

for the year ended 31 March 2019

A MESSAGE FROM OUR CHAIR

It has been a busy and successful year for the Commonwealth War Graves Foundation (CWGF), one in which we have grown our income significantly and almost doubled our membership numbers. We have also embarked on a new period of strategic focus on delivering innovative and involving education activities that engage young people and the wider community in the story of our common sacrifice and shared history.

Looking back, particular highlights have included our first partnership the National Lottery Heritage Fund. The Lest We Forget project was designed to create an online archive of First World War stories and objects collected from the public. We engaged 105 Digital Champion volunteers and held 33 local collection days over the course of the year. On average, each event was twice as successful as we predicted in terms of numbers and we were delighted with the wealth of positive anecdotal feedback from our visitors, volunteers and partner organisations.

We were also delighted to partner with Annington Homes for our "Eyes On Hands On" project that will, over the course of the next three years, see volunteers all over the country help to monitor many of the scattered graves, circa 300,000, of the Commonwealth servicemen and women who are commemorated in the UK and report any problems with these headstones. We are hugely excited by the potential for further initiatives of this kind that bring people into regular contact with stories of sacrifice and commemoration in their own communities.

As we look forward, the CWGF's Trustees and Senior Management Team are fully committed to further establishing and strengthening the Foundation as the Commonwealth War Graves Commission's (CWGC) educational charity. In the coming year we plan to conduct exciting new pilot programmes including Postgraduate Certificate in Education (PGCE) training for student teachers, linking Commonwealth schools together in researching and mapping where people from their own communities fell and sharing those stories and building a volunteer speaker network to go into schools, colleges and community groups to tell the stories of casualties in a consistent and inspiring way.

Finally, the successes and achievement of the past year could not have been realised without the dedication of our volunteers, and the generous time and support given by the CWGC staff. I would record my thanks to all of them for the crucial part they play in ensuring the Foundation continues to grow and reach more people with the inspiring and humbling stories of those who gave their lives in the two world wars. I would also like to thank our dedicated Trustees, who freely give their time and expertise to provide the requisite governance and strategic oversight to ensure we operate effectively.

Ros Kelly AO, Chair of Trustees



COMMONWEALTH WAR GRAVES FOUNDATION

Trustees' Report

for the year ended 31 March 2019

Introduction

The Trustees present their report and accounts, for the Foundation's second operational year, the year ended 31 March 2019.

Structure and Governance

The Commonwealth War Graves Foundation ("the Foundation") is a charitable incorporated organisation (CIO), governed by its Constitution, as registered on 8 March 2017 and subsequently amended on 6 May 2017. The Foundation is registered with the Charity Commission of England & Wales (charity registration number 1171947). The Foundation has also established a branch in Belgium, registered on 1 January 2018, governed under the same constitution (enterprise number 0689.789.289).

The Commonwealth War Graves Commission ("the Commission"), an organisation established by Royal Charter in May 1917, is the sole member of the Foundation. The Foundation is a subsidiary of the Commission. The Commission is not a charity as its purposes are not exclusively charitable.

Members of the Foundation's Board of Trustees are appointed by the Commission; the majority of the Foundation's Trustees are not Commissioners. The Foundation's Chief Executive also serves as the Commission's Director General.

Three Trustee meetings took place during the year.

New Trustees' induction is provided by meetings with the Foundation's Chief Executive alongside meetings with members of the Commission's senior management team.

Objectives and activities

The objects of the Foundation are:

- (a) To promote and support the maintenance and upkeep of graves, cemeteries, buildings and memorials for the burial and commemoration of members of the naval, military and armed forces from countries of the Commonwealth who were killed during the First World War or the Second World War anywhere in the world, in particular (but without limitation) through the support of charitable activities undertaken by the Commonwealth War Graves Commission;
- (b) To advance citizenship among the people of the Commonwealth through the commemoration of members of the naval, military and armed forces from countries of the Commonwealth who were killed during the First World War and the Second World War; and
- (c) To advance the education of the public, especially young people, in the history of the First World War and the Second World War. In particular (but without limitation) through advancing education in the lives of those commemorated by the Commonwealth War Graves Commission and in the history of the cemeteries, buildings and memorials maintained by the Commonwealth War Graves Commission.

