

REGISTERED COMPANY NUMBER: 08159144 (England and Wales)
REGISTERED CHARITY NUMBER: 1152236

**REPORT OF THE TRUSTEES AND
AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2018
FOR**

**THE CONSTRUCTION SECTOR TRANSPARENCY
INITIATIVE**

Magma Audit LLP
Magma House
16 Davy Court
Castle Mound Way
Rugby
CV23 0UZ

**THE CONSTRUCTION SECTOR TRANSPARENCY
INITIATIVE**

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for the year ended 31 December 2018**

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**THE CONSTRUCTION SECTOR TRANSPARENCY
INITIATIVE**

**REPORT OF THE TRUSTEES
for the year ended 31 December 2018**

The trustees who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31 December 2018. The trustees have adopted the provisions of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

ACHIEVEMENT AND PERFORMANCE

CoST had many significant achievements in 2018 at the national and international level, and a selection of these are listed below. For more detail please download the CoST 2018 Annual Report from www.infrastructuretransparency.org.

Innovation

By the end of the year CoST promoted the disclosure of data on over 11,000 infrastructure almost double the amount published in 2017.

As several CoST members launched platforms in the year, the correlation between disclosure increase linked to platform development became evermore evident. Three Afghan ministries launched disclosure portals with the support of CoST Afghanistan in August, by the end of the year 1892 projects were disclosed on these platforms. CoST Ukraine launched its platform in January onto which 1285 projects were disclosed by October. On the pre-existing Guatecompras disclosure was the most rapid rate among CoST members, with data published on 4686 Guatemalan infrastructure projects by the year end an average of 390 projects per month. This is significant when compared to 2014 which saw an average of 60 projects per month.

Spotlight on infrastructure

In November CoST held an 'Assurance Week' where attention was drawn to the value of the CoST assurance process and provided clarity on what the process is and isn't. Through online fora and outreach CoST showed how the process is designed to improve rather than interfere with or duplicate existing processes and how it can have a catalytic effect on sector reform and project improvements. During the week CoST members Afghanistan, El Salvador, Ethiopia, Guatemala and Uganda and published their reports and promoted the findings through approaches suitable to their environments, from a Ugandan local community event to a high-level presentation featuring the Chief Executive of Afghanistan.

Not only did Assurance Week help to dispel myths and promote the value of assurance but the five reports provided a starting point for CoST to identify common trends. To do this a broadened data set was used and looked back to other reports published in 2018 which included 112 projects with a total value of \$US 847 million. This analysis was later used as part of a paper presented at the London Southbank University Conference, 'Professionalism and Ethics in Construction' in November which was awarded best conference paper.

Learning and sharing

As the depth of CoST programmes has grown worldwide CoST training to government, the private sector, civil society and the media has grown, with 1749 representatives trained in 2018. CoST training carefully considers the different role each stakeholder plays in the initiative and ensures consistent adaptation to participant needs. For example, for government our focus is broadly on enhancing knowledge on data disclosure and monitoring and in recent years this has homed in on online platform usage, so these important tools are used as intended. In contrast, our training with civil society and the media has looked at improving accountability mechanisms, focussing in the last year on investigative journalism which has helped to deliver substantial change across several CoST countries.

Story of change

In the last year significant changes were seen at both sectoral and project levels across CoST countries, which can largely be attributed to a deeper level of engagement with procuring entities. Collectively, in 2018 CoST saw five sector reforms introduced by government and key issues addressed on 14 projects, helping to deliver better quality infrastructure and greater cost savings.

At the sectoral level in Afghanistan for example, this included a Design Review Unit being established by the Ministry of Public Works to improve project preparation issues highlighted in CoST Afghanistan's first assurance report which is likely to have gigantic cost savings. At the project level, in Thailand a public forum was facilitated by CoST Thailand, bringing together community members and decision-makers allowing health and safety concerns on a road and overfly construction project to be expressed. Following the forum, the procuring entity rectified the issues raised and put in place other important measures to protect pedestrian and motorists.

THE CONSTRUCTION SECTOR TRANSPARENCY INITIATIVE

REPORT OF THE TRUSTEES for the year ended 31 December 2018

ACHIEVEMENT AND PERFORMANCE

Engaging citizens

In 2018 CoST members used a variety of methods and platforms to engage these stakeholders an approach testament to the flexibility of the CoST model and the diverse context in which it operates.

