



**COMMONWEALTH WAR
GRAVES COMMISSION**

ANNUAL REPORT

FOR THE YEAR ENDED

31 MARCH 2022

COMMONWEALTH WAR GRAVES COMMISSION

Consolidated Financial Statements

for the year ended 31 March 2022

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COMMONWEALTH WAR GRAVES COMMISSION

Commissioners, Executive Directors and Advisors

for the year ended 31 March 2022

President	HRH The Duke of Kent KG GCMG GCVO ADC(P)
Chairman	The Rt Hon Ben Wallace MP
Commissioners	
Vice-Chairman	Lieutenant General Sir Bill Rollo KCB CBE
Australian	HE The Hon George Brandis QC
Canadian	HE Mr Ralph Goodale PC (from April 2021)
Indian	HE Mrs Gaitri Issar Kumar
New Zealand	HE Mr Bede Corry
South African	HE Ms Nomatamba Tambo (to April 2022)
The Rt Hon Philip Dunne MP	Sir Timothy Hitchens KCVO CMG
Vice Admiral Peter Hudson CB CBE	Ms Keryn James
The Rt Hon Dame Diana Johnson DBE MP	Dame Judith Mayhew Jonas DBE
Mr Vasuki Shastry	Air Marshal David Walker CB CBE AFC

Commonwealth War Graves Foundation Trustees

Dame Judith Mayhew Jonas DBE Chair	Lady Lucy French OBE
Maj Gen Alastair Bruce OBE VR KStJ	Sir Adrian Montague CBE
The Rt Hon Kevan Jones MP	Mr Terence Hewett
Captain Jay Singh-Sohal VR	

Executive Directors

Claire Horton CBE	Director General
Barry Murphy	Director of Operations
Judith O'Connell	Director of Finance (to October 2021)
Jo Knowles	Interim Director of Finance (from September 2021)
Jamie Redmond	Director of Human Resources
Liz Woodfield	Director of External Relations
Vincent Collins	General Counsel

Advisors

Principal 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 2022

Structure and Governance

The Commonwealth War Graves Commission (the Commission) was established by Royal Charter in May 1917 and 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 executive and senior management teams.

The Commissioners meet four times a year, with the Director General and members of the executive management team in attendance. The Commissioners are currently supported by standing committees on Finance, Audit and Risk, and Remuneration. Finance, and Audit & Risk Committees met three times during the year, Remuneration met once.

In April 2021 the Commission published the report of a Special Committee that investigated historical inequalities in the commemoration of war dead. That report identified significant failings in the commemoration of some of our war dead and made ten recommendations on how those historic wrongs might be corrected by the present-day CWGC. A significant programme of cross-Commission work has commenced to actively address these recommendations, including the creation of a non-executive global Advisory Panel to act as guide and sounding board for the CWGC's actions going forward. That panel, comprised of international experts from the countries affected by the report's findings, meets four times a year – with the first meeting held in February 2022.

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

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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 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 were updated to include the Non- Commemorated programme of work, a significant focus on reducing our environmental impact across our estate and an increased focus on governance, compliance, risk management and internal communications. The Commission and Foundation have commenced a substantial cross-organisational review of our work and activities with a view to developing a new long-term strategy to launch in 2023. The 5 pillars currently 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

Now amended to read 'a promise renewed' to take account more fully of the 2021 Special Report on the Non-Commemorated, the Commission will 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. Now with the addition of 'working with Governments and others' to include all government stakeholders including non-Commonwealth host nations.

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.

Activities and Performance 2021/22

Over the year the Covid-19 pandemic continued to impact on our activities albeit to a lesser degree than previously. Across our global estate, nearly all of our cemeteries remained open and maintained by our staff or contractors but restrictions, especially with regard to social distancing and to travel, did naturally have an impact. Our offices around the world were also largely open but numbers of attendees were limited in line with local and national regulations.

The biggest absence from the Commission's sites however has continued to be visitors and many annual ceremonies could not take place as they traditionally had. This has meant our engagement and communications teams have worked hard on improving our digital presence to compensate. We were able however to successfully deliver our first War Graves Week in May 2021.

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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/Guide's programme in France and Belgium was cancelled and a few of our cemetery and memorial renovation projects were delayed owing to the inability to travel.

Key achievements included:

- Maintained our quality standards despite the many challenges of the Covid pandemic
- Analysed the results of our first global inspection cycle to create a future 5 year work programme
- More fully incorporated Wellbeing into our existing Health and Safety management
- Completed a full 12 month programme of renovation at Thiepval in France in readiness for completion and opening to the public in July 2022
- Obtained partnership funding for a major renovation project at the Menin Gate in Belgium
- Commenced maintenance of the newly constructed Normandy Memorial in France
- Further reduced our chemical and water use and committed to Net Zero as part of launching our own Sustainability Programme 'Growing Greener'
- Working with nearly 2,000 volunteers we now have 80% of our 12,000 sites in the United Kingdom with an allocated individual
- Worked with Canal Seine Nord authorities in France and other interested parties so that remains can be secured for identification and reburial
- Worked with the French State in order to be handed additional land so as to construct a new cemetery at Loos
- Undertaken a full global operational reorganisation resulting in a leaner geographical structure. In the process we moved offices in Ottawa, Canada and in Larnaca, Cyprus
- Significant progress has been made with regards to Project Management, Cyber Security, Human Resources Information System, Digital Document Storage and Archives Management where we received accreditation
- Delivered our first annual War Graves Week in the UK which saw 1500 visitors to our sites for tours and a prestigious award from Museums & Heritage for the 'Who lived on your street' digital platform in the 'Best Use of Digital (UK)' category
- Recruited 235 volunteer speakers and delivered a total of 982 talks, cemetery tours and events during the year in the UK and 3 international school talks
- Initiated a programme of public engagement events in partnership with the British Army and RAF multicultural networks, Believe In Me, Black Poppy Rose and Arts Asia for Black History Month
- Successfully devised and piloted a programme with PGCE History students at the University of York which is being rolled out to four other institutions and contributed to the MA course at the universities of Artois and Boulogne
- Launch of 'How to Research Guides' on the website
- Implemented a Search Engine Optimisation strategy with a focus on WW1 and French sites for the website which has delivered greatly increased visibility on Google Search
- Implementation of a website to support an architectural competition for the Cape Town Memorial

The Foundation

It was another year where COVID-19 continued to impact on both our programmes and our fundraising resulting in many of our planned activities being delayed or even cancelled completely. Despite this, we still recorded some significant successes and overall the Foundation continues to grow and develop as the education charity of the Commonwealth War Graves Commission.

Because of COVID-19 the Kantor Speakers Volunteer Programme delivered the majority of talks virtually to the end of 2021, but by early 2022 more than 200 trained volunteers were starting to get out and about to talk about the work and history of the Commonwealth War Graves Commission in far greater numbers. In all

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over 600 talks were given with our speakers receiving uniformly excellent feedback in terms of quality and engagement. Our association with Kantor ended in March 2022 when their funding from their charitable trust came to an end.

