

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 2020
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 2020**

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THE CONSTRUCTION SECTOR TRANSPARENCY INITIATIVE

REPORT OF THE TRUSTEES for the year ended 31 December 2020

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 2020. 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 made significant achievements in 2020 at the national and international level, and a selection of these are listed below. For more details please see the CoST 2020 Annual Report. The report can be downloaded from www.infrastructuretransparency.org.

Responding and adapting to Covid-19

The Covid-19 pandemic had an immediate impact on CoST, bringing in-person site visits, events and training to a halt. However, the crisis also underscored the flexible, adaptive nature of CoST: in person events were taken online, healthcare infrastructure was brought under the spotlight of assurance processes, and advocacy efforts were redoubled towards maintaining accountability. In Honduras, President Juan Orlando Hernández committed to working with CoST to ensure the emergency response met Honduras's transparency commitments. CoST Afghanistan adapted its approach in order to establish and increase levels of transparency on Covid-19 projects through online events, project monitoring and advocacy. Four Covid-related projects have been included in CoST Afghanistan's Third Assurance Report, which will be published in 2021.

Covid-19 restrictions also meant the CoST International Secretariat (CoST IS) furthered its support to members during this time. With travel restricted and in-person technical assistance no longer a possibility, the CoST IS embarked on developing a robust guidance package which includes the guidance note Improving infrastructure transparency, participation and accountability during a crisis.

Strengthening business integrity and market competition

Despite the restrictions imposed by Covid-19, CoST members have used innovative methods to train over 2300 government, civil society and private sector stakeholders on disclosing and using infrastructure data. This includes 577 members of the private sector, who particularly benefited from enhanced knowledge of national procurement processes to gain access to bidding opportunities, enhancing competition, project quality and value for money as a result. Working as part of the UK Government's Business Integrity Initiative, CoST Uganda's efforts over 2020 led to key reforms with the potential for lasting impact on competition, contract price and quality in public procurement. Through regular meetings and webinars, CoST Uganda fostered discussion between public and private sectors, enabling business leaders to voice concerns over public procurement which ranged from local content provisions to bribery. The Public Procurement and Disposal of Public Assets Authority responded by making several changes to the public procurement regulatory environment and worked to increase trust and participation in the system, leading to an increase in the number of bids per tender from 1.6 in 2019 to 12.5 in 2020.

Monitoring and improving the water sector

CoST programmes are increasingly strengthening oversight and accountability in areas of social infrastructure such as water and sanitation. CoST Guatemala delivered social audit training to citizens across the department of San Marcos, strengthening local oversight of water projects delivered by the Inter-American Development Bank (IADB) and Government of Spain. As a result, citizens were able to flag instances where critical information on budgets and feasibility studies was missing. They also monitored delivery of environmental impact assessments, an important tool in a country highly susceptible to the impacts of climate change and drought.

After major problems were highlighted in the project preparation stage in CoST Afghanistan's 2019 assurance report - leading to time and cost overruns on almost all projects - the Afghanistan National Water Affairs Regulatory Authority (NWARA) introduced a 'backup unit' of engineers to oversee project quality and design. Since being established in early 2020, the unit has surveyed 302 projects and overseen the design of 215, reducing the risks of delays and cost overruns in the long-term and laying the foundations for a more efficient water sector.

Innovation and technology

By the end of 2020, CoST supported the publication of data on 19,950 projects in line with the CoST Infrastructure Data Standard (CoST IDS), bringing the cumulative total to 57,691 projects globally. Despite restrictions imposed by Covid-19, this 56% increase in disclosure from 2019 is the result of long-standing efforts to institutionalise data disclosure amongst procuring entities. It also shows the importance of developing successful e-platforms such as those developed in Afghanistan, Costa Rica, Guatemala, Honduras and Thailand.

