



COMMONWEALTH
WAR GRAVES



**COMMONWEALTH WAR
GRAVES COMMISSION**

ANNUAL REPORT

FOR THE YEAR ENDED

31 MARCH 2023

COMMONWEALTH WAR GRAVES COMMISSION

Consolidated Financial Statements

for the year ended 31 March 2023

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COMMONWEALTH WAR GRAVES COMMISSION

Commissioners, Executive Directors and Advisors

for the year ended 31 March 2023

President	HRH The Duke of Kent KG GCMG GCVO ADC(P)
Chairman	The Rt Hon Ben Wallace MP
Vice-Chairman	Lieutenant General Sir Bill Rollo KCB CBE (to 30 June 2023) Vice Admiral Peter Hudson CB CBE (from July 2023)

Commissioners

Australian	HE The Hon George Brandis QC (to December 2022) HE The Hon Stephen Smith (from January 2023)
Canadian	HE Mr Ralph Goodale PC (from April 2021)
Indian	HE Mrs Gaitri Issar Kumar (to August 2022) HE Vikram K Doraiswami (from September 2022)
New Zealand	HE Mr Bede Corry (to December 2022) HE Phil Goff (from January 2023)
South African	HE Ms Nomatamba Tambo (to April 2022) HE Jeremiah Myamane Namabolo (from August 2023)

The Rt Hon Philip Dunne MP
Sir Timothy Hitchens KCVO CMG
Vice Admiral Peter Hudson CB CBE (to June 2023)
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 (deceased June 2023)

Commonwealth War Graves Foundation Trustees

Dame Judith Mayhew Jonas DBE (Chair)
Major General Alastair Bruce OBE VR KStJ
Lady Lucy French OBE (resigned 22 August 2022)
The Rt Hon Kevan Jones MP (reappointed 6 September 2022)
Sir Adrian Montague CBE
Captain Jay Singh-Sohal
Mr Terence Hewitt (resigned 22 August 2022)
Mr Julian Evans (appointed 6 September 2022)

Executive Directors

Claire Horton CBE	Director General
Vincent Collins	General Counsel
Barry Murphy	Director of Operations
Iain Lower CB	Director of Global Strategy and Commonwealth Relations (from October 2022)
Ian Hill	Director of Finance (from September 2022)

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Commissioners, Executive Directors and Advisors

for the year ended 31 March 2023

Caroline Roberts	Interim Director Human Resources (to March 2023)
Jamie Redmond	Director of Human Resources (to July 2022)
Martha Desmond	Chief People Officer (from April 2023)
Liz Woodfield	Director of External Relations (to December 2022)
Michele Jennings	Director of Foundation, Volunteering and Outreach (from January 2023)

Advisors

Principal Bankers

HSBC
9 The Boulevard
Crawley
West Sussex

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 2023

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. New lay members now serve an initial term of three years which can be renewed (twice, for a maximum period of nine years).

The Foundation Trustees are appointed its own Trustee Board and advised to 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 organisation's senior leadership team, and functional and area leads.

The Commissioners meet four times a year, with the Director General and members of the executive leadership team in attendance. The Commissioners are currently supported by standing committees on Finance, Audit and Risk, and Remuneration. Finance met three times, and Audit & Risk Committees met four 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 after the first world war. 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 Expert Advisory Panel to act as guide and sounding board for the CWGC's actions going forward. That panel, comprised of international, subject matter experts from the countries affected by the report's findings, meets three 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 over 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. 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.

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

The Royal Charter tasks the Commission with "maintaining fit provision" of the graves and memorials. Consequently, the Commission's primary objective is to ensure that each headstone and memorial is well maintained, that the names are legible and that the surrounding infrastructure (i.e., walls, gates, benches) is sound using a sensitive conservation approach to its heritage structures. Also, and in accordance with 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 CWGC launched its long term, strategy – *Towards 2039, Many Stories, Many Voices, One Commission, One Mission* in April 2023. It explains CWGC's Shared Purpose, Ambition, Mission, Goals and Values for the organisation to 2039 and will be delivered through a rolling three-year plan, the first of which will run from 2023 to 2026. The new strategy is supported by a detailed Implementation Plan – both documents are available separately. Progress will be reviewed quarterly, with a formal review every three years to ensure it remains timely and relevant.

CWGC's core purpose and mission – the fit commemoration of the war dead – remains at the core of what CWGC does and stands for and will not change, but the new strategy reflects the challenges and opportunities facing the Commission and its wider ambition to be a global leader in commemoration, unbound by date or geography, for all time.

The strategy, therefore, is an Evolution rather than Revolution of CWGC's Mission BUT it is an Evolution with Ambition – which has been carefully considered to reflect our core work and aims for our organisation, our people, and those who support and work with us.

This strategy is an inclusive document built around **Four Strategic Priorities**. They are...

- **Caring Sustainably & Safely** – for the graves, cemeteries, memorials, landscapes, and records of those who died.
- **Sharing the Stories** – of those we commemorate, and our people who care for those graves and memorials, with an ever-wider and more diverse audience, across all nations.
- **Deepening Relations** – with our existing membership, the public, volunteers and our wider global stakeholders, to help us to become a valued instrument for diplomacy and influence.
- **Organisational Fitness** – we will ensure CWGC is well-governed and well-led, safe, just, fair, diverse, and inclusive, with its people given the tools they need to do the job.
- Our Strategic Priorities are matched to **12 GOALS**. Each goal has clear benefits for our organisation. The Goals are...
- **Our Profile** – By 2039 CWGC and CWGF will be universally recognisable with a clearly understood and valued mission; relevant, well regarded, and leaders in global commemoration.
- **People First** – We will succeed by putting our people first and helping them be the best they can be. We will attract, develop, and retain talented and motivated teams.

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- **Governance and Compliance** – We will ensure all our legal and governance policies and documents are compliant.
- **Ways of Working** – We will work safely and minimise bureaucracy, empowering our people to get things done.
- **Digitally And Technology Enabled** – We will use new technology where we can and ensure our people have the tools they need to work safely, efficiently, innovatively, and effectively.
- **Financial Sustainability** – We will secure a multi-year core funding settlement from our member governments so we can plan for the long-term, and we will look for other forms of income and efficiencies
- **Graves, Memorials and Cemeteries** – we will safely and sustainably care for our structures to a standard of excellence to ensure our sites are valued and attract ever more diverse visitors from around the globe.
- **Horticulture** – we will care for world class horticulture in our sites that is environmentally sustainable, location appropriate, and still delights, inspires, informs, and attracts ever more diverse visitors from around the globe.
- **Commemorations, Recovery, Identification and Reburial of Remains** – we will keep detailed records of the war dead and make them available. We will also work with in support of the discovery, recovery, identification, reburial, and commemoration of war casualties.
- **Non-Commemorations** – We will identify and appropriately commemorate all those eligible war dead not previously commemorated by CWGC or not commemorated equally and we will raise awareness of the contribution they made during two World Wars.
- **Sharing the Stories** – Through an exceptional digital offering, enable the stories of our sites, and those commemorated in them, to reach, educate, inform, and inspire new generations.
- **Deepening Relations** – Consolidate our position as a global leader in commemoration and develop the global relationships necessary to be valued as an instrument for diplomacy and influence.