COMMONWEALTH WAR GRAVES FOUNDATION

Trustees' Report

for the year ended 31 March 2019

The Foundation's strategic objectives are the:

- development and sponsorship of internship programmes for youth guides, from the Commonwealth, at the Commission's main sites in Belgium and France;
- creation of educational resources and a programme of educational support and activities;
- building public engagement programmes engaging the wider community in the story of our common sacrifice and shared history initially focussed around sites and war graves in the UK

The Trustees confirm that they have referred to the guidance published by the Charity Commission in regards to public benefit when reviewing the Foundation's objectives and planning future activities.

Activities and Achievements

During its second year of operations the Foundation:

- Grew its Supporter scheme numbers from 433 to 807 including 3 gold memberships;
- Collaborated with Oxford University to create a national digital First World War archive funded by the Heritage Lottery Fund. The Foundation conducted archival roadshows and nationwide community events and provided archival training to 67 volunteers;
- Sold £25k of merchandise and printed goods from its head office and the information centre in Ieper and the profits generated assisted in defraying the Foundation's running costs;
- Obtained a three-year funding pledge, totalling £400k, from Annington Homes to fund "Eyes On Hands On" project which encourages volunteering grave care activity at the Commission's more remote and scattered UK sites;
- Submitted a funding bid, through a scheme operated by the Association of Independent Museums, funded by Biffa, to stage an exhibition at the Commission's RAF memorial site at Runnymede;
- Partnered with the "There but not There - Remembered" project and provided educational material which was made available to 30,000 schools which increased our social media and digital reach, but may not deliver the level of funding to the Foundation for educational outreach that was originally anticipated;
- Successfully fundraised £180k of voluntary cash donations (excludes donations in-kind) by hosting events, undertaking social media activity and making both written and personal approaches;
- The Foundation depends on the support from the Commission, the Commission's volunteers and its own volunteers for their dedication and commitment to the delivery of the charitable activities. In the year, 126 volunteers gave their time and energy, an estimated 3,200 hours estimated worth £25k.

COMMONWEALTH WAR GRAVES FOUNDATION

Trustees' Report

for the year ended 31 March 2019

Business Plan 2019-20

The Foundation's key deliverables in 2019/20 are:

- Completing the Heritage Lottery funded first world war citizen archive project;
- Developing funding sources for the Interns program from the wider Commonwealth;
- Establishing a branch in France so that the Foundation's activities can be promoted at the Commission's visitor centre near Arras;
- Developing its income streams from donations, membership and surpluses from sale of merchandise at our Ieper Information centre and French visitor centre;
- Delivering, in conjunction with the Commission, year one of the, "Eyes On Hands On" volunteering project;
- Delivering, with the Commission, an exhibition at Runnymede celebrating the life of Special Operations Executive Noor Inayat Khan.

Remuneration policy for key management personnel

During the year under review the Foundation did not have any employees. The Commission agreed that during the Foundation's start-up period that it would provide back office support free of charge. During this period administrative activities were undertaken on a part-time basis by Commission staff. In the previous review period temporary agency staff were contracted by the Foundation to help with the initial set-up of the supporter scheme. In 2019/20 the Foundation is to employ directly an Executive Director.

Volunteers policy

The Foundation welcomes and recognises volunteers. They fulfil a variety of roles including acting as our eyes and ears on the ground for the "Eyes On Hands On" project; educating and informing the wider public on the Commission's work; and, supporting core Foundation activity by freely lending their time and skills.

Reserves

The Foundation's reported reserves at 31 March were £94k but £60k relates to restricted activities resulting in free reserves amounting to £34k.

The Foundation has decided to set an initial reserve target of £28k of unrestricted reserves. This level of reserve is considered sufficient to cover the costs arising on the windup of the Foundation and would:

- Cover the redundancy costs of the future Foundation's employee, and
- Make provision for early termination of any other contracts currently in place

At March 2019, available unrestricted reserves of £34k exceed the target of £28k by 21%.

Financial results for the year ended 31 March 2019

The Foundation's income was £313k comprising donations £196k, of which £39k was restricted income, and £16k represents donations in kind, restricted grant income of £64k, membership fees of £27k, and trading income of £25k.

The membership renewal rate was 64%. and membership income includes three gold memberships.

