



COMMONWEALTH  
WAR GRAVES



**COMMONWEALTH WAR  
GRAVES COMMISSION**

ANNUAL REPORT

FOR THE YEAR ENDED

31 MARCH 2021

# COMMONWEALTH WAR GRAVES COMMISSION

Consolidated Financial Statements

for the year ended 31 March 2021

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# COMMONWEALTH WAR GRAVES COMMISSION

Commissioners, Executive Directors and Advisors

for the year ended 31 March 2021

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<b>President</b>	HRH The Duke of Kent KG GCMG GCVO ADC(P)
<b>Chairman</b>	The Rt Hon Ben Wallace MP
<b>Commissioners</b>	
<b>Vice-Chairman</b>	Lieutenant General Sir Bill Rollo KCB CBE
Australian	HE The Hon George Brandis QC
Canadian	HE Mme Janette Charette (to March 2021) HE Mr Ralph Goodale PC (from April 2021)
Indian	HE Ms Ruchi Ghanashyam (to May 2020) HE Mrs Gaitri Issar Kumar (from June 2020)
New Zealand	HE The Rt Hon Sir Jerry Mateparae, GNZM, QSO, KStJ (to March 2020) HE Mr Bede Corry (from August 2020)
South African	HE Ms Nomatemba Tambo
The Rt Hon Philip Dunne MP Sir Tim Hitchens KCVO CMG Vice Admiral Peter Hudson CB CBE Ms Keryn James (from December 2020) Dame Diana Johnson DBE MP	Dame Judith Mayhew Jonas DBE The Hon Mrs Ros Kelly AO (to September 2020) Mr Vasuki Shastry Air Marshal David Walker CB CBE AFC

## Commonwealth War Graves Foundation Trustees

Dame Judith Mayhew Jonas DBE (Appointed <b>Chair</b> September 2020)	
The Hon Ros Kelly AO Chair ( <b>Chair</b> to September 2020)	
Maj Gen Alastair Bruce OBE VR KStJ	The Rt Hon Kevan Jones MP
HE Mme Janice Charette (to March 2021)	Sir Adrian Montague CBE
Lady Lucy French OBE	Captain Jay Singh-Sohal
Mr Terry Hewitt	Mr William Shawcross CVO (to December 2020)

## Executive Directors

Claire Horton CBE	Director General (from January 2021)
Victoria Wallace	Director General (to July 2020)
Barry Murphy	Interim Director General and Director of Operations
Judith O'Connell	Director of Resources
Jamie Redmond	Director of Human Resources
Liz Woodfield	Director of Communication & Information
Julian Evans	Director of International and Community Engagement (to August 2020)

## Advisors

### Bankers

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

### Independent Auditors

Buzzacott LLP  
130 Wood Street,  
London. EC2V 6DL.

# COMMONWEALTH WAR GRAVES COMMISSION

Commissioners' report and operating and financial review

for the year ended 31 March 2021

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## Structure and Governance

The Commonwealth War Graves Commission (the Commission) was established by Royal Charter in May 1917 which was amended by a supplemental charter in June 1964. The Commission's status is not that of a charity as its purposes are not exclusively charitable but is recognised as having charitable status by the UK's tax authorities, HMRC.

The Commission has one subsidiary, the Commonwealth War Graves Foundation (the Foundation), which was registered with the Charity Commission of England and Wales in March 2017 as a charitable incorporated organisation (CIO). The main objectives of the Foundation are to support and publicise the work of the Commission, to educate and engage young people with commemoration and to fundraise. Branches of the Foundation are registered and active in Belgium and France.

The Commissioners comprise "the Board" which governs the organisation in line with the provisions of the Royal Charter, and oversees the Commission's strategic direction. The Chairman is the serving UK Secretary of State for Defence, whilst the Vice-Chairman (the de facto operational Chairman) is customarily a retired senior UK military officer. The Commissioners include the High Commissioners of the five Commonwealth Member Governments, together with two Members of Parliament and other lay members. Lay members serve an initial term of three years which can be renewed.

The Foundation is governed by a separate Board of Trustees who are appointed by the Commission; the majority of the Foundation's Trustees are not Commissioners.

Induction for new Commissioners includes the provision of a comprehensive briefing pack supported by meetings with the Director General and members of the head office senior management team.

The Commissioners meet four times a year, with the Director General and members of the senior management team in attendance. The Commissioners are currently supported by standing committees on Finance, Audit, and Remuneration. During the year an additional Special Committee was in operation which undertook a review of historical inequalities in commemoration by the Commission and made recommendations for their rectification. The Special Committee's report on non-Commemoration and accompanying recommendations were published and reported in Parliament subsequent to the year end.

## Objectives

The "core business" of the Commission, as defined in the Royal Charter, is the commemoration "in perpetuity" of almost 1,700,000 members of the Commonwealth forces who gave their lives in the two world wars. It should be noted that following the publication of the findings of a Special Committee looking into historical cases of non-commemoration, this number may potentially increase to 2,100,000. This means in practice that the Commission cares for graves and memorials at more than 23,000 locations in over 150 countries and territories and maintains the relevant records.

These men and women are commemorated either on a headstone (where identification was possible) or on a memorial. Memorials are, in this case, those central locations such as the Thiepval Memorial, the Menin Gate and the Runnymede Memorial, where the names of the missing are inscribed. Moreover, where there is a grave of an unidentified casualty (i.e. in Kipling's words, "a soldier of the Great War known unto God"), then that grave, too, is maintained.

The Royal Charter tasks the Commission with "maintaining fit provision" of the graves and memorials. Consequently, the Commission's primary objective is to ensure that each headstone and memorial is well maintained, that the names are legible and that the surrounding infrastructure (i.e. walls, gates, benches) is sound using a sensitive conservation approach to its heritage structures. Also, and in accordance with

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guidelines laid down in 1918, horticulture (including shrubs and trees) is undertaken at each site in order “to strike the proper note of brightness and life”. The Commission also maintains the archives and the official casualty database.

The 5 pillars underpinning the 2019-2024 five-year plan currently in operation comprise:

### ***Caring, sustainably.***

The Commission is the guardian of the war dead of the Commonwealth, for now and for the future. After 100 years of care, the Commission needs to focus in particular on sustainability, improving our environmental impact, and consolidating our conservation programme.

### ***Perpetuating commemoration***

The Commission wants to carry on the legacy of the centenary commemorations, engaging younger people, working to tell the stories of all those we commemorate, from both World Wars.

### ***Engaging the public with the Commission's work***

The Commission needs to offer an enriching and meaningful experience for visitors, encouraging more visits both to our online resources and to the cemeteries and memorials.

### ***Building Commonwealth cohesion***

To meet the Charter's ambition of bringing the people of the Commonwealth closer together because of their shared sacrifice, the Commission needs to build partnerships with other bodies across the Commonwealth and its global estate.

### ***Organisational fitness***

The Commission wants its operational standards to be matched by its efficient management, dedicated teams and the effective use of its member states' resources.

The recently appointed Director General, is undertaking a review and update of the Commission's strategy which will include a significant programme of activities to address the Non-Commemoration Special Committee's recommendations (page 5) and will review and address any medium and long-term challenges that the Commission may face as a result of Covid-19.

## **Covid-19 Impacts and our Activities and Performance**

The world itself has changed dramatically since the beginning of 2020 due to the Covid-19 pandemic. During 20/21, the ability to travel, maintain certain levels of activity and manage workloads and people in the way the Commission would have normally done has been severely impacted and the operations and supporting functions have all had to learn to work very differently. Whilst the Commission has by and large managed to maintain its cemeteries to an excellent standard our operations have been restricted due to lockdowns-social distancing measures, travel restrictions and to some degree by staff absence so some delay to large projects requiring international oversight has occurred. The biggest absence from the Commission's sites however has been visitors and the engagement and digital teams have worked hard on improving our digital presence to compensate. Across the Commission staff at all levels have had to adjust to new ways of doing things and looking towards a post Covid-19 world, there will be a requirement to continue to adjust. The Interns programme was cancelled; physical commemoration activity was severely curtailed; and, our cemetery visitor numbers were low. Key achievements included:

- Continuing to play a role, supporting our member governments, in the commemoration of campaigns, battles and significant events, which included:
  - 75th anniversaries of: VE and VJ day;
  - 80th anniversaries of Dunkirk and the Battle of Britain;

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- 76th anniversary of D Day landing; and
  - the 105th Anzac commemoration at Gallipoli;
- albeit with an increased focus on delivering event support through digital channels and using social media e.g. digital walls of remembrance.
- Completed £3.7m of global structural, base site and capital contracts costing, which included cemeteries at Hannover, Rome, Durban Stellawood, the Chatham Naval Memorial and six sites in Flanders.
  - Produced 1,282 headstones and re-engraved 8,683 headstones.
  - Eliminated the use of biocides at Brookwood and Belgium; introduced the use of enzymes as cleaning agents and, reduced chemical usage globally.
  - Completed the 5 year structural survey and profiled the structural funding requirements for the next five years.
  - Volunteering work on the "Eyes On Hands On" ('EOHO') resumed in October 2020 having been suspended during the first half of the year due to Government restrictions on social distancing. This project, delivered in conjunction with our charitable arm, the Foundation, encourages volunteer grave care activity at the Commission's more remote and scattered UK sites. The initial focus of the 1,610 volunteers, who have been recruited, has been "Eyes On" i.e. "inspecting and reporting". This has resulted in the inspection of 28,748 headstones across 3,438 scattered sites: this has led to the identification of 602 items requiring remedial action, including isolated graves and church signs, of which 227 had been undertaken by CWGC workmen by March 2021.
  - Engaged the public with the 'Shine On' and 'Our War Graves Your History' campaigns.
  - Increased social media engagements with growth across all channels. Instagram again saw the largest increase in growth (52%) while engagements also increased by almost 50% from 92,496 to 137,520. Facebook engagements also saw a large increase by 48% to 881,023. This growth across our channels is attributed to the increase in live content during the lockdown period and the marking of key Second World War anniversaries.
  - Produced internally live broadcasts during the Covid-19 lockdowns – a CWGC Live series. From April to November we produced 30 live broadcasts on our Facebook page that recorded 315,000 views.
  - Relunched and revamped the website which saw a consistent number of visitors year on year. During the reporting period we recorded 29 million web-page views to the website, with user numbers decreasing slightly by 5% to 1.8m (2019/20 1.92m).
  - Progressed the implementation of a new group-wide HR system; developed a group-wide fleet management strategy; further refined the project management system; and an online expense submission system commenced rollout at Head Office.
  - Changes, prompted by Britain's exit from the EU, to the employment arrangements for expatriate staff based in mainland Europe which were necessary to keep pace with the current regulatory environment.