Elsewhere membership numbers remained stable, and we were fortunate to benefit from generous grant awards from the MacRobert Trust and the Cadogan Charity, as well as hold a very successful virtual walk event that raised over £20,000 from more than 400 participants and sponsors.

Historic Non-Commemorations

In April 2021, the Commission published the findings of a Special Committee tasked with identifying historical inequalities in the commemoration of our war dead. That report identified significant failings in the commemoration of some of our war dead – most notably those of African, Indian, and Middle Eastern origin – and made ten recommendations on how those historic wrongs might be corrected by the present-day Commission. For its part, CWGC welcomed the report's findings, apologised unreservedly for the errors of the past, embraced the Committee's ten recommendations, and publicly reaffirmed its commitment to equality of commemoration for all.

Since the report was published, CWGC has taken significant steps to address the issues identified – using the Committee's ten recommendations as a framework for our actions and measures of success going forward. The achievements of the past year are published in full in the separately available Non-Commemoration Project's first Annual Review and include:

- The creation of a dedicated project team to deliver the original report's ten recommendations – supported by a significant budgetary allocation of £5.5 million from within existing resources.
- The discovery of more than 6,000 names of previously uncommemorated war dead so far.
- A new commemoration policy designed to deal specifically with such cases.
- New education initiatives in both the UK and abroad to raise awareness of the contribution and sacrifices of ALL Commonwealth war dead.
- The creation of an appropriately diverse independent consultative panel of experts with a global reach to advise us on points of history, policy, and outreach.
- A more transparent telling of the Commission's history in all printed matter and online.
- Significant progress with new memorialisation projects in South Africa and Sierra Leone.

By March 2023 the Commission will have:

- Completed the initial search of all national and major archives in the UK in search of uncommemorated casualties, lost burial locations and contextual material relating to both world wars.
- Appointed research teams and completed initial search of all national and major archives in affected countries in search of uncommemorated casualties, lost burial locations and contextual material relating to both world wars.
- Established a baseline of number of names missing from commemorations and number of graves and mass burials that might still be locatable.
- Secured funding for one or more PhD projects on Indian casualties that will run parallel to our own and co-supervised the students (three-year process).
- Completed the community engagement and oral history pilot in Sierra Leone with a view to informing the wider programme.
- Developed and delivered an exhibition/community engagement opportunity around the newly recorded oral histories from Sierra Leone.
- Increased community partnerships within the countries identified by the report, supporting the use and visit of the sites we care for in those countries and a visible uptake in commemorative activity.
- Become more involved with minority communities in the UK as with communities overseas where individual sacrifices were made.

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- Promoted a general understanding in our Member Government communities that the First World War was a genuine “world war”, whose first and last shots were fired in Africa, and which involved heroism, sacrifice, and suffering by a wide range of communities.
 - Designed and agreed a location for the new memorial in Freetown, Sierra Leone.
 - Successfully managed the architectural competition to design and tender a new memorial in Cape Town.
 - Agreed a long-term maintenance arrangement for the Kings African Rifles Memorial in Zomba, Malawi (1,000 names)
 - Agreed long-term maintenance arrangements for Arab Rifles Memorial in Kwale, Kenya.
 - Collated a comprehensive list of all 3rd party memorials existing in Africa and begun developing a long-term heritage management strategy (up to 10 memorials)
 - Subject to research outcomes, formed an outline plan and proposal for First World War Abandoned Graves cases in East Africa and methodology for searching for abandoned sites with a view to their potential re-instatement.
 - Sought funding to support partnerships and collaborations with external academics and organisations to further develop our external engagement and education/community outreach programmes.
 - Reported quarterly throughout the year, on our website, on social and other media and through reports to Parliament on our ongoing progress.

Business plan 2022/23

As we approach the fourth year of the current Strategic Plan (2019-24), the Business Plan for 2022-23 is intended as a bridge between where we are presently, and a new long-term Strategy currently in development and planned to come into force in 2023. For the year ahead in essence much of the old strategy remains entirely appropriate but with some key changes of emphasis, of which three are key:

- **Sustainability** – How we adapt to what is a defining challenge of our times
- **Covid and post pandemic world** – Such as its social, technological and economic effects
- Special Report on **Historic Non-Commemorations** – How to adapt to a new focus, new work and to new audiences

In broad terms therefore, the five key strategic aims set in 2019 still hold true.

- Caring, Sustainably
- Perpetuating Commemoration – now amended to read ‘a promise renewed’ so as to more fully take account of the 2021 Special Report on the Non-Commemorated.
- Engaging the Public
- Building Commonwealth Cohesion -now with the addition of ‘working with Governments and others’ to better cover how we conduct business with all government stakeholders including non-Commonwealth host nations
- Organisational Fitness

These overarching aims broadly set out the parameters for the Commission to carry out its core purpose whilst at the same time reach out to new audiences, improve its digital offering, make wider use of volunteers, raise the skill levels of our workforce, better enable our charitable Foundation to fundraise and make better use of the financial resources available to us.

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Our key priorities for 2022/23 are:

1. ***New Strategy Development*** – during 2022-23, we will undertake a full organisational consultation process of engaging both internally and externally to inform the creation of a new Strategic Plan to set the direction of travel for the Commission well into the next decade and beyond.
2. ***Non-Commemorations*** – As this critical programme of new work approaches the end of the first of its five years, we will engage directly with communities “in-country”, work with the Advisory Panel on Commemoration and start the process of developing and assessing suitable commemoration for those we find.
3. ***Compliance*** – this will be a significant area of focus for 2022-23, as we embed risk management into our operational practice, update our safeguarding processes, implement the consequences of our Modern Slavery policy, produce a formal Governance Framework and suite of supporting policies, and train staff on ethical issues worldwide.
4. ***Developing Opportunities*** – by pursuing opportunities to generate income from our activities e.g. identifying the potential for attracting subsidies relevant to our Estate.
5. ***Build up the Foundation*** – in its support of the Commission’s education and engagement projects.
6. ***Volunteers*** – building on the success of the Eyes On Hands On project, increase the contribution made by volunteers to the Commission’s work e.g. expanding the EOHO volunteer remit to include digital cataloguing, expanding the volunteer recognition programme, working with wider community groups and other partners and exploring in other countries where a volunteer approach might work (Canada/South Africa/New Zealand).
7. ***Sustainability*** – capturing the evident staff enthusiasm for the ‘Green Agenda’, a new £250k Green Fund will be invested in new and innovative environmental initiatives via a staff bidding process and Green champions identified in all of our principal countries of operation, alongside data benchmarking, trialling of electric cars/machinery, eliminating both biocides and pesticides from our Northern Europe operations, conducting a series of energy audits and establishing a baseline against which informed targets can be set and measured.
8. ***Leadership Development, Culture and Values*** – a major cross-organisational piece is now underway to review, refresh and re-energise our values, build a culture of global collaboration, inclusion and teamwork and through stronger internal communications, engage staff and volunteers in all parts of the world, ensuring they feel included, valued and important. We are investing in how we grow our people at all levels and identify and support emerging leaders in our organisation.
9. ***Planning & use of Capital*** – during the year we will assess the options for housing HO staff in the context of hybrid working post-COVID, develop plans to significantly enhance facilities at the Beaurains site and review the management of the Commission’s cash assets.
10. ***Structural Projects*** – finalise the renovation of Thiepval, commence the refurbishment of the Menin Gate and complete the first year of the updated 5 year plan for structural renewal of our estate.

