

Financial Statements of the Commonwealth Secretariat Fund

Year Ended 30 June 2025



The Commonwealth



**The Hon
Shirley Botchway**
Secretary-General
11 December 2025



Dr Arjoon Suddhoo
Deputy Secretary-General
5 December 2025

THE COMMONWEALTH SECRETARIAT FUND

PRINCIPAL ACTIVITIES AND OPERATING STRUCTURE

Principal Activities of The Commonwealth

The Commonwealth is a voluntary association of 56 independent countries and equal sovereign states. Its members are bound together by respect for all states and peoples; by shared values and principles; and by concern for the vulnerable.

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

The Commonwealth:

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

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

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

Further information regarding The Commonwealth's current four year Strategic Plan from 2021-22 to 2024-25, which was approved in September 2021, can be found on the website www.thecommonwealth.org.

The Commonwealth Secretariat

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

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

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

Accordingly, these are the financial statements of **The Commonwealth Secretariat Fund** for the year ended 30 June 2025.

COMSEC facilitates consultation and consensus building amongst Commonwealth governments. It monitors international developments, conducts research and prepares briefings on political, social and economic issues which are of interest to member countries.

THE COMMONWEALTH SECRETARIAT FUND

PRINCIPAL ACTIVITIES AND OPERATING STRUCTURE

The Commonwealth (Continued)

The financial statements for COMSEC include the financial performance and position of the Joint Office for Commonwealth Permanent Missions to the United Nations which is based in New York and the Commonwealth Small States Office which is based in Geneva. The Joint Office for Commonwealth Permanent Missions to the United Nations operates as a base for nine Commonwealth small states and one regional body, to work out of and represent their respective countries at the United Nations. Both offices are funded by the tenants together with contributions from other donor countries. The Commonwealth Small States Office in Geneva provides subsidised office space for diplomatic missions of Commonwealth small states and a business centre for tenants and visiting small states delegations attending multilateral meetings.

Governance and Structure

The Commonwealth is headed by a Secretary-General, The Hon. Shirley Botchwey, who is appointed by the Heads of Government of the Commonwealth Member States.

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

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

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

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

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

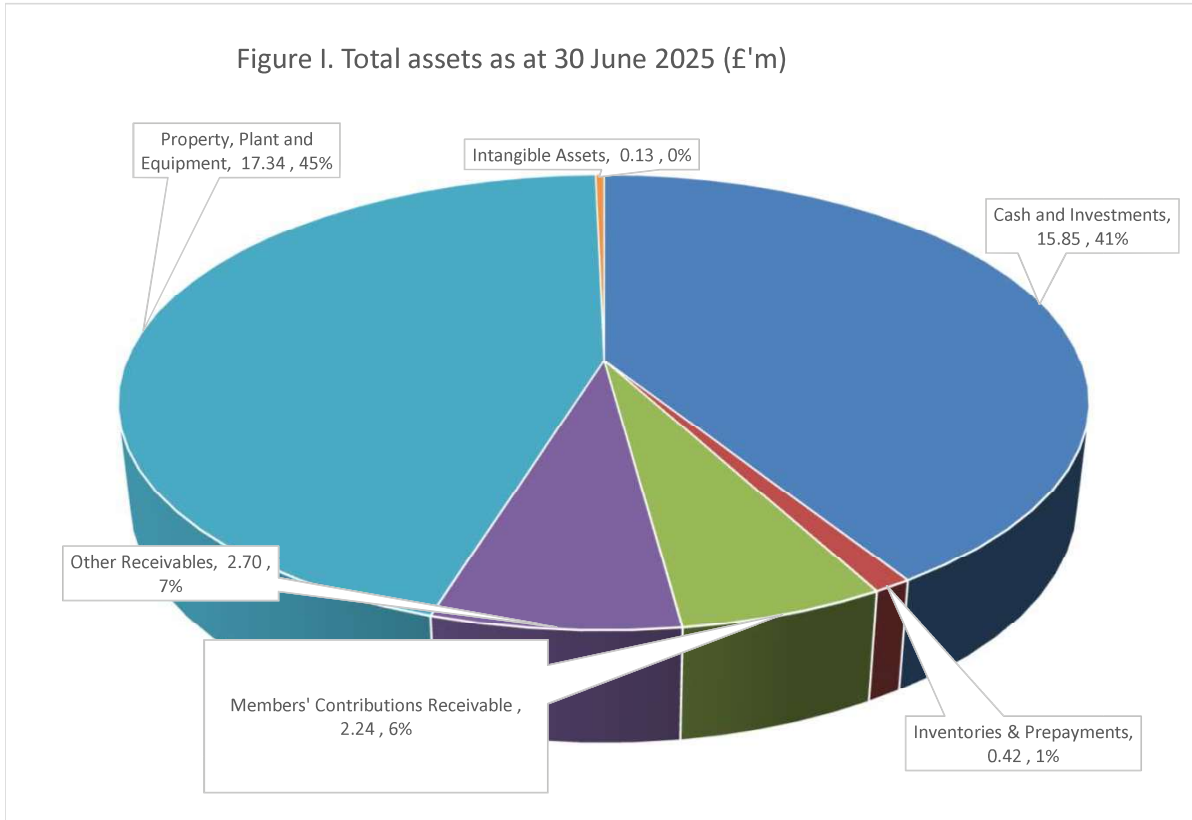
FINANCIAL STATEMENT HIGHLIGHTS

Overview of Financial Statements

In this final year of the 2021/22–2024/25 Strategic Plan, the Secretariat continues to adapt and maintain its focus on the effective delivery of programme activities. The key financial outcomes for 2025 are summarised below.

Assets

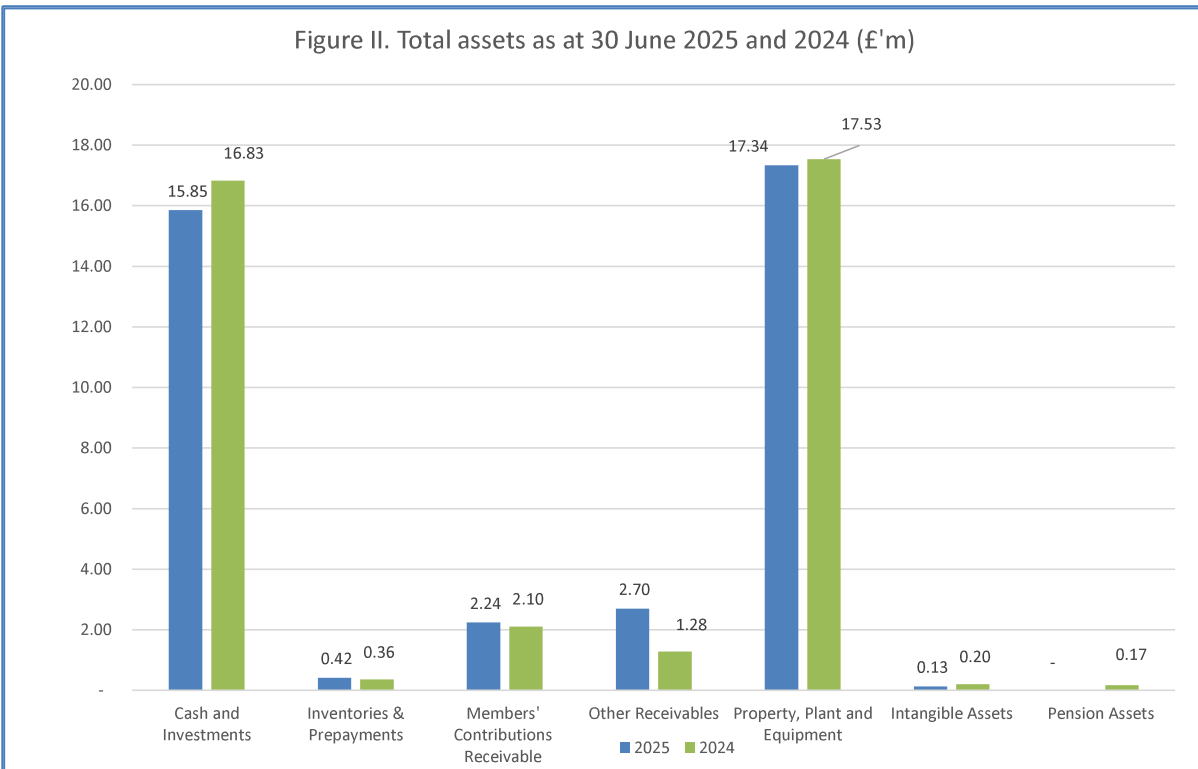
At the end of 2025, COMSEC’s total assets were £38.69 million (2024: £38.48 million), an increase of £0.21 million (0.5%) compared to the previous year. Figure I sets out the structure of the total assets as at 30 June 2025.



Cash and cash equivalents and investments as at 30 June 2025 were reported at £15.85 million or 41% of total assets (2024: £16.83 million or 44%) that supports its core and extrabudgetary activities. The breakdown of the £15.85 million are £4.60 million (2024: £8.30 million) investment in time deposits and £11.25 million (2024: £8.53 million) in cash and cash equivalents.

FINANCIAL STATEMENT HIGHLIGHTS

Overview of Financial Statements (Continued)



COMSEC reported £2.24 million (2024: £2.10 million) Members' contributions receivable. There was an increase of £0.14 million (7%) mainly due to the slow recovery of older debts. The collection rate of Members' contribution remained at 88%.

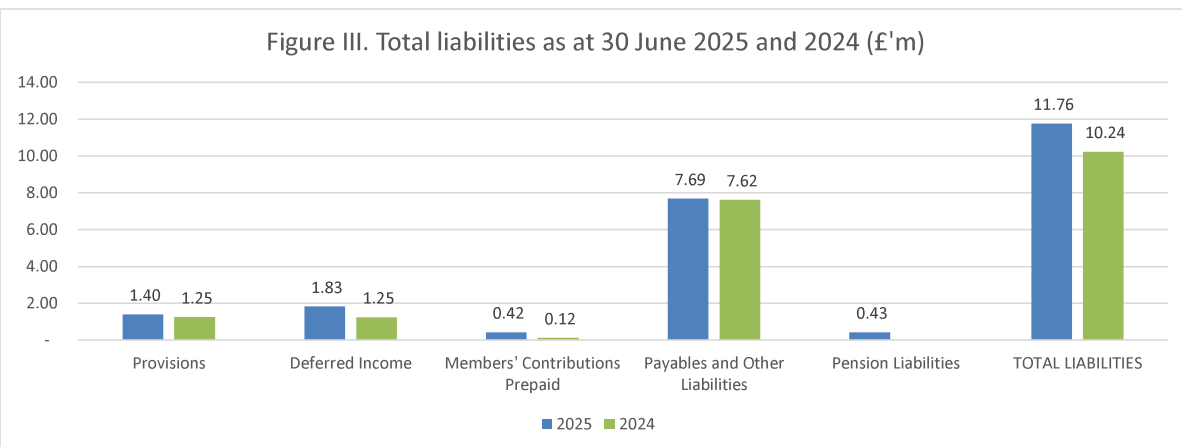
Other receivables increased by £1.42 million to £2.70 million (2024: £1.28 million) mainly due to intercompany recoveries and staff travel advances during the year.

Property, Plant and Equipment; The market value of the leasehold property remained unchanged at £16.00 million as at the balance sheet date, consistent with the previous valuation.

There is a devaluation in pension assets, with the current combined scheme showing a net liability of £0.43 million, compared with net assets of £0.17 million in 2024.

Liabilities

Total liabilities of £11.76 million at the end of 2025 (2024: £10.24 million) thereby recording a 10% increase from previous year. This is mainly due to increases in provisions and deferred income.



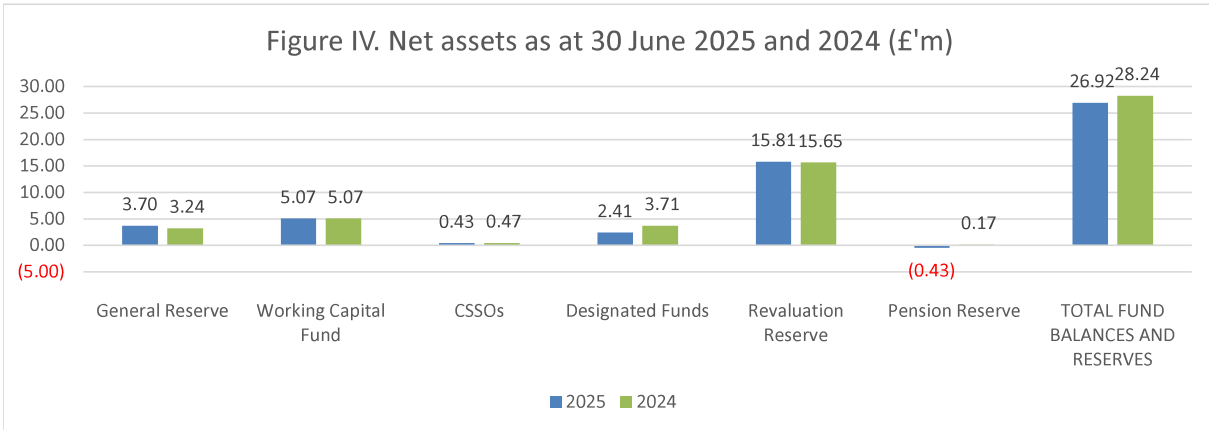
FINANCIAL STATEMENT HIGHLIGHTS

Overview of Financial Statements (Continued)

Net Assets

The net assets position decreased by £1.32 million (5%) from £28.24 million as at 30 June 2024 to £26.92 million as at 30 June 2025 as presented on the Statement of Financial Position. It constitutes the fund balances for the organisation. However, it should be noted that the funds available to COMSEC for future use are not without restrictions. Of the overall closing balance of £26.92 million, £15.81 million (59%) relates to Revaluation Reserves and £0.43 million (2%) related to Pension net liabilities, as shown in the below Figure IV. These are net assets not available for COMSEC’s utilisation as compared to General Fund.

The distribution of the net assets is shown on figure IV below. The movements in net assets for the year ended 30 June 2025 is reported in Statement of Changes in Net Assets.