## The Foundation:

Covid-19 impacted severely and negatively the Foundation's planned activities and projects in a variety of ways as potential partners' priorities were focussed on dealing with the impacts of Covid-19. Progress was made in the following activities

- Refreshed and renewed the membership programme growing its Supporter scheme numbers from 973 to 1,407;

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- The Kantor Speakers Programme, recruited and trained approved and trained 227 volunteers against the target of 240 volunteers. Thirty trained speakers delivered talks online to 47 groups;
  - The Flowers of Remembrance Seeds campaign (part of the CWGC's War Graves Week) launched in January and raised £7,000 for the Foundation.

## **Special Committee Report on Historical Cases of Non-Commemoration**

During the year the Special Committee, chaired by Commissioner, Sir Tim Hitchens and its members comprising:

- Academic experts, with interest in a wide range of Empire participation;
- Members of learned societies;
- Representatives of relevant NGOs; and,
- Researchers with a track record of identifying un-commemorated war dead,

undertook a review of the records of the CWGC to identify gaps in commemoration, and to recommend steps to rectify omissions. The Special Committee's recommendation were fully accepted by the Commission and the Commission acknowledged that there were failings in how commemoration was enacted in the years immediately after the First World War. The Commission published the Report and issued a full apology, and presented a detailed action plan to rectify these historic failings over the coming years. The report by the Special Committee for the Non-Commemorated and the Commission's response to it will inform the Commission's work over several years ahead.

By March 2022 the Commission will have:

- Continued the search for these men and women through ongoing research conducted internally and with the support of external volunteers.
- Built on the platform of the new website and will have devised original ways of sharing what we do, particularly with audiences and communities new to our work and those affected by the work of the Special Committee.
- Established an appropriately diverse independent consultative panel of experts with a global reach to advise us on points of history, policy, and outreach.
- Sought funding to support partnerships and collaborations with external academics and organisations that will further develop our external engagement and our education and community outreach programmes.
- Report regularly throughout the year, on our website, on social and other media and through reports to Parliament on our ongoing progress.

## **Business plan 2021/22**

With the arrival of the new Director General, the largescale requirements of the Non-Commemorations programme and a need to identify new ways of working post Covid-19, an updated Strategic Plan will be developed in consultation with staff and Commissioners. In the meantime the Strategic Plan 2019-2024 remains the guiding document in terms of seeking to maintain standards, improving training, adopting more sustainable working methods and improving outreach and engagement, raising CWGC's profile. Business plan objectives are therefore a mix of the resumption of deliberately paused activities such as work on sustainability and accessibility and the commencement of new and ambitious initiatives, focussed on building more public facing awareness, raising, the Commission's public engagement activities including its growing volunteering programmes (Kantor Speakers and Eyes On Hands On), and its inaugural 'War Graves Week'. This year does not include critical wartime anniversaries, but the Commission will continue to support member governments

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in the commemoration, albeit physically restricted, of campaigns, battles, and significant events, which in 2021/22 will include:

- Anzac Day 25 April
- Battle of Crete 8th 20 May – 1 June
- D Day 6 June
- Battle of the Somme 1 July
- El Alamein 23 Oct – 4 Nov
- Fall of Hong Kong 8- 25 Dec
- Singapore 8th 8-15 Feb 2022
- Commonwealth Day 8 March
- War Graves Week 21-28 May

Perpetuating commemoration activities will include; facilitating the purchase of additional land at Loos Cemetery by the French State; making an agreement with the Canal Seine Nord authorities to secure remains for identification and reburial; and developing a joint member government approach to the recovery and reburial of remains.

Structural activity will include the second phase of the Thiepval project, completing the work initiated between 2014-16. The Commission is also entering the final year of the current Flanders Heritage Programme. The political and preparatory groundwork for two other highly significant projects, the Cape Town South African Labour Corps memorial, and the Kariokor cemetery restoration, which will create a public amenity in the centre of Nairobi telling the story of the carrier corps and the local contribution to the two world wars.

A review of the Commission's environmental impact will be undertaken which will provide the basis for the Commission's journey towards carbon neutrality.

The Commission will keep pace with modern day regulations, good governance and reporting, ensuring high levels of compliance in the countries and regions in which it operates and working to ensure its formal status in a number of countries is fully acceptable to our host nations.

Building on the successes in managing communications and supporting our global, diverse staff team's wellbeing throughout Covid-19, the Commission will undertake a wider piece of work reviewing our culture, values and mission to identify and build ways to better engage, support, value and communicate with its people.

IT systems activity will include work installing developing or scoping some key business systems across the organisation in areas such as Commemorations, Human Resources, Finance and Asset Management.

Working in conjunction with the Commission, the Foundation in 2021/22 will focus on revising and updating its business and fundraising plans, assessing ways to engage and recruit new members, volunteers and regular givers, identifying new fundraising opportunities including the use of virtual events and will focus on securing new supporters including corporate partners, and grants from foundations and grant making trusts. Success in delivering funds, will drive and underpin the Foundation's Volunteering, Education and Public Awareness plans.

## **Remuneration policy for key management personnel**

Key management personnel comprise the Commissioners, the Director General and 5 functional directors. The Commission is committed to the following principles in determining pay for all employees.

All employees receive equal pay for work of equal value, work rated as equivalent and the same or broadly similar work:



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- All roles are evaluated using an internationally recognised global job evaluation system ensuring fairness and consistency;
  - Pay bands span from lower quartile to a maxima range, to acknowledge growth of individual skills and performance levels.

Our policy on setting rates of pay is to follow the median market of benchmarked pay data for the not-for-profit sector.

The Senior Leadership Team's remuneration is determined by the Director General and is overseen by the Commission's Remuneration Committee. Pay for this group is based on the following:

- Being competitive with comparable organisations by independent benchmarking;
- Recognising individual contribution and rewarding performance;
- Alignment with forecasted salary increases for the not-for-profit sector.

These principles are also applied by the Commission's Remuneration Committee, acting as a sub-committee of the main Commission board who independently determine the remuneration package for the Director General and the annual fee of the Vice-Chairman.

## **Reserves**

The Commission, due to its status and the sources of its funding, does not have a reserves policy but a working capital target of £2m was agreed with the UK Ministry of Defence a number of years ago. Working capital at the year-end, was £10.1m (2019/20 £8.2m) and above the target due mainly to advance receipt of funding of £1.74m, mostly for LIBOR and Flemish Heritage financed projects and the creation of designated reserves of £5.5m to fund future business plan structural liabilities.

## **Risk Management**

The Commission's five most significant risks are outlined below along with the currently identified mitigations. A separate and discrete risk register for Covid-19 related risk impacts was maintained during the year. Whilst the overall nature and number of risks remained fairly constant a number of risks have been re-evaluated and rerated.

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<b>RISKS</b>	<b>MITIGATIONS</b>
<p><b>NON-COMMEMORATION:</b></p> <p>Following the Special Committee report and the Commission's response, we fail to meet our promises of rectification.</p> <p>Skills gaps for new roles take longer to fill than expected slowing the start of some elements of the programme. Covid-19 travel restrictions hamper the search for names in countries affected.</p>	<p>In response, the CWGC is building a detailed 5 year programme of activity with a supporting budget and has made a public promise for transparency and ongoing action to implement the Committee's recommendations.</p> <p>A Programme Steering Board has been created that will oversee the coordination and delivery of all the key project areas of the programme.</p> <p>An initial, top-line budget has been agreed but this is now being revised in line with changing elements of the wider programme including Education, Public Affairs and Community Engagement.</p> <p>Regular reporting will be quarterly to Commissioners and to Parliament via the Secretary of State.</p> <p>Ongoing coverage and updates will be published in a specific dedicated area of our Website and on social media.</p> <p>A formal report will be published at the end of Year Three.</p>
<p>Tax legacy issues in mainland Europe due to employment model for expatriate employees</p>	<ul style="list-style-type: none"> <li>• All employees were put on the correct taxation basis in January 2021.</li> <li>• Advice sought from professional advisors.</li> <li>• Discussions are ongoing with officials in country to mitigate the level of retrospective claims.</li> </ul>
<p>Terrorist attack/local conflict causes death and damage at one of our sites</p> <p>Risks in conflict zones around the world.</p>	<ul style="list-style-type: none"> <li>• Regular meetings with the local authorities to review the threat level and contingency planning. Area Directors communicate closely with staff in regions where hostile action is most likely.</li> <li>• A weekly call hosted by Ops Director and all 6 Areas.</li> <li>• Directors have this issue as a standing item for discussion.</li> <li>• Staff in places of conflict are instructed to move to places of safety.</li> </ul>

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RISKS	MITIGATIONS
<p>Covid-19 impacting upon our people and our work. Ensuring the safety of our people returning to work as restrictions relax .</p>	<ul style="list-style-type: none"> <li>• Video and teleconferencing across teams globally.</li> <li>• Weekly Covid-19 calls with area directors and team updates.</li> <li>• Wellbeing sessions have been offered and well received.</li> <li>• Regular ‘Town Hall’ Zoom sessions run.</li> <li>• HR led discussions with those also juggling work and home schooling.</li> <li>• Offering support when we know about it, especially for the single and vulnerable.</li> <li>• Define deputies in the event of senior team illness..</li> <li>• Support and encourage staff in take up of vaccine roll out</li> <li>• Managers to ensure social distancing is in place to minimise impact and cohort working groups to be established for office based employees</li> </ul>
<p>Risk to historic documentation</p> <p>Fire/flood destroying deeds, legal files, paper records, documents, photos, archives and historical papers.</p>	<ul style="list-style-type: none"> <li>• Good environmental mitigation at HO.</li> <li>• Casualty records fully digitised and stored off site.</li> <li>• Historic negative collection digitised and stored off-site.</li> <li>• Disaster plan developed for archive and document recovery</li> <li>• Platinum service cover in place from a specialist company.</li> </ul>
<p>Cybercrime attack on Commission’s electronic information systems</p>	<p>A new vulnerability management system recommended by auditors Mazars has been implemented by IT to reduce the likelihood of vulnerabilities in systems and applications being exploited. A service to prevent browsing to dangerous /in-appropriate websites has been trialled by IT and is planned for rollout throughout 2021, which further minimises the risk of accessing sites where personal / confidential information could be harvested, or malware downloaded to a user device.</p>

## Financial results for the year ended 31 March 2021

The financial accounts are prepared, as far as is practicably possible, in line with best practice in the UK Charities sector (Accounting and Reporting by Charities: Statement of Recommended Practice (the “SORP”)). The Commissioners consider it appropriate to confirm and prepare the financial statements on a going concern basis.