CoST Uganda launched its first investigative journalism award following the examples of Honduras and Malawi whose similar schemes have led to influential media outlets reporting on key issues of concern and the CoST assurance process. CoST Honduras trained participants from 28 of the country's 298 municipalities via the country's renowned 'School of Social Accountability' to monitor projects disclosed on the online platform, SISOCS. The citizen monitors have since produced social audit reports which have raised alarms on areas of concern. Malawi continued its influential radio outreach to citizens, developing 70 radio jingles that were broadcast to advertise its online disclosure platform.

Influencing

In 2018 we deepened our advocacy with key influencers across the three communities CoST aims to target, including the open government and infrastructure governance communities and the construction industry. Whilst our engagement follows different routes, a good return on investment has been participation at the calendarial events of organisations where our global team has presented CoST, debated, shared lessons, explored technical issues and engaged potential new members. Over the course of 2018 CoST actively participated in many influential forums worldwide, including: OECD events, G20 Infrastructure Working Group seminars, World Bank roundtables; the annual events of key partners, Open Government Partnership, Transparency International and others; and private sector events such as the FIDIC annual conference and a seminar of the World Road Association.

Research

In 2018 CoST released the second case study exploring the potential added value of CoST in high-income countries. Published in partnership with BRE, 'Infrastructure Governance in Scotland' examines the extent to which public infrastructure is planned and delivered in a transparent, participatory and accountable manner.

We found that Scotland has a high level of infrastructure transparency, especially for major projects, but that data disclosure is fragmented and hard to find and that drawing on CoST expertise with online disclosure portals is one of several areas where CoST's core features could add value. Others include deepening stakeholder engagement through multi-stakeholder working and enhancing the scrutiny of projects. The research programme has helped to engage high-income countries, including Argentina, who, through the Province of Buenos Aires, submitted an application to join CoST at the end of 2018.

OBJECTIVES AND ACTIVITIES

CoST's objectives are for the public benefit:

To promote ethical and transparent standards of conduct, compliance with the law, and accountability in the provision of infrastructure and infrastructure services in any part of the world, which may include (but not be limited to) the following means: (a) Promoting the public disclosure of project information; (b) Enabling stakeholders to hold decision-makers to account. To relieve and prevent poverty, suffering and distress caused by waste, corruption, mismanagement or inefficiency in the provision of infrastructure and infrastructure services in any part of the world.

- To advance education, knowledge and the exchange of experience in the provision of infrastructure and infrastructure services.
- To advance health or save lives by increasing public safety in the provision of infrastructure and infrastructure services.

To further such other exclusively charitable purposes according to the law of England and Wales as the Trustees in their absolute discretion from time to time determine.

CoST's Aim is to:

- Help improve the value for public money invested in infrastructure.
- Help improve the quality of public infrastructure and services.

CoST undertakes a range of activities including:

- Developing and disseminating principles, standards and approaches.
- Providing technical assistance and capacity building support.
- Advocating for transparency and accountability.
- Building partnerships and collaborating with others.

**THE CONSTRUCTION SECTOR TRANSPARENCY
INITIATIVE**

**REPORT OF THE TRUSTEES
for the year ended 31 December 2018**

ACHIEVEMENT AND PERFORMANCE

Principal Officers

The Construction Sector Transparency Initiative ("CoST") had no employees in 2018.

Management of Major Risks

The Trustees retain responsibility for a system of internal controls that are designed to manage major risks. These systems provide reasonable but not absolute assurance against inappropriate or ineffective use of resources and against the risk of errors or fraud. The Trustees delegate authority to the International Secretariat to conduct an annual review of the major strategic and operational risks that CoST faces and the ways in which they are being monitored, managed and mitigated. The outcomes of this review are reported to the Trustees by the International Secretariat and changes in policy are made where necessary. The Trustees are satisfied with the systems in place to monitor, manage and mitigate CoST's exposure to major risks.

The Trustees have assessed the major risks to which the company is exposed, in particular those related to the operations and finances of the company, and are satisfied that systems and procedures are in place to mitigate our exposure to the major risks. Details of the risk assessment were published in the CoST Business Plan 2017 - 2020 published in June 2017.

FINANCIAL REVIEW

Financial position

Accounts

The accounts for the year ended 31 December 2018 are shown in this annual report. The accounts show income for the period of £2,053,788 and resources expended were £1,780,462 resulting in a surplus of £273,326 for the period.

Restricted Funds

The balance on restricted funds at 31 December 2018 is £326,056

Reserves

The Trustees have not set a reserves threshold as the charity has not received any unrestricted funding (free income) since it began trading. All of the charities activities are restricted to and determined by the funding it receives. As the charity has no staff or significant creditors the financial impact of closure would be limited.

