

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 2019
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 2019**

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THE CONSTRUCTION SECTOR TRANSPARENCY INITIATIVE

REPORT OF THE TRUSTEES for the year ended 31 December 2019

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 2019. 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 2019).

ACHIEVEMENT AND PERFORMANCE

CoST had many significant achievements in 2019 at the national and international level, and a selection of these are listed below. For more detail please see the CoST 2019 Annual Report, dedicated in memory of former Trustee and champion of transparency and accountability, Alfredo Cantero (1973 - 2019). The report can be download from www.infrastructuretransparency.org.

Innovation

CoST promoted the disclosure of over 11,700 projects in line with the CoST Infrastructure Data Standard (CoST IDS) throughout 2019, bringing the cumulative total to 38,514 projects globally. A growing trend this year has been an increase in disclosure rates when the functionality of online platforms has improved: for instance, CoST Ukraine facilitated disclosure on over 3600 road projects in 2019 after enhancing its portal with new, analytical dashboards. These provide real-time information on road works including who is winning the contracts in a region and the performance of contractors and procuring entities.

In partnership with Open Contracting Partnership (OCP), CoST launched the Open Contracting for Infrastructure Data Standard (OC4IDS) in 2019. The OC4IDS standardises disclosure around infrastructure project data by connecting previously siloed information on project and contract-level disclosure, based on the CoST Infrastructure Data Standard and OCP's Open Contracting Data Standard respectively.

Meanwhile, testing began on the Infrastructure Transparency Index (ITI), a new tool to measure the level of transparency and accountability in a country's public infrastructure sector over time. The ITI will score procuring entities on a subset of key indicators, allowing for a comparison of transparency levels amongst procuring entities which can be used to promote better performance.

Spotlight on infrastructure

CoST held its second Assurance Week held in November, communicating and amplifying findings from assurance processes in Malawi, Afghanistan, Ukraine, Costa Rica, El Salvador, Honduras and Ethiopia. The assurance process continues to offer valuable sectoral insight. For instance, three out of the four road projects assessed in CoST Malawi's assurance report had been awarded to the same international contractor, Mota Engil. This flags an ongoing issue in Malawi's road sector which has been reported in previous assurance processes, suggesting authorities may need to intervene to enable local contractors to compete.

Engaging citizens

CoST programmes have continued to meaningfully engage civil society, the media and the public in key infrastructure issues. CoST Honduras began its formal alliance with the Honduras Journalist Association (HJA) this year, and in June a cooperation agreement was signed which will see the programme deliver regular training to members of the HJA. This will equip journalists with the tools needed to investigative, uncover and report on the misallocation of public funds in infrastructure. CoST programmes have also continued to engage the public directly through community meetings: inspired by CoST Uganda's barazas, CoST Malawi brought together around 450 people to raise the voice of the community in the delivery of public works.

Story of Change

Significant change was established at both the sectoral and project level in CoST countries during 2019. In Thailand, greater transparency has reduced opportunities for corruption and mismanagement, contributing to cost savings of US \$360 million since 2016. This has created a behaviour change amongst procuring entities, leading to more efficient budget utilisation and increased competition. At the project level, CoST Ukraine has created a network of CSOs whose primary goal is to monitor road works. As a direct result of this network, authorities have ringfenced an additional six roads to be repaired in 2020.

THE CONSTRUCTION SECTOR TRANSPARENCY INITIATIVE

REPORT OF THE TRUSTEES for the year ended 31 December 2019

Learning and sharing

Over 2,000 people from civil society and the media have been trained to use infrastructure data in 2019, a four-fold increase on the previous year. In Panama, almost 450 government representatives were trained on new legislation around disclosure, as well as its value to the government and private sector more broadly. At a regional level, three workshops were held for Multi-Stakeholder Group (MSG) members in Latin America, Africa and Asia-Europe, providing a platform to share best-practise and lessons learnt.

Influencing

CoST influence has amplified throughout 2019 as a result of meaningful engagement with our three core target groups: the open government community, the infrastructure governance community and the construction industry. CoST secured the endorsement of the highly influential Federation of International Consulting Engineers (FIDIC) following participation at their global conference in Mexico. The CoST approach was endorsed by the G20, and the OC4IDS - which was launched at the OECD Infrastructure Governance Forum - received recognition from the C20. CoST also held two high-profile events at the 2019 Open Government Partnership Summit, engaging the open-government community on the value of open and accountable infrastructure delivery.