Total consolidated income for the year was £74.5m broadly in line with the previous year’s income of £74.2m. The Commission’s income was £74m (2020 -£73.9m). Funding comes primarily from the six-member governments in proportions based upon the number of their graves; to that end, the Member Governments contributed £66.1m, an increase of £1.36m over the previous year. The Commission also receives agency funding from these governments for the care of military graves from other periods and for war memorials.

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Agency income of £6m was 3.1% below the previous year's income as projects and maintenance activities were curtailed due to Covid-19.

Other income was lower than the previous year due to reductions in investment and grant income. Restricted income of £355k reflects funding and donations received by the Foundation for the "Eyes On Hands On" ("EOHO") project sponsored by Annington Homes; and the final tranche of funding for the Noor Khan project.

The Commission's consolidated expenditure has fallen year on year by 2.8% to £70.3m (2020 - £72.3m). The Commission's expenditure was £70.1m (2020 - £72m). The significant year on year reductions in costs resulted from: a fall in travel; deferral of a number of structural projects, including the planned renovation of Thiepval; and, payroll as a number of planned recruitments were postponed.

The Commission's consolidated Covid-19 impacted net out-turn before actuarial losses was £4.2m (2020 - £1.9m) of which £3.85m was recorded in the Commission. This exceeded the target of £0.7m due to significant underspend and changes in activities resulting from Covid-19.

The consolidated statement of financial activities shows a loss of £6.6m after pension scheme (actuarial) losses of £10.8m, (2020 - £8.9m surplus after actuarial gains of £7.0m). A £6.9m loss was recorded in the Commission and the charity's surplus was £316k (2020 - £3k). The Commission's working capital at £10.1m has increased from the previous year's working capital position of £8.2m due to the current year's Covid-19 underspend.

Capital expenditure was £2.2m (2020 - £2.1m). There was no capital expenditure in the Foundation.

The Commission's consolidated balance sheet position has deteriorated with a reported net deficit of £12.2m, a £6.8m increase on the previous year's net deficit position of £5.4m resulting from the increase in the pension deficit of £8.5m partially mitigated by in year Covid-19 underspend. The underspend resulting from Covid-19 is being used to increase designated reserves for structural projects, capex and exchange. The increased structural reserve will be deployed, in part, to fund new structural commitments arising from the undertakings given by the Commission in response to the Non-Commemoration Report.

The Commonwealth War Graves Foundation recorded income of £567k (2020 - £342k) of which 88% comprised donations and legacies. Income from retailing activities was significantly reduced, 74% down, due to the extended temporary closures of the Commission's Visitor and Information Centres. The Foundation's expenditure was lower than planned, at £251k (2020 - £339k), due to the deferral of both project activities and grant payments, resulting in net income substantially ahead of budget at £316k (2020 - £3k) in its fourth year of operations.

The Commission's accounting pension deficit, calculated using FRS 102, has increased by £8.5m to £34.2m at the year-end (2020-£25.7m). The increase in the deficit is due to an increase in the inflation rate assumption alongside a reduction in the discount rate assumption which more than offsets the strong investment return and changes in mortality assumptions. The FRS102 pension deficit is a long-term liability and cash payments to fund the deficit are determined by the triennial actuarial valuation (which is calculated on a different basis). The outcome of the triennial actuarial pension valuation at 31 March 2020 was a deficit of £12.1m. A ten-year funding plan, comprising payments totalling £2.8m, made in the year ended March 2021, and annual payments thereafter of £850k by the Commission, was agreed with the Pension Fund's Trustees to discharge this liability.



Lieutenant General Sir Bill Rolfe KCB CBE

**Vice-Chairman**

8 September 2021



Claire Horton CBE

**Director General**

8 September 2021

# COMMONWEALTH WAR GRAVES COMMISSION

## Statement of internal controls

for the year ended 31 March 2021

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As Accounting Officer to the UK Ministry of Defence, the Director General is responsible for safeguarding the Commission's assets, ensuring that proper records are maintained and ensuring that the internal controls and risk management processes of the organisation are fit for purpose and that reliance can be placed on the control of resources used in the Commission.

The corporate governance of these processes centres on the Audit Committee, chaired by David Walker during the year under review, with two other Commissioners. Subsequent to the year end an additional Commissioner joined the Audit Committee. The Committee's terms of reference have been set by the Commissioners and the accountability is to the Commission; all committee meeting minutes are presented to the Commissioners. The Committee met virtually three times during 2020-21.

Mazars LLP are the Commission's external internal auditors and work to Public Sector Internal Audit Standard. Mazars are working to a three-year strategic audit plan approved by the Committee which has been updated and modified during the year. Mazars undertook 5 audits during the year, 1 of which reported substantial assurance, 3 for which there was an adequate assurance rating outcome and 1, cyber security, for which a limited assurance rating was reported.

Mazars, in their annual report to the Audit Committee, reported an assurance rating of "adequate" which is in line with the previous year's rating. All significant weaknesses and recommendations identified by Mazars have been accepted by management and plans established to address the identified issues.

Mazars attended each meeting of the Audit Committee, at which they presented a full report on their activities.

The external auditors, Buzacott LLP, also attend each meeting of the Audit Committee. Their audit plan for each year is discussed with the Committee and they submit a "management letter" each year, summarising their findings.

At an operational level, the Director of Resources is responsible for both risk management and the internal controls of the organisation. An "in-house" audit function is also in place with a remit covering internal controls and transactional testing. The team co-ordinates its activities with the programme of Mazars to ensure delivery of a well-rounded audit function. The in-house team attends meetings of, and reports to, the Audit Committee on its activities.

The Audit Committee is also responsible for ensuring that the Commission's risk management processes and reporting are fit for purpose. Areas and head office functions regularly compile and identify risks within their respective spheres of operation which are then reviewed and collated on a consolidated basis and submitted to the Audit Committee. Top level risks are reported at quarterly Commission meetings. A risk appetite statement has also been developed which recognises that different objectives may have differing levels of risk tolerance. The risk appetite statement is regularly reviewed by the Audit Committee and endorsed by the Commissioners. During the year a refresh of the approach to the management of risk was initiated with the aim of ensuring that organisational risk management policies and protocols are sound, fit for purpose, and well understood by all as well as ensuring that Commissioners are fully apprised of the Commission's key strategic risks.

Claire Horton CBE  
**Director General**



Date 8 September 2021

# COMMONWEALTH WAR GRAVES COMMISSION

## Commissioners' responsibilities statement

for the year ended 31 March 2021

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The Commissioners are responsible for preparing the annual report and the Group's financial statements in accordance with applicable law and regulations. The Group comprises the Commission and its sole wholly owned subsidiary the Commonwealth War Graves Foundation.

The Commission's Royal Charter of Incorporation requires the Commission to prepare financial statements for each financial year. The Commission has elected to prepare the financial statements in accordance with the Accounting and Reporting by Charities: Statement of Recommended Practice (SORP), applicable to entities preparing their accounts in accordance with FRS102, to the extent that the SORP is applicable to the Commission, and applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice's legal framework including FRS102). The Foundation, due to its status as a Charitable Incorporated Organisation (CIO), prepares its financial statements for submission to the Charity Commission in accordance with the Accounting and Reporting by Charities: Statement of Recommended Practice (SORP), applicable to entities preparing their accounts in accordance with FRS102.

Guidance under Company law recommends that the Commissioners must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Commission and the Group and of the income and expenditure of the Group for that period. In preparing these financial statements, the Commissioners are required to:

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP (FRS102);
- Make judgments and accounting estimates that are reasonable and prudent; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Commission and its subsidiary will continue in operation.

The Commissioners are responsible for keeping adequate accounting records that are sufficient to show and explain the Commission's transactions and to disclose, with reasonable accuracy at any time the financial position of the Commission and its subsidiary and to enable them to ensure that the financial statements comply with the requirements of the Charities SORP (FRS102) to the extent that the Charities SORP is applicable to the Commission's legal framework. They are also responsible for safeguarding the assets of the Commission and its subsidiary and hence for taking steps for the detection and prevention of fraud and other irregularities.

The Commissioners confirm that:

- So far as each Commissioner is aware, there is no relevant audit information of which the Commission's auditors are unaware; and
- They have taken all the steps that they ought to have taken as Commissioners in order to make themselves aware of any relevant audit information and to establish that the Commission's auditors are aware of that information.

# Independent auditor's report to the Commissioners of Commonwealth War Graves Commission

## Opinion

We have audited the financial statements of Commonwealth War Graves Commission (the 'Commission') and its subsidiaries (the 'group') for the year ended 31 March 2021, which comprise the consolidated statement of financial activities, consolidated balance sheet, Commission balance sheet, consolidated cash flow statement, principal accounting policies and notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements give a true and fair view of the state of the group's and Commission's affairs as at 31 March 2021 and of the group's incoming resources and application of resources for the year then ended in accordance with United Kingdom Generally Accepted Accounting Practice.

## 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 financial statements' section of our report. We are independent of the group and Commission in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Conclusions relating to going concern

In auditing the accounts, we have concluded that the Commissioners' use of the going concern basis of accounting in the preparation of the accounts is appropriate.

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

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

## Other information

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

# Independent auditor's report to the Commissioners of Commonwealth War Graves Commission

We have nothing to report in this regard.