The Trustees will continually review this policy and if necessary will establish a Reserves Policy that considers the level of 'free reserves' sufficient to protect the organisation and its charitable programme by providing time to adjust to changing financial circumstances.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

The charity is controlled by its governing document, a deed of trust, and constitutes a limited company, limited by guarantee, as defined by the Companies Act 2006.

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number

08159144 (England and Wales)

Registered Charity number

1152236

Registered office

5th Floor Woolgate Exchange
25 Basinghall Street
London
EC2V 5HA

**THE CONSTRUCTION SECTOR TRANSPARENCY
INITIATIVE**

**REPORT OF THE TRUSTEES
for the year ended 31 December 2018**

REFERENCE AND ADMINISTRATIVE DETAILS

Trustees

C J Poortman

P M Matthews

V Lazatin

Professor G Ofori

A J Cantero Callejas

F Kehlenbach

G English

- resigned 24/1/2019

- appointed 24/1/2019

The Executive Board Members are also the directors of the charitable company for the purposes of company law and its trustees for the purposes of charity law.

Company Secretary

S Henderson

Auditors

Magma Audit LLP

Magma House

16 Davy Court

Castle Mound Way

Rugby

CV23 0UZ

Bankers

National Westminster Bank

PO Box 414

38 Strand

London

WC2N 5JB

FINANCIAL INSTRUMENTS

The principal financial instruments of the charity comprise bank balances, other receivables and other payables. The main purpose of these instruments is to raise funds for the charity's operations and to finance its continuing operations. Liquidity risk is managed by the use of a bank balance along with efficient monitoring of cash flows to ensure there are sufficient funds to meet liabilities.

PLANS FOR FUTURE PERIODS

A new ambitious three year business plan has recently published that aims to scale up the global footprint and impact of CoST. Over the next twelve months CoST will be implementing some of the key parts of the Business Plan including a more flexible approach to working with our partners including sub-national governments as well as national governments and developing a broader range of tools, standards and support services. However, additional funding will be required to fully realise the business plans ambition.

**THE CONSTRUCTION SECTOR TRANSPARENCY
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**REPORT OF THE TRUSTEES
for the year ended 31 December 2018**

STATEMENT OF TRUSTEES RESPONSIBILITIES

The trustees (who are also the directors of The Construction Sector Transparency Initiative for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing those financial statements, the trustees are required to

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

AUDITORS

The auditors, Magma Audit LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

Approved by order of the board of trustees on 26/09/19 and signed on its behalf by:

.....
C J Poortman - Trustee



**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
THE CONSTRUCTION SECTOR TRANSPARENCY
INITIATIVE**

Opinion

We have audited the financial statements of The Construction Sector Transparency Initiative (the 'charitable company') for the year ended 31 December 2018 which comprise the Statement of Financial Activities, the Statement of Financial Position, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2018 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 Auditors responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our Report of the Independent Auditors 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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Trustees has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Trustees.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to take advantage of the small companies exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Trustees.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
THE CONSTRUCTION SECTOR TRANSPARENCY
INITIATIVE**

Responsibilities of trustees

As explained more fully in the Statement of Trustees Responsibilities, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees 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 trustees are responsible for assessing the charitable company'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 trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Our 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 a Report of the Independent Auditors 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.

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 Report of the Independent Auditors.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Magma Audit LLP

Richard Lodder (Senior Statutory Auditor)

for and on behalf of Magma Audit LLP

Magma House

16 Davy Court

Castle Mound Way

Rugby

CV23 0UZ

Date: *27th September 2019*

**THE CONSTRUCTION SECTOR TRANSPARENCY
INITIATIVE**

**STATEMENT OF FINANCIAL ACTIVITIES
for the year ended 31 December 2018**

	Notes	Unrestricted fund £	Restricted fund £	2018 Total funds £	2017 Total funds £
INCOME AND ENDOWMENTS FROM					
Charitable activities					
Charitable activities	3	-	2,053,377	2,053,377	1,503,442
Investment income	2	-	411	411	51
Total		-	2,053,788	2,053,788	1,503,493
EXPENDITURE ON					
Charitable activities					
Charitable activities	4	-	1,780,462	1,780,462	1,664,087
NET INCOME/(EXPENDITURE)		-	273,326	273,326	(160,594)
RECONCILIATION OF FUNDS					
Total funds brought forward		-	52,730	52,730	213,324
TOTAL FUNDS CARRIED FORWARD		-	326,056	326,056	52,730