The Foundation

The Commission's charitable arm, the Commonwealth War Graves Foundation continued to expand its activities during the year.

Supported by a generous donation received in March 2022 from the MacRobert Trust, our volunteer speaker programme grew significantly allowing us to recruit and train Volunteer Guides as well to provide tours at cemeteries all over the UK telling the stories of those we care for as well as the history of the Commission. Over the course of the year, we gave 599 talks and 423 public tours engaging close to 30,000 people with our work and generating over £16,000 in donations.

Membership has continued to grow as has our wider fundraising. As part of War Graves Week in May, the Foundation held an Evening at Brookwood where we welcomed nearly 400 families, history lovers, and CWGF supporters to Brookwood Military Cemetery. Later in the year we held our first ever Carol Service in the wonderful setting of the Royal Military Chapel in London and in March we marked our newly registered

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status in Scotland, with the Office of the Scottish Charity Regulator (OSCR) with a launch event at Edinburgh Castle.

Development of a number of exciting new projects were started during the year, chief among them our new Stories Portal, which will be funded by a generous donation from the Post Office Remembrance Fellowship.

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 historical 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.

The CWGC is now two and half years into an initial dedicated five-year programme to right these historical wrongs. 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 with clear benefits measured against the United Nations Sustainability Goals.

Quarterly reports to parliament, together with a comprehensive annual review, ensure transparent and detailed reporting against our key success criteria for stakeholders and public. Highlights:

- Two and a half years into a five-year non-commemoration programme, mandated by governments.
- Operating in 13 countries across four continents.
- Nearly 7,000 new names (6,818) found through a comprehensive trawl of archives worldwide.
- New memorial underway in Cape Town, South Africa to an additional 1,600 Black South Africans not previously commemorated.
- Proposals for a new memorial to add additional 930 men, are well advanced in Sierra Leone.
- Productive and collaborative working partnerships with individuals, groups, communities, and authorities established throughout Kenya and Sierra Leone to consult their views on the way forward.
- Oral histories projects underway to capture, preserve and tell the stories of these men, their descendants, and their communities to the next generations are well established in Sierra Leone, South Africa, and about to commence in Kenya and Tanzania. 12 specialists trained in interview technique by the programme.
- Likely burial grounds (most notably Voi and Mombasa) discovered through archival and on the ground research with discussion underway with local communities and authorities on how best to commemorate these places.
- Discussions are underway with the relevant authorities in Malawi regarding the formal designation of the Kings African Rifles Memorial in Zomba as an official CWGC point of commemoration for over 1,200 Malawian soldiers who lost their lives in the First World War and were not previously on CWGC records.
- Education outreach and partnerships active in several countries – most notably in Kenya with a CWGC sponsored animation to tell the story of the African porters and carriers. 90-second animation being created jointly by the Technical University of Kenya – in Nairobi and Central St Martins in London.
- Fulfilling a Benefits Realisation Plan, covering 11 specific programme benefits.
- Positive early progress with creating local, in-country job opportunities and training - eight students involved in animation, two educators and one historian – 12 individuals trained on local histories – expanded East Africa team.

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- Strong early signs in growing and diversifying the Commission's audience – particularly across digital and social media.
 - Agreed a long-term maintenance arrangement for Arab Rifles Memorial in Kwale, Kenya.
 - Collated a comprehensive list of all third-party memorials existing in Africa and begun developing a long-term heritage management strategy (up to 10 memorials).
 - Agreed MOU with Museums of Kenya and gazette process for key heritage sites within Kenya.

Remuneration policy for key management personnel

Key management personnel comprise the Commissioners, the Director General and seven functional directors, including the Director of The Foundation. 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:

- 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 and comparable sectors.

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 2023/24, and management plans in place to mitigate the impact of inflation during the year and programme delivery from prior year's surplus designated reserves.

Risk Management

The Commission's most significant risks and key mitigations are outlined below. Health & Safety risk has been escalated, reflecting outcomes from detailed internal and external reviews of our policies, procedures, training programmes and operational practices.

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RISKS	MITIGATIONS
<p>Delivery of the Strategy and Financial Sustainability Insufficient funds to deliver our services and strategic plans beyond FY23/24, due to high inflation, increasing costs of staff, goods and services.</p>	<p>Inflation-driven cost increases continue to put pressure on our financial budgets for FY23/24, and beyond. This is exacerbated by the ageing nature of the estate and the increasing number and severity of global weather events. Building additional income streams, reducing waste and managing efficiencies is imperative, if we are to be a long-term sustainably organisation. We are taking the following action:</p> <ul style="list-style-type: none"> • Created a Commercial Working Group to seek savings, exploit commercial opportunities and attract funding from organisations. This group has already identified numerous potential leads that are being/ will be actively pursued. • Reviewing the use and cost of contractors as we seek operational efficiencies. • Developing a 10-year financial model, to align with the MoD, and to help inform our strategic planning and funding governments. This move also aligns with the long-term nature of our activities and the model will take account of anticipated/projected savings and efficiencies as well as the impact of climate change on our operations. • Using external global forecasts to monitor inflation and its implications on our cost base.
<p>Health and Safety Physical injury or mental harm caused to our employees, volunteers, operational partners or members of the public in the UK and overseas.</p>	<ul style="list-style-type: none"> • Monitoring threat levels via local authorities, the Foreign Office and ISOS. • Conducting risk assessments in advance of travel to potentially high-risk areas. • Conducted an external review of our global safety culture and risk, with findings incorporated into a formal action plan and training programme. • Dissemination of revised policies, operating procedures and practices with emphasis on caring sustainably and safely. • Implemented an ethical compliance framework which promotes a culture of speaking out on health and safety issues.