## **Responsibilities of Commissioners for the financial statements**

As explained more fully in the Commissioners' responsibilities statement set out on page 12, the Commissioners are responsible for the preparation of the financial statements which give a true and fair view, and for such internal control as the Commissioners determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Commissioners are responsible for assessing the group's and the Commission'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 Commissioners either intend to liquidate the group or Commission or to cease operations, or have no realistic alternative but to do so.

## **Auditor's responsibilities for the audit of the financial statements**

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

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

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we obtained an understanding of the legal and regulatory frameworks that are applicable to the Commission and determined that the most significant frameworks which are directly relevant to specific assertions in the financial statements are those that relate to the Charter of Incorporation of The Commonwealth War Graves Commission, employment, health and safety legislation;
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the Commission's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;



# Independent auditor's report to the Commissioners of Commonwealth War Graves Commission

- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias;
- used data analytics to investigate the rationale behind any significant or unusual transactions;
- tested authorisation controls on expenditure items, ensuring items were approved in line with the Commission's financial procedures.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the Commissioners and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

## Use of our report

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



Buzzacott LLP  
Statutory Auditor, Chartered Accountants  
London

Date: 7 October 2021

# COMMONWEALTH WAR GRAVES COMMISSION

Consolidated statement of financial activities

for the year ended 31 March 2021

	Note	General Purposes 2021 £'000	Agency Purposes 2021 £'000	Restricted Funds 2021 £'000	Total 2021 £'000	Total 2020 £'000
<b>Income</b>						
Funds received from Member Governments	1	66,149	-	-	66,149	64,789
Funds received for agency purposes	2	-	5,995	-	5,995	6,188
Grant funds from government & charitable activities	3	277	-	-	277	483
Investment income	4	569	-	-	569	1,298
Other incoming resources	5/6	1,150	-	355	1,505	1,468
<b>Total income</b>		<b>68,145</b>	<b>5,995</b>	<b>355</b>	<b>74,495</b>	<b>74,226</b>
<b>Expenditure</b>						
Expenditure in respect of general activities	7	62,914	-	-	62,914	63,669
Expenditure in respect of agency purposes	9	-	5,995	-	5,995	6,188
Expenditure in respect of grant & charitable activities	10/11	495	-	297	792	1,354
Net exchange (gain)	12	(449)	-	-	(449)	191
Other resources expended	13	1,055	-	-	1,055	961
<b>Total expenditure</b>		<b>64,015</b>	<b>5,995</b>	<b>297</b>	<b>70,307</b>	<b>72,363</b>
<b>Net income for the year before other recognised gains and losses</b>		<b>4,130</b>	<b>-</b>	<b>58</b>	<b>4,188</b>	<b>1,863</b>
<b>Other recognised gains and losses</b>						
Actuarial loss on defined benefit pension scheme	22	(10,759)	-	-	(10,759)	7,048
<b>Net movement in funds</b>		<b>(6,629)</b>	<b>-</b>	<b>58</b>	<b>(6,571)</b>	<b>8,911</b>
<b>Reconciliation of funds</b>						
Total funds brought forward	24	(5,095)	(255)	92	(5,258)	(14,169)
Transfers between reserves	24	491	(23)	(468)	-	-
Net movement in funds	24	(6,629)	-	58	(6,571)	8,911
<b>Total funds carried forward</b>	<b>24</b>	<b>(11,233)</b>	<b>(278)</b>	<b>(318)</b>	<b>(11,829)</b>	<b>(5,268)</b>

All income and expenditure in the general purpose fund have been derived from continuing activities.

The accompanying accounting policies and notes on pages 20 to 42, form an integral part of these financial statements

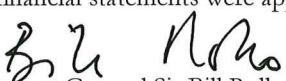
# COMMONWEALTH WAR GRAVES COMMISSION

Consolidated balance sheet

as at 31 March 2021

	Note	General Purposes 2021 £'000	Agency Purposes 2021 £'000	Restricted Funds 2021 £'000	Total 2021 £'000	Total 2020 £'000
<b>Intangible assets</b>						
Software systems	16	301	-	-	301	210
<b>Fixed assets</b>						
Tangible assets	17	16,989	-	-	16,989	16,775
		17,290	-	-	17,290	16,985
<b>Current assets</b>						
Debtors	19	2,725	852	13	3,590	3,060
Cash at bank and in hand		18,160	-	1,691	19,851	30,076
		20,885	852	1,704	23,441	33,136
Creditors: amounts falling due within one year	20	(10,143)	(1,130)	(2,022)	(13,295)	(24,892)
<b>Net current assets/(liabilities)</b>		10,742	(278)	(318)	10,146	8,244
<b>Total assets less current liabilities</b>		28,032	(278)	(318)	27,436	25,229
Provisions for liabilities and charges	21	(5,054)	-	-	(5,054)	(4,794)
Total assets excluding pension scheme liability		22,978	(278)	(318)	22,382	20,435
Defined benefit pension scheme liability	22	(34,211)	-	-	(34,211)	(25,693)
Net liabilities including pension scheme liability		(11,233)	(278)	(318)	(11,829)	(5,258)
<b>Funds of the Commission</b>						
General purposes	24	10,507	(278)	(318)	9,911	10,321
Revaluation reserve	24	6,036	-	-	6,036	6,036
Fixed asset reserve	24	478	-	-	478	478
Thiepval reserve	24	2,000	-	-	2,000	2,000
Structural projects reserve	24	3,057	-	-	3,057	700
Exchange reserve	24	500	-	-	500	500
Interns reserve	24	400	-	-	400	400
Pension reserve	24	(34,211)	-	-	(34,211)	(25,693)
		(11,233)	(278)	(318)	(11,829)	(5,258)

The financial statements were approved by the Commission on 8 September 2021.

  
Lieutenant General Sir Bill Rolfe KCB CBE  
Vice-Chairman

  
Claire Horton CBE  
Director General

The accompanying accounting policies and notes on pages 20 to 42, form an integral part of these financial statements


# COMMONWEALTH WAR GRAVES COMMISSION

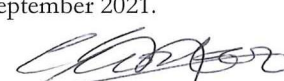
Commission balance sheet

as at 31 March 2021

	Note	General Purposes 2021 £'000	Agency Purposes 2021 £'000	Restricted Funds 2021 £'000	Total 2021 £'000	Total 2020 £'000
<b>Intangible assets</b>						
Software systems	16	301	-	-	301	210
<b>Fixed assets</b>						
Tangible assets	17	16,989	-	-	16,989	16,775
		<u>17,290</u>	<u>-</u>	<u>-</u>	<u>17,290</u>	<u>16,985</u>
<b>Current assets</b>						
Debtors	19	2,695	852	13	3,560	3,040
Cash at bank and in hand		18,065	-	1,371	19,436	29,924
		<u>20,760</u>	<u>852</u>	<u>1,384</u>	<u>22,996</u>	<u>32,964</u>
Creditors: amounts falling due within one year	20	(10,110)	(1,130)	(2,022)	(13,262)	(24,863)
<b>Net current assets/(liabilities)</b>		<u>10,650</u>	<u>(278)</u>	<u>(638)</u>	<u>9,734</u>	<u>8,101</u>
<b>Total assets less current liabilities</b>		<u>27,940</u>	<u>(278)</u>	<u>(638)</u>	<u>27,024</u>	<u>25,086</u>
Provisions for liabilities and charges	21	(5,054)	-	-	(5,054)	(4,794)
Total assets excluding pension scheme liability		<u>22,886</u>	<u>(278)</u>	<u>(638)</u>	<u>21,970</u>	<u>20,292</u>
Defined benefit pension scheme liability	22	(34,211)	-	-	(34,211)	(25,693)
Net liabilities including pension scheme liability		<u>(11,325)</u>	<u>(278)</u>	<u>(638)</u>	<u>(12,241)</u>	<u>(5,401)</u>
<b>Funds of the Commission</b>						
General purposes	24	10,415	(278)	(638)	9,499	10,178
Revaluation reserve	24	6,036	-	-	6,036	6,036
Fixed asset reserve	24	478	-	-	478	478
Thiepval Reserve	24	2,000	-	-	2,000	2,000
Structural projects reserve	24	3,057	-	-	3,057	700
Exchange reserve	24	500	-	-	500	500
Interns reserve	24	400	-	-	400	400
Pension reserve	24	(34,211)	-	-	(34,211)	(25,693)
		<u>(11,325)</u>	<u>(278)</u>	<u>(638)</u>	<u>(12,241)</u>	<u>(5,401)</u>

The financial statements were approved by the Commission on 8 September 2021.

  
Lieutenant General Sir Bill Rolfe CBE  
Vice-Chairman

  
Claire Horton CBE  
Director General

The accompanying accounting policies and notes on pages 20 to 42, form an integral part of these financial statements

# COMMONWEALTH WAR GRAVES COMMISSION

Consolidated cash flow Statement

for the year ended 31 March 2021

	General Purposes 2021 £'000	Agency Purposes 2021 £'000	Restricted Funds 2021 £'000	Total 2021 £'000	Total 2020 £'000
<b>Net cash inflow from operating activities</b>					
Net income	4,130	-	58	4,188	1,863
Transfer between reserves	491	(23)	(468)	-	-
Pension scheme adjustment	(2,241)	-	-	(2,241)	356
Depreciation	2,139	-	-	2,139	2,166
Loss/(Profit) on sale of fixed assets	1	-	-	1	(77)
(Increase)/Decrease in inventory prepayments	(17)	-	-	(17)	94
(Increase)/Decrease in debtors	(548)	(14)	49	(513)	1,146
(Decrease) in creditors	(12,216)	37	582	(11,597)	(981)
Increase in termination indemnities	187	-	-	187	185
Termination indemnities exchange revaluation	(261)	-	-	(261)	71
Disbursement of termination indemnities	(252)	-	-	(252)	(26)
Increase/(Decrease) in other provisions	586	-	-	586	(408)
<b>Net cash (outflow)/inflow from operating activities</b>	<b>(8,001)</b>	<b>-</b>	<b>221</b>	<b>(7,780)</b>	<b>4,389</b>
<b>Cash flows from investing activities</b>					
Payments to acquire tangible and intangible fixed assets	(2,486)	-	-	(2,486)	(2,087)
Receipts from sales of tangible fixed Assets	41	-	-	41	77
	<b>(2,445)</b>	<b>-</b>	<b>-</b>	<b>(2,445)</b>	<b>(2,010)</b>
<b>(Decrease)/Increase in cash</b>	<b>(10,446)</b>	<b>-</b>	<b>221</b>	<b>(10,225)</b>	<b>2,379</b>

## Reconciliation of net cash flow to movement in cash and cash equivalents

	2021 £'000	2020 £'000
Movement in cash and cash equivalents	(10,225)	2,379
Cash and cash equivalents at 1 April	30,076	27,697
Cash and cash equivalents at 31 March	19,851	30,076

The accompanying accounting policies and notes on pages 20 to 42, form an integral part of these financial statements

# COMMONWEALTH WAR GRAVES COMMISSION

Principal accounting policies

for the year ended 31 March 2021

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## Basis of Accounting

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

The Commonwealth War Graves Commission is the sole member of the Commonwealth War Graves Foundation (Registered charity number 1171947) and as the Foundation's solitary member exercises control over the Foundation by virtue of it being solely able to amend the Foundation's constitution, merge the entity and wind it up. The financial statements therefore consolidate the results of the Commission and its wholly owned subsidiary, the Foundation, on a line by line basis. Transactions and balances between the Commission and its subsidiary have been eliminated from the consolidated financial statements. Balances between the two entities are disclosed in the notes to the Commission's balance sheet.