COMMONWEALTH WAR GRAVES FOUNDATION

Trustees' Report

for the year ended 31 March 2019

Retailing merchandise includes books, maps and other printed matter relating to the history and commemoration of the First and Second World Wars. Other merchandise comprises stationery and gift items which promote the activities of both the Foundation and the Commission.

Costs of £132k were incurred. Key expenditure items were: re-charged staff costs from the Commission of £35k; donations in kind from the Commission valued at £16k; HLF funded archive project costs of £43k; and, £40k incurred on marketing and professional costs. Audit costs have increased as the Foundation underwent a statutory audit in the current year and prepared accounts on an accruals basis, whereas the previous year's accounts were prepared on a cash receipts and payments basis and required an independent examination.

The outcome was a surplus of £180k.

The interest-bearing loan of £20k advanced by the Commission was repaid in full including interest and a further repayment of £29.5k was also made in respect of the intergroup balance with the Commission. The intergroup balance of £52.1k is scheduled to be repaid within a four-year period.

The balance sheet stock value of £15k comprises: stationery; badges; rain ponchos; pins; printed maps; books; and guides.

Bank balances at the year-end were a healthy £178k (2018 -£33k).

The 2019/20 budget anticipates a breakeven position for the Foundation.

This report was approved by the Trustees on 10 December.....2019 and signed on their behalf by:

Ros Kelly AO

Chair

Date

10 December 2019



COMMONWEALTH WAR GRAVES FOUNDATION

Trustees' Responsibilities Statement

for the year ended 31 March 2019

The trustees are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulations.

The Charities Act 2011 requires the trustees to prepare financial statements for each financial year. The trustees have to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland. The trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charity for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP (FRS 102);
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditor

The trustees confirm that:

- so far as each trustee is aware, there is no relevant audit information of which the charity's auditor is unaware; and
- the trustees have taken all the steps that they ought to have taken as trustees in order to make themselves aware of any relevant audit information and to establish that the charity's auditor is aware of that information.

Independent auditor's report to the Trustees of Commonwealth War Graves Foundation

Opinion

We have audited the financial statements of The Commonwealth War Graves Foundation (the 'charity') for the year ended 31 March 2019, which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102; The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2019 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act. We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Independent auditor's report to the Trustees of Commonwealth War Graves Foundation

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements; or
- the charity has not kept sufficient accounting records; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees for the financial statements

As explained more fully in the Trustees' Responsibilities Statement set out on page 9, the trustees are responsible for the preparation of the financial statements which give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with Section 154 of the Charities Act 2011. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Independent auditor's report to the Trustees of Commonwealth War Graves Foundation

Other matter

The charity was not required to have a statutory audit for the period ended 31 March 2018 as it was entitled to exemption from the provision of the Charities Act 2011 relating to the audit of the financial statements for the period. Accordingly the corresponding figures for the period ended 31 March 2018 are unaudited.

Grant Thornton UK LLP

Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London
Date:

Grant Thornton UK LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

COMMONWEALTH WAR GRAVES FOUNDATION

Statement of Financial Activities

for the year ended 31 March 2019

	Note	Unrestricted Funds 2019 £	Restricted Funds 2019 £	Total 2019 £	55 weeks to 31 March 2018 £
Income from:					
Donations & Legacies	1	157,071	39,000	196,071	85,814
Charitable Activities					
Grants receivable	2	-	64,314	64,314	-
Supporter Scheme Income	3	27,090	-	27,090	13,225
Other Trading Activities	4	25,486	-	25,486	4,264
Total Income		<u>209,647</u>	<u>103,314</u>	<u>312,961</u>	<u>103,303</u>
Expenditure on:					
Raising funds					
Fundraising costs	5	48,602	-	48,602	58,933
Charitable Activities					
	6	40,843	42,703	83,546	130,095
Total expenditure		<u>89,445</u>	<u>42,703</u>	<u>132,148</u>	<u>189,028</u>
Net income/(expenditure)		120,202	60,611	180,813	(85,725)
Other recognised (losses) /gains	7	(783)	-	(783)	4
Net movement in funds		<u>119,419</u>	<u>60,611</u>	<u>180,030</u>	<u>(85,721)</u>
Reconciliation of funds					
Total funds brought forward	12	(85,721)	-	(85,721)	-
Net movement in funds	12	<u>119,419</u>	<u>60,611</u>	<u>180,030</u>	<u>(85,721)</u>
Total funds carried forward	12	<u>33,698</u>	<u>60,611</u>	<u>94,309</u>	<u>(85,721)</u>

The Foundation registration on 8 March 2017 results in a 55 week period to March 2018.