Growing in breadth and depth

The flexibility of the newly developed membership model was demonstrated when CoST gained its first sub-national members, which joined as a Member and an Affiliate Member respectively: Sekondi-Takoradi, Ghana and the Province of Buenos Aries, Argentina. The CoST membership competition, which was launched in early 2019, resulted in new sub-national and national members from Mozambique, Ecuador, Timor-Leste, West Lombok, Indonesia and Jalisco State, Mexico. Supporting these new members as they implement the CoST approach - and standards such as OC4IDS - will be a priority in 2020.

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.

Principal Officers

The Construction Sector Transparency Initiative ("CoST") had no employees in 2019.

**THE CONSTRUCTION SECTOR TRANSPARENCY
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**REPORT OF THE TRUSTEES
for the year ended 31 December 2019**

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. An updated risk register will be included in the CoST Business Plan 2021- 2025.

COVID-19

As well as the implications for people's health coronavirus (COVID-19) is having a significant impact on businesses and the economy. We anticipate the next twelve months will be a challenge for CoST in terms of income generation. The Board will draw on the support of Engineers Against Poverty to help ensure that the organisation can continue to deliver its programme and sustain its operations during a time of uncertainty.

FINANCIAL REVIEW

Financial position

Accounts

The accounts for the year ended 31 December 2019 are shown in this annual report. The accounts show income for the period of £2,238,369 and resources expended were £2,183,415 resulting in a surplus of £54,953 for the period.

Restricted Funds

The balance on restricted funds at 31 December 2019 is £381,009.

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

6th Floor Alliance House
29-30 High Holborn
London
WC1V 6AZ

**THE CONSTRUCTION SECTOR TRANSPARENCY
INITIATIVE**

**REPORT OF THE TRUSTEES
for the year ended 31 December 2019**

Trustees

C J Poortman
P N Mathews
V Lazatin
G Ofori
A J Cantero Callejas (deceased 31/10/2019)
F Kehlenbach (resigned 24/01/2019)
G English (appointed 24/01/2019)
N Forsyuk (appointed 30/01/2020)

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
WC1V 6AZ

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in the notes to the financial statements.

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.

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 CONSTRUCTION SECTOR TRANSPARENCY
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**REPORT OF THE TRUSTEES
for the year ended 31 December 2019**

STATEMENT OF TRUSTEES' RESPONSIBILITIES - continued

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 11 November 2020 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 2019 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 2019 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.

Richard Lodder (Senior Statutory Auditor)
for and on behalf of Magma Audit LLP
Magma House
16 Davy Court
Castle Mound Way
Rugby
CV23 0UZ

11 November 2020

**THE CONSTRUCTION SECTOR TRANSPARENCY
INITIATIVE**

**STATEMENT OF FINANCIAL ACTIVITIES
for the year ended 31 December 2019**

	Notes	Unrestricted fund £	Restricted fund £	2019 Total funds £	2018 Total funds £
INCOME AND ENDOWMENTS FROM					
Charitable activities					
Charitable activities	3	-	2,236,536	2,236,536	2,053,377
Investment income	2	-	1,832	1,832	411
Total		-	2,238,368	2,238,368	2,053,788
EXPENDITURE ON					
Charitable activities					
Charitable activities	4	-	2,183,415	2,183,415	1,780,462
NET INCOME		-	54,953	54,953	273,326
RECONCILIATION OF FUNDS					
Total funds brought forward		-	326,056	326,056	52,730
TOTAL FUNDS CARRIED FORWARD		-	381,009	381,009	326,056

The notes form part of these financial statements

**THE CONSTRUCTION SECTOR TRANSPARENCY
INITIATIVE**

**STATEMENT OF FINANCIAL POSITION
31 December 2019**

	Notes	2019 £	2018 £
CURRENT ASSETS			
Debtors	8	5,102	3,616
Cash at bank and in hand		<u>590,322</u>	<u>439,674</u>
		595,424	443,290
CREDITORS			
Amounts falling due within one year	9	(214,415)	(117,234)
NET CURRENT ASSETS		<u>381,009</u>	<u>326,056</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		381,009	326,056
NET ASSETS		<u>381,009</u>	<u>326,056</u>
FUNDS	11		
Restricted funds		<u>381,009</u>	<u>326,056</u>
TOTAL FUNDS		<u>381,009</u>	<u>326,056</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 and authorised for issue on 11 November 2020 and were signed on its behalf by:

C J Poortman - Trustee

P M Matthews - Trustee

**THE CONSTRUCTION SECTOR TRANSPARENCY
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**STATEMENT OF CASH FLOWS
for the year ended 31 December 2019**

	Notes	2019 £	2018 £
Cash flows from operating activities			
Cash generated from operations	1	<u>148,816</u>	<u>192,626</u>
Net cash provided by operating activities		<u>148,816</u>	<u>192,626</u>
Cash flows from investing activities			
Interest received		<u>1,832</u>	<u>411</u>
Net cash provided by investing activities		<u>1,832</u>	<u>411</u>
Change in cash and cash equivalents in the reporting period			
Cash and cash equivalents at the beginning of the reporting period		<u>439,674</u>	<u>246,637</u>
Cash and cash equivalents at the end of the reporting period		<u><u>590,322</u></u>	<u><u>439,674</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 2019**

1.	RECONCILIATION OF NET INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES	2019	2018
		£	£
	Net income for the reporting period (as per the Statement of Financial Activities)	54,953	273,326
	Adjustments for:		
	Interest received	(1,832)	(411)
	(Increase)/decrease in debtors	(1,486)	169
	Increase/(decrease) in creditors	97,181	(80,458)
	Net cash provided by operations	148,816	192,626

2.	ANALYSIS OF CHANGES IN NET FUNDS	At 1/1/19	Cash flow	At 31/12/19
		£	£	£
	Net cash			
	Cash at bank and in hand	439,674	150,648	590,322
		439,674	150,648	590,322
	Total	439,674	150,648	590,322

**THE CONSTRUCTION SECTOR TRANSPARENCY
INITIATIVE**

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2019**

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.

Going concern

The trustees have assessed the financial position of the charitable company in light of the COVID-19 outbreak. At 31 December 2019 the charity had net current assets of £381,009 (2018: £326,056) and net assets of £381,009 (2018: £326,056).

The trustees have prepared the forecasts having considered the detrimental impact of COVID-19 on its immediate future financial performance and cash flows. The trustees believe that they will obtain additional funds from either FCDO or another donor. However, if this does not materialise the trustees will revisit the charities strategic plan in order to reduce overheads and minimise the impact of COVID-19.

The trustees considers the charity to have sufficient resources and support to meet its liabilities as they fall due for at least 12 months from the signing of these financial statements and has therefore prepared the financial statements on a going concern basis. Engineers Against Poverty have provided the trustees a letter of support should it be required, for the foreseeable future.

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
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**NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 December 2019**

1. ACCOUNTING POLICIES - continued

Fund accounting

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

	2019	2018
	£	£
Deposit account interest	1,832	411

**THE CONSTRUCTION SECTOR TRANSPARENCY
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**NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 December 2019**

3. INCOME FROM CHARITABLE ACTIVITIES

	Activity	2019	2018
		£	£
Grants	Charitable activities	<u>2,236,536</u>	<u>2,053,377</u>

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

		2019	2018
		£	£
Dutch MinBuZa		229,167	229,167
DFID		1,790,000	1,750,000
UK FCO		217,369	74,210
		<u>2,236,536</u>	<u>2,053,377</u>

4. CHARITABLE ACTIVITIES COSTS

All of the funds are restricted

	Total Funds 2019	Total Funds 2018
	£	£
Provision of charitable services:		
Supporting national programmes	1,009,772	1,002,589
International programme costs	1,166,936	771,346
	<u>2,176,708</u>	<u>1,773,935</u>

5. SUPPORT COSTS

	Finance	Governance costs	Totals
	£	£	£
Charitable activities	<u>657</u>	<u>6,050</u>	<u>6,707</u>

6. NET INCOME/(EXPENDITURE)

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

	2019	2018
	£	£
Auditors' remuneration	<u>6,050</u>	<u>5,894</u>

7. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31 December 2019 nor for the year ended 31 December 2018.