## Going Concern

The financial statements have been prepared on a going concern basis. The Commission's financial statements are in a net liability position of £11.8m at 31 March 2021 (£5.3m net liability at 31 March 2020) due to the deficit of £34.2m at that date (£25.7m at 31 March 2020) in the UK based pension scheme. The UK based pension scheme is a long-term liability and its deficit position is continually under review. The deficit in the scheme does not impact the assessment of going concern, as the liability is not going to unwind for a number of years and there are no issues with the Commission meeting the agreed deficit payments and the annual running costs of the scheme for the foreseeable future. In addition, in terms of future funding of the Commission, a governmental commitment has been made in the UK Parliament to provide inflation adjusted funding; the UK Government contributes in excess of 78% of the Commission's core funding. The UK's Ministry of Defence has also documented its ongoing support for the Commission. The Commission also expects its other income to both continue and grow over the medium term, as the Group increases its ability to both identify and attract new sources of grant, agency and charitable funding. On this basis, the Commission is considered to be a going concern.

## Fund accounting

General purposes reserves are unrestricted funds that are available for use at the Commissioners' discretion in furtherance of the objectives of the Commission.

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

In accordance with FRS102 – "Retirement benefits", a pension reserve is included within unrestricted funds representing the pension deficit.

The fixed asset reserve, and other designated reserves remain in full and are carried forward for future years requirements.

## Income

Income, including funding from Member Governments, investment income is recognised in the period in which the Group is entitled to receive the funds and where the amount can be measured with reasonable clarity apart from income due from the Trustees of the Imperial War Graves Endowment Fund which has been recognised when paid over to the Commission.

# COMMONWEALTH WAR GRAVES COMMISSION

Principal accounting policies

for the year ended 31 March 2021

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## Grant Funding

UK Government funding from LIBOR receipts are treated as restricted funds and shown separately in the consolidated statement of financial activities as this is mandated by these grant agreements. The income is recognised in line with the terms and conditions of the grant, i.e. the expenditure has to be incurred for the Commission to be entitled to the income.

The Flemish government also provides grant funding in relation to Flanders Walls structural work activities in Belgium. This grant funding is recognised on a cost of completion basis and is included within general purpose funding because the grantor has not applied prescriptive statutory reporting conditions. These activities are subject to regular and ongoing inspection and review by the Flemish authorities and are formally signed off once a year.

## Expenditure

The Commission's expenditure is analysed between Royal Charter activities and agency activities.

Costs are included in the consolidated statement of financial activities on an accruals basis.

## Governance costs

Governance costs represent direct expenditure incurred by, or on behalf of, the Commissioners, and both internal external audit costs.

## Allocation and apportionment

All of the Commission's costs are allocated to general purposes, other than costs directly attributable to agency work (for example, memorials or non-world war cemeteries) and costs apportioned to agency work (for non-world war or agency government headstones, situated within wider Commission world war cemeteries) and some of the grant-funded projects which are designated as restricted activities.

The Foundation's costs are allocated between charitable activities and other trading activities relating to merchandise sales.

## Tangible fixed assets and depreciation

Tangible fixed assets costing more than £5k are capitalised and included at cost, including any incidental costs of acquisition. For IT procurement, the provisions of "grouped assets" applies to all items of equipment forming part of the Commission's IT infrastructure. Investment in software is classified as an intangible asset.

Freehold land and building are included in the financial statements at their deemed carrying value at 1 April 2014, consistent with the transition provisions of FRS 102 and as adjusted for subsequent additions and disposals. With effect from 1 April 2014, the Commission has been making provision for depreciation on its freehold buildings. This approach dispenses with any requirement to undertake regular revaluations of the Commission's freehold assets.

Depreciation is provided on tangible fixed assets at rates calculated to write off the cost by equal annual instalments, on a straight-line basis, over their expected useful economic lives as follows:

- Freehold land	Not depreciated
- Freehold buildings	50 years on initial costs; 25 years on refurbishment
- Vehicles	5 years
- Trucks	10 years
- Machinery	5 years
- Computer infrastructure	3 years
- Information systems	Between 3 & 7 years

# COMMONWEALTH WAR GRAVES COMMISSION

Principal accounting policies

for the year ended 31 March 2021

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## Inventory

Stocks of uninscribed headstones and other consumables are included in debtors as prepayments. They are valued at cost and charged to the consolidated statement of financial activities subsequent to being engraved.

The Foundation holds a small stock of books, maps & other stationery at its information centre in Ieper and visitor centre in Beaurains.

## Provisions

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

## Foreign currencies

Transactions in foreign currencies are translated into sterling at fixed internal rates of exchange set before the beginning of the financial year. For each foreign currency in which the Group has material expenditure, these are the floor rates at which budgeted cash flows in these currencies have been set for the ensuing year. Balances at year-end are re-translated at the equivalent fixed rates of exchange set for the ensuing year. The net exchange gain or loss arising on foreign currency transactions is shown as a separate item within expenditure in respect of general purposes activities. The difference between the Commission's policy and treatment in the SORP FRS102 is not significant.

## Pension schemes

Until 31 March 2016, the Group operated a defined benefit pension scheme in the UK and for overseas based staff contracted in the UK whose employment with the Commission commenced prior to 1 January 2013. Following the closure of the scheme to future accrual, UK-contracted staff accrue pension benefits under a defined contribution arrangement which was established in January 2013 for members of UK staff who were not eligible to join the defined benefit scheme. In most European countries, the Group complies with local schemes which are mandated legally. Across the rest of the countries in which the Group operates, a range of termination indemnity schemes are in place, some of which are mandated legally and some of which have been established voluntarily by the Group.

The defined benefit pension scheme is accounted for in accordance with FRS102. Scheme assets are measured at fair values and quoted securities are measured at bid price. Scheme liabilities are measured on an actuarial basis using the projected unit method and are discounted at appropriate high quality bond rates. The net surplus or deficit is presented separately from other net assets on the consolidated balance sheet. A net surplus is recognised only to the extent that it is considered recoverable under the terms of FRS102 by the Commission.

The current service cost and costs from settlements and curtailments are charged against net incoming resources. Past service costs are spread over the period until the benefit increases vest. Interest on the scheme's liabilities and the expected return on scheme assets are included net of support costs. Actuarial gains and losses are reported within other recognised gains/(losses) in the consolidated statement of financial activities.

## Operating leases

Rentals payable under operating leases are charged to the consolidated statement of financial activities as incurred, on a straight-line basis, over the term of the lease.



# COMMONWEALTH WAR GRAVES COMMISSION

Principal accounting policies

for the year ended 31 March 2021

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## Heritage assets

The Commission holds a large number of cemeteries and memorials, none of which has been recognised in the consolidated balance sheet as the assets are held in perpetuity on behalf of the Member Governments and there is, therefore, no question of disposal for commercial gain. Operationally, the up-keep and maintenance of these heritage assets are funded annually from the member governments, from the structural contracts budget. Improvements to sites are fully expensed in the year in which the work is carried out. One off grants are also awarded to cover structural refurbishments.

## UK Value Added Tax (VAT)

Until March 2011, all UK VAT costs incurred by the Commission were reimbursed in full by the UK Ministry of Defence. In 2011-12 the amount reimbursed was limited to £850k. VAT reimbursed in the current year was £953k (2020 £932k). Unrecovered Commission only VAT amounted to £55k (2020 £27k).

The funding received from the UK Ministry of Defence is shown separately within other incoming resources and the VAT incurred by the Group is shown separately within other resources expended.

## Restricted funds

The Commission's financial statements include one restricted fund, reflecting capital that was donated independently of Member Governments, although the income can be used for the Commission's general activities, see note 24.2.

## Significant estimates and judgements

### Estimates

Where contractual revenue and costs cannot be allocated with certainty, but are related to the current financial period, an estimate of the income or expense is booked within the financial statements based on the accruals principle. Income and costs for operational or specific activities are estimated (accrued) using principally a calculation for the percentage cost of work completed.

Maintaining a presence in over 150 countries and territories presents challenges with regards to employment and retirement contracts/schemes. In place of a pension scheme, or State equivalent provision, it is the Commission's policy in a number of countries outside of the UK and European Union to provide for termination indemnities (see note 21). The Commission has a number of different statutory/ contractual arrangements in place where the liability is estimated based on the specific country or employee contract arrangements. On cessation of an employee's contract, the termination indemnity payment is made.

The holiday pay accrual is calculated based on local legislation and employee contractual arrangements.

### Judgements

The projected life of refurbishments, equipment and IT systems, and their replacement timescale, is the driver for the depreciation policy.

Judgements are required in making pay and taxation accruals for those countries where pay awards are linked to government scales which may result in the backdating of pay awards. These are calculated based on the most up-to-date information as at the balance sheet date.