COMMONWEALTH WAR GRAVES FOUNDATION

Balance sheet

for the year ended 31 March 2019

	Note	Unrestricted Funds 2019 £	Restricted Funds 2019 £	Total 2019 £	Period ended 31 March 2018 £
Current assets					
Stock	9	15,423	-	15,423	-
Cash at bank and in hand		92,374	85,455	177,829	33,053
		<u>107,797</u>	<u>85,455</u>	<u>193,252</u>	<u>33,053</u>
Creditors: amounts falling due within one year	10	<u>(34,989)</u>	<u>(24,844)</u>	<u>(59,833)</u>	<u>(34,346)</u>
Net assets/(liabilities)		72,808	60,611	133,419	(1,293)
Total assets less current liabilities		72,808	60,611	133,419	(1,293)
Creditors: amounts falling due after more than one year	11	<u>(39,110)</u>	-	<u>(39,110)</u>	<u>(84,428)</u>
Total assets less long-term liabilities		33,698	60,611	94,309	(85,721)
Net assets/(liabilities)		<u>33,698</u>	<u>60,611</u>	<u>94,309</u>	<u>(85,721)</u>
Funds of the Foundation					
Unrestricted funds	12	33,698	-	33,698	(85,721)
Restricted funds	12	<u>-</u>	<u>60,611</u>	<u>60,611</u>	<u>-</u>
	12	<u>33,698</u>	<u>60,611</u>	<u>94,309</u>	<u>(85,721)</u>

The financial statements were approved by the Foundation's Trustees on ¹⁰~~xx~~ December 2019 and were signed on their behalf by:

Ros Kelly
Chair

10 December 2019

Victoria Wallace
Chief Executive

10 December 2019

COMMONWEALTH WAR GRAVES FOUNDATION

Cash flow Statement

for the year ended 31 March 2019

	Unrestricted Funds 2019 £	Restricted Funds 2019 £	Total 2019 £	55 weeks to March 31 2018 £
Net cash inflow from operating activities				
Net incoming resources/(outflows)	119,419	60,611	180,030	(85,721)
(Increase) in inventories	(15,423)	-	(15,423)	-
Increase in creditors	8,713	24,844	33,557	13,248
(Decrease)/Increase in Intercompany balance with CWGC	(53,388)	-	(53,388)	105,526
Net cash inflow from operating activities	59,321	85,455	144,776	33,053
Increase in cash	59,321	85,455	144,776	33,053
Reconciliation of net cash flow to movement in cash and cash equivalents				
			2019 £	2018 £
Movement in cash and cash equivalents			144,776	33,053
Cash and cash equivalents at 1 April			33,053	-
Cash and cash equivalents at 31 March			177,829	33,053

The Foundation registration on 8 March 2017 results in a 55 week period to March 2018.

COMMONWEALTH WAR GRAVES FOUNDATION

Principal Accounting Policies

as at 31 March 2019

The principal accounting policies and judgements used in the preparation of the financial statements are:

Basis of Accounting

The Trustees' Report and accompanying financial statements have been produced in accordance with the Accounting and Reporting by Charities: Statement of Recommended Practice (SORP), applicable to entities preparing their financial statements in accordance with FRS102, and applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice (GAAP) including FRS102). The Foundation meets the definition of a public benefit entity under FRS102. The functional currency is sterling.

The Commonwealth War Graves Commission is the sole member of the Commonwealth War Graves Foundation (Registered charity number 1171947) These financial statements are therefore also consolidated in the results of the Commission on a line by line basis. Transactions and balances between the Foundation and the Commission are disclosed in the notes to these accounts at Note 4, 5, 6, 10, 11, 13, 14 and 15.