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CoST launched the methodology of the first-of-its-kind Infrastructure Transparency Index (ITI) to mark International Anti-Corruption Day 2020. Over 60 infrastructure, data and indices experts joined the online event to hear ministers in Ukraine and Afghanistan commit to implementing the methodology as outlined in an ITI Manual. After being successfully tested in Guatemala and Honduras during 2019, the ITI is now being rolled out in Afghanistan, Costa Rica, Sekondi-Takoradi (Ghana), Ukraine and Uganda.

Inclusive infrastructure

Infrastructure should be designed to meet the needs of all citizens, but CoST is aware that the process of its delivery can exclude the views of women, young people and people with disabilities. CoST began the process of addressing the issue of gender disparity by publishing a review into the CoST Thailand programme, Enhancing inclusive infrastructure: A review of gender equality in CoST Thailand. The publication provides a valuable baseline for CoST Thailand to measure progress in gender equality, with lessons for our global members to inform their approach to achieving more gender-inclusive programme delivery.

Influencing

As Covid-19 placed restrictions on in-person engagement throughout the year, the CoST IS pivoted its approach to influencing, increasingly drawing on online events and digital engagement over in-person engagement. The events took on varied themes, audiences and formats, continuing to show the relevance of the CoST mission to many diverse stakeholders. They included those organised by Hivos, FIDIC, the Organization for Security and Co-operation in Europe, the London School of Economics, Transparency International and the World Bank. One particular highlight was CoST participation at the Civil-20 (C20) Global Summit - a dynamic five-day event attracting 40,000 global attendees from 118 countries.

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 2020.

**THE CONSTRUCTION SECTOR TRANSPARENCY
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**REPORT OF THE TRUSTEES
for the year ended 31 December 2020**

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 2020 are shown in this annual report. The accounts show income for the period of £1,459,374 and resources expended were £1,524,399 resulting in a deficit of £65,025 for the period.

Restricted Funds

The balance on restricted funds at 31 December 2020 is £315,984.

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.

Going concern

The trustees have assessed the financial position of the charitable company and assessed the impact of COVID-19. The charity's income has dropped significantly with a large proportion due to the difficulty in obtaining new funding in the present climate. The trustees are in negotiation for obtaining future funding and believe that the charity will also be able to obtain additional income which will allow the charity to have sufficient resources to meet its liabilities as they fall due for at least twelve months.

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 2020**

Trustees

C J Poortman
G Ofori
P N Mathews
V Lazatin
G English
N Forsyuk

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 five year business plan was published in late 2020, that aims to scale up the global footprint and impact of CoST. To achieve this, CoST will focus on its' core business: developing high-quality tools and standards and supporting members and other stakeholders with implementation. A dynamic and successful programme is the best way to attract new members, including those from high-income countries. The growth will require a substantial increase in CoST's overall income, which will also need to e from a more diverse range of sources. The CoST International Secretariat (CoST IS) will continue to encourage bilateral donors to support the initiative directly, while also seeking the support of foundations.

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 2020

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 on27 September 2021..... 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 2020 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 2020 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

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements 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 charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

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 this gives rise to a material misstatement in the financial statements themselves. 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.

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:

Based on our understanding of the charity and the industry, we have identified that the principal risks of non-compliance with laws and regulations and we have considered the extent to which non-compliance may have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting inappropriate journal entries, and management bias in accounting estimates. Audit procedures performed included:

- Enquires with management for consideration of known or suspected instances of non-compliance with laws and regulations and fraud.
- Challenging assumptions made by management in their accounting estimates.
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations, journal entries crediting revenue, journal entries crediting cash and journal entries with specific defined descriptions.