The final area of cost where judgement is required relates to the highly sensitive assumptions used in calculating the obligations of the Commission's defined benefit pension scheme, details of which are provided in note 22.

# COMMONWEALTH WAR GRAVES COMMISSION

Notes to the financial statements

for the year ended 31 March 2021

## 1 Income from Member Governments

The value and percentage of contributions being made by Member Governments is as follows:

	Percentage contribution	2021 £'000	2020 £'000
United Kingdom	78.47%	51,925	50,831
Canada	10.06%	6,667	6,520
Australia	6.05%	4,006	3,922
New Zealand	2.14%	1,418	1,388
South Africa	2.05%	1,338	1,331
India	1.23%	795	797
	100.00%	66,149	64,789

Apart from exchange rate rounding, the percentage basis of contributions has remained unchanged since 2007.

## 2 Income for agency purposes

The value of the funds received/receivable for agency purposes from government and other associations is as follows:

	2021 £'000	2020 £'000
Canada	2,613	2,486
United Kingdom	2,089	2,170
Germany	655	724
Australia	249	425
South Africa	150	132
New Zealand	42	42
Other	197	209
	5,995	6,188

## 3 Grant Funds from Governments & charitable activities

The value of grant funds received/receivable from governmental bodies subsidising structural contract activities is as follows:

	2021 £'000	2020 £'000
Belgium-Flanders Walls Grant	228	483
Visitor Centre	49	-
	277	483

# COMMONWEALTH WAR GRAVES COMMISSION

Notes to the financial statements

for the year ended 31 March 2021

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## 4 Investment income - General purposes

	2021 £'000	2020 £'000
Income from the Imperial War Graves Endowment Fund	531	1,210
Interest on bank deposits and investment income	38	88
	<u>569</u>	<u>1,298</u>

## 5 Other income - Unrestricted

£160k (2020 £107k) of the income relates to the Commission's charitable foundation ('CWGF'), comprising £111k of donations and £49k supporter scheme income and other sales.

	2021 £'000	2020 £'000
United Kingdom government funding for offset against VAT	953	933
Legacies and donations	119	110
Supporter scheme income & other event sales	41	29
Other income, equipment sales etc.	37	65
	<u>1,150</u>	<u>1,137</u>

## 6 Other income - Restricted

£349k (2020 £281k) of the income relates to the Commission's charitable foundation ('CWGF') comprising £335k from Annington Homes and £14k Biffa Noor Khan project.

	2021 £'000	2020 £'000
Commission grant funding – MoD grave renovation	6	50
Foundation grant funding – HLF & Annington project	335	192
Foundation grant funding – Noor Khan exhibition	14	39
Foundation grant funding – Kantor Speakers' programme	-	50
	<u>355</u>	<u>331</u>

# COMMONWEALTH WAR GRAVES COMMISSION

Notes to the financial statements

for the year ended 31 March 2021

## **7 Expenditure in respect of general & charitable activities**

	2021	2020
	£'000	£'000
Employee and staff costs (note 14)	40,987	41,447
Termination indemnity provision charge (note 21)	186	185
Retirement indemnity provision in France (note 21)	245	31
Termination indemnity state payments	171	165
Staff support	1,541	1,649
Supplies and equipment	5,332	5,721
Contract costs	7,328	8,283
Travel costs	509	2,770
Transport costs	2,927	2,425
Facilities costs - rent, rates and insurance	1,357	1,348
Maintenance	1,289	961
Depreciation	2,139	2,166
Restructuring	1,517	255
Legal costs and provisions	390	(41)
Net financial charge/(income) on pension scheme liabilities (note 22)	559	746
Professional fees	1,396	1,291
Governance costs (note 8)	319	341
Marketing and publications	309	320
Communications	420	469
IT	967	921
Other administrative expenses	42	(36)
	<b>69,930</b>	<b>71,417</b>
Less: Recoverable Commission Internal audit costs (note 8)	(229)	(206)
Less: Recoverable costs incurred for agency purposes (note 9)	(5,995)	(6,188)
Less: Recoverable costs incurred for grant funding (note 11)	(297)	(469)
Less: Recoverable costs incurred for grant restricted purposes (note 10)	(495)	(885)
	<b>62,914</b>	<b>63,669</b>

In the current year, £62.9m, (2020 £63.7m) of the total expenditure relates to funds received from member governments for general purposes and £93k (2020 £121k) to CWGF's charitable activities.

# COMMONWEALTH WAR GRAVES COMMISSION

Notes to the financial statements

for the year ended 31 March 2021

## 8 Governance costs

	2021 £'000	2020 £'000
Internal audit fees & other services	20	13
Commission internal audit costs	159	152
Commissions' costs and expenses (note 15)	73	80
External auditors' fees for statutory audit	43	46
Previous external auditors' final fees	-	15
Other services, taxation audit advice	9	22
External audit – provided by firms other than the Commission's auditor	15	13
	<u>319</u>	<u>341</u>

## 9 Expenditure in respect of agency purposes

	2021 £'000	2020 £'000
Indirect staff and staff support cost	1,937	1,647
Indirect non-staff costs	732	1,179
Direct staff costs	756	814
Direct non-staff costs	1,842	1,799
	<u>5,267</u>	<u>5,439</u>
Management charges	728	749
	<u>5,995</u>	<u>6,188</u>

In the current and prior year the total expenditure wholly relates to funds received from agency contract funders for agency purposes.

## 10 Expenditure in respect of grant funding - Unrestricted

	2021 £'000	2020 £'000
Belgium-Flanders Walls Grant	<u>495</u>	<u>885</u>

In the current year £0.5m, (2020 £0.9m) of the total expenditure wholly relates to funds received from grant funders for general purposes.

# COMMONWEALTH WAR GRAVES COMMISSION

Notes to the financial statements

for the year ended 31 March 2021

## 11 Expenditure in respect of grant purposes – Restricted

	2021 £'000	2020 £'000
Indirect staff and staff support cost	4	47
Indirect non-staff costs	-	1
Direct staff costs	249	220
Direct non-staff costs	44	201
	<u>297</u>	<u>469</u>

In the current year, costs incurred are £nil (2020 £304k) in relation to MoD Graves, and £297k (2020£165k) on grant funded charitable activities in the Foundation.

## 12 Exchange (gain)/loss

	2021 £'000	2020 £'000
Balance sheet revaluation	(52)	(57)
Termination indemnity revaluation	(261)	71
Bank accounts exchange loss	23	6
Currency exchange in year (gain)/loss	(159)	171
Net exchange (gain)/loss in year	<u>(449)</u>	<u>192</u>

## 13 Other expenditure

	2021 £'000	2020 £'000
UK input VAT	1,008	961
Canada input tax	47	-
	<u>1,055</u>	<u>961</u>

In the current year £1,055k (2020 £961k) of the total expenditure balance relates to general activities.

# COMMONWEALTH WAR GRAVES COMMISSION

Notes to the financial statements

for the year ended 31 March 2021

## 14 Employees and staff costs

	2021 £'000	2020 £'000
Wages and salaries	31,902	31,940
Social security costs	6,382	6,557
Staff allowances	906	1,053
Casual labour costs	180	304
Pension – defined contribution scheme	1,617	1,593
	<hr/>	<hr/>
	40,987	41,447
Restructuring	1,517	225
Termination indemnity	186	185
Retirement indemnity	245	31
	<hr/>	<hr/>
	42,935	41,888
	<hr/>	<hr/>

The number of staff employed by the Commission as at 31 March, including contracted part-time staff on a head count basis, was:

	2021 Number	2020 Number
Western European Area	600	605
United Kingdom and Northern Europe Area	113	110
Asia, Africa & Pacific Area	174	173
Mediterranean Area	215	212
Canada	7	10
Head office – United Kingdom	122	118
	<hr/>	<hr/>
	1,231	1,228
	<hr/>	<hr/>

# COMMONWEALTH WAR GRAVES COMMISSION

Notes to the financial statements

for the year ended 31 March 2021

The number of higher paid employees has increased from 31 in the previous year to 57 in the current year. This increase reflects one off mitigation payments and relocation costs made to thirty UK contracted employees, employed in mainland Europe, as compensation for changes made to their terms and conditions of employment which were prompted by BREXIT and local compliance requirements. The table includes the emoluments of 34 staff (2020: 13) employed on expatriate contracts across the globe. Emoluments include salary, accommodation and other allowances arising in relation to overseas postings and relocations, taxable benefits in kind and other payments to employees. 12 out of 13 of the Commission's employees falling within the top nine pay ranges were based overseas during the year (2020: 4 out of 7).

The table below shows the number of higher-paid staff with emoluments, excluding pension contributions, falling in the following ranges:

	2021 Number	2020 Number
£60,000 to £69,999	15	14
£70,000 to £79,999	9	6
£80,000 to £89,999	20	4
£90,000 to £99,999	5	4
£100,000 to £109,999	3	1
£110,000 to £119,999	3	-
£120,000 to £129,999	1	-
£130,000 to £139,999	-	1
£140,000 to £149,999	1	-
£150,000 to £159,999	-	-
£160,000 to £169,999	-	-
£170,000 to £179,999	-	1

The remuneration, including allowances, of the Senior Leadership Team, comprising the Commissioners, who are unpaid apart from the Vice Chair, the Director General and 5 (2020 - 5) Functional Directors, amounted to £609k (2020- £608k).

## 15 Commissioners' and Director General expenses

The employment cost for the Commission's Vice-Chairman was £53,412 comprising salary costs of £48,000 and Employers National Insurance contributions of £5,412 (2020: £48,725). No other Commissioner receives remuneration for his/her services. Directly incurred expenditure of the Commissioners borne by the Commission and expenses reimbursed directly to the 18 (2020: 15) individuals who served as Commissioners during the year amounted to £3,780 (2020: £25,611).

The role of Director General was split during the year between the departing Director General, Interim Director General and newly appointed Director General. Their total payroll costs, including Employers National Insurance, for the year were £65,721; £86,488 and £42,240 respectively (2020: £172,143). Employer contributions to their pension funds in the year were £4,272; £10,695 and £3,983 respectively (2020: £16,443). In addition, their directly incurred expenses in the year were £1,045; £285 and £392 respectively (2020: £30,786).