Going Concern

The financial statements have been prepared on a going concern basis. The Foundation's financial statements are in a net asset position of £94.3k at 31 March 2019 (-£86.7k net liability at 31 March 2018) due to in year donations and grant income. The intercompany balance owed to the Commission has decreased to £52.1k (2018 -£105.5k), which is scheduled to be repaid over 4 years. The Foundation currently has cash balances of £178k (2018 -£33k) which will cover its grant activities and general running costs in 2020. The Foundation expects its membership, donations and other income to both continue and grow over the medium term, as the charity increases its ability to both identify and attract new sources of grant and charitable funding. If required, the Foundation can also draw down additional funding from the Commission agreed loan facility of £500k. On this basis, the Foundation is considered to be a going concern.

Fund accounting

The Foundation holds unrestricted and restricted funds.

Unrestricted income funds comprise those funds which the Trustees are free to use at their discretion in furtherance of the objectives of the Foundation.

Restricted funds are subject to specific restrictions imposed by the donors.

Income recognition

Income is recognised once the Foundation has entitlement to the income, it is probable that the income will be received, and the amount can be measured reliably.

Donations

Donations received are recognised once the Foundation has entitlement to the income, it is probable that the income will be received, and the amount of income receivable can be measured reliably.

Supporter membership scheme income

Income from the supporters' membership scheme is treated and recognised as a donation when the amount of income receivable can be measured reliably.

COMMONWEALTH WAR GRAVES FOUNDATION

Principal Accounting Policies

as at 31 March 2019

Donated services, facilities and goods

The Foundation receives a low level of services, facilities and goods free of charge in support of its finance, human resources, legal, management and operational activities.

Donated services and facilities are shown as donations in kind and recognised in income with an equivalent amount recognised as an expense under charitable costs. The valuation attributed to these donations is as follows: the Foundation has been allocated 5% of the running costs of the Ieper Information Centre and 0.5% of CWGC's total back office support costs. Donations of book stocks from the Commission are recognised in the period that they are received.

The value of time given by volunteers is excluded from the accounts as their contribution to the Foundation cannot be reasonably quantified in financial terms. During 2018/19, the Foundation used volunteers to educate and inform the wider public about the Foundation and the Commission's work, and to support the Heritage Lottery Fund (HLF) grant project.

Grant Funding

Funding from organisations supporting the Foundation's objectives is treated as restricted funds and shown separately in the statement of financial activities as this is mandated by these grant agreements. The full income is recognised in the year in which the Foundation becomes fully entitled to receive it.

In the event that a donation or grant is subject to conditions, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the Foundation and it is probable that those conditions will be fulfilled.

Recognition of expenditure

All expenditure is accounted for in the statement of financial activities on an accruals basis.

Classification of expenditure

The Foundation's expenditure is analysed between fundraising costs, charitable activity costs and other expenditure.

Expenditure on raising funds

Expenditure on raising funds includes the costs to manage the supporter scheme and marketing and promotion costs to raise income.

Expenditure on charitable activities

Expenditure on charitable activities includes all expenditure directly relating to the charitable activities of the Foundation, resources expended on managing and administering the charity. The direct cost of delivering the activity, grants payable and the donated in-kind support cost from the CWGC.

The support donated in kind from CWGC comprises management, finance, human resources, legal and marketing services. Staff support is provided free of charge whilst the Foundation continues to establish itself, in the UK, Belgium and France.

Governance costs

Governance costs represent direct expenditure incurred by, or on behalf of, the Foundation, for external audit costs.

COMMONWEALTH WAR GRAVES FOUNDATION

Principal Accounting Policies

as at 31 March 2019

Other expenditure

The Foundation's other expenditure relates to the cost of merchandising sales and other event costs.

Inventory

Cost for the stock of merchandise is included in current assets. Merchandise directly purchased by the Foundation's Belgian branch, is valued at cost. The Commission's historic stock of books and maps is being donated to the Foundation free of charge.

Provisions

Provisions for future liabilities are recognised if there is a legal or constructive financial obligation that can be readily estimated and for which there is a reasonable expectation that payment will be made.

Foreign currencies

Transactions in foreign currencies are translated at the monthly average exchange rate. Currency balances at the year-end are translated at the year-end rate. The net exchange (loss)/gain was (£783) (2018 -£4).