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RISKS	MITIGATIONS
<p>Our aging, global heritage estate</p> <p>a) Deliberate, malicious acts of vandalism caused to our physical sites, structures or property resulting in increased remediation costs or injury.</p> <p>b) Effects of climate change/ extreme weather events (e.g., floods, drought, storms, ground movement) which causes damage to our sites resulting in increased remediation costs and reputational damage.</p> <p>c) Failure to take action to minimise our negative impact on the natural environment.</p>	<p>Remediating acts of vandalism:</p> <ul style="list-style-type: none"> • Site perimeter security measures in place. • Responsive repairs and maintenance activity to remediate vandalism and damage that have led to unsafe structures. <p>Mitigating the effects of climate change:</p> <ul style="list-style-type: none"> • Sites and assets are monitored in line with the global site and asset condition inspection cycle to identify and prioritise restoration well before the deterioration, caused by extreme weather events, becomes critical or dangerous, but inflation is placing additional pressures on our finances and therefore our ability to react at the pace we would wish. • Focus on two cemeteries in South Africa with known subsidence issues. • We are investigating the feasibility of implementing environmental modelling software to aid long-term planning. • There are currently 87 sites on the Failing Sites Register. Area action plans are in the process of being established to return these sites to standard in the shortest possible period. <p>Minimising our impact on the natural environment:</p> <ul style="list-style-type: none"> • Ensuring we are reducing our negative impact on the planet is a key priority for our operational and horticultural teams. Over the year we've seen good progress on reducing our use of herbicides, pesticides, biocides and chemical fertilisers as we transition to organic fertilisers. • We have set water reduction targets, based on current usage profiles. • Irrigation management systems are now installed in 15 sites and weather-data based irrigation scheduling is already delivering water use savings in Israel, Italy and Greece.
<p>Formal Status</p> <p>Lack of formal status/a legitimate business entity in many countries resulting in our inability to pay staff and/or contractors.</p>	<ul style="list-style-type: none"> • Practical workarounds and arrangements have been put in place for local issues as needed but the wider implications remain challenging.

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RISKS	MITIGATIONS
<p>Non-Commemoration Loss of stakeholder trust through failure to meet our public promises to rectify historical inequalities in the commemoration of our war dead, as set out in the Special Committee report.</p>	<p>This five-year programme of work, which carries significant reputational risk for the Commission, continues to progress well. Key actions include:</p> <ul style="list-style-type: none"> • Quarterly reporting to Commissioners and to Parliament via the Secretary of State for Defence. • Ongoing coverage published on Website/social media. • Publishing quarterly detailed updates since the programme's start in April 2021 and our Year One Annual report in April 2022. • Building strong relationships in local communities and with academic bodies and local and national agencies. • Driving positive conversations about memorials and what communities want. • Establishing a global, external advisory panel, which meets three times per annum. The panel is likely to evolve over the coming months, as the Programme seeks to recruit additional members. • Monitoring resourcing levels to ensure they are adequate for the task.
<p>Resource Constraints Insufficient resource to recover, securely store, process and re-bury remains at short notice and at scale.</p>	<ul style="list-style-type: none"> • Caring Sustainably and Safely - Commemorations, recovery, identification and reburial of remains strategy initiative underway. • Planned upgrade to laboratory space/ depot/ mortuary storage to ensure there is sufficient capacity within the Recovery Unit. • Loos extension project is underway to accommodate additional burials from Lens Hospital and the Canal Seine Nord recoveries. • Recruitment drive is underway.
<p>Historic Archives and Legal deeds Loss or irreparable damage to historic and precious archives and legal deeds caused by fire or flood, resulting in significant reputational damage and jeopardising the Commission's legal position.</p>	<ul style="list-style-type: none"> • Casualty records have been digitised and stored off site. • Historic negative collection digitised and stored off site. • Disaster recovery plan developed for archive/document recovery and remediation. • Project for the digitisation of legal deeds and archives is nearing completion. • Legal deeds moved to secure off-site storage. • Accredited Archive Service Status awarded.

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RISKS	MITIGATIONS
<p>Cyber Security External attack compromising IT security and causing significant disruption to, or loss of, key operations and critical services resulting in financial loss, data breach, regulatory enforcement action or fines.</p>	<ul style="list-style-type: none"> • Monitoring of IT threat landscape. • Documented, up-to-date policies and procedures. • Multi layers of protection - e.g. <ul style="list-style-type: none"> • Firewalls, and malware/virus protection: • Privileged access /password controls, including multi-factor authentication protection for end users. • Staff awareness regularly reinforced via training. • Regular external testing of IT security arrangements. • External annual accreditation on UK security infrastructure (Cyber Essentials). • Cyber insurance cover.

Financial results for the year ended 31 March 2023

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 £78.4m compared with the previous year’s income of £74.8m. The Commission’s income was £78.1m (2022 -£74.1m). Funding comes primarily from the six-member governments in proportions based upon the number of their graves; to that end, the Member Governments contributed £67.2m, versus the previous year of £66.2m. 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 £6.2m was 0.4% higher than the previous year’s income.

Restricted income of £1.7m 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 £1.3m was in line with the prior year.

The Commission’s consolidated expenditure increased year on year by 6.08% to £78.9m (2022 - £74.4m). The Commission’s expenditure was £78.2m (2022 - £74.0m) – costs increased as travel restrictions eased and continued completion of deferred structural projects including the renovation of Thiepval.

Net expenditure for the year before recognised gains/(losses) was £569k after charging £0.8m of costs to the brought forward designated funds for Thiepval and Menin Gate renovations.

The consolidated statement of financial activities shows a surplus of £13.7m after pension scheme (actuarial) gains of £14.2m, (2022 £6.7m surplus after actuarial gains of £6.3m). A £14.1m surplus was recorded in the Commission and the Foundation’s deficit was £397k (2022 – surplus £40k). The Commission’s working capital lessened slightly to £9.5m (2022 £10m).

Capital expenditure was £2.3m (2022 - £1.9m). There was no capital expenditure in the Foundation.

The Commission’s consolidated balance sheet position improved in year to a net surplus of £8.2m, a £13.7m improvement on the previous year’s net deficit position of £5.5m resulting from the decrease in the pension deficit of £14.3m. 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.

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The Commonwealth War Graves Foundation recorded income of £405k (2022 - £416k) of which £132k comprised donations and legacies. Income from retailing activities rose slightly due to from the Commission's Visitor and Information Centres and from Event activities. The Foundation's expenditure was £802k (2022 - £376k) and net expenditure £397k (2022 - net income £40k).

The Commission's pension deficit, calculated by the schemes actuaries in accordance with FRS 102 using actuarial assumptions, has decreased by £14.3m to £13.3m at the year-end (2022-£27.6m). 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; however, the valuation will not be available until later in the year.



Vice Admiral Peter Hudson CB CBE
Vice-Chairman



Claire Horton CBE
Director General

September 13 2023

September 13 2023

COMMONWEALTH WAR GRAVES COMMISSION

Statement of internal controls

for the year ended 31 March 2023

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 Peter Hudson 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 four times during 2022-23.

Mazars LLP has completed its fifth year as the Commission's external internal auditors, with a remit to support the Commission in continuing to improve its internal control environment. Mazars are working to a rolling three-year strategic audit plan - approved, modified, and updated by the executive leadership team and Audit and Risk Committee.