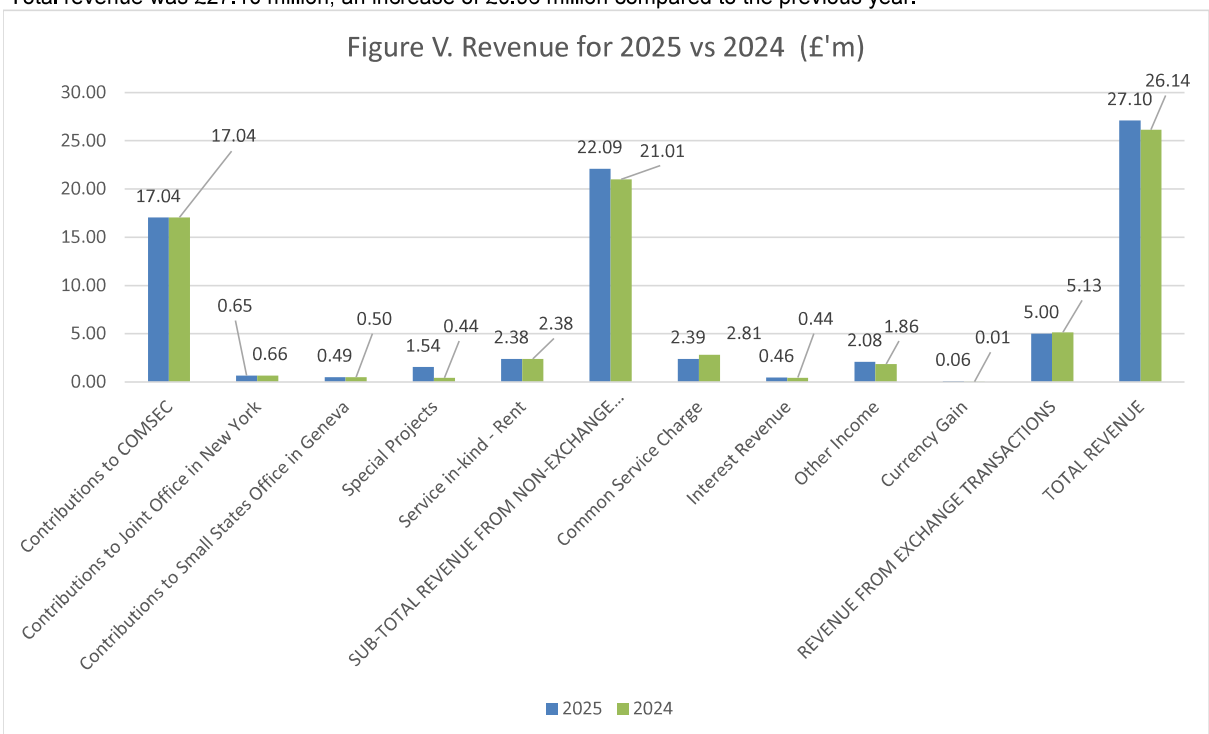


As illustrated in Figure IV, the General Reserve increased by £0.46 million, attributable mainly to the transfers presented in the Statement of Changes in Equity on page 13.

There was no movement in the Working capital reserve in 2025. This was retained at 20% of approved planned expenditure for the year in line with Section V of the revised Financial Regulations.

Income

Total revenue was £27.10 million, an increase of £0.96 million compared to the previous year.



FINANCIAL STATEMENT HIGHLIGHTS

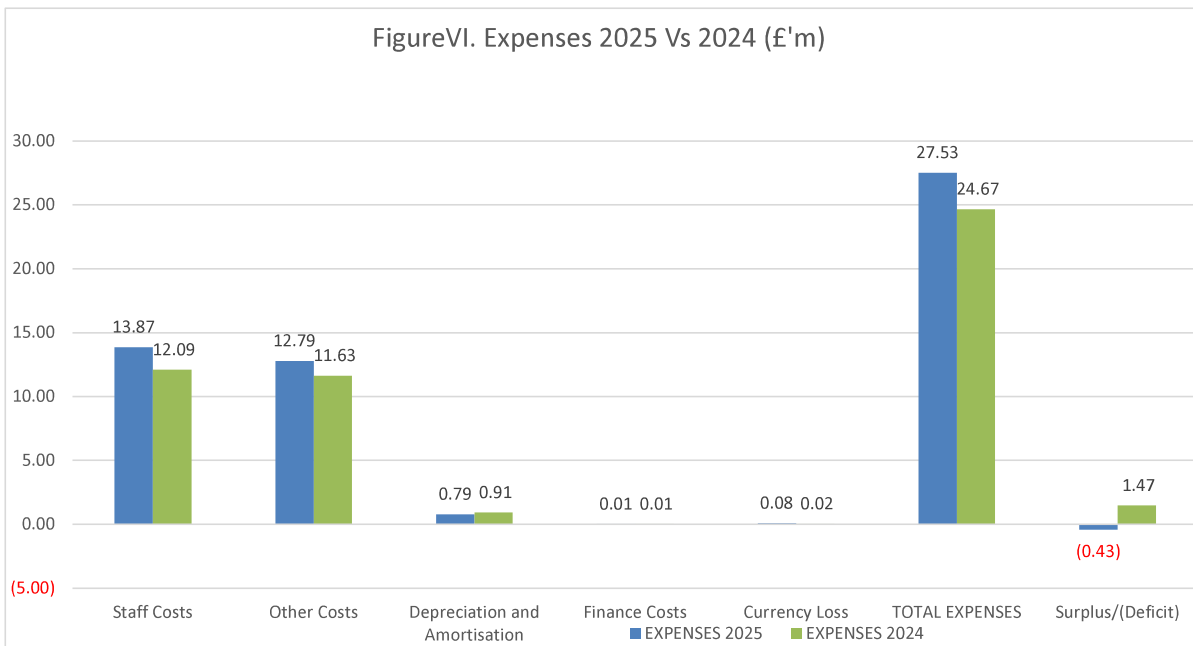
Overview of Financial Statements (Continued)

Total revenue increased by 4% to £27.10 million. The composition of revenue remained broadly in line with the prior year, Contributions to Comsec continuing to represent the largest share at 63% (2024: 65%). Other revenue sources included common service charges and services in kind (9%), other income (8%), special projects (6%), contributions to small states offices (2%), and interest revenue (2%).

Except for Recovery of expenses, which increased by £0.26 million (47%) primarily as a result of the VAT settlement from the FCDO, revenue streams were broadly in line with the prior year and exhibited only immaterial fluctuations

Expenses

Total operating expenses for 2025 amounted to £27.53 million compared with £24.67 million in 2024, an increase of £2.86 million (12%). The various categories of expenditure are shown in Figure VI.



Staff costs were the most significant portion of COMSEC operating expenditure at 50% (2024: 49%), followed by Other costs at 46% (2024: 47%) and Depreciation and Amortisation at 4% (2024: 4%).

Staff costs for 2025 amounted to £13.87 million compared with £12.09 million in 2024, an increase of £1.78 million (15%), mainly due to an increase in the number of overseas staff hired to fill vacant positions compared to the previous year.

Other costs increased by £1.16 million (10%) to £12.79 million from £11.63 million in 2024. The increase in other costs was mainly due to the cost related to CHOGM related activities.

THE COMMONWEALTH SECRETARIAT FUND

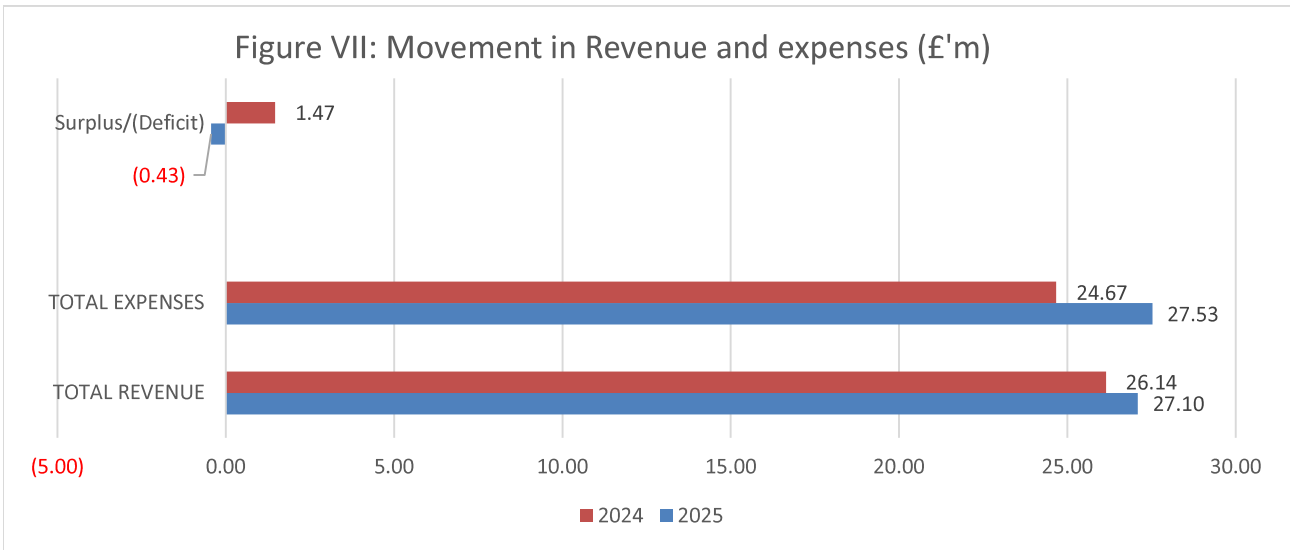
FINANCIAL STATEMENT HIGHLIGHTS

Overview of Financial Statements (Continued)

Result for the year 2025

The overall financial performance decreased by £1.90 million from the surplus of £1.47 million in 2024 to the deficit of £0.43 million in 2025. The decrease is the combined effect of the increase in total revenue by £0.96 million, and the increase in total expenses £2.86million.

It should be noted that the financial performance of revenue and expenses reflected in Statement of Financial Performance is presented on an IPSAS accrual basis and thus is different in its measurement and accounting from the budgetary performance of receipts and payments reflected in Management accounts prepared on a modified cash/accrual basis.



THE COMMONWEALTH SECRETARIAT FUND

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF GOVERNORS

Independent auditor's report to the Board of Governors of The Commonwealth Secretariat Fund

Opinion

We have audited the non-statutory financial statements of The Commonwealth Secretariat Fund (COMSEC) for the year ended 30 June 2025 which comprise the Statement of Financial Position, Statement of Financial Performance, Statement of Changes in Net Assets, Cash Flow Statement and notes to the non-statutory financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Public Sector Accounting Standards and the Financial Regulations as authorised by the Commonwealth Heads of Government.

In our opinion the non-statutory financial statements:

- give a true and fair view of the state of COMSEC's affairs as at 30 June 2025 and of its deficit for the year then ended; and
- have been properly prepared in accordance with International Public Sector Accounting Standards and the Financial Regulations as authorised by the Commonwealth Heads of Government.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the non-statutory financial statements section of our report. We are independent of COMSEC in accordance with the ethical requirements that are relevant to our audit of the non-statutory financial statements in the UK, including the FRC's Ethical Standard, and also the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the non-statutory financial statements, we have concluded that the Board's use of the going concern basis of accounting in the preparation of the non-statutory financial statements is appropriate.

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

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

Other information

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

We have nothing to report in this regard.

THE COMMONWEALTH SECRETARIAT FUND

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF GOVERNORS

Independent auditor's report to the Board of Governors of The Commonwealth Secretariat Fund

Responsibilities of the Secretary-General

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

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

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

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

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

A further description of our responsibilities for the audit of the non-statutory 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.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the non-statutory financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which COMSEC operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the non-statutory financial statements. The laws and regulations we considered in this context were the Commonwealth Secretariat Act 1966 (as amended by the International Organisations Act 2005) and financial reporting standards. We assessed the required compliance with these laws and regulations as part of our audit procedures on the related non-statutory financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the non-statutory financial statements but compliance with which might be fundamental to COMSEC's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within COMSEC for fraud

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Board and other management and inspection of regulatory and legal correspondence, if any.

THE COMMONWEALTH SECRETARIAT FUND

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF GOVERNORS

Independent auditor's report to the Board of Governors of The Commonwealth Secretariat Fund

We identified the greatest risk of material impact on the non-statutory financial statements from irregularities, including fraud, to be within the override of controls by management. Our audit procedures to respond to these risks included enquiries of management and the Audit Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence, and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the non-statutory financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the non-statutory financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Use of our report

This report is made solely to the Board of Governors in accordance with the engagement letter dated 16 May 2022 and the Financial Regulations of COMSEC. Our audit work has been undertaken so that we might state to COMSEC's Board of Governors 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 COMSEC's Board of Governors, for our audit work, for this report, or for the opinions we have formed.

Crowe U.K. LLP

Crowe UK LLP
London, United Kingdom

Date: 19 December 2025

THE COMMONWEALTH SECRETARIAT FUND

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2025

		30 June 2025	30 June 2024
	Notes	£	£
ASSETS			
Current Assets			
Cash and Cash Equivalents	2	11,253,325	8,527,321
Investments	3	4,600,000	8,300,000
Inventories		3,225	3,968
Prepayments		415,195	353,474
Members' Contributions Receivable from Non-exchange Transactions	9(a)	2,067,913	1,860,832
Other Receivables from Exchange Transactions	4	2,699,633	1,284,292
		21,039,291	20,329,887
Non-Current Assets			
Property, Plant and Equipment	5(a)(i),5(b)(i)	17,339,950	17,533,611
Intangible Assets	5(a)(ii),5(b)(ii)	132,115	203,315
Members' Contributions Receivable from non-exchange transactions	9(a)	175,584	241,722
Pension Assets	7	-	174,000
		17,647,649	18,152,648
TOTAL ASSETS		38,686,940	38,482,535
LIABILITIES			
Current Liabilities			
Provisions	8	393,547	405,847
Deferred Income from Non-exchange Transactions	11(a),11(b)	1,829,159	1,248,992
Members' Contributions Prepaid from Non-exchange Transactions	9(a)(i),9(a)(ii)	424,687	119,245
Payables and Other Liabilities from Exchange Transactions	6	6,060,428	5,932,046
		8,707,821	7,706,130
Non-Current Liabilities			
Provisions	8	1,004,337	844,992
Payables and Other Liabilities from Exchange Transactions	6	1,626,980	1,689,088
Pension Liabilities	7	425,000	-
		3,056,317	2,534,080
TOTAL LIABILITIES		11,764,138	10,240,210
NET ASSETS		26,922,802	28,242,325
FUND BALANCES AND RESERVES			
General Reserve		3,704,669	3,244,238
Working Capital Fund		5,074,838	5,074,838
Joint Office in New York	16	433,287	470,061
Small States Office in Geneva	16	(87,036)	(83,939)
Designated Funds	1.17	2,414,748	3,714,640
Revaluation Reserve	1.17	15,807,296	15,648,487
Pension Reserve	7	(425,000)	174,000
TOTAL FUND BALANCES AND RESERVES		26,922,802	28,242,325