The notes form part of these financial statements

**THE CONSTRUCTION SECTOR TRANSPARENCY
INITIATIVE**

**STATEMENT OF FINANCIAL POSITION
At 31 December 2018**

	Notes	2018 £	2017 £
CURRENT ASSETS			
Debtors	8	3,616	3,785
Cash at bank and in hand		<u>439,674</u>	<u>246,637</u>
		443,290	250,422
CREDITORS			
Amounts falling due within one year	9	(117,234)	(197,692)
NET CURRENT ASSETS		<u>326,056</u>	<u>52,730</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		326,056	52,730
NET ASSETS		<u><u>326,056</u></u>	<u><u>52,730</u></u>
FUNDS			
Restricted funds	11	<u>326,056</u>	<u>52,730</u>
TOTAL FUNDS		<u><u>326,056</u></u>	<u><u>52,730</u></u>

These financial statements have been prepared in accordance with the provisions applicable to charitable companies subject to the small companies regime.

The financial statements were approved by the Board of Trustees on 26/09/19 and were signed on its behalf by:


C J Poortman -Trustee


P M Matthews -Trustee

The notes form part of these financial statements

**THE CONSTRUCTION SECTOR TRANSPARENCY
INITIATIVE**

**STATEMENT OF CASH FLOWS
for the year ended 31 December 2018**

	Notes	2018 £	2017 £
Cash flows from operating activities:			
Cash generated from operations	1	192,626	(52,215)
Net cash provided by (used in) operating activities		<u>192,626</u>	<u>(52,215)</u>
Cash flows from investing activities:			
Interest received		411	51
Net cash provided by (used in) investing activities		<u>411</u>	<u>51</u>
Change in cash and cash equivalents in the reporting period			
Cash and cash equivalents at the beginning of the reporting period		<u>246,637</u>	<u>298,801</u>
Cash and cash equivalents at the end of the reporting period		<u><u>439,674</u></u>	<u><u>246,637</u></u>

The notes form part of these financial statements

THE CONSTRUCTION SECTOR TRANSPARENCY
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NOTES TO THE STATEMENT OF CASH FLOWS
for the year ended 31 December 2018

1. RECONCILIATION OF NET INCOME/(EXPENDITURE) TO NET CASH FLOW FROM OPERATING ACTIVITIES	2018	2017
	£	£
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	273,326	(160,594)
Adjustments for:		
Interest received	(411)	(51)
Decrease in debtors	169	123,921
Decrease in creditors	(80,458)	(15,491)
Net cash provided by (used in) operating activities	<u>192,626</u>	<u>(52,215)</u>

**THE CONSTRUCTION SECTOR TRANSPARENCY
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**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2018**

1. ACCOUNTING POLICIES

Company status

The company is a company limited by guarantee. The members of the company are the Trustees named on page 1. In the event of the company being wound up, the liability in respect of the guarantee is limited to £1 per member of the company.

Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

Basis of preparing the financial statements

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities Act 2011 and the Companies Act 2006.

Incoming resources

All income is recognised in the Statement of Financial Activities once the charity has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably.

Income tax recoverable in relation to donations received under Gift Aid or deed of covenant is recognised at the time of the donation.

Expenditure

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources. Support costs are those costs incurred directly in support of expenditure on the objects of the charitable company.

Charitable activities include direct expenditure associated with providing the charitable services and support costs relating to those activities.

Other resources expended consist of governance costs which include those incurred in the governance of the charitable company and are primarily associated with constitutional and statutory requirements.

Taxation

The charity is exempt from corporation tax on its charitable activities.

Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the company and which have not been designated for other purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the company for particular purposes. The costs of administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

**THE CONSTRUCTION SECTOR TRANSPARENCY
INITIATIVE**

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
for the year ended 31 December 2018**

1. ACCOUNTING POLICIES - continued

Debtors

Basic financial assets, including trade and other debtors, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method, less any impairment.

Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Creditors

Basic financial liabilities, including trade and other creditors, loans from third parties and loans from related parties, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Such instruments are subsequently carried at amortised cost using the effective interest method, less any impairment.

Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in profit or loss.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2. INVESTMENT INCOME

	2018	2017
	£	£
Deposit account interest	<u>411</u>	<u>51</u>

3. INCOME FROM CHARITABLE ACTIVITIES

		2018	2017
	Activity	£	£
Grants	Charitable activities	<u>2,053,377</u>	<u>1,503,442</u>

Grants received, included in the above, are as follows:

		2018	2017
		£	£
Dutch MinbuZa		229,167	211,860
DFID		1,750,000	1,173,522
UK FCO		<u>74,210</u>	<u>118,060</u>
		<u>2,053,377</u>	<u>1,503,442</u>

**THE CONSTRUCTION SECTOR TRANSPARENCY
INITIATIVE**

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
for the year ended 31 December 2018**

4. CHARITABLE ACTIVITIES COSTS

All of the funds are restricted

	Total Funds 2018 £	Total Funds 2017 £
Provision of charitable services:		
Supporting national programmes	1,002,589	910,015
International programme costs	771,346	747,076
	1,773,935	1,657,091

5. SUPPORT COSTS

	Other £	Governance costs £	Totals £
Charitable activities	633	5,894	6,527

6. NET INCOME/(EXPENDITURE)

Net income/(expenditure) is stated after charging/(crediting):

	2018 £	2017 £
Auditors' remuneration	5,894	6,256

7. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31 December 2018 nor for the year ended 31 December 2017 .

Trustees' expenses

During the year, four trustees' received reimbursement of expenses of £3,334 (2017: £10,932) for travel and other expenses.

8. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £	2017 £
Other debtors	2,160	2,579
Prepayments and accrued income	1,456	1,206
	3,616	3,785

**THE CONSTRUCTION SECTOR TRANSPARENCY
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**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
for the year ended 31 December 2018**

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018	2017
	£	£
Trade creditors	47,982	4,189
Other creditors	1,476	-
Accruals and deferred income	67,776	193,503
	117,234	197,692

10. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Total funds 2018 (Restricted)	Total funds 2017 (Restricted)
Current assets	443,290	250,422
Creditors due within one year	(117,234)	(197,692)
	326,056	52,730

11. MOVEMENT IN FUNDS

	At 1/1/18 £	Net movement in funds £	At 31/12/18 £
Restricted funds			
Restricted funds	52,730	273,326	326,056
	52,730	273,326	326,056

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
Restricted funds			
Restricted funds	2,053,788	(1,780,462)	273,326
	2,053,788	(1,780,462)	273,326

**THE CONSTRUCTION SECTOR TRANSPARENCY
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**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
for the year ended 31 December 2018**

11. MOVEMENT IN FUNDS - continued

Comparatives for movement in funds

	At 1/1/17 £	Net movement in funds £	At 31/12/17 £
Restricted Funds			
Restricted funds	213,324	(160,594)	52,730
TOTAL FUNDS	<u>213,324</u>	<u>(160,594)</u>	<u>52,730</u>

Comparative net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
Restricted funds			
Restricted funds	1,503,493	(1,664,087)	(160,594)
TOTAL FUNDS	<u>1,503,493</u>	<u>(1,664,087)</u>	<u>(160,594)</u>

A current year 12 months and prior year 12 months combined position is as follows:

	At 1/1/17 £	Net movement in funds £	At 31/12/18 £
Restricted funds			
Restricted funds	213,324	112,732	326,056
TOTAL FUNDS	<u>213,324</u>	<u>112,732</u>	<u>326,056</u>

A current year 12 months and prior year 12 months combined net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
Restricted funds			
Restricted funds	3,557,281	(3,444,549)	112,732
TOTAL FUNDS	<u>3,557,281</u>	<u>(3,444,549)</u>	<u>112,732</u>

Restricted funds relate to grants received towards completion of specific projects. These projects support the charities core objective of "helping participating countries deliver better value from public infrastructure". The charity is required to report the use of the funds to the funding providers.

All funds held at the year end were represented by net current assets.

**THE CONSTRUCTION SECTOR TRANSPARENCY
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**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
for the year ended 31 December 2018**

12. RELATED PARTY DISCLOSURES

As detailed further in the Trustees' Report, the day to day management and finance function of the Charity is undertaken by staff of Engineers Against Poverty (register charity no. 1071974). Petter Matthews, the Executive Director and a Trustee of the Charity, is also Executive Director of Engineers Against Poverty. During the year, Engineers Against Poverty recharged the Charity £532,500 (2017: £614,412) relating to workshop costs and staff time incurred on the Charity's behalf. At the year end there was a creditor of £38,014 (2017: £187,817). The recharge includes an element of Petter Matthews time.

13. FINANCIAL INSTRUMENTS

The charity has the following financial instruments:

	£	2018 £	£	2017 £
Financial assets that are debt instruments measured at amortised cost				
- Other debtors	2,160		2,579	
		2,160		2,579
Financial liabilities measured at amortised cost				
- Trade creditors	47,982		4,189	
- Other creditors	1,476		-	
		49,458		4,189