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. Our annual Gender Pay Gap report is available on our website.

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. A working capital target of £2m was previously agreed with the UK Ministry of Defence, which remains unchanged given the current context of a break-even budget for 2022/23 and management plans in place to mitigate the impact of inflation during the year.

Risk Management

The Commission's most significant risks are outlined below along with the currently identified mitigations. Risks identified last year relating to tax compliance and Covid-19 have been de-escalated, with risks relating to inflation and environmental damage escalated.

RISKS	MITIGATIONS
Inflation Inflation significantly increases the costs of staff, goods and services in the context of flat funding and break-even budgets	Inflation budgeted for using global external forecasts. Pay remuneration settlements seek to take account of inflationary pressures Close scrutiny of budgets through quarterly reforecasting Area mitigation plans produced Effective procurement and tender processes in place Close legal review of contracts Maximise opportunities for generating income
Terrorist Attack / Conflict A terrorist/conflict event causes injury or fatality to people and/or damage to property.	Threat levels monitored with local authorities. Close comms with staff in conflict zones. IT recovery & failover systems in place Effective security measures in place at offices/base sites Business Continuity Plan being refreshed
Historic Documentation Fire/flood destroys historic and precious archives causing significant reputational damage and jeopardising the Commission's legal position.	Casualty records fully digitised and stored off site. Historic negative collection digitised and stored off-site. Disaster plan developed for archive/document recovery. Digitisation of legal deeds & archives well underway Legal papers moved to secure off-site storage Archive space at HO upgraded National Archives accreditation renewal

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RISKS	MITIGATIONS
<p>Environmental Damage Climate change/increasingly frequent extreme weather events (eg floods, drought, storms, ground movement) damage our sites resulting in increased costs and reputational damage</p>	<p>Regular monitoring of sites through inspection cycle and surveys to identify issues and prioritise restoration. Annual governance reporting of damage Accurate plans of sites and cemeteries held to enable restoration. Focus on 2 cemeteries in South Africa with known subsidence issues. Tree inspection & management programme to maintain safety & protect from disease Seek access to future environmental modelling software to aid long term planning</p>
<p>Non-Commemoration Following the Special Committee report, we fail to meet our promises of rectification.</p>	<p>Detailed costed 5 year programme of activity in place Public promise made for transparency & ongoing action Programme Steering Board created to oversee delivery meets fortnightly Quarterly reporting to Commissioners and to Parliament via the SofS. Ongoing coverage published on Website/social media. Annual Report published April 2022 Strong relationships building in local communities and academic bodies. Positive conversations about memorials and what communities want. Global Advisory Panel in place, meetings held February and April 2022.</p>
<p>Cybercrime External attack compromises IT security arrangements resulting in financial loss, data breach or regulatory action</p>	<p>Monitoring of threat landscape and industry advisories Staff awareness regularly reinforced via training. Regular external testing of IT security arrangements. External audit completed on security risks & mitigations Achieved Cyber Essential accreditation for UK. Appropriate insurance cover purchased.</p>

Financial results for the year ended 31 March 2022

The financial accounts are prepared 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 £74.8m in line with the previous year's income of £74.5m. The Commission's income was £74.6m (2021 - £74m). Funding comes primarily from the six-member governments in proportions based upon the number of their graves; to that end, the Member Governments contributed £66.2m, flat versus the previous year of £66.1m. The Commission also receives agency funding from these and other governments for the care of military graves from other periods and for war memorials. Agency income of £6.1m was 3.3% higher than the previous year's income as projects and maintenance activities started to move forward after the Covid-19 impact.

Restricted income of £1.2m includes funding from the MoD for grave renovations, authorities in France for the renovation of Thiepval and Flemish Heritage for military cemetery renovations in Belgium. Other income of £1.2m was in line with the prior year.

The Commission's consolidated expenditure increased year on year by 5.17% to £74.4m (2021 - £70.8m). The Commission's expenditure was £74.0m (2021 - £70.1m) – costs increased as travel restrictions eased and continued completion of deferred structural projects including the renovation of Thiepval.

Net income for the year before recognised gains/(losses) was £402k. After charging £1.4m of costs to the brought forward designated fund for Thiepval renovations, the resulting surplus of £1.8m has been carried forward in reserves for the up-coming renovation of the Menin Gate in Ieper.

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The consolidated statement of financial activities shows a surplus of £6.7m after pension scheme (actuarial) gains of £6.3m, (2021 – £6.6m loss after actuarial losses of £10.8m). A £6.6m gain was recorded in the Commission and the charity's surplus was £40k (2021 - £316k). The Commission's working capital remained flat at £10m (2021 £10.1m).

Capital expenditure was £1.9m (2021 - £2.2m). There was no capital expenditure in the Foundation.

The Commission's consolidated balance sheet position improved in year to a net deficit of £5.4m, a £6.7m improvement on the previous year's net deficit position of £12.2m resulting from the decrease in the pension deficit of £6.6m. A new designated reserve has been created to carry forward funding for the up-coming renovation of the Menin Gate in Ieper. The Thiepval designated reserve is expected to be fully spent in 2022/23 when the renovation project is concluded in July 2022. The Structural projects reserve balance will continue to underwrite in part new structural commitments arising from the undertakings given by the Commission in response to the Non-Commemoration Report along with the on-going renovation of the Commission's historic estate.


The Commonwealth War Graves Foundation recorded income of £416k (2021 - £567k) of which 83% comprised donations and legacies. Income from retailing activities rose slightly due to the re-opening of the Commission's Visitor and Information Centres and from Event activities. The Foundation's expenditure was £376k (2021 - £251k) and net income £40k (2021 - £316k).

The Commission's accounting pension deficit, calculated using FRS 102, has decreased by £6.6m to £27.6m at the year-end (2021-£34.2m). The decrease in the deficit is due to an increase in the discount rate assumption and strong investment returns in year and changes in mortality assumptions. The FRS 102 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 most recent 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. The next triennial valuation will take place as at 31 March 2023.

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Lieutenant General Sir Bill Rollo KCB CBE
Vice-Chairman

Date: 14 September 2022

DocuSigned by:

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Claire Horton CBE
Director General

Date: 14 September 2022

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Statement of internal controls

for the year ended 31 March 2022

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 and Risk Committee, chaired by Commissioner 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 2021-22.

Mazars LLP have been appointed as the Commission's external internal auditors, with a remit to support the Commission in continuing to drive up standards of internal control. Mazars are working to a three-year strategic audit plan - approved, modified and updated by the Executive Leadership team and Audit & Risk Committee.

Mazar's annual opinion on the framework of governance, risk management, and control, as reported to Audit and Risk Committee, was Moderate in its overall adequacy and effectiveness. Of the four reviews for which an assurance opinion was provided, three (GDPR, Health and Safety and Volunteering) provided Moderate assurance and one concluded with Limited Assurance (Business Continuity Planning & IT Disaster Recovery). An advisory review of the Commission's arrangements in relation to Modern Slavery was also undertaken. All Mazars recommendations have been accepted by the Executive Leadership Team and plans established to address the identified issues.