THE COMMONWEALTH SECRETARIAT FUND

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2025

	Notes	2024-25 £	2023-24 £
REVENUE FROM NON-EXCHANGE TRANSACTIONS			
Contributions to COMSEC	9(a)(i),9(a)(ii)	17,037,588	17,037,588
Contributions to Joint Office in New York	9(b)	651,345	658,616
Contributions to Small States Office in Geneva	9(c)	486,338	498,321
Special Projects	11(a), 11(b), 16	1,538,718	436,694
Service in-kind - Rent	12(b)(ii)	2,380,000	2,380,000
SUB-TOTAL REVENUE FROM NON-EXCHANGE TRANSACTIONS		22,093,989	21,011,219
REVENUE FROM EXCHANGE TRANSACTIONS			
Common Service Charge	10	2,392,595	2,813,785
Interest Revenue	12(a)	464,653	440,405
Other Income	12(b)(i)	2,083,049	1,864,819
Currency Gain		63,192	11,474
SUB-TOTAL REVENUE FROM EXCHANGE TRANSACTIONS		5,003,489	5,130,483
TOTAL REVENUE		27,097,478	26,141,702
EXPENSES			
Staff Costs	13	13,866,668	12,093,762
Other Costs	14	12,790,986	11,630,559
Depreciation and Amortisation	5(a)(iii),5(b)(iii)	787,230	912,269
Finance Costs	6(a)	6,633	12,518
Currency Loss		78,422	22,395
TOTAL EXPENSES		27,529,939	24,671,503
(DEFICIT)/SURPLUS		(432,461)	1,470,199

THE COMMONWEALTH SECRETARIAT FUND

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2025

	Notes	General Reserve		Working Capital Fund		Joint Office		Small States Office		Designated Funds		Revaluation Reserve		Pension Reserve		Total	
		£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£
Balance as at 30 June 2023		4,197,523	5,074,838	470,763	(84,112)	1,831,156	17,471,584	562,000	29,523,752								
Surplus		1,470,199	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,470,199
Revaluation of Leasehold Property	5(a)(i)	-	-	-	-	-	(1,823,097)	-	-	-	-	(1,823,097)	-	-	-	-	(1,823,097)
Actuarial Gain on Former SG's Pension Scheme	7(a)	-	-	-	-	-	-	-	-	-	-	-	-	71,000	-	-	71,000
Actuarial Loss on Defined Benefit Scheme	7(b)	-	-	-	-	-	-	-	-	-	-	-	-	(388,000)	-	-	(388,000)
Actuarial Loss on Supplementary Pension	7(c)	-	-	-	-	-	-	-	-	-	-	-	-	(611,000)	-	-	(611,000)
Transfer of Funds to Pension Reserve	7(a,b,c)	(540,000)	-	-	-	-	-	-	-	-	-	-	-	540,000	-	-	-
Transfer from General Reserve to Designated Funds	1.17	(1,941,000)	-	-	-	1,941,000	-	-	-	-	-	-	-	-	-	-	-
Transfer from Designated Funds to General Reserve	1.17	57,516	-	-	-	(57,516)	-	-	-	-	-	-	-	-	-	-	-
Transfer from General Reserve to Working Capital Fund	1.17	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Currency Translation of Foreign Operations		-	-	(702)	173	-	-	-	-	-	-	-	-	-	-	-	(529)
Balance as at 30 June 2024		3,244,238	5,074,838	470,061	(83,939)	3,714,640	15,648,487	174,000	28,242,325								
Deficit		(432,461)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(432,461)
Revaluation of Leasehold Property	5(a)(i)	-	-	-	-	-	158,809	-	-	-	-	158,809	-	-	-	-	158,809
Actuarial Gain on Former SG's Pension Scheme	7(a)	-	-	-	-	-	-	-	-	-	-	-	-	(130,000)	-	-	(130,000)
Actuarial Loss on Defined Benefit Scheme	7(b)	-	-	-	-	-	-	-	-	-	-	-	-	(975,000)	-	-	(975,000)
Actuarial Loss on Supplementary Pension	7(c)	-	-	-	-	-	-	-	-	-	-	-	-	99,000	-	-	99,000
Transfer of Funds to Pension Reserve	7(a,b,c)	(407,000)	-	-	-	-	-	-	-	-	-	-	-	407,000	-	-	-
Transfer from General Reserve to Designated Funds	1.17	(400,000)	-	-	-	400,000	-	-	-	-	-	-	-	-	-	-	-
Transfer from Designated Funds to General Reserve	1.17	1,699,892	-	-	-	(1,699,892)	-	-	-	-	-	-	-	-	-	-	-
Transfer from Working Capital Fund to General Reserve	1.17	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Currency Translation of Foreign Operations		-	-	(36,774)	(3,097)	-	-	-	-	-	-	-	-	-	-	-	(39,871)
Balance as at 30 June 2025		3,704,669	5,074,838	433,287	(87,036)	2,414,748	15,807,296	(425,000)	26,922,802								

THE COMMONWEALTH SECRETARIAT FUND

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2025

	2024-25	2023-24
Notes	£	£
Cash Flow from Operating Activities		
(Deficit)/Surplus for the year	(432,461)	1,470,199
Non-Cash Movements		
Amortisation	5(a)(ii),5(b)(ii) 71,200	77,800
Depreciation	5(a)(i),5(b)(i) 716,030	834,469
Gain on Disposal of Fixed Assets	12b(i) -	17,206
Currency Translations on Foreign Operations	(58,656)	(9,261)
Increase in Contributions Receivable	(140,943)	(1,273,203)
Increase/(Decrease) in Member Contributions Prepaid	305,442	(46,799)
Increase in Other Receivables	(1,415,341)	(313,843)
(Increase)/Decrease in Prepayments	(61,721)	10,015
Decrease in Inventories	743	1,180
Increase/(Decrease) in Payables and Other Current Liabilities	152,382	(327,197)
Increase in Provisions	147,045	310,513
Increase in Deferred Income from Non-exchange Transactions	580,167	1,080,117
Increase/(Decrease) in Payables and Other Non Current Liabilities	9,892	(23,588)
Pension Adjustments	(407,000)	(540,000)
Net Cash Flow generated from Operating Activities	(533,221)	1,267,608
Cash Flow from Investing Activities		
Investments in Fixed Term Deposits	(4,600,000)	(8,300,000)
Cash from Fixed Term Deposit Maturities	8,300,000	9,500,000
Asset Disposal Proceeds	-	1,262
Purchase of Non Current Assets (non-lease)	5(a)(i)(ii),5(b)(i) (366,098)	(322,409)
Net Cash Flow Generated/(Used) in Investing Activities	3,333,902	878,853
Cash Flow from Financing Activities		
Repayment of Bank Loans	(96,000)	(96,000)
Net Cash Flow Used In Financing Activities	(96,000)	(96,000)
Net Increase in Cash and Cash Equivalents	2,704,681	2,050,461
Cash and Cash Equivalents at the Beginning of the Period	8,527,321	6,466,967
Effects of Exchange Rate Changes on the Balance of Cash Held in Foreign Currencies	21,323	9,893
Cash and Cash Equivalents at the End of the Period	11,253,325	8,527,321

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

1. Accounting Policies

1.1 Statement of Compliance

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

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

The financial statements include segmental information relating to Special Projects and the Joint Office for Commonwealth Permanent Missions to the United Nations (Joint Office) and the Commonwealth Small States Office in Geneva (together referred to as Commonwealth Small States Offices - CSSOs). Information is analysed into the statement of financial position and statement of financial performance for each segment. The segmental information does not include income, expenses, advances or loans to or between segments.

IPSAS addresses the principles for recognition, measurement, classification and de-recognition of financial assets, financial liabilities and certain contracts for buying or selling non-financial items. Comsec requires recognising impairment losses on its financial assets at the earliest opportunity.

1.2 Change to Accounting Policies

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

1.3 Basis for Non-Consolidation of Financial Statements

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

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

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

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

1.4 Accounting Convention

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

1.5 Going Concern Assumption

The financial statements have been prepared on the going concern basis. The going-concern assertion is based on the approval by the Commonwealth's Board of Governors of the work programme and budget estimates for the 2025-26, its net assets position, the stable historical trend of collection of assessed contributions and the fact that the Secretariat has made no decision to cease the operations of COMSEC. Management has a reasonable expectation that The Commonwealth will continue in operational existence for the foreseeable future and at least for a period of 12 months subsequent to the date of these financial statements are approved. The Board of Governors has approved the 2025-26 Budget and Delivery Plan along with the associated funding by member states.

1.6 Functional and Presentational Currency

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

1.7 Financial Instruments

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

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

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

Financial assets with fixed or determinable payments and fixed maturity dates that COMSEC has both the intention and the ability to hold to maturity are initially measured at fair value and subsequently measured at amortised cost. As at 30 June 2025, no such financial assets were held by COMSEC.

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

1.8 Cash and Cash Equivalents

Cash and cash equivalents consist of cash in hand and bank balances that can easily be converted into cash without loss of value. Cash deposits are held in instant access interest-bearing bank accounts. Cash deposits denominated in foreign currencies have been translated to GB Pound Sterling at exchange rates prevailing at the reporting date. Realised gains and losses are recognised in the Statement of Financial Performance for the year.

Cash and cash equivalents are held in interest bearing accounts on the money market or as fixed short term deposits. All deposits are due to mature within three months and, as such, are all classified as cash and cash equivalents under current assets.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

1.9 Property, Plant and Equipment

(a) Costs

Items of property, plant and equipment that meet the recognition criteria for capitalisation are capitalised and depreciated to residual value over their useful life if they:

- Have a value greater than £1,000; or
- Have a value of less than £1,000 but are part of a group of similar assets with a value greater than £10,000.

Property, plant and equipment are recorded at cost, which includes the purchase price and directly attributable costs of bringing the asset to working condition for its intended use.

Capital work in progress represents the value of expenditure on incomplete assets or projects as at 30 June 2025. The total expenditure is transferred to the relevant asset category on the completion of the asset or project and then depreciated.

(b) Revaluation

Land and buildings are revalued every five years. This is supplemented by interim professional valuations to ensure that the carrying amount does not differ materially from fair value. All other classes of property, plant and equipment are carried at cost, less any accumulated depreciation and impairment losses.

(c) Depreciation

Depreciation on purchased and revalued assets is charged in the Statement of Financial Performance to write off the cost or valuation over their estimated useful lives using a straight-line method. Depreciation on assets acquired under finance leases is charged to the Statement of Financial Performance over the shorter of the lease term and the assets' useful life.

Depreciation for assets is provided from the month in which the asset is made available for use. The estimated useful lives applicable are as follows:

Asset Type

Leasehold buildings	Remaining term of lease
Building Improvements	Remaining life of the building or term of lease or the useful life of the improvement
Equipment	12 years or term of lease
Fixtures and Fittings	8 years or term of lease
Vehicles	5 years or term of lease
Computers - Hardware	4 years or term of lease

1.10 Impairment

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

1.11 Intangible Assets

Computer software purchased for internal use which meets the recognition criteria for intangible assets and Computer software is amortised from the month in which it is made available for use. The estimated useful life is four years.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

1.12 Inventories

Inventories held for sale are measured at the lower of cost and net realisable value. Inventories held for distribution at no or nominal charge are valued at the lower of cost and current replacement cost. Write downs from cost to current replacement cost or net realizable value are recognized in the Statement of Financial Performance.

1.13 Payables and Accruals

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

1.14 Deferred Income

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

Details on deferred income are given in note 1.18(a)(ii).

1.15 Borrowings

Borrowings consist of bank overdraft and bank loans. These are analysed as short- and long-term borrowings in the Statement of Financial Position. Their fair values are determined by the principal amounts, which represent the present value of future cash flows associated with servicing the debt. Interest and charges are recognised in the reporting period in which they are incurred.

1.16 Provisions and Contingent Liabilities

Provisions are made for future liabilities and charges where COMSEC has a present legal or constructive obligation as a result of a past event. Other obligations, which do not meet the recognition criteria for liabilities, are disclosed in the notes to the financial statements as contingent liabilities when their existence could only be confirmed by the occurrence or non-occurrence of uncertain future events.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

1.17 Reserves

COMSEC's reserves consist of the following balances:

- General Reserve, is carried forward after accounting for contributions, other sources of income and expenses for all programme related and administrative categories;
- Working Capital Fund, serves to protect the Fund against temporary shortages of cash, arising from the need to maintain expenditure levels in the event of irregular settlement of receivables by member states. Investments are held separately to represent the Working Capital Fund. In accordance with Section V of the revised Financial Regulations, the reserve will be subject to a maximum of 25% of approved planned expenditure for that year;
- General Reserves of the Joint Office for Commonwealth Permanent Missions to the United Nations in New York and the Commonwealth Small States Office in Geneva, are included as they form part of COMSEC's activities;
- Revaluation Reserve, relates to the revaluation of the Secretary General's residence, see note 5. The balance is made up of gains and losses in the value of the property since its acquisition in 2001 and subsequent refurbishment;
- Designated Funds, specifically relate to the Publication and the Marlborough House Funds carried forward to the next year as well as Funds set aside for specific purposes within the overall reserves as agreed by the Board of Governors as part of the annual budget; and
- Pension Reserve, created to reflect the surplus or deficit on The Commonwealth's pension obligations.

1.18 Revenue

(a) Revenue from Non-Exchange Transactions

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

(i) Contributions

COMSEC is financed by assessed contributions from the 56 member states of the Commonwealth. Revenue is recognised in the period to which the contribution relates following agreement of contributions at the annual meeting of the Board of Governors. Where contributions are received in advance of the year to which they relate, the amount is recognised as a non-exchange liability in the Statement of Financial Position.

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

The Joint Office for Commonwealth Permanent Missions to the United Nations in New York and the Commonwealth Small States Office in Geneva are financed by contributions from donors.

(ii) Special Projects

COMSEC receives additional contributions and grants from member states, non-Commonwealth countries and other organisations for special projects (see note 11 for details of individual special projects). These funds are awarded subject to specific performance conditions.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

1.18 Revenue (a) Revenue from Non-Exchange Transactions (Continued)

(iii) Service In-Kind

Service in-kind represents the provision of Marlborough House free of rent as recognised under IPSAS 23 Revenue from Non-Exchange Transactions.

(b) Revenue from Exchange Transactions

Exchange transactions in which COMSEC provides a service and receives consideration in return.

(i) Common Service Charge

COMSEC levies an administrative charge referred to as the Common Service Charge, on the Commonwealth Fund for Technical Co-operation, Commonwealth Youth Programme Fund and Commonwealth Association of Tax Administrators. The charge recovers from these institutions some of the costs incurred by COMSEC in operating the internal corporate business support functions which include Finance, Human Resources and Facility Management, Information and Communications Technology, Strategy, Portfolio, Partnerships and Digital and to a lesser extent, Communications.

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

(ii) Designated Funds

This income relates to monies generated from certain self-financing funds. Any surpluses or losses arising during the financial period are carried forward to the next year in the Designated Funds Reserves (see note 1.17).

(iii) Tenants Re-charges

In addition to contributions from donors, the Joint Office for Commonwealth Permanent Missions to the United Nations in New York and the Commonwealth Small States Office in Geneva are also financed by contributions from their tenants for using the office facilities. Tenants re-charges are recognised when it is probable that economic benefits will flow into the Joint Office for Commonwealth Permanent Missions to the United Nations in New York and the Commonwealth Small States Office in Geneva.

(iv) Interest Receivable

Interest receivable from interest-bearing accounts and investments is recognised in the period in which the transaction occurred not when the income is received.