During the year Mazars completed three control assurance reviews and two pieces of advisory work for the Commission. Of the three reviews for which an assurance opinion was provided, two (Environmental Sustainability and Asset Management - Machinery) achieved substantial assurance and one (Counter Fraud) concluded with moderate assurance. Improvement action plans have been established and are reviewed monthly by the Executive Leadership Team. In addition, Mazars carried out an advisory review of the Commission's arrangements in relation to Travel Policy Compliance and Cost Control and a review of open audit actions.

An "in-house" internal 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 internal audit plan. Following a period of restricted travel, the team has been able to complete 11 country financial audits during 2022/23, the majority of which were rated as either satisfactory or generally satisfactory. 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, attend the Audit and Risk Committee to present their audit plan, and their management letter. 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 work in April.

The Commission's Finance Committee (also chaired by Commissioner Peter Hudson) 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 identify, review and report on existing and emerging risk and their mitigation strategies at least quarterly. This provides insight for the compilation of a more strategic-focussed, Corporate Risk Register for review by the executive leadership team and the Audit and Risk Committee. Strategic risks are also reported at quarterly Commission meetings. During the year a Risk Management Working Group, with designated area and functional risk champion representatives, was established to drive consistency in approach to managing risk across the organisation, to share best practice and provide practical guidance to staff. Using the principles and processes described in the risk

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Statement of internal controls

for the year ended 31 March 2023

management policy and supporting standards, work continues to embed this best practice 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



Date: September 13 2023

COMMONWEALTH WAR GRAVES COMMISSION

Commissioners' responsibilities statement

for the year ended 31 March 2023

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.



Commissioners

Date: 13 September 2023

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 2023, 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 2023 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.

We have nothing to report in this regard.

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

Responsibilities of Commissioners for the financial statements

As explained more fully in the Commissioners' responsibilities statement set out on page 15, 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: 3 October 2023

COMMONWEALTH WAR GRAVES COMMISSION

Consolidated statement of financial activities

for the year ended 31 March 2023

	Note	General Purposes 2023 £'000	Agency Purposes 2023 £'000	Restricted Funds 2023 £'000	Total 2023 £'000	Total 2022 £'000
Income						
Funds received from Member Governments	1	67,164	-	-	67,164	66,232
Funds received for agency purposes	2	-	6,159	-	6,159	6,134
Grant funds from government & charitable activities	3	65	-	1,684	1,749	1,216
Investment income	4	1,990	-	-	1,990	31
Other income	5	1,307	-	-	1,307	1,201
Total income		70,526	6,159	1,684	78,369	74,814
Expenditure						
Expenditure in respect of general activities	6	68,476	-	-	68,476	63,728
Expenditure in respect of agency purposes	8	-	6,159	-	6,159	6,134
Expenditure in respect of grant & charitable activities	9	1,441	-	1,649	3,090	3,463
Other expenditure	10	1,213	-	-	1,213	1,087
Total expenditure		71,130	6,159	1,649	78,938	74,412
Net (expenditure) income for the year before other recognised gains and losses		(604)	-	35	(569)	402
Other recognised gains and losses						
Net exchange gain	11	57	-	-	57	16
Actuarial gain on defined benefit pension scheme	20	14,192	-	-	14,192	6,317
Net movement in funds		13,645	-	35	13,680	6,735
Reconciliation of funds						
Total funds brought forward	22	(5,383)	-	-	(5,383)	(11,829)
Transfers between reserves	22	35	-	(35)	-	-
Net movement in funds	22	13,645	-	35	13,680	6,735
Other adjustments	22	-	-	-	-	(289)
Total funds carried forward	22	8,297	-	-	8,297	(5,383)

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

COMMONWEALTH WAR GRAVES COMMISSION

Consolidated balance sheet

as at 31 March 2023

	Note	General Purposes 2023 £'000	Agency Purposes 2023 £'000	Restricted Funds 2023 £'000	Total 2023 £'000	Total 2022 £'000
Intangible assets						
Software systems	14	349	-	-	349	343
Fixed assets						
Tangible assets	15	16,580	-	-	16,580	16,682
		16,929	-	-	16,929	17,025
Current assets						
Debtors	17	3,021	1,233	145	4,399	3,904
Cash at bank and in hand		20,545	1,878	489	22,912	19,862
		23,566	3,111	634	27,311	23,766
Creditors: amounts falling due within one year	18	(14,042)	(3,111)	(634)	(17,787)	(13,749)
Net current assets		9,524	-	-	9,524	10,017
Total assets less current liabilities		26,453	-	-	26,453	27,042
Provisions for liabilities and charges	19	(4,853)	-	-	(4,853)	(4,789)
Total assets excluding pension scheme liability		21,600	-	-	21,600	22,253
Defined benefit pension scheme liability	20	(13,302)	-	-	(13,302)	(27,636)
Net assets (liabilities) including pension scheme liability		8,298	-	-	8,298	(5,383)
Funds of the Commission						
General purposes	22	16,377	-	-	16,377	16,263
Thiepval reserve	22	28	-	-	28	624
Menin Gate reserve	22	1,638	-	-	1,638	1,809
Structural projects reserve	22	3,057	-	-	3,057	3,057
Exchange reserve	22	500	-	-	500	500
Pension reserve	22	(13,302)	-	-	(13,302)	(27,636)
		8,298	-	-	8,298	(5,383)

The financial statements were approved by the Commission on 13 September 2023.



Vice Admiral Peter Hudson CB CBE
Vice-Chairman



Claire Horton CBE
Director General

The accompanying accounting policies and notes on pages 24 to 45, form an integral part of these financial statements

COMMONWEALTH WAR GRAVES COMMISSION

Commission balance sheet

as at 31 March 2023

	Note	General Purposes 2023 £'000	Agency Purposes 2023 £'000	Restricted Funds 2023 £'000	Total 2023 £'000	Total 2022 £'000
Intangible assets						
Software systems	14	349	-	-	349	343
Fixed assets						
Tangible assets	15	16,580	-	-	16,580	16,682
		16,929	-	-	16,929	17,025
Current assets						
Debtors	17	3,006	1,233	145	4,384	3,899
Cash at bank and in hand		20,464	1,877	489	22,830	19,385
		23,470	3,110	634	27,214	23,284
Creditors: amounts falling due within one year	18	(14,004)	(3,110)	(634)	(17,748)	(13,379)
Net current assets		9,466	-	-	9,466	9,905
Total assets less current liabilities		26,395	-	-	26,395	26,930
Provisions for liabilities and charges	19	(4,853)	-	-	(4,853)	(4,789)
Total assets excluding pension scheme liability		21,542	-	-	21,542	22,141
Defined benefit pension scheme liability	20	(13,302)	-	-	(13,302)	(27,636)
Net assets (liabilities) including pension scheme liability		8,240	-	-	8,240	(5,495)
Funds of the Commission						
General purposes	22	16,319	-	-	16,319	16,151
Thiepval reserve	22	28	-	-	28	624
Menin Gate reserve	22	1,638	-	-	1,638	1,809
Structural projects reserve	22	3,057	-	-	3,057	3,057
Exchange reserve	22	500	-	-	500	500
Pension reserve	22	(13,302)	-	-	(13,302)	(27,636)
		8,240	-	-	8,240	(5,495)

The financial statements were approved by the Commission on 13 September 2023.