An "in-house" audit function is also in place with a remit covering country financial arrangements, internal controls and transactional testing. The team co-ordinates its annual programme with Mazars to ensure delivery of a well-rounded audit function. With a programme of work curtailed by travel restrictions, 6 country audits were completed in 2021/22. Both Mazars and the in-house team attend meetings of, and reports to, the Audit and Risk Committee on its activities.

The external auditors, Buzzacott LLP, also attend each meeting of the Audit and Risk Committee. Their audit plan for each year is discussed with the Committee and they submit a management letter each year, summarising findings arising from their Statutory audit of the Commission's financial statements. Their audit approach this year was complemented by interim audit visits to Commission offices in France and Belgium.

The Commission's Finance Committee (also chaired by Commissioner David Walker) scrutinises the annual business plan and budget prior to approval by Commissioners. It receives regular financial reporting at each of its meetings that monitors progress against the approved budget, including quarterly reforecasting. Monthly financial reports are also provided to the Executive Leadership Team and individual budget holders in order for them to effectively fulfil their financial accountabilities.

The Audit and Risk Committee is 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 consolidated into a Corporate Risk Register for review by the Audit and Risk Committee. Top level risks are reported at quarterly Commission meetings. During the year an updated Risk Management Policy was approved by Commissioners that sets out a Risk Management framework that reflects good practice and provides practical guidance to staff. Using the principles and processes described in this policy, work continues to further embed risk management into our operational practice world-wide, so that it becomes an integral part of decision-making, action planning and delivery.

Claire Horton CBE
Director General

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Claire Horton
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Date: 14 September 2022

COMMONWEALTH WAR GRAVES COMMISSION

Commissioners' responsibilities statement

for the year ended 31 March 2022

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 2022, 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 2022 and of the group's income and expenditure 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. 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: 17 October 2022

COMMONWEALTH WAR GRAVES COMMISSION

Consolidated statement of financial activities

for the year ended 31 March 2022

	Note	General Purposes 2022 £'000	Agency Purposes 2022 £'000	Restricted Funds 2022 £'000	Total 2022 £'000	Total 2021 £'000
Income						
Funds received from Member Governments	1	66,232	-	-	66,232	66,149
Funds received for agency purposes	2	-	6,134	-	6,134	5,995
Grant funds from government & charitable activities	3	28	-	1,188	1,216	632
Investment income	4	31	-	-	31	569
Other incoming resources	5	1,201	-	-	1,201	1,150
Total income		67,492	6,134	1,188	74,814	74,495
Expenditure						
Expenditure in respect of general activities	6	63,728	-	-	63,728	62,914
Expenditure in respect of agency purposes	7	-	6,134	-	6,134	5,995
Expenditure in respect of grant & charitable activities	8	2,275	-	1,188	3,463	792
Other resources expended	9	1,087	-	-	1,087	1,055
Total expenditure		67,090	6,134	1,188	74,412	70,756
Net income for the year before other recognised gains and losses		402	-	-	402	3,739
Other recognised gains and losses						
Net exchange gain	10	16	-	-	16	449
Actuarial gain/(loss) on defined benefit pension scheme	20	6,317	-	-	6,317	(10,759)
Net movement in funds		6,735	-	-	6,735	(6,571)
Reconciliation of funds						
Total funds brought forward	22	(11,233)	(278)	(318)	(11,829)	(5,258)
Transfers between reserves	22	(885)	278	607	-	-
Net movement in funds	22	6,735	-	-	6,735	(6,571)
Other adjustments*	22	-	-	(289)	(289)	-
Total funds carried forward	22	(5,383)	-	-	(5,383)	(11,829)

*Other adjustments relates to corrections to consolidated reserves balances for the Annington Eyes-On-Hands-On project. The income recognition policies for the Group and Foundation differ as disclosed in the accounting policies. In 2021, an amount of income recognised in the Foundation was also recognised in the group when the group recognition criteria were not met.

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

The accompanying accounting policies and notes on pages 21 to 42, form an integral part of these financial statements

COMMONWEALTH WAR GRAVES COMMISSION

Consolidated balance sheet

as at 31 March 2022

	Note	General Purposes 2022 £'000	Agency Purposes 2022 £'000	Restricted Funds 2022 £'000	Total 2022 £'000	Total 2021 £'000
Intangible assets						
Software systems	14	343	-	-	343	301
Fixed assets						
Tangible assets	15	16,682	-	-	16,682	16,989
		17,025	-	-	17,025	17,290
Current assets						
Debtors	17	2,990	633	281	3,904	3,590
Cash at bank and in hand		17,922	488	1,452	19,862	19,851
		20,912	1,121	1,733	23,766	23,441
Creditors: amounts falling due within one year	18	(10,895)	(1,121)	(1,733)	(13,749)	(13,295)
Net current assets		10,017	-	-	10,017	10,146
Total assets less current liabilities		27,042	-	-	27,042	27,436
Provisions for liabilities and charges	19	(4,789)	-	-	(4,789)	(5,054)
Total assets excluding pension scheme liability		22,253	-	-	22,253	22,382
Defined benefit pension scheme liability	20	(27,636)	-	-	(27,636)	(34,211)
Net liabilities including pension scheme liability		(5,383)	-	-	(5,383)	(11,829)
Funds of the Commission						
General purposes	22	16,263	-	-	16,263	9,911
Revaluation reserve	22	-	-	-	-	6,036
Fixed asset reserve	22	-	-	-	-	478
Thiepval reserve	22	624	-	-	624	2,000
Menin Gate reserve	22	1,809	-	-	1,809	-
Structural projects reserve	22	3,057	-	-	3,057	3,057
Exchange reserve	22	500	-	-	500	500
Interns reserve	22	-	-	-	-	400
Pension reserve	22	(27,636)	-	-	(27,636)	(34,211)
		(5,383)	-	-	(5,383)	(11,829)

The financial statements were approved by the Commission on 14th September 2022.