(v) Other Income

Other income consists of:

- Rent received and costs recovered from tenants in the Joint Office for Commonwealth Permanent Missions to the United Nations in New York and the Commonwealth Small States Office in Geneva;
- Costs recovered from the Commonwealth Foundation in COMSEC;
- Recoveries by COMSEC, the Joint Office and the Small States Office of various costs, through insurance and tax reclaims; and
- Administration fees charged for managing Special Projects.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

1.19 Expenses

(a) Staff costs

The Commonwealth Secretariat has provided for below staff benefits according to IPSAS 25.

(i) Unused annual leave

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

(ii) Relocation expenses

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

(iii) Home leave

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

(iv) Pensions

The Commonwealth operates:

- Two defined benefit pension schemes which are now closed. One for three former Secretaries-General and another for permanent staff who opted in prior to 2002;
- A supplementary arrangement in conjunction with the Staff Defined Benefit Pension Scheme; and
- A defined contribution Workplace Pension Scheme which came into operation on 1 January 2018.

Former Secretaries-General Pension Scheme

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

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

Staff Defined Benefit Pension Scheme

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

1.19 Expenses (a) Staff costs (iv) Pensions - Staff Defined Benefit Pension Scheme (Continued)

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

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

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

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

Supplementary Pension Scheme

To supplement The Commonwealth Secretariat Pension & Life Assurance Scheme (1979), The Commonwealth may also award an additional increase on a discretionary basis. A review is carried out annually to compare the pension benefits to UK Public Sector pension increases, and consider whether to award an additional increase on a discretionary basis to bring them into line. This arrangement is paid as supplementary to the pension payment.

An actuarial valuation of The Commonwealth's obligation as at the year-end is obtained with the entire liability recognised in the Statement of Financial Position of COMSEC as it is not possible to separate the scheme liabilities under the different funds. The present value of the supplementary pension obligations is determined by discounting the estimated future cash outflows using agreed assumptions. There are no directly attributable investments or assets to support the obligations of this scheme. Unrealised actuarial gains and losses are recognised in the Statement of Changes in Net Assets.

Workplace Pension Scheme

Effective 1 January 2018, a Defined Contribution Pension Scheme was set up with Scottish Widows, which operates in line with the requirements of Automatic Enrolment. Staff can elect to have all or part of 15% of their gross salary invested in this Scottish Widows Workplace Pension Scheme. Employer contributions are recognised in the Statement of Financial Performance in the period in which the obligation arise.

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

(v) Gratuity

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

1.19 Expenses (a) Staff costs (v) Gratuity (Continued)

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

(b) Office Rental Costs

The headquarters of The Commonwealth is located in London at Marlborough House. Marlborough House is provided free of rent by the UK Government. Under IPSAS 23 Revenue from Non-Exchange Transactions, the value of this service in-kind is recognised as both income and expense. Marlborough House is a unique Grade 1 listed property and as a result identifying comparable properties to produce an estimate of fair value is challenging. In previous financial years the service in kind has been estimated using the rental value of Commonwealth House in proportion to the office area in Marlborough House. In financial year 2024 to arrive to a more reliable fair value the rateable value from the UK Government was adopted.

Significant improvements made to Marlborough House are capitalised and depreciated through the statement of financial performance over the useful life of the improvements for Marlborough House.

(c) Direct Projects

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

(d) Leases

Leases are classified at their inception. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incident to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incident to ownership. Such classification is made in accordance with the substance and financial reality of the lease, not merely with its legal form.

Assets acquired under finance leases are recognised as assets in the Statement of Financial Position and the associated lease liabilities are recognised as liabilities. The assets and liabilities are recognised at amounts equal to the fair value of the leased asset at the inception of the lease or, if lower, at the present value of the minimum lease payments.

Finance lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is recognised in the Statement of Financial Performance each year during the lease term.

Lease payments under an operating lease are recognised as an expense in the Statement of Financial Performance on a straight line basis over the lease term.

(e) Foreign Currency Transactions

Transactions in foreign currencies are translated to GB Pounds Sterling at the rate of exchange on the date of the transactions. Gains and losses resulting from the settlement of foreign currency transactions are recognised in the Statement of Financial Performance. COMSEC does not have any hedging arrangements.

Assets and liabilities of the Joint Office in New York and the Small States Office in Geneva are translated at the exchange rates existing at the reporting date. Revenues and expenses are translated at the average rate of exchange over the financial year. Unrealised gains and losses from the revaluation of foreign operations are recognised in the Statement of Changes in Net Assets as currency translations.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

1.20 Tax

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

1.21 Use of Estimates and Judgements

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

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

The following are key sources of uncertainty in the estimates that have the most significant effect on the amounts recognised in the financial statements:

Pension provision assumptions

As set out in accounting policy 1.19(iv), The Commonwealth operates two defined benefit pension schemes, both of which are now closed to new members. There are a number of assumptions that are used by the actuary in calculating the pension provision at financial year end including the discount rate, RPI inflation, CPI inflation, and mortality assumptions. Movements in any of these assumptions may lead to a material movement in the pension provision. The assumptions used by the actuary are consistent with our internal financial forecasting assumptions. The sensitivity of the assumptions used to measure the pension provision is set out in note 7.

Valuation of land and buildings

The valuation of the Fund's land and buildings (note 5) is a source of estimation uncertainty that has a significant risk of a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

The Secretary-General's residence, being the only land and building owned by the Fund, was subject to a desktop valuation during the year. The property was valued at £16.0m (2024: £16.0m). This valuation has been recognised in the Fund's financial statements.

THE COMMONWEALTH SECRETARIAT FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

2. Cash and Cash Equivalents

Restricted balances are held only for the specific purposes of the special project funds, the staff gratuity fund, the Joint Office in New York and Small States Office in Geneva as well as the office rental deposit for the Small States Office in Geneva.

	Unrestricted		Restricted		Total	
	30 June		30 June		30 June	
	2025	2024	2025	2024	2025	2024
	£	£	£	£	£	£
Cash and Current Deposits	1,479,387	143,058	877,351	809,021	2,356,738	952,079
Foreign Bank Accounts	-	-	1,314,946	684,393	1,314,946	684,393
Call Accounts	1,043,659	2,141,857	1,787,982	1,248,992	2,831,641	3,390,849
Fixed Term Deposits	3,750,000	2,500,000	1,000,000	1,000,000	4,750,000	3,500,000
Total Cash and Cash Equivalents	6,273,046	4,784,915	4,980,279	3,742,406	11,253,325	8,527,321

3. Investments

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

	30 June 2025	30 June 2024
	£	£
Term deposits - current	4,600,000	8,300,000
Total Investments	<u>4,600,000</u>	<u>8,300,000</u>

4. Other Receivables from Exchange Transactions

	30 June 2025	30 June 2024
	£	£
Staff Advances	589,662	345,277
Receivables for the Geneva Office	360,241	108,903
Receivables for the New York Office	47,283	60,004
Other Receivables	527,786	793,398
Commonwealth Association for Tax Administrators	15,968	3,402
Commonwealth Foundation Re-charges	175,000	140,234
Commonwealth Fund for Technical Co-operation	1,145,101	2,156
Commonwealth Youth Programme	7,157	-
Total Receivables	<u>2,868,198</u>	<u>1,453,374</u>
Less: Provision for doubtful debt	(168,565)	(169,082)
Total Net Receivables	<u>2,699,633</u>	<u>1,284,292</u>

The increase in other receivables is attributable to intercompany recoveries effected subsequent to the year end.

The change in the provision for doubtful debt during 2024-25 is as follows:

	Provision as at 1 July 2024	Increase in provision	(Decrease) in provision	Provision Used in the year	Provision as at 30 June 2025
	£	£	£	£	£
Provision for doubtful debt	169,082	-	(517)	-	168,565

The total provision includes royalties due from prior years which are proving difficult to collect due to financial difficulties of the other party. There was a decrease in provision of £517 during the year (2024: £10) due to exchange rate movements in relation to outstanding balances from prior years at the New York Office and a decrease in provision for a long outstanding debt.

THE COMMONWEALTH SECRETARIAT FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

4. Other Receivables from Exchange Transactions (Continued)

Ageing of receivables from exchange transactions:

	30 June 2025	30 June 2024
	£	£
< 12 months	2,699,633	1,284,292
Total	2,699,633	1,284,292

THE COMMONWEALTH SECRETARIAT FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

5. Non-Current Assets

5. (a) Non-Current Assets 2025

(i) Property, Plant & Equipment

	LAND AND BUILDINGS	BUILDING IMPROVEMENTS	FURNITURE & FIXTURES	HARDWARE	EQUIPMENT	VEHICLES	CAPITAL WORK IN PROGRESS (CWIP)	TOTAL
	£	£	£	£	£	£	£	£
Cost								
Balance as at 1 July 2024	16,000,000	1,245,192	1,039,886	2,072,322	720,527	80,916	-	21,158,843
Additions	-	309,461	-	49,694	6,943	-	-	366,098
Disposals	-	-	-	(2,164)	-	-	-	(2,164)
Revaluation Adjustments	-	-	-	-	-	-	-	-
Currency Translations	-	24,067	2,357	3,386	(5,351)	-	-	24,459
Closing Balance as at 30 June 2025	16,000,000	1,578,720	1,042,243	2,123,238	722,119	80,916	-	21,547,236
Depreciation								
Balance as at 1 July 2024	-	(927,317)	(556,019)	(1,744,500)	(316,481)	(80,916)	-	(3,625,233)
Depreciation	(158,809)	(123,941)	(122,595)	(228,326)	(82,359)	-	-	(716,030)
Disposals	158,809	-	-	2,164	-	-	-	160,973
Revaluation Adjustments	-	-	-	-	-	-	-	-
Currency Translations	-	(25,112)	(2,296)	(2,029)	2,441	-	-	(26,996)
Closing Balance as at 30 June 2025	-	(1,076,370)	(680,910)	(1,972,691)	(396,399)	(80,916)	-	(4,207,286)
Net Book Value 30 June 2025	16,000,000	502,350	361,333	150,547	325,720	-	-	17,339,950

(ii) Intangible Assets (Software)

	Balance as at 1 July 2024	ADDITIONS	DISPOSALS	AMORTISATION CHARGE FOR THE PERIOD	Closing Balance as at 30 June 2025
	£	£	£	£	£
Cost	616,042	15,075	(15,075)	-	616,042
Amortisation	(412,727)	-	-	(71,200)	(483,927)
Net Book Value	203,315	15,075	(15,075)	(71,200)	132,115

THE COMMONWEALTH SECRETARIAT FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

5. Non-Current Assets (a) Non-Current Assets 2025(Continued)

(iii) Depreciation and Amortisation Charge

	BALANCE AS AT 30 June 2025	
	Note	£
Property Plant and Equipment	5(a)(i)	716,030
Intangible Assets (Software)	5(a)(ii)	71,200
Total Depreciation and Amortisation Charge		787,230

During the reporting year, COMSEC at the London office had furniture and fixtures, hardware equipment and software additions of £374,230(2024: £190,650) and disposals in software, hardware and equipment of £17,239 (2024: £40,604). The office in New York had £Nil additions (2024: £64,656) and no disposals (2024: £Nil). The office in Geneva had £6,943 additions (2024: £82,178) and £Nil disposals (2024: £16,697).

The asset classified as land and buildings relates to the Secretary-General's official residence, a long leasehold property .

The fair value of the residence has been determined with reference to its market value. It is assumed to be part of the super prime sector of the market due to its size, stature and location. The valuation is made on the assumption that The Commonwealth has full vacant possession of the property.

A desktop valuation of the property was performed by Knight Frank in June 2025. This valuation was based on a review of the current market for similar buildings and was considered to be in the order of £16 million. The valuers are independent from The Commonwealth and conform to the Royal Institution of Chartered Surveyors Appraisal and Valuations standards.

THE COMMONWEALTH SECRETARIAT FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

5. (b) Non-Current Assets 2024

(i) Property, Plant & Equipment

	LAND AND BUILDINGS	BUILDING IMPROVEMENTS	FURNITURE & FIXTURES	HARDWARE	EQUIPMENT	VEHICLES	CAPITAL WORK IN PROGRESS (CWIP)	TOTAL
	£	£	£	£	£	£	£	£
Cost								
Balance as at 1 July 2023	18,000,000	1,247,508	911,266	1,996,956	647,826	80,916	-	22,884,472
Additions	-	-	129,019	101,940	91,450	-	-	322,409
Disposals	-	-	-	(25,529)	(16,697)	-	-	(42,226)
Revaluation Adjustments	(2,000,000)	-	-	-	-	-	-	(2,000,000)
Currency Translations	-	(2,316)	(399)	(1,045)	(2,052)	-	-	(5,812)
Closing Balance as at 30 June 2024	16,000,000	1,245,192	1,039,886	2,072,322	720,527	80,916	-	21,158,843
Depreciation								
Balance as at 1 July 2023	-	(806,076)	(437,375)	(1,406,931)	(264,777)	(80,916)	-	(2,996,075)
Depreciation	(176,904)	(124,620)	(119,329)	(349,001)	(64,615)	-	-	(834,469)
Disposals	-	-	-	11,199	12,559	-	-	23,758
Revaluation Adjustments	176,904	-	-	-	-	-	-	176,904
Currency Translations	-	3,379	685	234	352	-	-	4,650
Closing Balance as at 30 June 2024	-	(927,317)	(556,019)	(1,744,499)	(316,481)	(80,916)	-	(3,625,232)

Net Book Value 30 June 2024	16,000,000	317,875	483,867	327,823	404,046	-	-	17,533,611
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(ii) Intangible Assets (Software)

	BALANCE AS AT 1 JULY 2023	ADDITIONS	DISPOSALS	AMORTISATION CHARGE FOR THE PERIOD	BALANCE AS AT 30 JUNE 2024
	£	£	£	£	£
Cost	616,042	15,075	(15,075)	-	616,042
Amortisation	(334,927)	-	-	(77,800)	(412,727)
Net Book Value	281,115	15,075	(15,075)	(77,800)	203,315

THE COMMONWEALTH SECRETARIAT FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

5. Non-Current Assets (b) Non-Current Assets 2025 (Continued)

(iii) Depreciation and Amortisation Charge

	BALANCE AS AT 30 June 2024	
	Note	£
Property Plant and Equipment	5(b)(i)	834,469
Intangible Assets (Software)	5(b)(ii)	77,800
Total Depreciation and Amortisation Charge		912,269

6. Payables and Other Liabilities from Exchange Transactions

Amounts falling due within one year

	Notes	30 June 2025	30 June 2024
		£	£
Bank Loans	(a)	72,000	96,000
Trade Payables and Accruals		2,009,958	2,086,983
Payables for the New York Office		522,118	565,063
Payables for the Geneva Office		797,140	668,882
Staff Gratuity Fund Obligations	(b)	1,973,396	1,894,211
Staff Balances		671,314	501,008
Commonwealth Youth Programme Fund		-	98,172
Accrued Rent Incentive	(c)	14,502	21,727
Total Payables and Current Liabilities		<u>6,060,428</u>	<u>5,932,046</u>

Amounts falling due after more than one year

	Notes	30 June 2025	30 June 2024
		£	£
Bank Loans	(a)	-	72,000
Staff Gratuity Fund Obligations	(b)	1,501,293	1,465,001
Accrued Rent Incentive	(c)	125,687	152,087
Total Non-Current Liabilities		<u>1,626,980</u>	<u>1,689,088</u>

THE COMMONWEALTH SECRETARIAT FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

6. Payables and Other Liabilities from Exchange Transactions (Continued)

(a) Bank Loans

Acquisition of Secretary-General's Residence

In March 2001 The Commonwealth purchased a 125-year lease on the Secretary-General's residence at 40b Hill Street in Mayfair, for £2.0 million. This property was refurbished at a cost of £400,000 giving a total historic cost of £2,400,000. A loan was negotiated with Barclays Bank plc to cover these costs, and Barclays holds a first charge on this property.