Vice Admiral Peter Hudson CB CBE
Vice-Chairman



Claire Horton CBE
Director General

The accompanying accounting policies and notes on pages 24 to 45, form an integral part of these financial statements

COMMONWEALTH WAR GRAVES COMMISSION

Consolidated cash flow Statement

for the year ended 31 March 2023

Consolidated cash flow statement

	General Purposes 2023 £'000	Agency Purposes 2023 £'000	Restricted Funds 2023 £'000	Total 2023 £'000	Total 2022 £'000
Net cash inflow from operating activities					
Net income	(604)	-	35	(569)	402
Transfer between reserves	35	-	(35)	-	-
Pension scheme adjustment	(142)	-	-	(142)	(258)
Depreciation	2,220	-	-	2,220	2,206
Profit on sale of fixed assets	(41)	-	-	(41)	(70)
Fixed asset other adjustment	(38)	-	-	(38)	-
Increase in inventory prepayments	(46)	-	-	(46)	(98)
(Increase)/Decrease in debtors	15	(600)	136	(449)	(216)
Increase/(Decrease) in creditors	3,147	1,990	(1,099)	4,038	454
Increase in termination indemnities	352	-	-	352	338
Termination indemnities exchange revaluation	(90)	-	-	(90)	(45)
Disbursement of termination indemnities	(490)	-	-	(490)	(163)
Increase/decrease in other provisions	292	-	-	292	(395)
Net cash inflow / (outflow) from operating activities	4,610	1,390	(963)	5,037	1,866
Cash flows from investing activities					
Payments to acquire tangible and intangible fixed assets	(2,104)	-	-	(2,104)	(1,948)
Receipts from sales of tangible fixed assets	60	-	-	60	77
	(2,044)	-	-	(2,044)	(1,871)
Cash flows from financing activities					
Net exchange gains	57	-	-	57	16
	57	-	-	57	16
Increase/Decrease in cash	2,623	1,390	(963)	3,050	11

The accompanying accounting policies and notes on pages 24 to 45, form an integral part of these financial statements

COMMONWEALTH WAR GRAVES COMMISSION

Consolidated cash flow Statement

for the year ended 31 March 2023

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

	2023 £'000	2022 £'000
Movement in cash and cash equivalents	3,050	11
Cash and cash equivalents at 1 April	<u>19,862</u>	<u>19,851</u>
Cash and cash equivalents at 31 March	<u>22,912</u>	<u>19,862</u>

No separate reconciliation of net debt has been prepared as there is no difference between the net debt of the Commission and the cash and cash equivalents reported above.

The accompanying accounting policies and notes on pages 24 to 45, form an integral part of these financial statements

COMMONWEALTH WAR GRAVES COMMISSION

Principal accounting policies

for the year ended 31 March 2023

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 asset position of £8.3m at 31 March 2023 (£5.4m net liability at 31 March 2022). The pension deficit in the UK based pension scheme has reduced to £13.3m at 31 March 2023 (£27.6m at 31 March 2022). 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 2023

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 and 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 2023

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 and 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 other 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 2023

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)

The Commission is not registered for VAT. The Ministry of Defence reimburse an agreed amount annually, plus a yearly uplift, to contribute towards the irrecoverable UK VAT costs incurred. The amount reimbursed in the current year was £962k (2022 £ 953k). The UK VAT expense not covered by this funding amounted to £189k (2022 £76k).

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

Principal accounting policies

for the year ended 31 March 2023

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	2023 £'000	2022 £'000
United Kingdom	78.38%	52,644	51,925
Canada	10.10%	6,781	6,686
Australia	6.02%	4,046	4,006
New Zealand	2.13%	1,432	1,418
South Africa	2.17%	1,458	1,409
India	1.20%	803	788
	100.00%	67,164	66,232

2 Income for agency purposes

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

	2023 £'000	2022 £'000
Canada	2,530	2,378
United Kingdom	2,252	2,232
Germany	586	673
Australia	265	379
South Africa	150	147
New Zealand	56	45
Other	320	289
	6,159	6,134

COMMONWEALTH WAR GRAVES COMMISSION

Principal accounting policies

for the year ended 31 March 2023

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
	2023	2023	2023	2022	2022	2022
	£'000	£'000	£'000	£'000	£'000	£'000
Région Hauts de France, Département de la Somme & DRAC - Thiepval renovation	-	370	370	-	540	540
Flemish Heritage - 24 Military Cemeteries 2017-2021	-	484	484	-	332	332
Visitor Centre	28	-	28	28	-	28
MoD graves renovation	-	231	231	-	316	316
Heritage Lottery Fund & Annington – Eyes On Hands On project	37	289	326	-	-	-
Runnymede Lighting	-	50	50	-	-	-
MacRobert Trust – Speakers Programme	-	49	49	-	-	-
Princess Anne Trust – Speakers Programme	-	5	5	-	-	-
Stories portal	-	15	15	-	-	-
MoD interns	-	191	191	-	-	-
	65	1,684	1,749	28	1,188	1,216

4 Investment income - General purposes

	2023 £'000	2022 £'000
Income from the Imperial War Graves Endowment Fund	1,736	-
Interest on bank deposits and investment income	254	31
	1,990	31

5 Other income

£242k (2022 £203k) of the income relates to the Commission's charitable foundation ('CWGF'), comprising £132k of donations, £57k supporter scheme income (both including Gift Aid) and £52k other sales.