Lieutenant General Sir Bill Rollo KCB CBE
Vice-Chairman

Date: 14 September 2022

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Bill Rollo
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Claire Horton CBE
Director General

Date: 14 September 2022

DocuSigned by:
Claire Horton
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The accompanying accounting policies and notes on pages 21 to 42, form an integral part of these financial statements

COMMONWEALTH WAR GRAVES COMMISSION

Commission balance sheet

as at 31 March 2022

	Note	General Purposes 2022 £'000	Agency Purposes 2022 £'000	Restricted Funds 2022 £'000	Total 2022 £'000	Total 2021 £'000
Intangible assets						
Software systems	14	343	-	-	343	301
Fixed assets						
Tangible assets	15	16,682	-	-	16,682	16,989
		17,025	-	-	17,025	17,290
Current assets						
Debtors	17	2,985	633	281	3,899	3,560
Cash at bank and in hand		17,803	488	1,094	19,385	19,436
		20,788	1,121	1,375	23,284	22,996
Creditors: amounts falling due within one year	18	(10,866)	(1,121)	(1,392)	(13,379)	(13,262)
Net current assets/(liabilities)		9,922	-	(17)	9,905	9,734
Total assets less current liabilities		26,947	-	(17)	26,930	27,024
Provisions for liabilities and charges	19	(4,789)	-	-	(4,789)	(5,054)
Total assets excluding pension scheme liability		22,158	-	(17)	22,141	21,970
Defined benefit pension scheme liability	20	(27,636)	-	-	(27,636)	(34,211)
Net liabilities including pension scheme liability		(5,478)	-	(17)	(5,495)	(12,241)
Funds of the Commission						
General purposes	22	16,168	-	(17)	16,151	9,499
Revaluation reserve	22	-	-	-	-	6,036
Fixed asset reserve	22	-	-	-	-	478
Thiepval reserve	22	624	-	-	624	2,000
Menin Gate reserve	22	1,809	-	-	1,809	-
Structural projects reserve	22	3,057	-	-	3,057	3,057
Exchange reserve	22	500	-	-	500	500
Interns reserve	22	-	-	-	-	400
Pension reserve	22	(27,636)	-	-	(27,636)	(34,211)
		(5,478)	-	(17)	(5,495)	(12,241)

The financial statements were approved by the Commission on 14th September 2022.

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The accompanying accounting policies and notes on pages 21 to 42, form an integral part of these financial statements

COMMONWEALTH WAR GRAVES COMMISSION

Consolidated cash flow Statement

for the year ended 31 March 2022

Consolidated cash flow statement

	General Purposes 2022 £'000	Agency Purposes 2022 £'000	Restricted Funds 2022 £'000	Total 2022 £'000	Total 2021 £'000
Net cash inflow from operating activities					
Net incoming resources	402	-	-	402	3,739
Transfer between reserves	(885)	278	607	-	-
Other adjustments	-	-	(289)	(289)	-
Pension scheme adjustment	(258)	-	-	(258)	(2,241)
Depreciation	2,206	-	-	2,206	2,139
(Profit)/Loss on sale of fixed assets	(70)	-	-	(70)	1
(Increase)/Decrease in inventory prepayments	(98)	-	-	(98)	(17)
(Increase)/Decrease in debtors	(167)	219	(268)	(216)	(513)
Increase/(Decrease) in creditors	752	(9)	(289)	454	(11,597)
Increase in termination indemnities	338	-	-	338	187
Termination indemnities exchange revaluation	(45)	-	-	(45)	(261)
Disbursement of termination indemnities	(163)	-	-	(163)	(252)
(Decrease)/ Increase in other provisions	(395)	-	-	(395)	586
Net cash inflow / (outflow) from operating activities	1,617	488	(239)	1,866	(8,229)
Cash flows from investing activities					
Payments to acquire tangible and intangible fixed assets	(1,948)	-	-	(1,948)	(2,486)
Receipts from sales of tangible fixed assets	77	-	-	77	41
	(1,871)	-	-	(1,871)	(2,445)
Cash flows from financing activities					
Net exchange gains	16	-	-	16	449
	16	-	-	16	449
(Decrease)/Increase in cash	(238)	488	(239)	11	(10,225)

The accompanying accounting policies and notes on pages 21 to 42, form an integral part of these financial statements

COMMONWEALTH WAR GRAVES COMMISSION

Consolidated cash flow Statement

for the year ended 31 March 2022

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

	2022 £'000	2021 £'000
Movement in cash and cash equivalents	11	(10,225)
Cash and cash equivalents at 1 April	<u>19,851</u>	<u>30,076</u>
Cash and cash equivalents at 31 March	<u>19,862</u>	<u>19,851</u>

COMMONWEALTH WAR GRAVES COMMISSION

Principal accounting policies

for the year ended 31 March 2022

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 £5.4m at 31 March 2022 (£11.8m net liability at 31 March 2021) due to the deficit of £27.6m at that date (£34.2m at 31 March 2021) 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. The UK Government contributes in excess of 78% of the Commission's core funding on an annual basis and the UK's Ministry of Defence has 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 exchange reserve, and other designated reserves remain in full and are carried forward for future years requirements.

Income

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 dividend income due from the Trustees of the Imperial War Graves Endowment Fund which has been recognised when paid over to the Commission. The Commission recognises its restricted income when the costs are incurred and the Foundation accounts for income upon receipt, therefore on consolidation the revenue is deferred on the balance sheet.

COMMONWEALTH WAR GRAVES COMMISSION

Principal accounting policies

for the year ended 31 March 2022

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 now included within restricted funds along with other grants for specific projects. 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 2022

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 2022

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, including new operational buildings, 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 (2021 £953k). Unrecovered Commission only VAT amounted to £76k (2021 £55k).

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 restricted funds from donations and grants for project activities in the Commission and Foundation.

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 19). 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 20.

COMMONWEALTH WAR GRAVES COMMISSION

Notes to the financial statements

for the year ended 31 March 2022

1 Income from Member Governments

The value and percentage of contributions being made by Member Governments is as follows, and apart from exchange rate rounding the percentage basis of contributions has remained unchanged since 2007:

	Percentage contribution	2022 £'000	2021 £'000
United Kingdom	78.40%	51,925	51,925
Canada	10.09%	6,686	6,667
Australia	6.05%	4,006	4,006
New Zealand	2.14%	1,418	1,418
South Africa	2.13%	1,409	1,338
India	1.19%	788	795
	100.00%	66,232	66,149

2 Income for agency purposes

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

	2022 £'000	2021 £'000
Canada	2,378	2,613
United Kingdom	2,232	2,089
Germany	673	655
Australia	379	249
South Africa	147	150
New Zealand	45	42
Other	280	197
	6,134	5,995

COMMONWEALTH WAR GRAVES COMMISSION

Notes to the financial statements

for the year ended 31 March 2022

3 Grant Funds from Governments & charitable activities

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

	General Purposes	Restricted Funds	Total	General Purposes	Restricted Funds	Total
	2022	2022	2022	2021	2021	2021
	£'000	£'000	£'000	£'000	£'000	£'000
Région Hauts de France, Département de la Somme & DRAC - Thiepval renovation	-	540	540	-	-	-
Flemish Heritage - 24 Military Cemeteries 2017-2021	-	332	332	-	228	228
Visitor Centre	28	-	28	49	-	49
MoD graves renovation	-	316	316	-	6	6
HLF & Annington – Eyes-On- Hands-On project	-	-	-	-	335	335
Biffa - Noor Khan exhibition	-	-	-	-	14	14
	28	1,188	1,216	49	583	632

£0k (2021: £349k) of the income relates to the Commission's charitable foundation ("CWGF").

4 Investment income - General purposes

	2022 £'000	2021 £'000
Income from the Imperial War Graves Endowment Fund	-	531
Interest on bank deposits and investment income	31	38
	31	569

5 Other income

£203k (2021 £160k) of the income relates to the Commission's charitable foundation ("CWGF"), comprising £146k of donations, £50k supporter scheme income (both including Gift Aid) and £7k other sales.