The capital is repayable in 100 equal quarterly instalments of £24,000 over 25 years and interest is payable quarterly. The first quarterly payment of capital was made on 11 June 2001. The balance on the loan as at 30 June 2025 was £72,000 (2024: £168,000) of which £72,000 is due for repayment in the next twelve months. The interest of £6,634 (2024: £12,518) on this loan was expensed during the year.

	30 June 2025	30 June 2024
	£	£
Bank Loan Opening balance	168,000	264,000
Repayment of principal on bank loan during the year	(96,000)	(96,000)
Bank Loan Closing balance	<u>72,000</u>	<u>168,000</u>

(b) Staff Gratuity Fund Obligations

The Staff Gratuity Fund Obligations include amounts relating to other funds and separate entities as analysed below. The total amount is covered by restricted balances held within cash and cash equivalents.

	30 June 2025		30 June 2024	
	Due within one year	Due after one year	Due within one year	Due after one year
	£	£	£	£
Commonwealth Secretariat Fund	1,301,309	986,113	1,432,425	911,240
Commonwealth Fund for Technical Co-operation	245,054	461,446	193,947	449,245
Commonwealth Youth Programme Fund	146,678	35,276	46,872	90,809
Commonwealth Association of Tax Administrators	14,116	18,458	-	13,707
Commonwealth Foundation	260,135	-	197,831	-
New York Office	6,104	-	23,136	-
Total Staff Gratuity Fund Obligations	1,973,396	1,501,293	1,894,211	1,465,001

(c) Accrued Rent Incentive

The Joint Office for Commonwealth Permanent Missions to the United Nations in New York received three months' rent free accommodation (rent incentive) as part of a fifteen-year lease. The rent incentive has been accrued and is offset against the monthly rental expense on a straight line basis over the fifteen-year lease which commenced in April 2017.

THE COMMONWEALTH SECRETARIAT FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

7. Pension Liabilities

Net Assets/(Liabilities) arising from Defined Benefit Obligation

	Notes	30 June 2025 £	30 June 2024 £
Former Secretaries-General Pension Scheme	(a)	(1,398,000)	(1,350,000)
Staff Defined Benefit Scheme - Net Asset	(b)	3,240,000	3,993,000
Supplementary Pension	(c)	(2,267,000)	(2,469,000)
Total		<u>(425,000)</u>	<u>174,000</u>

(a) Former Secretaries-General Pension Scheme

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

Under the scheme, three former Secretaries-General are entitled to post-retirement monthly instalments amounting to 50% of the incumbent Secretary-General's gross salary. Pensioner members in receipt of a pension are the only category of the scheme.

The Former Secretaries-General Pension Scheme exposes The Commonwealth to the following actuarial risks:

Interest risk

The present value of the defined benefit scheme liability is calculated using a discount rate determined by reference to high quality corporate bond yields. A decrease in corporate bond yields would increase the Former Secretary-General Scheme's defined benefit obligation.

Inflation risk

The scheme's defined benefit obligation is not directly linked to inflation but to indexation adjustments each time the salary of the current Secretary-General is updated.

Longevity risk

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of scheme participants post retirement. If Former Secretary-General Scheme members and their eligible spouses live longer than expected, the Former Secretary-General Scheme's benefits will need to be paid for longer thereby increasing the Former Secretary-General Scheme's defined benefit obligation.

The most recent actuarial valuation of the present value of the defined benefit scheme liability was carried out at 30 June 2025 by Ms J Hayman, Fellow of the Institute and Faculties of Actuaries, of First Actuarial LLP in the report dated 1st August 2025. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

THE COMMONWEALTH SECRETARIAT FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

7. Pension Liabilities (a) Former Secretaries-General Pension Scheme (Continued)

The principal assumptions used for the purposes of the actuarial valuation were:

	Valuation as at 30 June 2025	Valuation as at 30 June 2024
Discount rate	5.40%	5.10%
RPI inflation	3.00%	3.40%
Increases to pensions in payment	3.00%	3.40%
Mortality (post-retirement)	100% of S4PA_VL CMI_2024_M/F 1.00%	100% of S4PMA/S4PFA _VL CMI_2023_M/F 1.00%
Average longevity at retirement age for current pensioners:		
Males	28.0	27.7
Females	29.1	29.0
Average longevity at retirement age for future pensioners:		
Males	29.1	28.8
Females	30.2	30.1

Amounts recognised in respect of the Former Secretaries-General Pension Scheme are as follows:

	2024-25 £	2023-24 £
Service cost:		
Net interest expense	65,000	80,000
Components of defined benefit costs recognised in surplus or deficit	65,000	80,000
Re-measurement on the net defined benefit liability:		
Actuarial losses/(gains) arising from changes in demographic assumptions	19,000	(15,000)
Actuarial (gains)/losses arising from changes in financial assumptions	(64,000)	40,000
Actuarial losses/(gains) arising from experience adjustments	175,000	(96,000)
Components of defined benefit cost recognised in net assets/equity	130,000	(71,000)
Total	195,000	9,000

The re-measurement of the net defined benefit liability is included in the Statement of Changes in Net Assets. The amount included in the statement of financial position arising from The Commonwealth's obligation in respect of the Former Secretaries-General Pension Scheme is as follows:

	30 June 2025 £	30 June 2024 £
Present value of defined benefit obligation	1,398,000	1,350,000
Fair value of assets	-	-
Funded status	(1,398,000)	(1,350,000)
Restrictions on asset recognised	-	-
Net liability arising from defined benefit obligation	(1,398,000)	(1,350,000)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

7. Pension Liabilities (a) Former Secretaries-General Pension Scheme (Continued)

Movements in the present value of the defined benefit obligation over the period were as follows:

	30 June 2025	30 June 2024
	£	£
Opening defined benefit obligation	1,350,000	1,554,000
Interest expense	65,000	80,000
Re-measurement (gains)/losses:		
Actuarial losses/(gains) arising from changes in demographic assumptions	19,000	(15,000)
Actuarial (gains)/losses arising from changes in financial assumptions	(64,000)	40,000
Actuarial losses/(gains) arising from experience adjustments	175,000	(96,000)
Benefits paid	(147,000)	(213,000)
Closing defined benefit obligation	<u>1,398,000</u>	<u>1,350,000</u>

Sensitivity Analysis

Significant actuarial assumptions for the determination of the defined obligation are discount rate, RPI inflation rate and assumed life expectancy. The sensitivity analysis is set out below.

Assumption	Change in assumption	Change in defined benefit obligation
Discount rate	-1% pa	+8% pa
RPI inflation	+1% pa	+6% pa
Assumed life expectancy	+1 year	+12 year

Limitations to Sensitivity Analysis

The sensitivity analysis above provides an approximate guide to the sensitivity of results and may not be as accurate as a full valuation carried out on these assumptions. Each assumption change is considered in isolation, which in practice is unlikely to occur, as changes in some of the assumptions are correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation recognised in the statement of financial position.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

Future Funding Obligations

The actuarial valuation of the defined benefits obligation is determined by discounting the probable future payment required to settle the obligation resulting from past employee service rendered in prior periods. The discount rate is determined by reference to market yields at the reporting date following a yield curve approach. The discount rate has been determined based on the scheme duration and benefit currencies. The benefits received increases based on the current Secretary-General's salary with pensions being reassessed at four yearly intervals. The valuation method used is known as the projected unit credit method.

The approximate overall duration of the Former Secretary-General Scheme's defined benefit obligation as at 30 June 2025 was 8 years (2024: 7 years).

The Commonwealth expects to make a contribution of £176,000 (2024: £213,000) to the Former Secretary General Scheme during the financial year beginning 1 July 2025.

£82,000 (2024: £133,000) has been transferred to the pension reserve from the general reserve representing the difference between the cost recognised in Statement of Financial Performance and benefits paid out.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

7. Pension Liabilities (Continued)

(b) Staff Defined Benefit Scheme

The Secretariat operates a UK registered trust based pension scheme, the Commonwealth Secretariat Pension and Life Assurance Scheme (1979), that provides defined benefits. The Scheme was closed to entrants at 1 January 2002. Pension benefits are linked to the members' final pensionable salaries and service at their retirement or date of leaving if earlier. The Trustees are responsible for running the Scheme in accordance with the Scheme's Trust Deed and Rules, which sets out their powers. The Trustees of the Scheme are required to act in the best interests of the beneficiaries of the Scheme. There is a requirement that at least one-third of the Trustees are nominated by the members of the Scheme.

Under the scheme, the members are entitled to post-retirement monthly instalments amounting to 1/43rd of final pensionable pay for each year of service prior to 1 April 1996 plus 1/45th of final pensionable pay for each year of service thereafter, up to a maximum of 30 years (completed days count proportionately). The pensionable pay is the annual rate of basic pay.

The defined benefit scheme requires contributions from members. Contributions are based on a fixed percentage of pensionable pay of the members. Members can also make additional voluntary contributions to the scheme.

There are three categories of pension scheme members:

- Active members: currently employed by the Secretariat;
- Deferred members: former employees of the Secretariat not yet in receipt of a pension; and
- Pensioner members: in receipt of a pension.

The Staff Defined Benefit Scheme exposes The Commonwealth to a number of actuarial risks:

Investment risk

The present value of the defined benefit scheme liability is calculated using a discount rate determined by reference to high quality corporate bond yields; if the return on scheme asset is below this rate, it may create a scheme deficit. Following the Scheme Trustees' review of the scheme now holds invested assets in diversified credit funds, diversified growth funds and liability driven investments (LDI) pooled funds. Due to the long-term nature of the defined benefit obligation, the Scheme Trustees consider it appropriate that a portion of the scheme assets should be invested in diversified growth funds to leverage the return generated by the fund. The diversified growth funds are expected to outperform corporate bonds in the long-term but may have some volatility and risk in the short term.

Interest risk

A decrease in corporate bond yields would increase the scheme's defined benefit obligation; however, this would be partially offset by an increase in the value of the Scheme's bond and LDI pooled fund holdings.

Inflation risk

A significant proportion of the scheme's defined benefit obligation is linked to inflation, therefore higher inflation will result in a higher defined benefit obligation (subject to the appropriate caps in place). The majority of the scheme's assets are either unaffected by inflation, or only loosely correlated with inflation, therefore an increase in inflation would also increase the deficit.

Longevity risk

The present value of the defined benefit scheme liability is calculated by reference to the best estimate of the mortality of scheme participants both during and after their employment. If scheme members live longer than expected, the scheme's benefits will need to be paid for longer, increasing the scheme's defined benefit obligation.

THE COMMONWEALTH SECRETARIAT FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

7. Pension Liabilities (b) Staff Defined Benefit Scheme (Continued)

Salary risk

The present value of the defined benefit scheme liability is calculated by reference to the future salaries of scheme participants. As such, an increase in the salary of the scheme participants will increase the scheme's defined benefit obligation.

The Trustees and The Commonwealth manage risks in the Scheme through the following strategies:

- **Diversification:** Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets.
- **Investment strategy:** The Trustees are required to review the investment strategy on a regular basis.
- **Annuities:** The Scheme had previously bought out some members' pensions at retirement with an insurance company. This removes investment, inflation, longevity and expense risks after members retire. These annuities have been excluded from both the value of assets and defined benefit obligation.

The results of the most recent formal actuarial valuation as at 31 March 2022 have been updated to 30 June 2025 by Ms J Hayman, Fellow of the Institute and Faculties of Actuaries of First Actuarial LLP in the report dated 28 July 2025. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

The principal assumptions used for the purpose of the actuarial valuations were as follows:

	Valuation as at 30 June 2025	Valuation as at 30 June 2024
Discount rate	5.60%	5.15%
RPI inflation	3.05%	3.30%
CPI inflation	2.05%	2.30%
Future Salary increases	N/A	2.00%
Inflation linked pension increases in payment: 5% pa or RPI if less, subject to a minimum of 2.5% pa	3.35%	3.50%
Revaluation of deferred pensions:	2.05%	2.30%
Mortality (pre-retirement)	Nil deaths	Nil deaths
Mortality (post-retirement)	100% of S4PMA/S4PFA CMI_2024_M/F 1%	100% of S4PMA/S4PFA CMI_2023_M/F 1%
Average longevity at retirement age for current pensioners:		
Males	25.9	25.6
Females	28.4	28.4
Average longevity at retirement age for future pensioners:		
Males	27.1	26.8
Females	29.6	29.6

THE COMMONWEALTH SECRETARIAT FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

7. Pension Liabilities (b) Staff Defined Benefit Scheme (Continued)

Amounts recognised in respect of the Staff Defined Benefit Scheme are as follows:

	30 June 2025	30 June 2024
	£	£
Service cost:		
Current service cost	12,000	11,000
Net interest expense	<u>(206,000)</u>	<u>(218,000)</u>
Components of defined benefit costs recognised in surplus or deficit	<u>(194,000)</u>	<u>(207,000)</u>
Re-measurement on the net defined benefit liability:		
Return on scheme assets (excluding amounts included in net interest expense)	2,242,000	(267,000)
Actuarial losses/(gains) arising from changes in demographic assumptions	268,000	(278,000)
Actuarial (gains)/losses arising from changes in financial assumptions	(1,631,000)	578,000
Actuarial losses arising from experience adjustments	<u>96,000</u>	<u>355,000</u>
Components of defined benefit cost recognised in net assets/equity	<u>975,000</u>	<u>388,000</u>
Total	<u>781,000</u>	<u>181,000</u>

The current service cost and the net interest expense for the year are included in the employee benefits expense in surplus or deficit. The re-measurement of the net defined benefit liability is included in the Statement of Changes in Net Assets.

Reconciliation to the Statement of Financial Position

	30 June 2025	30 June 2024
	£	£
Present value of defined benefit obligation	32,437,000	34,423,000
Fair value of assets	35,677,000	38,416,000
Funded status	3,240,000	3,993,000
Restrictions on assets recognised	-	-
Net assets arising from defined benefit obligation	3,240,000	3,993,000

A surplus may be recognised if the economic benefits are available in the form of a refund or reduction in future contributions. The Rules of the Scheme state that the Commonwealth will be entitled to any surplus remaining if the Scheme is run on until the last member exits the Scheme. Surpluses are therefore recognised in full.

