

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 2021
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 2021**

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**THE CONSTRUCTION SECTOR TRANSPARENCY
INITIATIVE (REGISTERED NUMBER: 08159144)**

**REPORT OF THE TRUSTEES
for the year ended 31 December 2021**

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 2021. 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 experienced significant achievements in 2021 at the national and international level, a selection of which are listed below. For more on our other achievements visit www.infrastructuretransparency.org.

Responding and adapting to pressing global issues

As the Covid-19 pandemic took hold for a second year, CoST members continued to innovate and adapt in holding events online as well as in-person where possible. Despite challenges posed by Covid-19 restrictions, CoST members trained a record 5,798 people from government, civil society, the media and private sector to disclose and use infrastructure data.

Responding to climate change and environment issues

Whilst 2020 saw a commitment from the Government of Honduras to use CoST to monitor health projects built in response to the pandemic, in 2021, a further commitment was made to improve reconstruction projects following hurricanes IOTA and ETA. A CoST Honduras review showed an increase in construction and project costs that deviated significantly from similar investments outside of crisis settings. In Uganda, the programme also helped to obtain a commitment from local government to extend water supply to drought exposed farming communities.

Monitoring healthcare projects

In 2021, members from Afghanistan, Guatemala, Honduras and Uganda independently review data from 15 healthcare projects, finding a lack of transparency in the sector. For example, CoST Guatemala highlighted that procuring entities disclosed data on budget allocations for emergency hospitals, but not throughout the delivery cycle.

Mainstreaming gender equality

The CoST International Secretariat (CoST IS) increased its promotion of gender inclusion across the programme. It published guidance on mainstreaming gender equality that showed how a gender-inclusive approach can be incorporated across the core features of the CoST. The guidance highlights good practice examples, such as Honduras who over the last year have taken steps to mainstream gender and inclusion in its programme. For example, it requires procuring entities to publish data on the ratio of jobs held by women across the infrastructure project cycle. It has also broadened the joint diploma it offers on infrastructure monitoring to encompass greater outreach to women and indigenous groups.

Impact

In 2021, we captured almost 40 reforms on specific projects as well as those made at a broader sectoral level. For example, following recommendations from CoST Sekondi-Takoradi (Ghana), the Shama District Assembly amended school infrastructure to increase accessibility to pupils and teachers with disabilities, including through the provision of guard railings and disability ramps. Also, in Uganda, following its fourth review ('assurance review') of infrastructure projects, the Kampala Capital City Authority strengthened internal data management and quality controls on procurement through training staff to comply with procurement guidelines, quality control of bidding documents and evaluation reports.

Listening and adapting to member needs

The CoST IS published guidance in response to the needs of members. This included how CoST can be applied in crises settings so that infrastructure built rapidly still meets transparency standards. It also included a manual on data disclosure which is of particular value to CoST members in the process of adopting our approach. We also published guidance to reflect changing aspects of our work, such as our approach to participation and how to engage a broad range of stakeholders.

**THE CONSTRUCTION SECTOR TRANSPARENCY
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**REPORT OF THE TRUSTEES
for the year ended 31 December 2021**

Sharing learnings on Public Private Partnership projects

As countries build back from the economic crisis, Public-Private Partnerships (PPPs) are likely to become more widely used as they push the costs of financing into the future. However, PPPs are more likely to fail, with serious consequences for the public purse, if they are not subject to transparency and public scrutiny. In light of this, we published lessons from the CoST experience of making PPPs more transparent in Honduras. That experience led to institutional reforms and the cancelation of project which would have cost the government US\$517 million of unnecessary expenditure.

Innovation and technology

By the end of 2021, CoST supported the publication of data on 19,076 projects in line with the CoST Infrastructure Data Standard (CoST IDS), bringing the cumulative total to 76,767 projects globally. This reflects a recognition across our members on the value of online platforms and the use of our technology such as the Open Contracting for Infrastructure Data Standard (OC4IDS) to make more data available and to ensure it reaches the right audiences.

To mark the anniversary of the launch of our Infrastructure Transparency Index (ITI) we held an event hearing from those who have implemented the Index on the reasons behind their different results and what we can expect in the future. For example, we analysed the reasons behind very different scores being achieved in various regions. The members involved also considered how and to what extent the ITI will improve the performance of procuring entities in the future.