**THE CONSTRUCTION SECTOR TRANSPARENCY
INITIATIVE**

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 December 2019**

7. TRUSTEES' REMUNERATION AND BENEFITS - continued

Trustees' expenses

During the year, three trustees' received reimbursement of expenses of £6,795 (2018: £3,334) for travel and other expenses.

8. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019	2018
	£	£
Other debtors	2,180	2,160
Prepayments and accrued income	2,922	1,456
	<u>5,102</u>	<u>3,616</u>

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019	2018
	£	£
Trade creditors	27,650	47,982
Other creditors	1,456	1,476
Accruals and deferred income	185,309	67,776
	<u>214,415</u>	<u>117,234</u>

10. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Total funds 2019 (Restricted)	Total funds 2018 (Restricted)
Current assets	595,424	443,290
Creditors due within one year	(214,415)	(117,234)
	<u>381,009</u>	<u>326,056</u>

11. MOVEMENT IN FUNDS

	At 1/1/19 £	Net movement in funds £	At 31/12/19 £
Restricted funds			
Restricted funds	326,056	54,953	381,009
	<u>326,056</u>	<u>54,953</u>	<u>381,009</u>
TOTAL FUNDS	<u>326,056</u>	<u>54,953</u>	<u>381,009</u>

**THE CONSTRUCTION SECTOR TRANSPARENCY
INITIATIVE**

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 December 2019**

11. MOVEMENT IN FUNDS - continued

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

	Incoming resources £	Resources expended £	Movement in funds £
Restricted funds			
Restricted funds	2,238,368	(2,183,415)	54,953
TOTAL FUNDS	<u>2,238,368</u>	<u>(2,183,415)</u>	<u>54,953</u>

Comparatives for 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
TOTAL FUNDS	<u>52,730</u>	<u>273,326</u>	<u>326,056</u>

Comparative 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
TOTAL FUNDS	<u>2,053,788</u>	<u>(1,780,462)</u>	<u>273,326</u>

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

	At 1/1/18 £	Net movement in funds £	At 31/12/19 £
Restricted funds			
Restricted funds	52,730	328,279	381,009
TOTAL FUNDS	<u>52,730</u>	<u>328,279</u>	<u>381,009</u>

**THE CONSTRUCTION SECTOR TRANSPARENCY
INITIATIVE**

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 December 2019**

11. MOVEMENT IN FUNDS - continued

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	4,292,156	(3,963,877)	328,279
TOTAL FUNDS	4,292,156	(3,963,877)	328,279

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.

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 £676,533 (2018: £532,500) relating to workshop costs and staff time incurred on the Charity's behalf. At the year end included in creditors there was accrued costs of £129,731 (2018: £45,261). The recharge includes an element of Petter Matthews time.

13. POST BALANCE SHEET EVENTS

Since the balance sheet date the world has suffered a COVID-19 outbreak, and volatility in the markets.

The trustees have considered the effect this may have had on the Charity, and although unclear what longer term impact this will have on the charitable activities, they are informed by the Government's guidance that the issue will be time limited.

This will continue to be a developing situation and as such a reasonable estimate of the financial effect of this outbreak on the charity cannot feasibly be made.

The trustees have assessed the above and consider the company to be a going concern.

**THE CONSTRUCTION SECTOR TRANSPARENCY
INITIATIVE**

**DETAILED STATEMENT OF FINANCIAL ACTIVITIES
for the year ended 31 December 2019**

	2019 £	2018 £
INCOME AND ENDOWMENTS		
Investment income		
Deposit account interest	1,832	411
Charitable activities		
Grants	<u>2,236,536</u>	<u>2,053,377</u>
Total incoming resources	2,238,368	2,053,788
EXPENDITURE		
Charitable activities		
Supporting national programmes	1,009,772	1,002,589
International programme costs	<u>1,166,936</u>	<u>771,346</u>
	2,176,708	1,773,935
Support costs		
Finance		
Bank charges	657	633
Governance costs		
Auditors' remuneration	<u>6,050</u>	<u>5,894</u>
Total resources expended	<u>2,183,415</u>	<u>1,780,462</u>
Net income	<u><u>54,953</u></u>	<u><u>273,326</u></u>