Movements in the present value of the defined benefit obligation over the period were as follows:

	30 June 2025	30 June 2024
	£	£
Opening defined benefit obligation	34,423,000	34,488,000
Current service cost	12,000	11,000
Interest expense	1,711,000	1,763,000
Contributions from scheme participants	2,000	2,000
Benefits paid	<u>(2,444,000)</u>	<u>(2,496,000)</u>
Re-measurement (gains)/losses:		
Actuarial losses/(gains) arising from changes in demographic assumptions	268,000	(278,000)
Actuarial (gains)/losses arising from changes in financial assumptions	(1,631,000)	578,000
Actuarial losses arising from experience adjustments	<u>96,000</u>	<u>355,000</u>
Closing defined benefit obligation	<u>32,437,000</u>	<u>34,423,000</u>

THE COMMONWEALTH SECRETARIAT FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

7. Pension Liabilities (b) Staff Defined Benefit Scheme (Continued)

Movements in the fair value of the main assets of the Staff Defined Benefit Scheme over the period were as follows:

	30 June 2025	30 June 2024
	£	£
Opening fair value of assets	38,416,000	38,544,000
Interest revenue	1,917,000	1,981,000
Re-measurement gains/(losses):		
Return on scheme assets (excluding amounts included in net interest expense)	(2,242,000)	267,000
Contributions from the employer	28,000	118,000
Contributions from scheme participants	2,000	2,000
Benefits paid	(2,444,000)	(2,496,000)
Closing fair value of assets	<u>35,677,000</u>	<u>38,416,000</u>

The fair value of the scheme assets at the end of the reporting period for each category, are as follows:

	30 June 2025	30 June 2024
	£	£
Asset Class		
Cash and cash equivalents	451,000	366,000
Equity investments:		
Diversified Growth Funds	6,492,000	7,269,000
Diversified Credit Funds	12,648,000	13,912,000
Liability Driven Investments	6,252,000	6,784,000
Gilt Funds	9,834,000	10,085,000
Total	<u>35,677,000</u>	<u>38,416,000</u>
Actual return on assets over period:	(325,000)	2,248,000

The fair value of all the assets listed above have a quoted market price in an active market, apart from cash held in the Scheme's bank accounts.

Sensitivity Analysis

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, RPI inflation rate, salary increases and assumed life expectancy. The sensitivity analysis is set out below.

Assumption	Change in assumption	Change in defined benefit obligation
Discount rate	-1% pa	+9%
	+1% pa	-8%
RPI inflation	+1% pa	+4%
	-1% pa	-3%
Future salary increases	N/A	N/A
Assumed life expectancy	+1 year	+5%

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

7. Pension Liabilities (b) Staff Defined Benefit Scheme (Continued)

Limitations of the sensitivity analysis

The sensitivity analysis above provides an approximate guide to the sensitivity of results and may not be as accurate as a full valuation carried out on these assumptions. Each assumption change is considered in isolation. The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another, as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit scheme liability recognised in the statement of financial position.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

Future Funding Obligation

The Trustees are required to carry out an actuarial valuation every three years. The last actuarial valuation of the Main Scheme was performed by the Scheme Actuary for the Trustees as at 31 March 2022. This valuation revealed a funding surplus of £956,000.

The Commonwealth Secretariat agreed to pay annual contributions, which together with the 6% members' contributions rate, total 96.9% of the Total Contributory Payroll each year to meet the cost of future service accruals. As a result of the scheme being in surplus as at 31 March 2022, there are no deficit contributions due.

There is one remaining active member who is assumed to retire in December 2025.

In addition, The Commonwealth will either pay directly or reimburse the Trustees to cover operational expenses, including the Pension Protection Fund levy, and death in service premiums associated with the Scheme.

The Commonwealth expects to make contributions of around £14,544 to the Pension and Life Assurance Scheme (1979) for the financial year beginning 1 July 2025. In 2024, £28,000 was contributed as expected.

An amount of £222,000 (2024: £325,000) was transferred to the pension reserve from the general reserve in the year representing the difference between the cost recognised in the Statement of Financial Performance and contributions made to the scheme.

The actuarial valuation of the defined benefits obligation is determined by discounting the probable future payment required to settle the obligation resulting from employee service rendered in the current and prior periods. The discount rate is determined by reference to market yields at the reporting date following a yield curve approach. The discount rate has been determined based on the Scheme's duration and benefit currencies.

The average duration of the Scheme's defined benefit obligation as at 30 June 2025 is 9 years (2024: 10 years). This number can be analysed as follows:

- active members: 12 years (2024: 14 years);
- deferred members: 11 years (2024: 13 years); and
- retired members: 8 years (2024: 9 years).

THE COMMONWEALTH SECRETARIAT FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

7. Pension Liabilities (Continued)

(c) Supplementary Pension Scheme

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

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

Members are guaranteed a 2.5% per annum increase on pension payments in the main scheme, in respect of pension accrued before 6 April 1997. Additional increases may be awarded on a discretionary basis based on an annual review by The Commonwealth.

Pensioner members in receipt of a pension are the only category of member in the scheme.

The Supplementary Pension exposes The Commonwealth to the following actuarial risks:

Interest risk

The present value of the Supplementary Pension liability is calculated using a discount rate determined by reference to high quality corporate bond yields. A decrease in corporate bond yields would increase the plan’s defined benefit obligation.

Inflation risk

All of the Supplementary Pension’s defined benefit obligation is linked to inflation, therefore higher inflation will result in a higher defined benefit obligation and an increase in the deficit.

Longevity risk

The present value of the Supplementary Pension liability is calculated by reference to the best estimate of the mortality of plan participants after retirement if plan members live longer than expected, the plan’s benefits will need to be paid for longer, increasing the plan’s defined benefit obligation.

The most recent actuarial valuation of the present value of the defined benefit obligation was carried out at 30 June 2025 by Ms J Hayman, Fellow of the Institute and Faculties of Actuaries of First Actuarial LLP in the report dated 28 July 2025. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

The principal assumptions used for the purpose of the actuarial valuations were as follows:

	Valuation as at 30 June 2025	Valuation as at 30 June 2024
Discount rate	5.40%	5.10%
RPI inflation	3.00%	3.40%
CPI inflation	2.60%	2.90%
Discretionary increases over guaranteed increases to pension in payment	0.45%	0.80%
Mortality (post-retirement)	100% S4PMA/S4PFA CMI_2024_M/F 1.00%	100% S4PMA/S4PFA CMI_2023_M/F 1.00%
Average longevity at retirement age for current pensioners		
Males	25.9	25.6
Females	28.4	28.4
Average longevity at retirement age for future pensioners		
Males	27.1	26.8
Females	29.6	29.6

THE COMMONWEALTH SECRETARIAT FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

7. Pension Liabilities (c) Supplementary Pension Scheme (Continued)

Amounts recognised in respect of the Supplementary Pension are as follows:

	2024-25	2023-24
	£	£
Service cost:		
Net interest expense	120,000	102,000
Components of defined benefit costs recognised in surplus or deficit	120,000	102,000
Re-measurement on the defined benefit liability:		
Actuarial gains/losses arising from changes in demographic assumptions	39,000	(18,000)
Actuarial gains/losses arising from changes in financial assumptions	(431,000)	248,000
Actuarial losses/gains arising from experience adjustments	293,000	381,000
Components of defined benefit costs recognised in net assets/equity	(99,000)	611,000
Total	21,000	713,000

The remeasurement of the net defined liability is included in the Statement of Changes in Net Assets.

Reconciliation to the Statement of Financial Position

	30 June 2025	30 June 2024
	£	£
Present value of defined benefit obligation	2,267,000	2,469,000
Fair value of assets	-	-
Funded status	(2,267,000)	(2,469,000)
Restrictions on asset recognised	-	-
Net liability arising from defined benefit obligation	(2,267,000)	(2,469,000)

Movements in the present value of the defined benefit obligation over the period:

	30 June 2025	30 June 2024
	£	£
Opening defined benefit obligation	2,469,000	1,940,000
Interest expense	120,000	102,000
Benefits paid	(223,000)	(184,000)
Re-measurement (gains)/losses:		
Actuarial gains/losses arising from changes in demographic assumptions	39,000	(18,000)
Actuarial gains/losses arising from changes in financial assumptions	(431,000)	248,000
Actuarial losses/gains arising from experience adjustments	293,000	381,000
Closing defined benefit obligation	2,267,000	2,469,000

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

7. Pension Liabilities (c) Supplementary Pension Scheme (Continued)

Sensitivity Analysis

Significant actuarial assumptions for the determination of the defined obligation are discount rate, RPI inflation rate and assumed life expectancy. The sensitivity analysis is set out below.

	Change in assumption	Change in defined benefit obligation
Assumption		
Discount rate	-1% pa	+7%
RPI inflation	+1% pa	+19%
Assumed life expectancy	+1 year	+11%

Limitations of the sensitivity analysis

These calculations provide an approximate guide to the sensitivity of results and may not be as accurate as a full valuation carried out on these assumptions. Each assumption change is considered in isolation, which in practice is unlikely to occur, as changes in some of the assumptions are correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the Statement of Financial Position.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

Future Funding Obligations

The actuarial valuation of the defined benefits obligation is determined by discounting the probable future payment required to settle the obligation resulting from employee service rendered in the current and prior periods. The discount rate is determined by reference to market yields at the reporting date following a yield curve approach. The discount rate has been determined based on the plan duration and benefit currencies.

The approximate overall duration of the Supplementary Pension scheme's defined benefit obligation as at 30 June 2025 was 7 years (2024: 8 years).

The Secretariat expects to make a contribution of £250,000 (2024: £235,000) to the Supplementary Pension Scheme during the financial year beginning 1 July 2025. In 2024, £ 223,000 was contributed compared to £235,000 which was expected.

An amount of £103,000 (2024: £82,000) was transferred to the pension reserve from the general reserve in the year representing the difference between the cost recognised in the Statement of Financial Performance and contributions made to the scheme.

THE COMMONWEALTH SECRETARIAT FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

8. Provisions

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

	As at 30 June 2025		As at 30 June 2024	
	Due within one year	Due after one year	Due within one year	Due after one year
	£	£	£	£
Relocation Expenses	316,527	1,004,337	308,346	844,992
Home Leave Expenses	77,020	-	97,501	-
Total Provisions	393,547	1,004,337	405,847	844,992

Movements in provisions during the year are as follows:

Provisions for Liabilities	Notes	As at 1 July 2024	Increase in provision	Amount used in year	As at 30 June 2025
		£	£	£	£
Relocation Expenses	(a)	1,153,338	296,957	(129,431)	1,320,864
Home Leave Expenses	(b)	97,501	26,810	(47,291)	77,020
Total Provisions for Liabilities		1,250,839	323,767	(176,722)	1,397,884

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

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

(b) The Home Leave Expenses provision relates to home leave passages for overseas recruited staff. Overseas recruited staff and their dependents are provided with one home leave passage per contract. The level of provision is based on an annual review of future costs. The movement in the provisions for the year has been included within the Statement of Financial Performance under Staff Costs.

9. (a) Commonwealth Secretariat Members' Contributions from Non-Exchange Transactions

	30 June 2025	30 June 2024
	£	£
Current	2,209,356	1,948,221
Provision for doubtful accounts	(141,443)	(87,389)
Total net current contributions receivable	<u>2,067,913</u>	<u>1,860,832</u>
Non-Current	383,084	510,885
Provision for doubtful accounts	(207,500)	(269,163)
Total net non-current contributions receivable	<u>175,584</u>	<u>241,722</u>

The provision for doubtful accounts relates to members' contributions. The net contributions receivable is £2,243,497 (2024: £2,102,554).

In order to manage and reduce long outstanding arrears, affected member countries are invited to discuss and agree a suitable payment plan. The member countries have agreed a payment plan for arrears amounting to £625,754 (2024: £773,682).

THE COMMONWEALTH SECRETARIAT FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

9. (a) Commonwealth Secretariat Members' Contributions from Non-Exchange Transactions (Continued)

Ageing of receivables from non-exchange transactions:

	30 June 2025	30 June 2024
	£	£
Less than one year	1,111,898	1,131,206
Between one and two years	760,278	629,862
More than two years	371,321	341,486
Total	<u>2,243,497</u>	<u>2,102,554</u>

The provision for doubtful accounts is for the outstanding contributions receivable where there has been a delay in settlement of arrears. The change in the provision for doubtful accounts during 2024-25 is as follows:

	Provision as at 1 July 2024	Increase in provision	(Decrease) in provision	Provision as at 30 June 2025
	£	£	£	£
Provision for Doubtful Debt	<u>356,552</u>	<u>44,130</u>	<u>(51,739)</u>	<u>348,943</u>

There was £44,130 increase in provision for doubtful contributions (2024: £Nil). The decrease in the provision of £51,739 (2024: £827,081) relates to receipts for amounts provided for in prior periods.

