THE OPINION OF THE EXTERNAL AUDITOR TO THE BOARD OF GOVERNORS OF THE COMMONWEALTH SECRETARIAT

I certify that I have audited the financial statements on pages 1 to 16 which have been prepared in accordance with the Financial Regulations of the **Commonwealth Fund for Technical Co-operation** and the accounting policies set out on page 11.

Respective responsibilities of the Commonwealth Secretary-General and auditor

As described in the Financial Regulations of the Commonwealth Fund for Technical Co-operation, the Commonwealth Secretary-General is responsible for the preparation of the financial statements and for ensuring the regularity of the financial transactions. My responsibilities, as independent auditor, are guided by the Auditing Practices Board and the auditing profession's ethical guidance.

I report my opinion as to whether the financial statements present fairly the state of affairs of the Commonwealth Fund for Technical Co-operation and are properly prepared in accordance with the Financial Regulations, and whether in all material respects the expenditure and income have been applied to the purposes intended by the Board of Governors and the financial transactions conform to the authorities which govern them. I also report if, in my opinion, the Fund has not kept proper accounting records, or if I have not received all the information and explanations I require for the audit.

Basis of opinion

I conducted my audit in accordance with International Standards on Auditing issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Commonwealth Secretary-General in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Fund's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by error, or by fraud or other irregularity and that, in all material respects, the expenditure and income have been applied to the purposes intended by the Board of Governors and the transactions conform to the authorities which govern them.

In forming my opinion I have also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In my opinion:

- the financial statements present fairly the state of affairs of the Commonwealth Fund for Technical Co-operation at 30 June 2006 and of the result for the year then ended and have been properly prepared in accordance with the Financial Regulations;
- in all material respects the expenditure and income have been applied to the purposes intended by the Board of Governors and the financial transactions conform to the authorities which govern them.

I have also issued a long-form Report on my audit of the financial statements.

JOHN BOURN
COMPTROLLER AND AUDITOR GENERAL
UNITED KINGDOM
EXTERNAL AUDITOR

National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

20 April 2007

COMMONWEALTH FUND FOR TECHNICAL CO-OPERATION

FINANCIAL STATEMENTS

AS AT 30 JUNE 2006

National Audit Office

Signed: _____

Marion Cowden
Director Corporate Services

Date: 21 December 2006

Signed: _____

Don McKinnon
Commonwealth Secretary-General

Date: 21 December 2006

STATEMENT 1

COMMONWEALTH FUND FOR TECHNICAL CO-OPERATION

SUMMARY STATEMENT OF INCOME AND EXPENDITURE AND CHANGES IN FUND BALANCES FOR THE PERIOD ENDED 30 JUNE 2006

	General Fund	Operational Reserve Fund	Special Project Fund	Other Funds	TOTAL FUNDS 2005-2006	TOTAL FUNDS 2004-2005
	£ (Statement 3)	£ (Statement 4)	£ (Note 7)	£ (Statement 5)	£	£
Income						
Pledges	23,366,816	-	-	-	23,366,816	20,448,467
Operational Contributions	179,925	-	-	-	179,925	313,673
Interest & Misc Income	199,009	169,754	-	50,496	419,259	679,740
General Fund Receipts	88,876	-	-	-	88,876	-
Specific Funds Receipts		-	540,621	302,796	843,417	3,359,704
	23,834,627	**169,754**	**540,621**	**353,291**	**24,898,293**	**24,801,583**
Expenditure						
Staff costs	3,770,634	-	-	-	3,770,634	3,736,116
Accommodation	632,566	-	-	-	632,566	627,984
Common Service Charge	3,199,897	-	-	-	3,199,897	2,929,595
General Administration	407,390	-	-	-	407,390	413,192
Direct Programme Costs	16,088,250	-	-	-	16,088,250	14,282,021
Specific Fund Payments	-	-	839,144	983,109	1,822,253	1,250,938
	24,098,736	**-**	**839,144**	**983,109**	**25,920,989**	**23,239,846**
(Deficit) / Surplus for year	**(264,109)**	**169,754**	**(298,523)**	**(629,818)**	**(1,022,696)**	**1,561,737**
Write - Back/(Off)	51,759	-	(2,593)	-	49,166	(62,438)
Currency (Loss)/Gain	(185,918)	-	-	-	(185,918)	127,703
Transfers between funds	(54,013)	54,013	-	-	-	-
Movement in fund	**(452,281)**	**223,767**	**(301,116)**	**(629,818)**	**(1,159,448)**	**1,627,003**
B/fwd at 1 July	4,389,049	3,613,281	1,657,345	1,705,344	11,365,019	9,738,016
C/fwd at 30 June	**3,936,767**	**3,837,047**	**1,356,230**	**1,075,527**	**10,205,571**	**11,365,019**

NAO National Audit Office

COMMONWEALTH FUND FOR TECHNICAL CO-OPERATION

STATEMENT OF ASSETS, LIABILITIES AND FUNDS AS AT 30 JUNE 2006

		30 JUNE 2006	30 JUNE 2005
		£	£
ASSETS			
Pledges Outstanding	Schedule A	1,413,276	1,641,048
Operational Contributions Outstanding	Schedule C	580,575	469,591
Debtors	Note 8 (b)	421,372	41,524
Cash at Bank and in Hand	Note 2a	6,398,296	6,201,220
Short term investments: Bank deposits	Note 2b	3,915,855	6,146,121
TOTAL ASSETS		**12,729,374**	**14,499,503**
LIABILITIES & FUNDS			
Liabilities			
Pledges Received in Advance	Schedule A	43,030	4,286
Creditors	Note 8 (a)	2,480,773	3,130,198
Total Liabilities		**2,523,803**	**3,134,484**
Funds			
General Fund	Statement 3	3,936,767	4,389,049
Operational Reserve Fund	Statement 4	3,837,047	3,613,281
Special Project Funds	Note 7	1,356,230	1,657,345
Other Funds	Statement 5	1,075,527	1,705,344
Total Funds		**10,205,571**	**11,365,019**
TOTAL LIABILITIES AND FUNDS		**12,729,374**	**14,499,503**

National Audit Office NAO

COMMONWEALTH FUND FOR TECHNICAL CO-OPERATION

GENERAL FUND
FOR THE YEAR ENDED 30 JUNE 2006

		2005-2006	2004-2005
		£	£
INCOME			
Pledges	Note 6	23,366,816	20,448,467
Operational Contributions	Schedule C	179,925	313,673
Interest Received	Note 3	199,009	481,353
Other Income		88,876	-
TOTAL INCOME		**23,834,627**	**21,243,492**
EXPENDITURE	Statement 6	(24,098,736)	(21,988,908)
(DEFICIT) FOR YEAR		(264,109)	(745,416)
Currency (Loss)/Gain	Note 4	(185,918)	127,703
DEFICIT FOR YEAR after exchange gain/(loss) but before write (off)/back and transfers		**(450,027)**	**(617,713)**
Write Back/(Off)	Note 11	51,759	(16,311)
Transfer (to)/from Operational Reserve	Statement 4	(54,013)	83,401
MOVEMENT IN FUND		**(452,281)**	**(550,622)**
Balance Brought Forward		4,389,049	4,939,671
BALANCE AS AT 30 JUNE		**3,936,767**	**4,389,049**

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