	2023 £'000	2022 £'000
United Kingdom government funding for offset against VAT	962	953
Legacies and donations	191	151
Supporter scheme income & other event sales	58	52
Other income	96	45
	1,307	1,201

COMMONWEALTH WAR GRAVES COMMISSION

Principal accounting policies

for the year ended 31 March 2023

6 Expenditure in respect of general activities

	2023	2022
	£'000	£'000
Employee and staff costs (note 12)	45,213	41,900
Termination indemnity provision charge (note 19)	352	338
Retirement indemnity provision in France (note 19)	(265)	124
Termination indemnity state payments	172	172
Staff support	1,826	1,619
Supplies and equipment	5,402	5,453
Contract costs	8,610	10,133
Travel costs	2,482	1,183
Transport costs	3,185	3,155
Facilities costs - rent, rates, and insurance	1,601	1,414
Maintenance	694	935
Depreciation	2,220	2,206
Restructuring	219	534
Legal costs and provision releases	459	(122)
Net financial charge/(income) on pension scheme liabilities (note 20)	708	592
Professional fees	2,080	1,535
Governance costs (note 7)	465	311
Marketing and publications	597	340
Communications	568	601
IT	1,121	1,032
Irrecoverable indirect taxes	1,213	1,087
Other administrative expenses including insurance receipts	16	(131)
Total Expenditure	78,938	74,412
Less Expenditure in respect of:		
Costs incurred for agency purposes (note 8)	(6,159)	(6,134)
Costs incurred for unrestricted grant purposes (note 9)	(1,441)	(2,275)
Costs incurred for restricted grant purposes (note 9)	(1,649)	(1,188)
Costs incurred for other purposes (note 10)	(1,213)	(1,087)
Expenditure in respect of general activities	68,476	63,728

In the current year, £68.5m, (2022 £63.7m) of the total expenditure relates to funds received from member governments for general purposes.

COMMONWEALTH WAR GRAVES COMMISSION

Principal accounting policies

for the year ended 31 March 2023

7 Governance costs

	2023 £'000	2022 £'000
Internal audit fees & other services	47	18
Commission internal audit costs	173	157
Commissioners' expenses & Vice Chairman fee (note 13)	124	78
External auditors' fees for statutory audit	55	40
External auditors' fees for other services including tax advice	5	7
External audit – provided by firms other than the Commission's auditor	61	11
	<u>465</u>	<u>311</u>

8 Expenditure in respect of agency purposes

	2023 £'000	2022 £'000
Indirect staff and staff support cost	2,067	2,071
Indirect non-staff costs	814	747
Direct staff costs	891	818
Direct non-staff costs	1,710	1,747
	<u>5,482</u>	<u>5,383</u>
Management charges	677	751
	<u>6,159</u>	<u>6,134</u>

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

Principal accounting policies

for the year ended 31 March 2023

9 Expenditure in respect of grant funding and charitable purposes

	General Purposes 2023 £'000	Restricted Funds 2023 £'000	Total 2023 £'000	General Purposes 2022 £'000	Restricted Funds 2022 £'000	Total 2022 £'000
Région Hauts de France, Département de la Somme & DRAC – Thiepval renovation	506	370	876	1,489	540	2,029
Flemish Heritage - 24 Military Cemeteries 2017-2021	580	484	1,064	498	332	830
Menin Gate	266	-	266	-	-	-
MoD grave renovation	-	201	201	-	308	308
Kantors - Speakers programme	-	-	-	-	8	8
Heritage Lottery Fund & Annington – Eyes-On-Hand-On project	46	289	355	288	-	288
Runnymede Lighting	42	50	92	-	-	-
MacRobert Trust – Speaker programme	1	49	50	-	-	-
Stories portal	-	15	15	-	-	-
MoD interns	-	191	191	-	-	-
	<u>1,441</u>	<u>1,649</u>	<u>3,090</u>	<u>2,275</u>	<u>1,188</u>	<u>3,463</u>

10 Other expenditure

	2023 £'000	2022 £'000
UK input VAT	1,151	1,029
Canada input tax	62	58
	<u>1,213</u>	<u>1,087</u>

11 Exchange gain

	2023 £'000	2022 £'000
Balance sheet revaluation	(76)	5
Termination indemnity revaluation	81	45
Bank accounts exchange gain	181	17
Currency exchange in year (loss)	(129)	(51)
	<u>57</u>	<u>16</u>

COMMONWEALTH WAR GRAVES COMMISSION

Notes to the financial statements

for the year ended 31 March 2023

12 Employees and staff costs

	2023 £'000	2022 £'000
Wages and salaries	35,239	32,289
Social security costs	7,330	7,020
Staff allowances	742	775
Casual labour costs	158	216
Pension – defined contribution scheme	1,744	1,600
	<hr/>	<hr/>
	45,213	41,900
Restructuring – one-off costs	219	534
Termination indemnity (note 19)	352	338
Retirement indemnity (note 19)	(265)	124
	<hr/>	<hr/>
	45,519	42,896
	<hr/> <hr/>	<hr/> <hr/>

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

	2023 Number	2022 Number
France Area	398	403
Central & Southern Europe Area	307	322
United Kingdom & Northern Europe Area	119	116
Asia & Africa Area	229	207
Canada, Americas & Pacific Area	80	82
Head office – United Kingdom	147	136
	<hr/>	<hr/>
	1,280	1,266
	<hr/> <hr/>	<hr/> <hr/>

COMMONWEALTH WAR GRAVES COMMISSION

Notes to the financial statements

for the year ended 31 March 2023

The number of higher paid employees has increased from 36 in the previous year to 40 in the current year. 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:

	2023 Number	2022 Number
£60,000 to £69,999	22	18
£70,000 to £79,999	8	5
£80,000 to £89,999	4	7
£90,000 to £99,999	3	1
£100,000 to £109,999	1	2
£110,000 to £119,999	1	-
£150,000 to £159,999	-	2
£160,000 to £169,999	1	-
£300,000 to £309,999	-	1

The remuneration (including allowances and pension contributions) of the key management personnel, comprising the Commissioners (unpaid apart from the Vice Chair), the Director General and 8 (2022 - 7) Functional Directors, amounted to £929k (2022- £840k). The highest paid employee for the year ended 31 March 2022, as disclosed in the above table, was not the Director General or a member of the executive leadership team. Their total remuneration as disclosed includes annual salary, taxable benefits, and compensation for loss of office.

At the Commission our mean gender pay gap has remained the same, in comparison to last year's figures. Whilst we employ more men than women within the UK workforce, two thirds of our executive team are women, as is our Director General. At senior level, 46% of the team are women, however, in roles such as Gardeners and Masons, which are traditionally lower paid, 80% of the team are men, leading to an overall gender pay gap. Our gender pay gap is below the national average of 15.4% (Office for National Statistics, ONS, 2021).

13 Commissioners' and Director General expenses

The employment cost for the Commission's Vice-Chairman was £53,652 comprising salary costs of £48,000 and Employers National Insurance contributions of £5,652 (2022: £5,403). 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 11 (2022: 14) individuals who served as Commissioners during the year amounted to £42,163 (2022: £24,730).

The total emoluments of the Director General for the year were £181,729 (2022: £174,567). Employer contributions to her pension fund totalled £25,830 (2022: £24,871). In addition, the directly incurred expenses of the Director General in the year were £28,173 (2022: £18,054).