	2022 £'000	2021 £'000
United Kingdom government funding for offset against VAT	953	953
Legacies and donations	151	119
Supporter scheme income & other event sales	52	41
Other income	45	37
	1,201	1,150

COMMONWEALTH WAR GRAVES COMMISSION

Notes to the financial statements

for the year ended 31 March 2022

6 Expenditure in respect of general activities

	2022	2021
	£'000	£'000
Employee and staff costs (note 12)	41,900	40,758
Termination indemnity provision charge (note 19)	338	186
Retirement indemnity provision in France (note 19)	124	245
Termination indemnity state payments	172	171
Staff support	1,619	1,541
Supplies and equipment	5,453	5,332
Contract costs	10,133	7,328
Travel costs	1,183	509
Transport costs	3,155	2,927
Facilities costs - rent, rates and insurance	1,414	1,357
Maintenance	935	1,289
Depreciation	2,206	2,139
Restructuring	534	1,517
Legal costs and provision releases	(122)	390
Net financial charge/(income) on pension scheme liabilities (note 20)	592	559
Professional fees	1,535	1,396
Governance costs (note 7)	311	319
Marketing and publications	340	309
Communications	601	420
IT	1,032	967
Irrecoverable indirect taxes	1,087	1,055
Other administrative expenses including insurance receipts	(130)	42
Total Expenditure	74,412	70,756
Less Expenditure in respect of:		
Costs incurred for agency purposes (note 8)	(6,134)	(5,995)
Costs incurred for unrestricted grant purposes (note 9)	(2,275)	(495)
Costs incurred for restricted grant purposes (note 9)	(1,188)	(297)
Costs incurred for other purposes (note 10)	(1,087)	(1,055)
Expenditure in respect of general activities	63,728	62,914

In the current year, £63.7m, (2021 £62.9m) of the total expenditure relates to funds received from member governments for general purposes.

COMMONWEALTH WAR GRAVES COMMISSION

Notes to the financial statements

for the year ended 31 March 2022

7 Governance costs

	2022 £'000	2021 £'000
Internal audit fees & other services	18	20
Commission internal audit costs	157	159
Commissioners' expenses & Vice Chairman fee (note 13)	78	73
External auditors' fees for statutory audit	40	46
External auditors' fees for other services including tax advice	7	9
External audit – provided by firms other than the Commission's auditor	11	12
	<u>311</u>	<u>319</u>

8 Expenditure in respect of agency purposes

	2022 £'000	2021 £'000
Indirect staff and staff support cost	2,071	1,937
Indirect non-staff costs	747	732
Direct staff costs	818	756
Direct non-staff costs	1,747	1,842
	<u>5,383</u>	<u>5,267</u>
Management charges	751	728
	<u>6,134</u>	<u>5,995</u>

Total Expenditure

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

COMMONWEALTH WAR GRAVES COMMISSION

Notes to the financial statements

for the year ended 31 March 2022

9 Expenditure in respect of grant funding and charitable purposes

	General Purposes 2022 £'000	Restricted Funds 2022 £'000	Total 2022 £'000	General Purposes 2021 £'000	Restricted Funds 2021 £'000	Total 2021 £'000
Région Hauts de France, Département de la Somme & DRAC – Thiepval renovation	1,489	540	2,029	-	-	-
Flemish Heritage - 24 Military Cemeteries 2017-2021	498	332	830	495	-	495
Kantors - Speakers programme	-	8	8	-	40	40
HLF & Annington – Eyes-On- Hand-On project	288	-	288	-	192	192
Biffa - Noor Khan exhibition	-	-	-	-	15	15
MoD – Grave renovation	-	308	308	-	50	50
	<u>2,275</u>	<u>1,188</u>	<u>3,175</u>	<u>495</u>	<u>297</u>	<u>792</u>

10 Other expenditure

	2022 £'000	2021 £'000
UK input VAT	1,029	1,088
Canada input tax	58	47
	<u>1,087</u>	<u>1,055</u>

11 Exchange gain/(loss)

	2022 £'000	2021 £'000
Balance sheet revaluation	5	52
Termination indemnity revaluation	45	261
Bank accounts exchange gain/(loss)	17	(23)
Currency exchange in year gain/(loss)	(51)	159
	<u>16</u>	<u>449</u>

COMMONWEALTH WAR GRAVES COMMISSION

Notes to the financial statements

for the year ended 31 March 2022

12 Employees and staff costs

	2022 £'000	2021 £'000
Wages and salaries	32,289	31,673
Social security costs	7,020	6,382
Staff allowances	775	906
Casual labour costs	216	180
Pension – defined contribution scheme	1,600	1,617
	41,900	40,758
Restructuring – one-off costs	534	1,517
Termination indemnity (note 19)	338	186
Retirement indemnity (note 19)	124	245
	42,896	42,706

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

	2022 Number	2021 Number
France Area	532	600
United Kingdom and Northern Europe Area	116	113
Asia & Africa Area	183	174
Central & Southern Europe Area	249	215
Canada, Americas & Pacific Area	33	7
Head office – United Kingdom	135	122
	1,248	1,231

COMMONWEALTH WAR GRAVES COMMISSION

Notes to the financial statements

for the year ended 31 March 2022

The number of higher paid employees has reduced from 57 in the previous year to 32 in the current year following the relocation to the UK of employees on expatriate contracts. The Commission employed 1 higher paid employee (2021: 34) on an expatriate contract during the year overseas. Emoluments include salary, accommodation and other allowances arising in relation to overseas postings and relocations, taxable benefits in kind and other payments to employees. The table below shows the number of higher-paid staff with emoluments, excluding pension contributions, falling in the following ranges:

	2022 Number	2021 Number
£60,000 to £69,999	18	15
£70,000 to £79,999	5	9
£80,000 to £89,999	7	20
£90,000 to £99,999	1	5
£100,000 to £109,999	2	3
£110,000 to £119,999	-	3
£120,000 to £129,999	-	1
£140,000 to £149,999	-	1
£150,000 to £159,999	1	-
£300,000 to £309,999	1	-

The remuneration (including allowances and pension contributions) of the Senior Leadership Team, comprising the Commissioners (unpaid apart from the Vice Chair), the Director General and 5 (2021 - 5) Functional Directors, amounted to £712k (2021- £670k). The highest paid employee for the year ended 31 March 2022, as disclosed in the above table, was not a member of the executive leadership team. Their total remuneration as disclosed includes annual salary, taxable benefits and compensation for loss of office.

13 Commissioners' and Director General expenses

The employment cost for the Commission's Vice-Chairman was £53,403 comprising salary costs of £48,000 and Employers National Insurance contributions of £5,403 (2021: £53,412). 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 14 (2021: 18) individuals who served as Commissioners during the year amounted to £24,730 (2021: £3,780).

The total emoluments of the Director General for the year were £174,567 (2021: £184,449). Employer contributions to her pension fund totalled £24,871 (2021: £18,949). In addition, the directly incurred expenses of the Director General in the year were £18,054 (2021: £1,722).