THE COMMONWEALTH SECRETARIAT FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

9. (a) (i) Commonwealth Secretariat Members' Contributions from Non-Exchange Transactions 2024-25

Country	Balance as at 1 July 2024		Assessment	Adjustment	Received	Balance as at 30 June 2025	
	Receivable	Prepaid	2024-25	30 June 2025	2024-25	Receivable	Prepaid
	£	£	£	£	£	£	£
Antigua & Barbuda	43,307	-	38,935	-	-	82,242	-
Australia	-	-	2,024,621	-	2,024,621	-	-
The Bahamas	132,379	-	132,379	-	132,379	132,379	-
Bangladesh	101,231	-	101,231	-	101,231	101,231	-
Barbados	-	(46,722)	46,722	-	-	-	-
Belize	-	-	31,148	-	31,148	-	-
Botswana	-	-	116,805	-	116,805	-	-
Brunei Darussalam	-	-	132,379	-	132,379	-	-
Cameroon	218,262	-	116,805	-	101,458	233,609	-
Canada	-	-	3,309,476	-	3,309,476	-	-
Cyprus	-	-	163,527	-	163,527	-	-
Dominica	304,812	-	31,148	-	-	335,960	-
eSwatini	-	-	38,935	-	38,935	-	-
Fiji	-	(3)	46,722	-	46,719	-	-
Gabon	116,805	-	116,805	-	-	233,610	-
The Gambia	128,524	-	31,148	-	141,809	17,863	-
Ghana	-	-	132,379	-	-	132,379	-
Grenada	-	-	31,148	-	-	31,148	-
Guyana	-	(7,654)	46,722	-	47,974	-	(8,906)
India	-	-	739,766	-	739,766	-	-
Jamaica	-	-	46,722	-	46,722	-	-
Kenya	132,379	-	132,379	-	264,758	-	-
Kiribati	30,876	-	31,148	-	30,861	31,163	-
Lesotho	-	-	31,148	-	31,148	-	-
Malawi	118,307	-	38,935	-	118,307	38,935	-
Malaysia	-	-	428,285	-	428,285	-	-
Maldives	18,052	-	46,722	-	46,722	18,052	-
Malta	-	-	132,379	-	132,379	-	-
Mauritius	-	-	132,379	-	132,379	-	-
Mozambique	-	-	46,722	-	-	46,722	-
Namibia	-	-	101,231	-	101,231	-	-
Nauru	-	(4,373)	31,148	-	-	26,775	-
New Zealand	-	-	350,415	-	350,415	-	-
Nigeria	301,874	-	303,693	-	301,874	303,693	-
Pakistan	-	-	233,610	-	233,610	-	-
Papua New Guinea	-	-	101,231	-	473,734	-	(372,503)
Rwanda	-	-	46,722	-	-	46,722	-
St Kitts & Nevis	-	(162)	38,935	-	38,874	-	(101)
St Lucia	-	-	38,935	-	38,935	-	-
St Vincent & the Grenadines	27,881	-	31,148	-	46,614	12,415	-
Samoa	-	(292)	31,148	-	30,871	-	(15)
Seychelles	-	-	38,935	-	38,935	-	-
Sierra Leone	31,148	-	31,148	-	62,296	-	-
Singapore	-	-	739,765	-	739,765	-	-
Solomon Islands	62,896	-	31,148	-	31,133	62,911	-
South Africa	-	(43,162)	303,693	-	303,693	-	(43,162)
Sri Lanka	322,295	-	233,610	-	314,184	241,721	-
Tanzania	9,990	-	101,231	-	98,239	12,982	-
Togo	-	-	38,935	-	38,935	-	-
Tonga	62,896	-	31,148	-	31,748	62,296	-
Trinidad & Tobago	162,814	-	163,527	-	-	326,341	-
Tuvalu	31,147	-	31,148	-	30,849	31,446	-
Uganda	101,231	-	101,231	-	202,462	-	-
United Kingdom	-	-	5,310,363	-	5,310,363	-	-
Vanuatu	-	-	31,148	-	31,148	-	-
Zambia	-	(16,877)	46,722	-	-	29,845	-
Total	2,459,106	(119,245)	17,037,588	-	17,209,696	2,592,440	(424,687)

THE COMMONWEALTH SECRETARIAT FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

9. (a) (i) Commonwealth Secretariat Members' Contributions from Non-Exchange Transactions 2023-24

Country	Balance as at 1 July 2023		Assessment	Adjustment	Received	Balance as at 30 June 2024	
	Receivable	Prepaid	2023-24	30 June 2024	2023-24	Receivable	Prepaid
	£	£	£	£	£	£	£
Antigua & Barbuda	39,372	-	38,935	-	35,000	43,307	-
Australia	-	-	2,024,621	-	2,024,621	-	-
The Bahamas	-	-	132,379	-	-	132,379	-
Bangladesh	-	-	101,231	-	-	101,231	-
Barbados	-	-	46,722	-	93,444	-	(46,722)
Belize	-	-	31,148	-	31,148	-	-
Botswana	-	-	116,805	-	116,805	-	-
Brunei Darussalam	-	-	132,379	-	132,379	-	-
Cameroon	233,695	-	116,805	-	132,238	218,262	-
Canada	-	-	3,309,476	-	3,309,476	-	-
Cyprus	-	-	163,527	-	163,527	-	-
Dominica	341,018	-	31,148	-	67,354	304,812	-
eSwatini	11,450	-	38,935	-	50,385	-	-
Fiji	12	-	46,722	-	46,737	-	(3)
Gabon	-	-	116,805	-	-	116,805	-
The Gambia	97,376	-	31,148	-	-	128,524	-
Ghana	119,056	-	132,379	-	251,435	-	-
Grenada	31,612	-	31,148	-	62,760	-	-
Guyana	-	(31,519)	46,722	34,825	57,682	-	(7,654)
India	-	-	739,766	-	739,766	-	-
Jamaica	-	-	46,722	-	46,722	-	-
Kenya	-	-	132,379	-	-	132,379	-
Kiribati	-	(272)	31,148	-	-	30,876	-
Lesotho	10,700	-	31,148	-	41,848	-	-
Malawi	79,372	-	38,935	-	-	118,307	-
Malaysia	-	-	428,285	-	428,285	-	-
Maldives	36,105	-	46,722	-	64,775	18,052	-
Malta	-	-	132,379	-	132,379	-	-
Mauritius	-	-	132,379	-	132,379	-	-
Mozambique	-	-	46,722	-	46,722	-	-
Namibia	-	-	101,231	-	101,231	-	-
Nauru	30,238	-	31,148	-	65,759	-	(4,373)
New Zealand	-	-	350,415	-	350,415	-	-
Nigeria	-	(1,819)	303,693	-	-	301,874	-
Pakistan	-	-	233,610	-	233,610	-	-
Papua New Guinea	302,832	-	101,231	-	404,063	-	-
Rwanda	-	-	46,722	-	46,722	-	-
St Kitts & Nevis	-	(681)	38,935	-	38,416	-	(162)
St Lucia	-	-	38,935	-	38,935	-	-
St Vincent & the Grenadines	-	(14,118)	31,148	10,851	-	27,881	-
Samoa	-	(262)	31,148	-	31,178	-	(292)
Seychelles	-	-	38,935	-	38,935	-	-
Sierra Leone	-	-	31,148	-	-	31,148	-
Singapore	-	-	739,765	-	739,765	-	-
Solomon Islands	31,748	-	31,148	-	-	62,896	-
South Africa	-	(43,162)	303,693	-	303,693	-	(43,162)
Sri Lanka	442,409	-	233,610	-	353,724	322,295	-
Tanzania	103,182	-	101,231	-	194,423	9,990	-
Togo	38,935	-	38,935	-	77,870	-	-
Tonga	31,748	-	31,148	-	-	62,896	-
Trinidad & Tobago	-	(713)	163,527	-	-	162,814	-
Tuvalu	376	-	31,148	-	377	31,147	-
Uganda	-	-	101,231	-	-	101,231	-
United Kingdom	-	-	5,310,363	-	5,310,363	-	-
Vanuatu	31,748	-	31,148	-	62,896	-	-
Zambia	-	(73,498)	46,722	65,693	55,794	-	(16,877)
Total	2,012,984	(166,044)	17,037,588	111,369	16,656,037	2,459,106	(119,245)

THE COMMONWEALTH SECRETARIAT FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

9. (b) Joint Office in New York Donors Contributions from Non-Exchange Transactions

Country	2024-25 £	2023-24 £
Australia	135,018	138,736
New Zealand	180,659	182,611
India	193,180	198,501
Malaysia	15,454	15,880
Singapore	23,181	23,820
Cyprus	3,091	3,177
United Kingdom	100,762	95,891
Total Donors	651,345	658,616

9. (c) Small States Office in Geneva Donors Contributions from Non-Exchange Transactions

Country	2024-25 £	2023-24 £
India	115,982	116,541
Australia	68,173	72,612
New Zealand	176,787	181,081
Singapore	26,762	26,852
United Kingdom	98,634	101,235
Total Contributions	486,338	498,321

10. Common Service Charge from Exchange Transactions

Fund	2024-25 £	2023-24 £
Commonwealth Fund for Technical Co-operation	1,864,463	2,337,524
Commonwealth Youth Programme Fund	478,826	427,505
Commonwealth Association of Tax Administrators	49,306	48,756
Total	2,392,595	2,813,785

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

11. (a) Deferred Income from Non-Exchange Transactions 2024-25

Special Projects	Deferred Income Balance as at 1 July 2024	Project Cash Receipts	Project Expenses	Deferred Income Balance as at 30 June 2025
	£	£	£	£
Commonwealth Media Development	10,844	-	-	10,844
Commonwealth Election Professional (CEP II) Initiative	173,098	227,993	(221,791)	179,300
Inclusive Dialogue/ Enhanced Women's Participation	231	-	-	231
Civil and Criminal Justice Reform	5,000	-	-	5,000
Natural Resources	32,720	-	-	32,720
The Commonwealth Climate Finance Access Hub	1,005,845	689,839	(338,032)	1,357,652
Elections (Zimbabwe)	19,762	-	-	19,762
Elections (Zimbabwe)	1,492	-	-	1,492
Supporting Electoral processes in Commonwealth Member countries	-	1,072,923	(1,072,923)	-
The Commonwealth and World Bank collaboration for South Asia	-	61,776	(26,917)	34,859
The Health Sector Response to Gender Based Violence in the Commonwealth	-	46,365	-	46,365
The Commonwealth's goals for cervical cancer elimination	-	20,400	-	20,400
Guyana General & Regional Elections	-	120,534	-	120,534
Total	1,248,992	2,239,830	(1,659,663)	1,829,159

11. (b) Deferred Income from Non-Exchange Transactions 2023-24

Special Projects	Deferred Income Balance as at 1 July 2023	Project Cash Receipts	Project Expenses	Deferred Income Balance as at 30 June 2024
	£	£	£	£
Commonwealth Media Development	10,844	-	-	10,844
Commonwealth Election Professional (CEP II) Initiative	120,080	225,650	(172,632)	173,098
Inclusive Dialogue/ Enhanced Women's Participation	231	-	-	231
Civil and Criminal Justice Reform	5,000	-	-	5,000
Natural Resources	32,720	-	-	32,720
The Commonwealth Climate Finance Access Hub	-	1,047,781	(41,936)	1,005,845
Elections (Zimbabwe)	-	194,274	(174,512)	19,762
Elections (Zimbabwe)	-	65,000	(63,508)	1,492
Total	168,875	1,532,704	(452,589)	1,248,992

THE COMMONWEALTH SECRETARIAT FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

12. (a) Interest Receivable from Exchange Transactions

	2024-25	2023-24
	£	£
Interest on Bank Deposits	464,653	440,405
Total Interest Income	<u>464,653</u>	<u>440,405</u>

Interest bearing accounts and investments yielded an average rate of 4.1% (2024: 4.7%) during the reporting period.

12. (b) (i) Other Income from Exchange Transactions

	2024-25	2023-24
	£	£
Income for Joint Office in New York	502,311	520,819
Income for Small States Office in Geneva	652,797	696,243
Publication/Marlborough House Makeover	26,637	24,092
Recovery of Expenses	780,338	553,755
Special Project Administration Fees	120,944	15,894
Miscellaneous Income	22	54,016
Total Other Income	<u>2,083,049</u>	<u>1,864,819</u>

12. (b) (ii) Other Income from Non-Exchange Transactions

	2024-25	2023-24
	£	£
Service in-kind: Provision of Rent Free Property	<u>2,380,000</u>	<u>2,380,000</u>

Marlborough House is a unique Grade1 listed property and as a result identifying comparable properties to produce an estimate of fair value is challenging. In financial year 2025 to arrive a more reliable fair value the rateable value from UK government was adopted.

13. Staff Costs

	Notes	2024-25	2023-24
		£	£
Salaries and Allowances	(a)	11,358,342	9,932,242
Employers National Insurance Contributions		974,135	857,837
Contributions to Staff Gratuity Fund		979,474	890,690
Contributions to Staff Defined Contribution Scheme		491,102	436,296
Pension Contributions and Expenses - Other	(b)	63,615	(23,303)
Total Staff Costs		<u>13,866,668</u>	<u>12,093,762</u>

£153,109 (2024: £263,343) of staff costs has been charged to projects and included in other costs. (see note 14). Staff costs also include an ex-gratia payment of £168,620.

(a) Salaries and Allowances include movements related to relocation and home leave .

(b) Pension Contributions and Expenses – Other includes actuarial gains/losses, the shortfall on the defined benefit scheme for all The Commonwealth staff, as well as costs relating to the supplementary pension arrangements and the former Secretaries General Scheme. (See note 7).

THE COMMONWEALTH SECRETARIAT FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

14. Other Costs

	2024-25	2023-24
	£	£
Travel and Subsistence Costs	3,119,108	2,770,674
Notional Value of Rent for Marlborough House	2,380,000	2,380,000
Rent and Rates	2,116,227	2,149,364
Conference Costs	1,153,929	913,324
Accommodation and Venue Costs	742,204	677,349
Property Services and Maintenance Costs	550,307	542,945
Equipment Maintenance	508,048	571,472
Communication, Publicity and Information	472,488	437,786
Short Term Consultants Costs	344,500	412,057
Other Miscellaneous Expenses	226,205	301,209
Professional Fees	207,287	229,107
Utilities	205,866	235,752
Other Property Costs	158,102	186,990
Tribunal Expenses	132,306	84,696
Insurance	119,327	132,975
Pension Administration Costs	90,334	70,562
Audit Fees	82,096	94,848
Staff Development	69,762	77,278
Vehicle Maintenance and Running Costs	45,725	35,396
Library and Subscriptions	45,662	50,385
Bank and Finance Charges	21,947	35,416
Recruitment Costs	7,165	68,056
Decrease in Provision for Doubtful Balances	(7,609)	(827,082)
Total Other Costs	<u>12,790,986</u>	<u>11,630,559</u>

All lease agreements are registered in COMSEC and the costs shared among all the three Funds. Operating lease costs are recognised in the Statement of Financial Performance of the respective Funds. Total operating lease costs recognised in COMSEC in 2024-25 amounted to £Nil (2024: £Nil). The total future minimum rentals under operating leases are detailed in note 19.

THE COMMONWEALTH SECRETARIAT FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

15. (a) Direct Project Expenses by Outcome

A breakdown of direct project expenses analysed according to the outcomes in the four year 2021-22 to 2024-25 Strategic Plan is provided below:

	2024-25	2023-24
	£	£
Democracy & Governance	5,554,088	4,531,860
Small and Other Vulnerable States	355,432	694,786
Cross Cutting Outcomes	381,798	476,224
Sustainable Development	1,261,889	1,132,017
Catalysts for Agile and Adaptive Delivery	378,444	259,986
Resilience & Climate Action	334,424	390,651
Internal Outcomes	4,252,621	3,858,577
Total	12,518,696	11,344,101

Internal outcomes comprise of Organisational Performance and Results, Communications, Small States Offices and Office of the Secretary-General.

15. (b) Direct Project Expenses by Cost Type

For additional information, a breakdown of direct project expenses is provided below according to cost type:

	Notes	2024-25	2023-24
		£	£
Direct Staff Costs	13	7,993,801	6,460,068
Other Costs	14	4,332,709	4,704,142
Depreciation	5(a)(i), 5(b)(i)	192,186	179,891
Total		12,518,696	11,344,101

16. Segmental Information

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

(a) General Fund

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

(b) Special Project Funds

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

(c) Commonwealth Small States Offices Fund (CSSOs)

This segment includes all resources of the Joint Office for Commonwealth Permanent Missions to the United Nations in New York and the Commonwealth Small States Office in Geneva. These offices are funded by the small states tenants together with contributions from donor countries. Funding from the contributions is used to support the provision and running of these offices.