The most significant element of the Commissioners' and Director General's expenses is the cost of travel, which, for the Director General, is a core component of the role within the global organisation. These expenses on occasion include the cost of staff and team meals, when the Director General is out, in the field with our global teams

COMMONWEALTH WAR GRAVES COMMISSION

Notes to the financial statements

for the year ended 31 March 2023

14 Intangible assets

Group and Commission

	Software systems £'000	Assets in course of construction £'000	Total £'000
Cost			
At 1 April 2022	1,168	133	1,301
Additions	169	48	217
Transfer	101	(101)	-
Disposals	(14)	-	(14)
At 31 March 2023	1,424	80	1,504
Depreciation			
At 1 April 2022	958	-	958
Other adjustment	50	-	50
Charge for year	156	-	156
Eliminated on disposals	(9)	-	(9)
At 31 March 2023	1,155	-	1,155
Net Book Value			
At 31 March 2023	269	80	349
At 31 March 2022	210	133	343

All intangible fixed assets are used for the general purposes of the Commission. The assets in course of construction relate to completion costs for modules of the new HR system which are not yet operational (£37k), Legal Deeds Project (35k) and the contract database software in Canada (£8k).

COMMONWEALTH WAR GRAVES COMMISSION

Notes to the financial statements

for the year ended 31 March 2023

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 2022	14,067	9,471	3,897	4,664	844	32,943
Other adjustment	(15)	6	-	(8)	38	21
Additions	-	438	532	273	644	1,887
Transfer	120	423	138	179	(860)	-
Disposals	-	(233)	(202)	(67)	-	(502)
At 31 March 2023	14,172	10,105	4,365	5,041	666	34,349
Depreciation						
At 1 April 2022	2,327	7,288	2,554	4,092	-	16,261
Other adjustment	-	(3)	(1)	(64)	-	(68)
Charge for year	352	868	450	394	-	2,064
Eliminated on disposals	-	(225)	(202)	(61)	-	(488)
At 31 March 2023	2,679	7,928	2,801	4,361	-	17,769
Net Book Value						
At 31 March 2023	11,493	2,177	1,565	680	665	16,580
At 31 March 2022	11,740	2,184	1,343	571	844	16,682

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 (£197k) as their fitout and customisation is not yet complete and the balance of (£326k) for plant & machinery, fixtures & fittings (£92k) and IT hardware (£48k).

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 2023

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 2023 the results of the Foundation, consolidated in these financial statements are as follows:

	Year ended 31 March 2023 £'000	Year ended 31 March 2022 £'000
Income	405	416
Expenditure	<u>(802)</u>	<u>(376)</u>
(Deficit) / Surplus for the year	<u>(397)</u>	<u>40</u>
	31 March 2023 £'000	31 March 2022 £'000
Assets	105	492
Liabilities	<u>(49)</u>	<u>(39)</u>
	<u>56</u>	<u>453</u>
Reserves	<u>56</u>	<u>453</u>

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 2023 £'000	Agency purposes 2023 £'000	Restricted purposes 2023 £'000	Total 2023 £'000	Total 2022 £'000
Amounts falling due within one year					
Recoverable taxes	638	-	-	638	690
Accrued income	-	1,233	145	1,378	1,172
Headstones	609	-	-	609	655
Foundation merchandise	12	-	-	12	12
Staff advances	134	-	-	134	178
Other debtors and prepayments	1,628	-	-	1,628	1,197
	<u>3,021</u>	<u>1,233</u>	<u>145</u>	<u>4,399</u>	<u>3,904</u>
Total debtors	<u>3,021</u>	<u>1,233</u>	<u>145</u>	<u>4,399</u>	<u>3,904</u>

COMMONWEALTH WAR GRAVES COMMISSION

Notes to the financial statements

for the year ended 31 March 2023

17.1 Debtors - Commission

	General purposes 2023 £'000	Agency purposes 2023 £'000	Restricted purposes 2023 £'000	Total 2023 £'000	Total 2022 £'000
Amounts falling due within one year					
Recoverable taxes	638	-	-	638	690
Accrued income	-	1,233	145	1,375	1,172
Headstones	609	-	-	609	655
Staff advances	134	-	-	134	178
Amounts owed by subsidiary undertakings	1	-	-	1	12
Other debtors and prepayments	1,624	-	-	1,624	1,192
Total debtors	3,006	1,233	145	4,384	3,899

18 Creditors: amounts falling due within one year - Group

	General purposes 2023 £'000	Agency purposes 2023 £'000	Restricted purposes 2023 £'000	Total 2023 £'000	Total 2022 £'000
Member Government funding received in advance	1,804	3,111	629	5,544	2,174
Deferred grants	-	-	5	5	417
Trade creditors	1,697	-	-	1,697	1,772
Trade accruals	3,525	-	-	3,525	2,678
Social security and other taxes	1,056	-	-	1,056	1,125
Holiday pay & other staff cost accruals	4,959	-	-	4,959	4,678
Other creditors	1,001	-	-	1,001	905
Total creditors	14,042	3,111	634	17,787	13,749

Core member government funding received in advance £1.8m is the one-off additional funding required for next year's budget. Agency purposes includes £1.66m from the MoD, £122k from Australia, £91.6k from Germany, and £13.4k from other regiments and overseas partners. Member government funding received in advance for restricted purposes is £468k from the MoD for graves renovation and £161k from MoD for supporting the Commission's Interns programme. Restricted deferred income includes £5k from Princess Annes Trust for the speakers programme.

COMMONWEALTH WAR GRAVES COMMISSION

Notes to the financial statements

for the year ended 31 March 2023

18.1 Creditors: amounts falling due within one year - Commission

	General purposes 2023 £'000	Agency purposes 2023 £'000	Restricted purposes 2023 £'000	Total 2023 £'000	Total 2022 £'000
Member Government funding received in advance	1,804	3,110	629	5,543	2,174
Deferred grants	-	-	5	5	79
Trade creditors	1,693	-	-	1,693	1,761
Trade accruals	3,517	-	-	3,517	2,671
Social security and other taxes	1,048	-	-	1,048	1,121
Holiday pay & other staff cost accruals	4,943	-	-	4,943	4,673
Other creditors	999	-	-	999	900
Total creditors	14,004	3,110	634	17,748	13,379

£220k of funding received in advance for MoD Graves renovation for restricted purposes relates to funding associated with commitments forecast after more than one year (2022: £696k).

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 2022	182	520	3,082	1,005	4,789
Paid	(39)	(52)	(490)	(89)	(670)
Released/transferred	(27)	(98)	-	(265)	(390)
Exchange rate revaluation	4	(16)	(90)	12	(90)
Charged during the year	806	56	352	-	1,214
At 31 March 2023	926	410	2,854	663	4,853

£616k of the retirement indemnity relates to provisions for liabilities due after more than one year (2022: £917k).

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.

COMMONWEALTH WAR GRAVES COMMISSION

Notes to the financial statements

for the year ended 31 March 2023

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 (2022: £850k) 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 2023.

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.