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 2022

14 Intangible assets

Group and Commission

	Software systems £'000	Assets in course of construction £'000	Total £'000
Cost			
At 1 April 2021	968	142	1,110
Additions	-	193	193
Transfer	202	(202)	-
Disposals	(2)	-	(2)
At 31 March 2022	1,168	133	1,301
Depreciation			
At 1 April 2021	809	-	809
Charge for year	151	-	151
Eliminated on disposals	(2)	-	(2)
At 31 March 2022	958	-	958
Net Book Value			
At 31 March 2022	210	133	343
At 31 March 2021	159	142	301

All intangible fixed assets are used for the general purposes of the Commission. The assets in course of construction relates to software costs for modules of the new HR system which are not yet operational (£111k) and the contract database software in Canada (£22k.)

COMMONWEALTH WAR GRAVES COMMISSION

Notes to the financial statements

for the year ended 31 March 2022

15 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
Cost						
At 1 April						
2021	14,067	8,624	3,676	4,694	734	31,795
Additions	-	876	90	215	574	1,755
Transfer	-	7	421	36	(464)	-
Disposals	-	(35)	(291)	(281)	-	(607)
At 31 March 2022	14,067	9,472	3,897	4,664	844	32,943
Depreciation						
At 1 April						
2021	1,975	6,542	2,408	3,881	-	14,806
Charge for year	352	774	437	492	-	2,055
Eliminated on disposals	-	(29)	(291)	(280)	-	(600)
At 31 March 2022	2,327	7,288	2,554	4,092	-	16,261
Net Book Value						
At 31 March 2022	11,740	2,184	1,243	571	844	16,682
At 31 March 2021	12,092	2,081	1,269	813	734	16,989

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 (£291k) as their fitout and customisation is not yet complete; site improvements at Haiglaan & Messines, (£120k), Agency operational equipment (£142k), office re-fit in Canada (91k) and the balance of (£200k) 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.

COMMONWEALTH WAR GRAVES COMMISSION

Notes to the financial statements

for the year ended 31 March 2022

16 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 2022 the results of the Foundation, consolidated in these financial statements are as follows:

	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Income	416	567
Expenditure	(376)	(251)
Surplus for the year	40	316
	31 March 2022 £'000	31 March 2021 £'000
Assets	492	512
Liabilities	(39)	(99)
	453	413
Reserves	453	413

A copy of the Foundation’s audited Trustee Report and Accounts is available from the Charity Commission website, with additional information about the Foundation available on its website.

17 Debtors – Group

	General purposes 2022 £'000	Agency purposes 2022 £'000	Restricted purposes 2022 £'000	Total 2022 £'000	Total 2021 £'000
Amounts falling due within one year					
Recoverable taxes	690	-	-	690	524
Accrued income	258	633	281	1,172	900
Headstones	655	-	-	655	557
Foundation merchandise	12	-	-	12	14
Staff advances	178	-	-	178	136
Other debtors and prepayments	1,197	-	-	1,197	1,459
Total debtors	2,990	633	281	3,904	3,590

COMMONWEALTH WAR GRAVES COMMISSION

Notes to the financial statements

for the year ended 31 March 2022

17.1 Debtors - Commission

	General purposes 2022 £'000	Agency purposes 2022 £'000	Restricted purposes 2022 £'000	Total 2022 £'000	Total 2021 £'000
Amounts falling due within one year					
Recoverable taxes	690	-	-	690	524
Accrued income	258	633	281	1,172	900
Headstones	655	-	-	655	557
Staff advances	178	-	-	178	136
Amounts owed by subsidiary undertakings	12	-	-	12	-
Other debtors and prepayments	1,192	-	-	1,192	1,443
Total debtors	2,985	633	281	3,899	3,560

18 Creditors: amounts falling due within one year - Group

	General purposes 2022 £'000	Agency purposes 2022 £'000	Restricted purposes 2022 £'000	Total 2022 £'000	Total 2021 £'000
Member Government funding received in advance	-	1,121	1,053	2,174	3,152
Deferred grants	-	-	417	417	-
Trade creditors	1,771	-	1	1,772	1,665
Trade accruals	2,416	-	262	2,678	2,432
Social security and other taxes	1,125	-	-	1,125	962
Holiday pay & other staff cost accruals	4,678	-	-	4,678	4,451
Other creditors	905	-	-	905	631
Total creditors	10,895	1,121	1,733	13,749	13,295

Member government funding received in advance for agency purposes includes £758k from the MoD, £122k from Australia, £79k from Germany, £38k for the Special Purpose Fund and £125k from other regiments and overseas partners. Member government funding received in advance for restricted purposes is £710k from the MoD for graves renovation and £352k from MoD for supporting the Commission's Interns programme. Restricted deferred income includes £326k from Annington Homes to fund the Eyes on Hands On programme, £49k from MacRobert Trust to fund the Speakers programme and £42k from Flemish Heritage.

COMMONWEALTH WAR GRAVES COMMISSION

Notes to the financial statements

for the year ended 31 March 2022

18.1 Creditors: amounts falling due within one year - Commission

	General purposes 2022 £'000	Agency purposes 2022 £'000	Restricted purposes 2022 £'000	Total 2022 £'000	Total 2021 £'000
Member Government funding received in advance	-	1,121	1,053	2,174	3,152
Deferred grants	-	-	79	79	-
Trade creditors	1,761	-	-	1,761	1,652
Trade accruals	2,411	-	260	2,671	2,420
Social security and other taxes	1,121	-	-	1,121	961
Holiday pay & other staff cost accruals	4,673	-	-	4,673	4,448
Other creditors	900	-	-	900	629
Total creditors	10,866	1,121	1,392	13,379	13,262

£696k of funding received in advance for MoD Graves renovation for restricted purposes relates to funding associated with commitments forecast after more than one year (2021: £1,226k).

19 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 2021	228	850	2,979	997	5,054
Paid	(95)	(190)	(163)	(84)	(532)
Released/transferred	(20)	(163)	(27)	(32)	(242)
Exchange rate revaluation	-	(6)	(45)	-	(51)
Charged during the year	69	29	338	124	560
At 31 March 2022	182	520	3,082	1,005	4,789

£917k of the retirement indemnity relates to provisions for liabilities due after more than one year (2021: £901k).

COMMONWEALTH WAR GRAVES COMMISSION

Notes to the financial statements

for the year ended 31 March 2022

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.

20 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 £850k (2021: £2.8m) 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 2022.

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.

	2022	2021
	%	%
Discount rate	2.60	1.75
Inflation assumption (RPI)	4.25	3.60
Inflation assumption (CPI)	3.75	3.10
Pension increases	3.75	3.10

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

	Male	Male	Female	Female
	2022	2021	2022	2021
	years	years	years	years
Current pensioner aged 65	20.0	20.0	23.1	23.1
Retiring in 20 years time	21.1	21.0	24.4	24.3

COMMONWEALTH WAR GRAVES COMMISSION

Notes to the financial statements

for the year ended 31 March 2022

The assets of the pension scheme are identifiable by category.