Operating leases

The Foundation currently has no operating leases. Rent is not currently charged for Foundation engagement activities conducted at Commission locations, i.e. the Ieper Information centre. The use of the Information Centre is donated in kind by the Commission and is accounted for under donations and expenditure in kind.

Value Added Tax (VAT)

The Foundation's trading activities have not yet reached the VAT thresholds in either the UK or in Belgium and therefore it is not currently required to register for VAT.

Restricted funds

The Foundation's financial statements include restricted funds for grant activities.

Significant estimates and judgements

Estimates

Where contractual revenue cannot be allocated with certainty, but is related to the current financial period, an estimate of the income is booked within the financial statements based on the anticipated completion value. Costs are allocated on an accruals basis for costs incurred within the current financial period.

Judgements

Membership income is recognised in the month it is received rather than being amortised over the twelve-month subscription period. This revenue recognition approach has been adopted because the membership fee is in substance a donation and no substantive benefits accrue to members and no refunds are made.

COMMONWEALTH WAR GRAVES FOUNDATION

Notes to the Accounts

as at 31 March 2019

1 Income from Donations

Donations - Unrestricted

	2019	2018
	£	£
Donations - received at Head Office	130,077	85,814
Donations - Belgium, Ieper Information centre (IC)	10,568	-
Donations in kind - support cost for services from CWGC	16,426	-
	<u>157,071</u>	<u>85,814</u>

Donations include fund raising from Trustees' engagement activities, amounts received at events together with donations received directly by the Foundation at Commission locations and those made via the web-site.

Donations - Restricted

	2019	2018
	£	£
Annington Homes - Eyes On Hands On project	24,000	-
Donations - Interns programme 2019	15,000	-
	<u>39,000</u>	<u>-</u>

Over the next 3 years Annington Homes have pledged to provide funding to support the upkeep of the Commission's UK scattered graves.

The Interns Programme was introduced in 2017 with initial funding to the Commission from the UK government's LIBOR funding scheme. It brings 24 young people each year to the Western Europe to work at some of the Commission's most iconic sites. The role develops skills and helps create Ambassadors of the future. Interns engage with visitors and help them to maximise their visit. They offer guided tours, assist with tracing relatives, help find a grave and answer the many other questions visitors have. Donations for £15k were received by the Foundation to support the Interns programme; these are shown as restricted income, which in the future may be granted to the Commission or allocated to Intern charitable activities in the Foundation.

2 Income from Grant Funding - Restricted

	2019	2018
	£	£
Heritage Lottery Funding - Lest we forget project	<u>64,314</u>	<u>-</u>

Total funding received for the "Lest we forget" project was £79k: it is estimated that £14.7k of the funds will not be spent and therefore this balance remains on the balance sheet in creditors.

COMMONWEALTH WAR GRAVES FOUNDATION

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as at 31 March 2019

3 Income - Supporter Scheme

	2019	2018
	£	£
Standard donation membership	24,090	13,225
Gold donation membership	3,000	-
	<u>27,090</u>	<u>13,225</u>

Standard supporter membership increased in 2019 to 803 supporters, (2018 - 434). 278 supporters renewed their membership for a further 12-months, a membership renewal rate of 64%. Gold membership is also recognised as a donation, 3 people subscribed during the year.

4 Income from other trading activities

	2019	2018
	£	£
Net realisable book stock donated from CWGC	4,420	-
Books and printed matter sales	11,905	2,334
Map sales	4,737	-
Other Merchandise sales	4,424	-
Event fees	-	1,930
	<u>25,486</u>	<u>4,264</u>

Books and printed matter relating to the history and commemoration of the First and Second World Wars can be purchased from the Ieper Information Centre in Belgium or on-line from the Foundation pages on the Commission web-site. Maps of the cemeteries and memorials throughout France and Belgium are a popular purchase. Other merchandise sales include stationery and other gifts which promote the activities of both the Foundation and the Commission.

5 Expenditure on Raising Funds

Raising Funds	Staff/ recharge costs £	Other Direct costs £	Total 2019 £	Total 2018 £
Fundraising costs	13,025	35,577	48,602	58,933
	<u>13,025</u>	<u>35,577</u>	<u>48,602</u>	<u>58,933</u>

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Fundraising costs were higher in 2018 due to the initial set-up costs for the Foundation. The cost includes staff re-charges relating to staff administrator, 50% shared with the Commission and the cost of the supporter's pack and other marketing and promotion costs.