There are inherent limitations in the audit procedures describes above and the further removed non-compliant with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting in error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentation, or through 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 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

Date:

**THE CONSTRUCTION SECTOR TRANSPARENCY
INITIATIVE**

**STATEMENT OF FINANCIAL ACTIVITIES
for the year ended 31 December 2020**

| | Notes | Unrestricted fund £ | Restricted fund £ | 2020 Total funds £ | 2019 Total funds £ |
|------------------------------------|-------|---------------------------|-------------------------|---------------------------------------|-----------------------------|
| INCOME AND ENDOWMENTS FROM | | | | | |
| Charitable activities | | | | | |
| Charitable activities | 3 | - | 1,458,976 | 1,458,976 | 2,236,536 |
| Investment income | 2 | - | 398 | 398 | 1,832 |
| Total | | - | 1,459,374 | 1,459,374 | 2,238,368 |
| EXPENDITURE ON | | | | | |
| Charitable activities | | | | | |
| Charitable activities | 4 | - | 1,518,399 | 1,518,399 | 2,183,415 |
| Governance costs | | - | 6,000 | 6,000 | - |
| Total | | - | 1,524,399 | 1,524,399 | 2,183,415 |
| NET INCOME/(EXPENDITURE) | | - | (65,025) | (65,025) | 54,953 |
| RECONCILIATION OF FUNDS | | | | | |
| Total funds brought forward | | - | 381,009 | 381,009 | 326,056 |
| TOTAL FUNDS CARRIED FORWARD | | - | 315,984 | 315,984 | 381,009 |

The notes form part of these financial statements

**THE CONSTRUCTION SECTOR TRANSPARENCY
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**STATEMENT OF FINANCIAL POSITION
31 December 2020**

| | Notes | 2020 £ | 2019 £ |
|--|-------|------------------------------|-----------------------|
| CURRENT ASSETS | | | |
| Debtors | 8 | 15,389 | 5,102 |
| Cash at bank and in hand | | <u>404,462</u> | <u>590,322</u> |
| | | 419,851 | 595,424 |
| CREDITORS | | | |
| Amounts falling due within one year | 9 | (103,867) | (214,415) |
| NET CURRENT ASSETS | | <u>315,984</u> | <u>381,009</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 315,984 | 381,009 |
| NET ASSETS | | <u><u>315,984</u></u> | <u><u>381,009</u></u> |
| FUNDS | 11 | | |
| Restricted funds | | <u>315,984</u> | <u>381,009</u> |
| TOTAL FUNDS | | <u><u>315,984</u></u> | <u><u>381,009</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 and authorised for issue on ...27 September 2021..... 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 2020**

| Notes | 2020 £ | 2019 £ |
|---|-----------------------|-----------------------|
| Cash flows from operating activities | | |
| Cash generated from operations 1 | <u>(186,258)</u> | <u>148,816</u> |
| Net cash (used in)/provided by operating activities | <u>(186,258)</u> | <u>148,816</u> |
| Cash flows from investing activities | | |
| Interest received | <u>398</u> | <u>1,832</u> |
| Net cash provided by investing activities | <u>398</u> | <u>1,832</u> |
| Change in cash and cash equivalents in the reporting period | <u>(185,860)</u> | <u>150,648</u> |
| Cash and cash equivalents at the beginning of the reporting period | <u>590,322</u> | <u>439,674</u> |
| Cash and cash equivalents at the end of the reporting period | <u><u>404,462</u></u> | <u><u>590,322</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 2020**

1. RECONCILIATION OF NET (EXPENDITURE)/INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES

| | 2020 | 2019 |
|---|------------------|---------|
| | £ | £ |
| Net (expenditure)/income for the reporting period (as per the Statement of Financial Activities) | (65,025) | 54,953 |
| Adjustments for: | | |
| Interest received | (398) | (1,832) |
| Increase in debtors | (10,287) | (1,486) |
| (Decrease)/increase in creditors | (110,548) | 97,181 |
| Net cash (used in)/provided by operations | (186,258) | 148,816 |