	2022	2022	2021	2021
	%	£'000	%	£'000
Cash at bank	1.0	977	0.7	4,033
L&G All World Equity Fund	21.6	20,717	22.3	23,090
L&G Core Fix Long Series 1	0.7	633	0.0	-
L&G Core Real Short Series 1	10.5	10,038	0.0	-
L&G Core Real Long Series 1	7.8	7,486	0.0	-
L&G Synthetic Leveraged Equity Fund	4.0	3,810	0.0	-
L&G PMC - BNYM Real Return	12.4	11,865	0.0	-
L&G PMC - Insight Broad Opportunities	12.5	12,014	0.0	-
L&G PMC - ITwentyFour Absolute Return	10.0	9,552	0.0	-
LG Local Currency Government Bond Fund	0.0	-	3.8	2,584
L&G Emerging Market Equity Fund	0.0	-	3.2	3,668
Threadneedle Property Unit Fund	7.3	6,990	8.6	5,921
Schroder Life Diversified Growth Fund	12.4	11,849	17.7	16,729
Investec Diversified Growth Fund	0.0	-	14.5	13,481
Schroder LDI Portfolio	0.0	-	29.3	18,153
Schroder Liquidity Fund	0.0	-	0.0	6,286
Fair value of pension scheme assets	100.0	95,931	100.0	93,945

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

	2022	2021
	£'000	£'000
Present value of pension scheme liabilities	(123,567)	(128,156)
Fair value of pension scheme assets	95,931	93,945
Net pension deficit at 31 March	(27,636)	(34,211)

The amounts to be recognised in the consolidated statement of financial activities for the year ended 31 March 2022 are as follows:

	2022	2021
	£'000	£'000
Included within expenditure		
The amounts recognised in the financial statement		
Service cost – including current service costs, settlements and curtailments plus annual funding	-	-
Net interest on the defined benefit liability	592	559
Total expense	592	559
Other recognised (gains) / losses :		
Actuarial (gains) / losses on pension scheme liabilities	(2,380)	23,881
Return on assets, excluding interest income	(3,937)	(13,122)
Net actuarial (gain) / loss on defined benefit pension scheme	(6,317)	10,759

COMMONWEALTH WAR GRAVES COMMISSION

Notes to the financial statements

for the year ended 31 March 2022

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

	2022 £'000	2021 £'000
Opening defined benefit obligation	128,156	105,881
Interest cost	2,205	2,389
Benefits paid	(4,414)	(3,995)
Actuarial (gain) / loss	(2,380)	23,881
	<u>123,567</u>	<u>128,156</u>

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

	2022 £'000	2021 £'000
Opening fair value of scheme assets	93,945	80,188
Interest income on scheme assets	1,613	1,830
Expected return	3,937	13,122
Employer contributions	850	2,800
Benefits paid	(4,414)	(3,995)
Closing fair value of scheme assets	<u>95,931</u>	<u>93,945</u>

The history of experience gains and losses is as follows:

	2022 £'000	2021 £'000
Experience adjustments on scheme liabilities	2,380	(23,881)
<i>As a percentage of scheme liabilities</i>	1.93%	(18.63%)
Experience adjustments on scheme assets	3,937	13,122
<i>As a percentage of scheme assets</i>	4.10%	13.97%

21 Commitments

21.1 Capital commitment

Capital commitments at 31 March 2022 amounted to £484k (2021: £354k) 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 2022

21.2 Leasing commitments

In 2021/22, 90 (2021: 2) new vehicles were leased during the year (52 in the UK, 35 in Belgium, 2 France, 1 at Head Office) – in the prior year, existing leases were extended whilst waiting for new vehicles to be available. 1 (2021: 1) new office was leased in Cyprus following termination of the previous office lease. At 31 March 2022, the Commission had commitments under non-cancellable operating leases as follows:

Group and Commission

	2022 £'000	2021 £'000
Within one year		
Accommodation & office equipment	113	141
Vehicles	938	1,134
Between 2 and 5 years		
Accommodation & office equipment	186	133
Vehicles	1,731	282
More than five years		
Accommodation & office equipment	20	24
	<hr/>	<hr/>
	2,988	1,714

22 Retained funds

Group

	2022 £'000	2021 £'000
Unrestricted fund (note 22.1a)	(5,383)	(11,511)
Restricted funds	-	(318)
	<hr/>	<hr/>
	(5,383)	(11,829)

Commission

	2022 £'000	2021 £'000
Unrestricted fund (note 22.1b)	(5,478)	(11,603)
Restricted funds	(17)	(638)
	<hr/>	<hr/>
	(5,495)	(12,241)

COMMONWEALTH WAR GRAVES COMMISSION

Notes to the financial statements

for the year ended 31 March 2022

22.1 Unrestricted funds

a) Group

	Funds at 1 April 2021	Net movement in funds for year	Funds at 31 March 2022
	£' 000	£' 000	£' 000
General purposes	10,507	5,756	16,263
Agency purposes	(278)	278	-
Fixed asset reserve	478	(478)	-
Revaluation reserve	6,036	(6,036)	-
Pension reserve	(34,211)	6,575	(27,636)
Thiepval reserve	2,000	(1,376)	624
Menin Gate reserve	-	1,809	1,809
Structural projects reserve	3,057	-	3,057
Exchange reserve	500	-	500
Future Interns reserve	400	(400)	-
Total	(11,511)	6,128	(5,383)

b) Commission

	Funds at 1 April 2021	Net movement in funds for year	Funds at 31 March 2022
	£' 000	£' 000	£' 000
General purposes	10,415	5,753	16,168
Agency purposes	(278)	278	-
Fixed asset reserve	478	(478)	-
Revaluation reserve	6,036	(6,036)	-
Pension reserve	(34,211)	6,575	(27,636)
Thiepval reserve	2,000	(1,376)	624
Menin Gate reserve	-	1,809	1,809
Structural projects reserve	3,057	-	3,057
Exchange reserve	500	-	500
Future Interns reserve	400	(400)	-
Total	(11,603)	6,125	(5,478)

Reserves have been updated to reflect the current position of the Group. In year the pension fund liability decreased by £6.6m. A significant proportion of the Stage 2 Thiepval renovation was completed, with £0.6m carried forward for future work. The interns, Agency & Fixed Assets funds have been released as these are no longer required. The structural reserve is still required for future work and 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. An additional reserve has been created for the structural repairs required to the iconic Menin Gate in Ieper Belgium.

COMMONWEALTH WAR GRAVES COMMISSION

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for the year ended 31 March 2022

23 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 fourth year of operation. Material transactions with the Foundation comprised:

The Commonwealth War Graves Foundation owes the Commonwealth War Graves Commission £13k (2021 £65k) at the year-end. There was no balance on the loan account at 31 March 2022 (2021 £0k).

Based on the accounting precedent adopted by the Commission, a parent and subsidiary relationship has not been deemed to currently exist due to a majority of the Trustees of the Endowment Fund being independent of the Commission. The Imperial War Graves Endowment Fund can, however, provide its dividend income to the Commission as disclosed in note 4 to the financial statements. The amount due from the Imperial War Graves Endowment Fund to the Commission at the year-end was £258k (2021 - £136k).

In the year, two foundation trustees had a standard membership with a total value of donations received amounting to £138 (2021 1 trustees £30).

24 Post Balance Sheet Events

There were no post balance sheet events to report.