A stock of books long held by the Commission has and will continue to be donated free of charge to the Foundation for third party retail. New books and other merchandise are purchased directly by the Foundation. The stock is held at net-realizable cost (see note 4)

6 Expenditure - Charitable Activities

	Unrestricted £	Restricted £	2019 Total £	2018 Total £	
Advancing public education on First and Second world wars	20,018	42,703 *	62,721	27,803	
Promoting & supporting activities undertaken by CWGC	20,825	-	20,825	102,292 **	
	<u>40,843</u>	<u>42,703</u>	<u>83,546</u>	<u>130,095</u>	

* Restricted charitable activities costs comprise the costs incurred on the Lest we Forget project which include: £9.5k for re-charged staff costs; £8.4k training and travel; £6.1k marketing and promotional; £17.5k Oxford University Archives; and, £1.2k other.

** The costs in 2018 include a £70,000 contribution by the Foundation to CWGC to fund its presence at the Chelsea Flower Show.

Support costs of £16,426 and governance costs of £13,013 (2018 – £4,816) have been allocated to the Foundation's two principal charitable activities and objectives on a 50:50 basis.

Promoting & supporting activities includes interest, bank charges and event costs of £808 (2018 – £4,490)

7 Other recognised (loss)/gain

	2019 £	2018 £
Exchange (loss)/gain on balance sheet revaluation	<u>(783)</u>	<u>4</u>

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as at 31 March 2019

8 Governance costs

	2019	2018
	£	£
Independent examination	(2,959)	4,816
Fees payable to the Foundation's auditor for the audit of the Foundation's financial statements	13,013	-
	<u>10,054</u>	<u>4,816</u>

Accounts were prepared in 2018 on a receipts and payments basis, which cost less than we anticipated, resulting in a credit against the 2018 cost provision.

No expenses were claimed by Trustees in the current or previous accounting periods.

9 Stock of Merchandise

	2019	2018
	£	£
Books and guides (total 348)	2,217	-
Maps (total 355)	698	-
Merchandise - stationery, badges and pins	8,871	-
Merchandise – ponchos	3,637	-
	<u>15,423</u>	<u>-</u>

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as at 31 March 2019

10 Creditors: amounts falling due within one year

	Unrestricted	Restricted	Total	Total
	2019	2019	2019	2018
	£	£	£	£
Deferred Income		14,706	14,706	-
Trade creditors	4,464	2,187	6,651	3,151
Trade accruals	17,120	7,820	24,940	10,097
Other creditors	368	131	499	-
Intergroup balance owed to Commonwealth War Graves Commission	13,037	-	13,037	21,098
	<u>34,989</u>	<u>24,844</u>	<u>59,833</u>	<u>34,346</u>

Deferred income relates to the grant funding for the “Lest we forget” project which spans 2 years. It is anticipated that approximately £14.7k of the grant received will be repaid to the Heritage Lottery Fund in 2019/20 due to the project incurring lower costs than originally anticipated.

11 Creditors: amounts falling due after more than one year

	Unrestricted	Restricted	Total	Total
	2019	2019	2019	2018
	£	£	£	£
Intergroup balance owed to CWGC	39,110	-	39,110	84,428

The long-term Intergroup balance with the Commission is repayable over the next 4 years. The Foundation has an unsecured draw down facility of a total principal amount not exceeding £500k available until 31 March 2021 and fully repayable by 31 March 2023. The loan balance bears interest at the rate of 1.5% above the Bank of England base rate. There is a zero draw down balance as at 31 March 2019, as the loan including interest of £20.5k was settled on 28 March 2019. The Intergroup intercompany balance does not bear interest.

COMMONWEALTH WAR GRAVES FOUNDATION

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as at 31 March 2019

12	Retained funds	2019 £	2018 £
	Unrestricted fund	33,698	(85,721)
	Restricted funds	<u>60,611</u>	<u>-</u>
		<u>94,309</u>	<u>(85,671)</u>

The total movement in funds during the year relates to: fundraising; delivery of the Foundation's strategic objectives; managing the grant funded project; and, attending events for the Foundation.