The most significant element of the Commissioners' and Director General's expenses is the cost of travel.



# COMMONWEALTH WAR GRAVES COMMISSION

Notes to the financial statements

for the year ended 31 March 2021

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## 16 Intangible assets

The Commission now actively encourages public access to its documentary and photographic archives, allied with the need to engage and communicate electronically across a range of digital platforms globally, which has necessitated significant investment in software systems.

### Group and Commission

	Software systems £'000	Assets in course of construction £'000	Total £'000
<b>Cost</b>			
At 1 April 2020	1,424	44	1,468
Additions	123	113	236
Transfer	15	(15)	-
Disposals	(594)	-	(594)
<b>At 31 March 2021</b>	<b>968</b>	<b>142</b>	<b>1,110</b>
<b>Depreciation</b>			
At 1 April 2020	1,258	-	1,258
Charge for year	117	-	117
Eliminated on disposals	(566)	-	(566)
<b>At 31 March 2021</b>	<b>809</b>	<b>-</b>	<b>809</b>
<b>Net Book Value</b>			
<b>At 31 March 2021</b>	<b>159</b>	<b>142</b>	<b>301</b>
At 31 March 2020	166	44	210

All intangible fixed assets are used for the general purposes of the Commission. The assets in course of construction relates to software costs for the new HR system.

# COMMONWEALTH WAR GRAVES COMMISSION

Notes to the financial statements

for the year ended 31 March 2021

## 17 Tangible fixed assets

### Group and Commission

	Freehold & leasehold property £'000	Machinery £'000	Motor vehicles £'000	Computer & office equipment & comms. £'000	Assets in course of construction £'000	Total £'000
<b>Cost</b>						
At 1 April 2020	13,770	7,823	3,329	4,473	412	29,807
Additions	113	784	416	268	668	2,249
Transfer	184	53	76	33	(346)	-
Disposals	-	(36)	(145)	(80)	-	(261)
<b>At 31 March 2021</b>	<b>14,067</b>	<b>8,624</b>	<b>3,676</b>	<b>4,694</b>	<b>734</b>	<b>31,795</b>
<b>Depreciation</b>						
At 1 April 2020	1,625	5,793	2,163	3,450	-	13,031
Charge for year	350	785	377	511	-	2,023
Eliminated on disposals	-	(36)	(132)	(80)	-	(248)
<b>At 31 March 2021</b>	<b>1,975</b>	<b>6,542</b>	<b>2,408</b>	<b>3,881</b>	<b>-</b>	<b>14,806</b>
<b>Net Book Value</b>						
<b>At 31 March 2021</b>	<b>12,092</b>	<b>2,082</b>	<b>1,268</b>	<b>813</b>	<b>734</b>	<b>16,989</b>
At 31 March 2020	12,145	2,030	1,166	1,023	412	16,776

All tangible fixed assets are used for the general purposes of the Commission and agency activity.

The Commission's freehold land and building are included in the accounts at their carrying value at 1 April 2014 as was permitted under the transition provisions on the adoption of FRS102 and as adjusted by subsequent additions and disposals. The deemed cost for land was £2.7m and for freehold buildings was £7.9m.

The expenditure not yet completed or operational under assets in the course of construction relates to: vehicles £468k as their fitout and customisation is not yet complete; site improvements at Haiglaan, £103k, and with the balance of £97k for plant & machinery, fixtures & fittings and IT hardware.

The disposals relate to the sale of equipment together with the removal of old zero net-book valued assets, from the fixed asset ledger, following an audit of scrapped and/or donated assets.

# COMMONWEALTH WAR GRAVES COMMISSION

Notes to the financial statements

for the year ended 31 March 2021

## 18 Subsidiary undertakings

The Commission has one wholly owned subsidiary, The Commonwealth War Graves Foundation (“the Foundation”). The Foundation is a charity registered in England and Wales, registration number 1171947. For the year ended 31 March 2021, the results of the Foundation, consolidated in these financial statements are as follows:

	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Income	567	276
Expenditure	<u>(251)</u>	<u>(272)</u>
Surplus for the year	<u>316</u>	<u>4</u>
	31 March 2021 £'000	31 March 2020 £'000
Assets	512	214
Liabilities	<u>(99)</u>	<u>(116)</u>
	<u>413</u>	<u>98</u>
<b>Reserves</b>	<u>413</u>	<u>98</u>

Gifts to the value of £53k (2020 £22k) and £2k (2020 £2k) were donated to the foundation for support activities and books respectively. £42k of volunteers’ time was received by the foundation to support delivery of the Eyes On Hand On project.

## 19 Debtors – Group

	General purposes 2021 £'000	Agency purposes 2021 £'000	Restricted purposes 2021 £'000	Total 2021 £'000	Total 2020 £'000
<b>Amounts falling due within one year</b>					
Recoverable taxes	524	-	-	524	406
Accrued income from Member Governments and other agencies	35	852	13	900	1,083
Headstones	557	-	-	557	540
Foundation merchandise	14	-	-	14	14
Restricted Grant income	-	-	-	-	13
Staff advances	136	-	-	136	34
Other debtors and prepayments	1,459	-	-	1,459	970
<b>Total debtors</b>	<u>2,725</u>	<u>852</u>	<u>13</u>	<u>3,590</u>	<u>3,060</u>

# COMMONWEALTH WAR GRAVES COMMISSION

Notes to the financial statements

for the year ended 31 March 2021

## 19.1 Debtors - Commission

	General purposes 2021 £'000	Agency purposes 2021 £'000	Restricted purposes 2021 £'000	<b>Total 2021 £'000</b>	Total 2020 £'000
<b>Amounts falling due within one year</b>					
Recoverable taxes	524	-	-	<b>524</b>	406
Accrued income from Member Governments and other agencies	35	852	13	<b>900</b>	1,083
Headstones	557	-	-	<b>557</b>	540
Restricted Grant income	-	-	-	<b>-</b>	13
Staff advances	136	-	-	<b>136</b>	34
Other debtors and prepayments	1,443	-	-	<b>1,443</b>	964
<b>Total debtors</b>	<b>2,695</b>	<b>852</b>	<b>13</b>	<b>3,560</b>	<b>3,040</b>

## 20 Creditors: amounts falling due within one year - Group

	General purposes 2021 £'000	Agency purposes 2021 £'000	Restricted purposes 2021 £'000	<b>Total 2021 £'000</b>	Total 2020 £'000
Member Government funding received in advance	-	1,130	2,022	<b>3,152</b>	15,752
Trade creditors	1,665	-	-	<b>1,665</b>	1,498
Trade accruals	2,432	-	-	<b>2,432</b>	1,786
Social security and other taxes	962	-	-	<b>962</b>	894
Holiday pay & other staff cost accruals	4,451	-	-	<b>4,451</b>	3,821
Other creditors	633	-	-	<b>631</b>	1,141
<b>Total creditors</b>	<b>10,143</b>	<b>1,130</b>	<b>2,022</b>	<b>13,295</b>	<b>24,892</b>

# COMMONWEALTH WAR GRAVES COMMISSION

Notes to the financial statements

for the year ended 31 March 2021

## 20.1 Creditors: amounts falling due within one year - Commission

	General purposes 2021 £'000	Agency purposes 2021 £'000	Restricted purposes 2021 £'000	Total 2021 £'000	Total 2020 £'000
Member Government funding received in advance	-	1,130	2,022	3,152	15,734
Trade creditors	1,652	-	-	1,652	1,495
Trade accruals	2,420	-	-	2,420	1,780
Social security and other taxes	961	-	-	961	893
Holiday pay & other staff cost accruals	4,448	-	-	4,448	3,821
Other creditors	629	-	-	629	1,140
<b>Total creditors</b>	<b>10,110</b>	<b>1,130</b>	<b>2,022</b>	<b>13,262</b>	<b>24,863</b>

£1,226k of the advance LIBOR funding for restricted purposes relates to funding associated with commitments forecast after more than one year (2020: £898k).

## 21 Provisions for liabilities and charges

### Group and Commission

	Provision for legal costs £'000	Taxation & services £'000	Termination indemnities £'000	Retirement indemnities £'000s	Total £'000
At 1 April 2020	225	450	3,305	814	4,794
Paid	(24)	-	(252)	(47)	(323)
Released/transferred	(117)	(45)	-	(15)	(177)
Exchange rate revaluation	-	(19)	(261)	-	(280)
Charge in year for prior year	-	-	1	-	1
Charged during the year	144	464	186	245	1,039
At 31 March 2021	228	850	2,979	997	5,054

£901k of the retirement indemnity relates to provisions for liabilities due after more than one year (2020: £787k).

# COMMONWEALTH WAR GRAVES COMMISSION

Notes to the financial statements

for the year ended 31 March 2021

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The termination indemnity provision relates to both mandatory and voluntary schemes which the Commission has in place outside the UK to provide for staff benefits on cessation of employment/retirement.

## 22 Retirement benefits

The Commission operated a defined benefit pension scheme for the benefit of its employees holding UK contracts of employment, which was closed to future benefit accrual at 31 March 2016.

The assets of the pension scheme are held separately from those of the Commission and are administered by the Trustees of the Superannuation Fund. The pension cost was determined on the advice of independent qualified actuaries.

A deficit payment of £2.8m (2020: £400k) was made by the Commission during the year.

The most recent full actuarial valuation was carried out for the Trustees of the Superannuation Fund as at 31 March 2020 and was used by the actuaries for the disclosure requirements of FRS102 as at 31 March 2021.

The assumptions used in determining the overall expected return of the scheme's assets have been set with reference to yields available on government bonds and appropriate risk margins and, where relevant, with consideration to the Bank of England base rate.

The tables below state the FRS102 actuarial assumptions upon which the valuation of the scheme was based.

	2021	2020
	%	%
Discount rate	<b>1.75</b>	2.30
Inflation assumption (RPI)	<b>3.60</b>	3.10
Inflation assumption (CPI)	<b>3.10</b>	2.00
Pension increases	<b>3.10</b>	2.00

The underlying mortality assumption adopted imply the following life expectancies at 65 years old:

	<b>Male</b> <b>2021</b> <b>years</b>	Male 2020 years	<b>Female</b> <b>2021</b> <b>years</b>	Female 2020 years
Current pensioner aged 65	<b>20.0</b>	21.7	<b>23.1</b>	22.7
Retiring in 20 years time	<b>21.0</b>	23.6	<b>24.3</b>	24.8

# COMMONWEALTH WAR GRAVES COMMISSION

Notes to the financial statements

for the year ended 31 March 2021

The assets of the pension scheme are identifiable by category.