2. ANALYSIS OF CHANGES IN NET FUNDS

| | At 1/1/20 | Cash flow | At 31/12/20 |
|--------------------------|-----------------------|-------------------------|-----------------------|
| | £ | £ | £ |
| Net cash | | | |
| Cash at bank and in hand | 590,322 | (185,860) | 404,462 |
| | <u>590,322</u> | <u>(185,860)</u> | <u>404,462</u> |
| Total | <u>590,322</u> | <u>(185,860)</u> | <u>404,462</u> |

**THE CONSTRUCTION SECTOR TRANSPARENCY
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**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2020**

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 and assessed the impact of COVID-19. The charity's income has dropped significantly with a large proportion due to the difficulty in obtaining new funding in the present climate. The trustees are in negotiation for obtaining future funding and believe that the charity will also be able to obtain additional income which will allow the charity to have sufficient resources to meet its liabilities as they fall due for at least twelve months.

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 consistent 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 2020**

1. ACCOUNTING POLICIES - continued

Financial instruments

(i) Financial assets

Basic financial assets, including trade and other debtors, cash and bank balances are initially recognised at transaction price, unless the arrangement constitutes as financing transaction, where the transaction is measured at the present value of future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest rate method.

(ii) Financial liabilities

Basic financial liabilities, including trade and other creditors 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.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

2. INVESTMENT INCOME

| | 2020 | 2019 |
|--------------------------|-------------------|-------------------|
| | £ | £ |
| Deposit account interest | 398 | 1,832 |
| | <u> </u> | <u> </u> |

3. INCOME FROM CHARITABLE ACTIVITIES

| | 2020 | 2019 |
|------------------------------|-------------------|-------------------|
| | £ | £ |
| Activity | | |
| Grants Charitable activities | 1,458,976 | 2,236,536 |
| | <u> </u> | <u> </u> |

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

| | 2020 | 2019 |
|---------------|-------------------|-------------------|
| | £ | £ |
| Dutch MinBuZa | 229,166 | 229,167 |
| DFID | 1,150,000 | 1,790,000 |
| UK FCO | 5,000 | 217,369 |
| UNDP Income | 46,456 | - |
| World Bank | 28,354 | - |
| | <u> </u> | <u> </u> |
| | 1,458,976 | 2,236,536 |
| | <u> </u> | <u> </u> |

4. CHARITABLE ACTIVITIES COSTS

All of the funds are restricted

| | Total Funds | Total Funds |
|--|--------------------|--------------------|
| | 2020 | 2019 |
| | £ | £ |
| Provision of charitable services: | | |
| Supporting national programmes | 923,214 | 1,009,772 |
| International programme costs | 594,622 | 1,116,938 |
| | <u> </u> | <u> </u> |
| | 1,517,836 | 2,716,708 |
| | <u> </u> | <u> </u> |

**THE CONSTRUCTION SECTOR TRANSPARENCY
INITIATIVE**

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 December 2020**

5. SUPPORT COSTS

| | Finance £ | Governance costs £ | Totals £ |
|-----------------------|--------------|--------------------------|--------------|
| Charitable activities | 563 | - | 563 |
| Governance costs | - | 6,000 | 6,000 |
| | 563 | 6,000 | 6,563 |
| | 563 | 6,000 | 6,563 |

6. NET INCOME/(EXPENDITURE)

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

| | 2020 £ | 2019 £ |
|------------------------|--------------|-----------|
| Auditors' remuneration | 6,000 | 6,050 |
| | 6,000 | 6,050 |
| | 6,000 | 6,050 |

7. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31 December 2020 nor for the year ended 31 December 2019.

Trustees' expenses

During the year, three trustees' received reimbursement of expenses of £1,341 (2019: £6,795) for travel and other expenses.

8. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2020 £ | 2019 £ |
|--------------------------------|---------------|-----------|
| Other debtors | 2,180 | 2,180 |
| Prepayments and accrued income | 13,209 | 2,922 |
| | 15,389 | 5,102 |
| | 15,389 | 5,102 |

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2020 £ | 2019 £ |
|------------------------------|----------------|-----------|
| Trade creditors | 15,048 | 27,650 |
| Other creditors | - | 1,456 |
| Accruals and deferred income | 88,819 | 185,309 |
| | 103,867 | 214,415 |
| | 103,867 | 214,415 |

**THE CONSTRUCTION SECTOR TRANSPARENCY
INITIATIVE**

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 December 2020**

10. ANALYSIS OF NET ASSETS BETWEEN FUNDS

| | Total funds 2020 (Restricted) | Total funds 2019 (Restricted) |
|-------------------------------|--|-------------------------------------|
| Current assets | 419,851 | 595,424 |
| Creditors due within one year | (103,867) | (214,415) |
| | <u>315,984</u> | <u>381,009</u> |

11. MOVEMENT IN FUNDS

| | At 1/1/20 £ | Net movement in funds £ | At 31/12/20 £ |
|-------------------------|-----------------------|----------------------------------|-----------------------|
| Restricted funds | | | |
| Restricted funds | 381,009 | (65,025) | 315,984 |
| | <u>381,009</u> | <u>(65,025)</u> | <u>315,984</u> |
| TOTAL FUNDS | <u>381,009</u> | <u>(65,025)</u> | <u>315,984</u> |

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

| | Incoming resources £ | Resources expended £ | Movement in funds £ |
|-------------------------|----------------------------|----------------------------|---------------------------|
| Restricted funds | | | |
| Restricted funds | 1,459,374 | (1,524,399) | (65,025) |
| | <u>1,459,374</u> | <u>(1,524,399)</u> | <u>(65,025)</u> |
| TOTAL FUNDS | <u>1,459,374</u> | <u>(1,524,399)</u> | <u>(65,025)</u> |

Comparatives for 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> |

Comparative 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 |
| | <u>2,238,368</u> | <u>(2,183,415)</u> | <u>54,953</u> |
| TOTAL FUNDS | <u>2,238,368</u> | <u>(2,183,415)</u> | <u>54,953</u> |

**THE CONSTRUCTION SECTOR TRANSPARENCY
INITIATIVE**

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 December 2020**

11. MOVEMENT IN FUNDS - continued

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

| | At 1/1/19 £ | Net movement in funds £ | At 31/12/20 £ |
|-------------------------|----------------|----------------------------------|---------------------|
| Restricted funds | | | |
| Restricted funds | 326,056 | (10,072) | 315,984 |
| TOTAL FUNDS | <u>326,056</u> | <u>(10,072)</u> | <u>315,984</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 | 3,697,742 | (3,707,814) | (10,072) |
| TOTAL FUNDS | <u>3,697,742</u> | <u>(3,707,814)</u> | <u>(10,072)</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.

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 £507,310 (2019: £676,533) 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 £82,819 (2019: £129,731). The recharge includes an element of Petter Matthews time.

**THE CONSTRUCTION SECTOR TRANSPARENCY
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**DETAILED STATEMENT OF FINANCIAL ACTIVITIES
for the year ended 31 December 2020**

| | 2020 £ | 2019 £ |
|---------------------------------|------------------|-----------|
| INCOME AND ENDOWMENTS | | |
| Investment income | | |
| Deposit account interest | 398 | 1,832 |
| Charitable activities | | |
| Grants | 1,458,976 | 2,236,536 |
| Total incoming resources | 1,459,374 | 2,238,368 |
| EXPENDITURE | | |
| Charitable activities | | |
| Supporting national programmes | 923,214 | 1,009,772 |
| International programme costs | 594,622 | 1,166,936 |
| | 1,517,836 | 2,176,708 |
| Support costs | | |
| Finance | | |
| Bank charges | 563 | 657 |
| Governance costs | | |
| Auditors' remuneration | 6,000 | 6,050 |
| Total resources expended | 1,524,399 | 2,183,415 |
| Net (expenditure)/income | (65,025) | 54,953 |

This page does not form part of the statutory financial statements