Analysis of movement in funds

	Brought forward £	Incoming resources £	Resources expended £	Carried forward £
Restricted funds				
Interns	-	15,000	-	15,000
Heritage Lottery	-	64,314	(42,703)	21,611
Annington Homes	-	24,000	-	24,000
Total restricted funds	<u>-</u>	<u>103,314</u>	<u>(42,703)</u>	<u>60,611</u>
Unrestricted funds	<u>(85,721)</u>	<u>209,647</u>	<u>(90,228)</u>	<u>33,698</u>
Total funds	<u>(85,721)</u>	<u>312,961</u>	<u>(132,931)</u>	<u>94,309</u>

The movement in unrestricted funds relates to fundraising and the delivery of the Foundation's strategic objectives.

Grants awarded to the Foundation for specific projects are treated as restricted in line with the contract. In 2018/19 there was £103k of restricted income for three projects. This consisted of £15k donations received to support Intern activities, and £64k grant income and £43k of costs relating to the "Lest we forget", Heritage Lottery funded project. A further restricted donation of £24k, in relation to the funds pledged from Annington Homes was received in year, to be used in 19/20 the "Hands On Eyes On" project.

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as at 31 March 2019

Analysis of net assets/(liabilities) between funds

	Unrestricted funds	Restricted funds	Total 2019	Total 2018
	£	£	£	£
Fund balances at 31st March 2019 are represented by:				
Stock	15,423	-	15,423	-
Cash at bank and in hand	92,374	85,455	177,829	33,053
Creditors amounts falling due within one year	(34,989)	(24,844)	(59,833)	(34,346)
Total	72,808	60,611	133,419	(1,293)
Creditors amounts falling due after more than one year	(39,110)	-	(39,110)	(84,428)
Total funds carried forward	33,698	60,611	94,309	(85,721)

13 Staff and Remuneration

During the period under review the Foundation did not have any permanent employees. The administrative activities for both the supporter scheme and Heritage Lottery funded grant activity was provided by Commission staff and re-charged to the Foundation. The Commission agreed that during the Foundation's start-up period that it would donate in kind back office support free of charge.

14 Support services and facility costs

Donations in kind

	Finance	Legal	Marketing	Mgt	HR and Ops	Total	Total 2018
	£	£	£	£	£	£	£
Support	6,324	1,114	2,630	2,673	1,500	14,241	-
Facilities	2,185	-	-	-	-	2,185	-
	8,509	1,114	2,630	2,673	1,500	16,426	-

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Support costs reflect the services donated in kind by Commission staff for administration and management of back-office functions, estimated 0.5% of Commission Department costs. Facility costs relate to the Foundation's estimated share, 5%, of the running costs of the Belgium Information Centre donated in kind by the Commission.

15 Related party transactions

The ultimate parent company and controlling party is the Commonwealth War Graves Commission. The largest and smallest group of which the charity is a member and for which group consolidated statements are drawn up is headed by the Commonwealth War Graves Commission. Copies of these consolidated accounts are available on request by writing to the Foundation's registered address.

The Commonwealth War Graves Foundation, has as its sole member the Commonwealth War Graves Commission. Material transactions with the Commission comprised:

- A recharge from The Commonwealth War Graves Commission of salary, and other direct costs amounting to £22k during the year. £4.5k worth of books were donated to the Belgian branch for retailing at the Ieper Information Centre
- The Commonwealth War Graves Foundation owed the Commonwealth War Graves Commission £52k (2018 - £105k) at the year-end. £29.5k of the intergroup balance was paid by the Foundation in March 2019.
- The loan balance including interest as at 28 March 2019 was settled in full, value of £20.5k.
- Back office support and services donated by the Commission to the Foundation free of charge, whilst the Foundation continued to establish itself, were valued at £16k.
- Two trustees were gold members during the year and two trustees were standard members – total value received £2,060.
- Lady Lucy French, a trustee of the Commonwealth War Graves Foundation, is also a trustee of the "Never such Innocence" charity which aims to give children and young people across the world a voice on war and conflict. £2.5k was paid to Never such Innocence for Salonika Remembers activity (2018 - £2.5k) by the Commission.

16 Post Balance Sheet Events

There were no significant post balance sheet events.