	2021 %	2021 £'000	2020 %	2020 £'000
Cash at bank	4.3	4,033	0.7	535
L&G All World Equity Fund	24.6	23,090	22.3	18,085
LG Local Currency Government Bond Fund	2.8	2,584	3.8	3,099
L&G Emerging Market Equity Fund	3.9	3,668	3.2	2,614
Threadneedle Property Unit Fund	6.3	5,921	8.6	6,058
Schroder Life Diversified Growth Fund	17.8	16,729	17.7	14,323
Investec Diversified Growth Fund	14.3	13,481	14.5	11,739
UBS Phildrew Ventures 4 <sup>th</sup> Fund Exempt	0.0	-	0.0	1
Schroder LDI Portfolio	19.3	18,153	29.3	23,734
Schroder Liquidity Fund	6.7	6,286	0.0	-
Fair value of pension scheme assets	<b>100.0</b>	<b>93,945</b>	100.0	80,188

The amounts recognised in the consolidated balance sheet are as follows:

	2021 £'000	2020 £'000
Present value of pension scheme liabilities	(128,156)	(105,881)
Fair value of pension scheme assets	<u>93,945</u>	<u>80,188</u>
Net pension deficit at 31 March	<u>(34,211)</u>	<u>(25,693)</u>

The amounts to be recognised in the consolidated statement of financial activities for the year ended 31 March 2021 are as follows:

	2021 £'000	2020 £'000
<b>Included within expenditure</b>		
<b>The amounts recognised in the financial statement</b>		
Service cost – including current service costs, settlements and curtailments plus annual funding	-	-
Net interest on the defined benefit liability	<u>559</u>	<u>756</u>
Total expense / (credit)	<u>559</u>	<u>756</u>
<b>Other recognised losses/(gains):</b>		
Actuarial losses / (gains) on pension scheme liabilities	23,881	(11,624)
Return on assets, excluding interest income	<u>(13,122)</u>	<u>4,576</u>
Net actuarial loss/(gain) on defined benefit pension scheme	<u>10,759</u>	<u>(7,048)</u>

# COMMONWEALTH WAR GRAVES COMMISSION

Notes to the financial statements

for the year ended 31 March 2021

Changes in the present value of the defined benefit obligation are as follows:

	2021 £'000	2020 £'000
Opening defined benefit obligation	105,881	119,374
Interest cost	2,389	2,750
Benefits paid	(3,995)	(4,619)
Actuarial loss/(gain)	23,881	(11,624)
	<u>128,156</u>	<u>105,881</u>

Changes in the fair value of scheme assets are as follows:

	2021 £'000	2020 £'000
Opening fair value of scheme assets	80,188	86,989
Interest income on scheme assets	1,830	1,994
Expected return	13,122	(4,576)
Employer contributions	2,800	400
Benefits paid	(3,995)	(4,619)
Closing fair value of scheme assets	<u>93,945</u>	<u>80,188</u>

The history of experience gains and losses is as follows:

	2021 £'000	2020 £'000
Experience adjustments on scheme liabilities	(23,881)	11,624
<i>As a percentage of scheme liabilities</i>	<b>(18.63%)</b>	11%
Experience adjustments on scheme assets	13,122	(4,576)
<i>As a percentage of scheme assets</i>	<b>13.97%</b>	(5.71%)

## 23 Commitments

### 23.1 Capital commitment

Capital commitments at 31 March 2021 amounted to £354k (2020: £356k) and includes the cost for completion of the new HR System, site upgrades, plant and machinery and vehicles.



# COMMONWEALTH WAR GRAVES COMMISSION

Notes to the financial statements

for the year ended 31 March 2021

## 23.2 Leasing commitments

In 2020/21, 2 new vehicles were leased (2019/20 -15) and 1 new item of equipment (2019/20 – 3) was leased. At 31 March 2021, the Commission had commitments under non-cancellable operating leases as follows:

### Group and Commission

	2021 £'000	2020 £'000
Within one year		
Accommodation & office equipment	141	217
Vehicles	1,134	628
Between 2 and 5 years		
Accommodation & office equipment	133	230
Vehicles	282	768
More than five years		
Accommodation & office equipment	24	53
	<u>1,714</u>	<u>1,896</u>

## 24 Retained funds

### Group

	2021 £'000	2020 £'000
Unrestricted fund (note 24.1 a)	(11,511)	(5,350)
Restricted funds (note 24.2 a)	<u>(318)</u>	<u>92</u>
	<u>(11,829)</u>	<u>(5,258)</u>

### Commission

	2021 £'000	2020 £'000
Unrestricted fund (note 24.1 b)	(11,603)	(5,463)
Restricted funds (note 24.2 b)	<u>(638)</u>	<u>62</u>
	<u>(12,241)</u>	<u>(5,401)</u>

# COMMONWEALTH WAR GRAVES COMMISSION

Notes to the financial statements

for the year ended 31 March 2021

## 24.1 Unrestricted funds

### a) Group

	Funds at 1 April 2020 £' 000	Net movement in funds for year £' 000	Funds at 31 March 2021 £' 000
General purposes	10,484	23	10,507
Agency purposes	(255)	(23)	(278)
Fixed asset reserve	478	-	478
Revaluation reserve	6,036	-	6,036
Pension reserve	(25,693)	(8,518)	(34,211)
Thiepval reserve	2,000	-	2,000
Structural projects reserve	700	2,357	3,057
Exchange reserve	500	-	500
Future Interns reserve	400	-	400
<b>Total</b>	<b>(5,350)</b>	<b>(6,161)</b>	<b>(11,511)</b>

### b) Commission

	Funds at 1 April 2020 £' 000	Net movement in funds for year £' 000	Funds at 31 March 2021 £' 000
General purposes	10,371	44	10,415
Agency purposes	(255)	(23)	(278)
Fixed asset reserve	478	-	478
Revaluation reserve	6,036	-	6,036
Pension reserve	(25,693)	(8,518)	(34,211)
Thiepval reserve	2,000	-	2,000
Structural projects reserve	700	2,357	3,057
Exchange reserve	500	-	500
Future Interns reserve	400	-	400
<b>Total</b>	<b>(5,463)</b>	<b>(6,140)</b>	<b>(11,603)</b>

The underspend resulting from Covid-19 is being used to increase designated reserves for structural projects. The increased structural reserve will be deployed in part to fund new structural commitments arising from the undertakings given by the Commission in response to the Non-Commemorations Report. A designated reserve remains in place to cover the anticipated costs of stage two of the Thiepval memorial renovation deferred to 2021/22 due to the impact of Covid-19 which also meant that the Interns guides programme was cancelled and therefore the reserve was unutilised. The fixed asset reserve was not utilised in the year due to the depreciation budget covering the capital investment cost for the period.

# COMMONWEALTH WAR GRAVES COMMISSION

Notes to the financial statements

for the year ended 31 March 2021

## 24.2 Restricted funds

### a) Group

	Funds at 1 April 2020 £' 000	Net movement in funds for year £' 000	Funds at 31 March 2021 £' 000
Cash investments held for:			
The special purpose fund	9	-	9
LIBOR & Interns funding Annington & Kantor programmes	21	(50)	(29)
	62	(360)	(298)
<b>Total</b>	<b>92</b>	<b>(410)</b>	<b>(318)</b>

### b) Commission

	Funds at 1 April 2020 £' 000	Net movement in funds for year £' 000	Funds at 31 March 2021 £' 000
Cash investments held for:			
The special purpose fund	9	-	9
LIBOR & Interns funding Annington & Kantor programmes	53	(82)	(29)
	-	(618)	(618)
<b>Total</b>	<b>62</b>	<b>(700)</b>	<b>(638)</b>

## 24.3 The Special Purposes Fund

The capital of this fund is held on behalf of the individuals and organisations that originally endowed the fund and is therefore shown on the consolidated balance sheet as restricted funds, and as cash, post the dis-investment.

LIBOR funded awards from the UK government totalling £3.3m received in prior years were granted to: renovate and tend approximately 6,000 non-world war graves; support an interns/youth-guides programme and to develop a visitor centre adjacent to the Commission's site in Arras. These funds are refundable if not expended on the projects for which they were granted.

# COMMONWEALTH WAR GRAVES COMMISSION

Notes to the financial statements

for the year ended 31 March 2021

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## 25 Related party transactions

The Commonwealth War Graves Foundation, registered at the Charity Commission on 8th March 2017, with the Commission as its sole member has completed its second year of operation. Material transactions with the Foundation comprised:

A recharge by The Commonwealth War Graves Commission of salary, and other direct costs amounting to £nil (2020 £17k) during the year. £1.8k (2020 £1.9k) worth of books were donated to the Belgian Foundation branch for sale at the Ieper Information Centre. The Commonwealth War Graves Foundation owes the Commonwealth War Graves Commission £65k (2020 £82k) at the year-end. There was no balance on the loan account at 31 March 2021 (2020 £0k). The Commonwealth War Graves Commission owed the Commonwealth War Graves Foundation £66k (2020 £42k) for its contribution to the Noor Khan project.

Back office support and services were provided by the Commission to the Foundation free of charge to support the Foundation whilst it continues to become established, valued at £53k (2020 £22k).

Volunteers' donated time is valued on EOHO at £42k, (2020 £53k) on the HLF bid at £nil (2020 £5k) on archives cleaning, £4k (2020 £7k) and £6k (2020 £4k) on Commission events.

Funds received from the Imperial War Graves Endowment Fund, and the charges incurred by the Commissioners are disclosed in note 15 to the financial statements. The amount due from the Endowment Fund to the Commission at the year-end was £136k (2020 - £196k).

In the year, one trustee was a standard member with a total value of donations received amounting to £30 (2020 3 trustees £90).

## 26 Post Balance Sheet Events

There were no significant post balance sheet events.