	2023	2022
	%	%
Discount rate	4.85	2.60
Inflation assumption (CPI)	3.05	3.75
Pension increases	3.05	3.75

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

	Male 2023 years	Male 2022 years	Female 2023 years	Female 2022 years
Current pensioner aged 65	20.1	20.0	23.2	23.1
Retiring in 20 years' time	21.1	21.1	24.4	24.4

COMMONWEALTH WAR GRAVES COMMISSION

Notes to the financial statements

for the year ended 31 March 2023

The assets of the pension scheme are identifiable by category.

	2023 %	2023 £'000	2022 %	2022 £'000
Cash at bank	1.7	1,265	1.0	977
LGIM All World Equity Fund	19.9	14,527	21.6	20,717
LGIM LDI Matching Core Short Fund - Nominal	1.3	960	0.0	-
LGIM LDI Matching Core Long Fund – Nominal	1.5	1,091	0.7	633
LGIM LDI Matching Core Short Fund - Real	11.9	8,662	10.5	10,038
LGIM LDI Matching Core Long Fund - Real	19.3	14,130	7.8	7,486
LGIM Synthetic Leveraged Equity Fund	4.9	3,578	4.0	3,810
LGIM BNY Mellon Real Return Fund	10.5	7,707	12.4	11,865
LGIM Insight Broad Opportunities Fund	10.7	7,790	12.5	12,014
LGIM Absolute Return Bond Fund	2.4	1,775	10.0	9,552
Threadneedle Property Unit Fund	5.3	3,852	7.3	6,990
Schroder Life Diversity Growth Fund	10.6	7,744	12.4	11,849
Fair value of pension scheme assets	100.0	73,081	100.0	95,931

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

	2023 £'000	2022 £'000
Present value of pension scheme liabilities	(86,383)	(123,567)
Fair value of pension scheme assets	73,081	95,931
Net pension deficit at 31 March	(13,302)	(27,636)

The amounts to be recognised in the consolidated statement of financial activities for the year ended 31 March 2023 are as follows:

	2023 £'000	2022 £'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	708	592
Total expense	708	592
Other recognised (gains) / losses:		
Actuarial (gains) / losses on pension scheme liabilities	(36,047)	(2,380)
Return on assets, excluding interest income	21,855	(3,937)
Net actuarial (gain) / loss on defined benefit pension scheme	(14,192)	(6,317)

COMMONWEALTH WAR GRAVES COMMISSION

Notes to the financial statements

for the year ended 31 March 2023

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

	2023 £'000	2022 £'000
Opening defined benefit obligation	123,567	128,156
Interest cost	3,158	2,205
Benefits paid	(4,295)	(4,414)
Actuarial (gain) / loss	(36,047)	(2,380)
	<u>86,383</u>	<u>123,567</u>

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

	2023 £'000	2022 £'000
Opening fair value of scheme assets	95,931	93,945
Interest income on scheme assets	2,450	1,613
Expected return	(21,855)	3,937
Employer contributions	850	850
Benefits paid	(4,295)	(4,414)
Closing fair value of scheme assets	<u>73,081</u>	<u>95,931</u>

The history of experience gains and losses is as follows:

	2023 £'000	2022 £'000
Experience adjustments on scheme liabilities	4,295	2,380
<i>As a percentage of scheme liabilities</i>	4.97%	1.93%
Experience adjustments on scheme assets	(21,855)	3,937
<i>As a percentage of scheme assets</i>	(29.91%)	4.10%

21 Commitments

21.1 Capital commitment

Capital commitments at 31 March 2023 amounted to £395k (2022: £484k) and includes the cost for completion of the Legal Deeds System, plant and machinery fixtures and fittings and vehicles.

COMMONWEALTH WAR GRAVES COMMISSION

Notes to the financial statements

for the year ended 31 March 2023

21.2 Leasing commitments

In 2022/23, 84 (2021/22: 90) new vehicles were leased during the year (76 in France, 3 in Italy, 2 in South Africa, 1 in Belgium, 1 in UK & 1 at Head Office). At 31 March 2023, the Commission had commitments under non-cancellable operating leases as follows:

Group and Commission

	2023 £'000	2022 £'000
Within one year		
Accommodation & office equipment	160	113
Vehicles	1,338	938
Between 2 and 5 years		
Accommodation & office equipment	254	186
Vehicles	3,581	1,731
More than five years		
Accommodation & office equipment	20	20
	<u>5,353</u>	<u>2,988</u>

22 Retained funds

Group

	2023 £'000	2022 £'000
Unrestricted fund (note 22.1a)	8,298	(5,383)
Restricted funds	-	-
	<u>8,298</u>	<u>(5,383)</u>

Commission

	2023 £'000	2022 £'000
Unrestricted fund (note 22.1b)	8,240	(5,478)
Restricted funds	-	(17)
	<u>8,240</u>	<u>(5,495)</u>

COMMONWEALTH WAR GRAVES COMMISSION

Notes to the financial statements

for the year ended 31 March 2023

22.1 Unrestricted funds

a) Group

	Funds at 1 April 2022 £ 000	Net movement in funds for year £ 000	Funds at 31 March 2023 £ 000
General purposes	16,263	114	16,377
Thiepval reserve	624	(596)	28
Menin Gate reserve	1,809	(171)	1,638
Structural projects reserve	3,057	-	3,057
Exchange reserve	500	-	500
Pension reserve	(27,636)	14,334	(13,302)
Total	(5,383)	13,681	8,298

b) Commission

	Funds at 1 April 2022 £ 000	Net movement in funds for year £ 000	Funds at 31 March 2023 £ 000
General purposes	16,168	151	16,319
Thiepval reserve	624	(596)	28
Menin Gate reserve	1,809	(171)	1,638
Structural projects reserve	3,057	-	3,057
Exchange reserve	500	-	500
Pension reserve	(27,636)	14,334	(13,302)
Total	(5,478)	13,718	8,240

Reserves have been updated to reflect the current position of the Group. In year the pension fund liability decreased by £14.3m. Thiepval renovation was completed, with £28k left. 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. Work commenced on the structural repairs required to the iconic Menin Gate in Ieper Belgium.

COMMONWEALTH WAR GRAVES COMMISSION

Notes to the financial statements

for the year ended 31 March 2023

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 fifth year of operation. Material transactions with the Foundation comprised:

The Commonwealth War Graves Foundation owes the Commonwealth War Graves Commission £1.3k (2022 £13k) at the year-end. There was no balance on the loan account at 31 March 2023 (2022 £0k).

Based on the accounting precedent adopted by the Commission, a parent and subsidiary relationship has not been deemed to currently exist due to the 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 £104k (2022 - £258k).

In the year, two foundation trustees had a standard membership with a total value of donations received amounting to £72 (2022 2 trustees £138).

24 Post Balance Sheet Events

There were no post balance sheet events to report.