THE COMMONWEALTH SECRETARIAT FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

16. Segmental Information (Continued)

STATEMENT OF FINANCIAL POSITION BY SEGMENT AS AT 30 JUNE 2025

	General Fund	Special Projects	CSSOs	Elimination	Total
	£	£	£	£	£
ASSETS					
Current Assets					
Cash and Cash Equivalents	8,150,396	1,787,982	1,314,947	-	11,253,325
Investments	4,600,000	-	-	-	4,600,000
Inventories	3,225	-	-	-	3,225
Prepayments	304,109	-	111,086	-	415,195
Members' Contributions Receivable from Non-exchange Transactions	2,067,913	-	-	-	2,067,913
Other Receivables from Exchange Transactions	3,097,726	35,538	966,331	(1,399,962)	2,699,633
	<u>18,223,369</u>	<u>1,823,520</u>	<u>2,392,364</u>	<u>(1,399,962)</u>	<u>21,039,291</u>
Non-Current Assets					
Property, Plant and Equipment	17,053,195	-	286,755	-	17,339,950
Intangible Assets	132,115	-	-	-	132,115
Members' Contributions Receivable from non-exchange transactions	175,584	-	-	-	175,584
	<u>17,360,894</u>	<u>-</u>	<u>286,755</u>	<u>-</u>	<u>17,647,649</u>
TOTAL ASSETS	<u>35,584,263</u>	<u>1,823,520</u>	<u>2,679,119</u>	<u>(1,399,962)</u>	<u>38,686,940</u>
LIABILITIES					
Current Liabilities					
Provisions	393,547	-	-	-	393,547
Deferred Income from Non-exchange Transactions	-	1,829,159	-	-	1,829,159
Members' Contributions Prepaid from Non-exchange Transactions	424,687	-	-	-	424,687
Payables and Other Liabilities from Exchange Transactions	5,253,209	-	2,207,181	(1,399,962)	6,060,428
	<u>6,071,443</u>	<u>1,829,159</u>	<u>2,207,181</u>	<u>(1,399,962)</u>	<u>8,707,821</u>
Non-Current Liabilities					
Provisions	1,004,337	-	-	-	1,004,337
Payables and Other Liabilities from Exchange Transactions	1,501,293	-	125,687	-	1,626,980
Pension Liabilities	425,000	-	-	-	425,000
	<u>2,930,630</u>	<u>-</u>	<u>125,687</u>	<u>-</u>	<u>3,056,317</u>
TOTAL LIABILITIES	<u>9,002,073</u>	<u>1,829,159</u>	<u>2,332,868</u>	<u>(1,399,962)</u>	<u>11,764,138</u>
NET ASSETS	<u>26,582,190</u>	<u>-</u>	<u>346,251</u>	<u>-</u>	<u>26,922,802</u>
FUND BALANCES AND RESERVES					
General Reserve	3,704,669	-	-	-	3,704,669
Working Capital Fund	5,074,838	-	-	-	5,074,838
Joint Office in New York	-	-	433,287	-	433,287
Small States Office in Geneva	-	-	(87,036)	-	(87,036)
Designated Funds	2,414,748	-	-	-	2,414,748
Revaluation Reserve	15,807,296	-	-	-	15,807,296
Pension Reserve	(425,000)	-	-	-	(425,000)
TOTAL FUND BALANCES AND RESERVES	<u>26,576,551</u>	<u>-</u>	<u>346,251</u>	<u>-</u>	<u>26,922,802</u>

During the reporting year, non-current asset additions under the General Fund were £374,230 (2024: £190,650); disposals were £17,239 (2024: £40,604). There were no non-current asset additions or disposals under Special Projects during the current and prior year. Non-current asset additions under CSSO funds were £6,943 (2024: £146,834) and disposals were £Nil (2024: £16,697).

THE COMMONWEALTH SECRETARIAT FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

16. Segmental Information (Continued)

STATEMENT OF FINANCIAL PERFORMANCE BY SEGMENT FOR THE YEAR ENDED 30 JUNE 2025

	General Fund £	Special Projects £	CSSOs £	Elimination £	Total £
REVENUE FROM NON-EXCHANGE TRANSACTIONS					
Contributions to COMSEC	17,037,588	-	-	-	17,037,588
Contributions to Joint Office in New York	-	-	651,345	-	651,345
Contributions to Small States Office in Geneva	-	-	486,338	-	486,338
Special Projects	-	1,659,663	-	(120,945)	1,538,718
Service in-kind - Rent	2,380,000	-	-	-	2,380,000
SUB-TOTAL REVENUE FROM NON-EXCHANGE TRANSACTIONS	19,417,588	1,659,663	1,137,683	(120,945)	22,093,989
REVENUE FROM EXCHANGE TRANSACTIONS					
Common Service Charge	2,392,595	-	-	-	2,392,595
Interest Revenue	464,080	-	573	-	464,653
Other Income	927,940	-	1,787,190	(632,081)	2,083,049
Currency Gain	-	-	63,192	-	63,192
SUB-TOTAL REVENUE FROM EXCHANGE TRANSACTIONS	3,784,615	-	1,850,955	(632,081)	5,003,489
TOTAL REVENUE	23,202,203	1,659,663	2,988,638	(753,026)	27,097,478
EXPENSES					
Staff Costs	13,495,140	-	371,528	-	13,866,668
Other Costs	9,475,393	1,659,663	2,408,956	(753,026)	12,790,986
Depreciation and Amortisation	595,044	-	192,186	-	787,230
Finance Costs	6,633	-	-	-	6,633
Currency Loss	62,454	-	15,968	-	78,422
TOTAL EXPENSES	23,634,664	1,659,663	2,988,638	(753,026)	27,529,939
DEFICIT FOR THE YEAR	(432,461)	-	-	-	(432,461)

Some internal activities result in accounting transactions which create inter-segment revenue, expense, advance or loan balances in the financial statements. Inter-segment transactions are reflected in the elimination columns to accurately present these financial statements, the most significant examples of which are the transfers from COMSEC to CSSOs or CSSO contributions received in COMSEC. The aggregate amount of these transfers was £1,399,961, of which £532,644 was between COMSEC and the Joint Office of the United Nations in New York and £867,317 was between COMSEC and the Small States Office in Geneva.

Included in Total Expenses of £23,634,664 is the sum of £12,518,696 which represents direct costs incurred by the Commonwealth. Direct costs are analysed within note 15(a) and 15(b) of these financial statements.

THE COMMONWEALTH SECRETARIAT FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

17. Related Party Disclosures

(a) Controlled Entities

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

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

As described in note 1.18(b)(i) costs of common service divisions are incurred by COMSEC. These charges are recovered from CFTC and CYP (see note 10).

COMSEC also recognises Staff Gratuity Fund assets and liabilities for CFTC and CYP within the Statement of Financial Position (see note 6(b)).

(b) Other Related Parties

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

COMSEC recognises Staff Gratuity Fund assets and liabilities for the Commonwealth Foundation within the Statement of Financial Position (See note 6(b)).

In the financial year to 30 June 2025, there were no transactions outside the normal operations between The Commonwealth and the two Commonwealth organisations mentioned above (2024: £nil).

(c) Key Management Personnel

The members of the Board of Governors do not receive any remuneration from the organisation for their roles.

The aggregate remuneration paid or payable to key management personnel on a full time equivalent basis for COMSEC during the year was as follows:

	Number of persons		Aggregate Remuneration	
	2024-25	2023-24	2024-25	2023-24
			£	£
Senior Management Committee	4	4	651,610	573,287
Directors and Heads of Units	3	2	228,226	163,833
TOTAL	7	6	879,836	737,120

Key management personnel comprise members of the Senior Management Committee of the Commonwealth: the Secretary-General, Deputy Secretary-General, Assistant Secretary-General, Chief of Staff to the Secretary-General, Senior Directors, Directors, and two Heads of Section. The Senior Management Committee has the authority and responsibility for planning, directing and controlling the activities of The Commonwealth.

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

THE COMMONWEALTH SECRETARIAT FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

17. Related Party Disclosures (c) Key Management Personnel (Continued)

	Senior Management Committee		Directors	
	2024-25	2023-24	2024-25	2023-24
	£	£	£	£
Salary	394,435	362,883	171,726	117,084
Allowances	164,097	126,608	29,724	25,143
Gratuity	93,078	83,796	14,074	19,712
Contributions to Staff Defined Contribution Scheme	-	-	12,702	1,894
TOTAL	651,610	573,287	228,226	163,833

There were no loans to key management personnel that were not available to other staff as at 30 June 2025 (2024: £Nil).

18. Contingencies

As at 30 June 2025, there were no contingent liabilities (2024: £Nil).

19. Commitments

The Commonwealth has operating lease commitments for its premises in New York and Geneva. The leases have varying terms, escalation clauses and renewal rights.

The total future minimum rentals under operating leases are as follows:

	Gross Future Payment	Gross Future Payment
	30 June 2025	30 June 2024
	£	£
Not later than one year	1,947,961	1,997,301
Later than one year and not later than five years	5,495,374	6,193,829
Later than five years	2,800,325	4,316,185
Total Due	10,243,660	12,507,315

20. Financial Instruments

Details of the significant accounting policies and methods adopted, including the criteria for recognition and de-recognition, the basis of measurement and the basis on which gains and losses are recognised in respect of each class of financial asset and liability are set out in Note 1.

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

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

THE COMMONWEALTH SECRETARIAT FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

20. Financial Instruments (Continued)

(a) Fair Values

The assets of COMSEC are categorised as follows:

	30 June 2025	30 June 2024
	£	£
Financial assets	20,796,455	20,214,167
Non-financial assets	17,890,485	18,268,368
Total	<u>38,686,940</u>	<u>38,482,535</u>

The liabilities of COMSEC are categorised as follows:

	30 June 2025	30 June 2024
	£	£
Financial liabilities	7,547,219	7,447,320
Non-financial liabilities	4,216,919	2,792,890
Total	<u>11,764,138</u>	<u>10,240,210</u>

Set out below, is a comparison by class of the carrying amounts and fair value of COMSEC's financial instruments.

Financial Assets:

	Carrying Amount	Fair values
	£	£
2025		
Cash and Cash Equivalents	11,253,325	11,253,325
Investments	4,600,000	4,600,000
Current Receivables	4,767,546	4,767,546
Non-current Receivables	175,584	175,584
Total	<u>20,796,455</u>	<u>20,796,455</u>
2024		
Cash and Cash Equivalents	8,527,321	8,527,321
Investments	8,300,000	8,300,000
Current Receivables	3,145,124	3,145,124
Non-current Receivables	241,722	241,722
Total	<u>20,214,167</u>	<u>20,214,167</u>

Financial Liabilities:

	Carrying Amount	Fair Values
	£	£
2025		
Borrowings	72,000	72,000
Payables	7,475,219	7,475,219
Total	<u>7,547,219</u>	<u>7,547,219</u>
2024		
Borrowings	72,000	72,000
Payables	7,375,320	7,375,320
Total	<u>7,447,320</u>	<u>7,447,320</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

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

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

Non-current liabilities are carried at their principal amounts, which represent the present value of future cash flows associated with servicing the debt. Interest and charges are accrued over the period they become due and are recorded as part of other creditors.

(b) Foreign Currency Risk

COMSEC is exposed to foreign currency risk arising primarily from Non-GB Pound Sterling holdings to support local operating activities in programme countries. To manage this risk COMSEC maintains a minimum level of assets in local currencies, and whenever possible, maintains bank accounts in GB Pound Sterling.

The functional currencies of the Joint Office for Commonwealth Permanent Missions to the United Nations in New York, and The Commonwealth Small States Office in Geneva are, United States Dollars and Swiss Francs respectively. To manage the currency risk, rents are charged to tenants in the applicable functional currency in which the expenditure is incurred. The value of net assets for the overseas offices is given in the segmental information note 16.

At 30 June 2025, 91.7% of cash and cash equivalents are denominated in GB Pound Sterling, 6.0% in Swiss Francs and 2.3% in United States Dollars. (2024: 95.9% in GB Pound Sterling, 2.8% in Swiss Francs and 1.3% United States Dollars).

(c) Credit Risk

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

The treasury and investment management policy manages credit risk on cash and cash equivalents by limiting the amount of credit exposure to any one counterparty and ensuring these financial assets are held with well-recognised financial institutions. As at 30 June 2025, 100% of these financial assets were held at counterparty banks with a Standard and Poor's credit rating of A+ .

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

(d) Liquidity Risk

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

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

THE COMMONWEALTH SECRETARIAT FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

20. Financial Instruments (d) Liquidity Risk (Continued)

The following are contractual liabilities of which interest is included in borrowings:

2025	<6 months	6 – 12 months	1 – 5 years	Total
	£	£	£	£
Liabilities				
Borrowings	-	72,000	-	72,000
Payables	7,475,219	-	-	7,475,219
Total Liabilities	7,475,219	72,000	-	7,547,219

2024	<6 months	6 – 12 months	1 – 5 years	Total
	£	£	£	£
Liabilities				
Borrowings	-	96,000	168,000	264,000
Payables	7,608,085	-	-	7,608,085
Total Liabilities	7,608,085	96,000	168,000	7,872,085

(e) Market Risk

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

(f) Interest Rate Risk

The interest rates charged on COMSEC's financing debt are fixed at the contract date. Details of bank loans and interest paid are given in note 6(a).

Owing to the short maturity of cash and investments an interest rate sensitivity analysis does not disclose significant variations in value. If the weighted average interest rate at 30 June 2025 had been 25% higher or lower, the interest income would have been affected as follows:

	Increase (+) / Decrease (-)	Effect on Surplus / Deficit
Cash and Cash Equivalents	%	£
Movement in Interest Income due to change in weighted average Interest Rate	25%	116,163
Movement in Interest Income due to change in weighted average Interest Rate	-25%	(116,163)

(g) Foreign Currency Risk

Foreign currency balances in GB Pound Sterling comprise of the following:

2025	GBP	Other Currencies	Total
	£	£	£
Financial Assets	19,047,822	1,748,633	20,796,455
Percentage of Total	92%	8%	100%
Financial Liabilities	6,081,669	1,465,550	7,547,219
Percentage of Total	81%	19%	100%

THE COMMONWEALTH SECRETARIAT FUND

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

20. Financial Instruments (g) Foreign Currency Risk (Continued)

The table below shows the impact of a 25% movement in the relative value of the GB Pound Sterling against the foreign currency balances as at 30 June 2025.

	Increase (+) / Decrease (-)	Effect on Balances
Financial Assets	%	£
Movement in the relative value of the GB Pound Sterling	+25%	437,158
Movement in the relative value of the GB Pound Sterling	-25%	(437,158)

	Increase (+) / Decrease (-)	Effect on Balances
Financial Liabilities	%	£
Movement in the relative value of the GB Pound Sterling	+25%	366,388
Movement in the relative value of the GB Pound Sterling	-25%	(366,388)

21. Capital Management

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

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

22. Events After Reporting Date

There are no material events, favourable or unfavourable that occurred between the reporting date, 30 June 2025, and the date of authorisation for issue that would have impacted these financial statements.

The Secretary-General authorised these financial statements for issue on 11 December 2025.

Commonwealth Secretariat
Marlborough House, Pall Mall
London SW1Y 5HX
United Kingdom

thecommonwealth.org