Influencing

In 2021 CoST convened experts and influential thinkers at international fora, co-hosting events with partners and contributing to events organised by others. Highlights of this work include CoST sharing its experience at an OECD Integrity Forum on the role of technology; convening high-level panelists from international and national business at the US Summit for Democracy; and helping to galvanise the open government community in a session focused on the value of partnerships at the Open Government Partnership Summit. We contributed our expertise in thematic areas including water integrity and gender inclusion at UNDP and Water Integrity Network (WIN) events and we reached new audiences by hosting an event on a University College London platform and joining UNGASS and UNODC events. We influenced geo-political discourse and debate on infrastructure issues as a member of the Blue Dot Network Executive Consultation Group and by hosting an event at the Civil-20 Summit.

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 (REGISTERED NUMBER: 08159144)**

**REPORT OF THE TRUSTEES
for the year ended 31 December 2021**

Principal Officers

The Construction Sector Transparency Initiative ("CoST") had no employees in 2021.

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 2021 are shown in this annual report. The accounts show income for the period of £641,682 and resources expended were £956,786 resulting in a deficit of £315,104 for the period.

Restricted Funds

The balance on restricted funds at 31 December 2021 is £880.

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 charity's 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. In June 2022 FCDO confirmed that £1m has been approved for CoST in 2022-23 with £1m approved in principle for 2023-24 and 2024-25, a total of £3m. This will allow the CoST to have sufficient resources to meet its liabilities as they fall due for at least twelve months and secure its financial position in the longer term.

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

**THE CONSTRUCTION SECTOR TRANSPARENCY
INITIATIVE (REGISTERED NUMBER: 08159144)**

**REPORT OF THE TRUSTEES
for the year ended 31 December 2021**

Registered office

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

Trustees

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

Appointed 09 February 2022

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).

**THE CONSTRUCTION SECTOR TRANSPARENCY
INITIATIVE (REGISTERED NUMBER: 08159144)**

**REPORT OF THE TRUSTEES
for the year ended 31 December 2021**

STATEMENT OF TRUSTEES' RESPONSIBILITIES - continued

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 ..27..September 2022..... 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 2021 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 2021 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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the company 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 might 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, the Charities Act 2011 and Charities SORP (FRS102). 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:

- Making 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.

Magma Audit LLP

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

Date: *30.9.22*

**THE CONSTRUCTION SECTOR TRANSPARENCY
INITIATIVE**

**STATEMENT OF FINANCIAL ACTIVITIES
for the year ended 31 December 2021**

	Notes	Unrestricted fund £	Restricted fund £	2021 Total funds £	2020 Total funds £
INCOME AND ENDOWMENTS FROM					
Charitable activities					
Charitable activities		-	641,650	641,650	1,458,976
Investment income	2	-	32	32	398
Total		-	641,682	641,682	1,459,374
EXPENDITURE ON					
Charitable activities					
Charitable activities	4	-	950,606	950,606	1,518,399
Governance costs		-	6,180	6,180	6,000
Total		-	956,786	956,786	1,524,399
NET INCOME/(EXPENDITURE)		-	(315,104)	(315,104)	(65,025)
RECONCILIATION OF FUNDS					
Total funds brought forward		-	315,984	315,984	381,009
TOTAL FUNDS CARRIED FORWARD		-	880	880	315,984

The notes form part of these financial statements

THE CONSTRUCTION SECTOR TRANSPARENCY
INITIATIVE (REGISTERED NUMBER: 08159144)

STATEMENT OF FINANCIAL POSITION
31 December 2021

	Notes	2021 £	2020 £
CURRENT ASSETS			
Debtors	8	48,064	15,389
Cash at bank and in hand		27,431	404,462
		75,495	419,851
CREDITORS			
Amounts falling due within one year	9	(74,615)	(103,867)
NET CURRENT ASSETS		880	315,984
TOTAL ASSETS LESS CURRENT LIABILITIES		880	315,984
NET ASSETS		880	315,984
FUNDS	11		
Restricted funds		880	315,984
TOTAL FUNDS		880	315,984

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 2022..... and were signed on its behalf by:



.....
C J Poortman - Trustee



.....
P M Matthews - Trustee

**THE CONSTRUCTION SECTOR TRANSPARENCY
INITIATIVE**

**STATEMENT OF CASH FLOWS
for the year ended 31 December 2021**

	Notes	2021 £	2020 £
Cash flows from operating activities			
Cash generated from operations	1	<u>(377,063)</u>	<u>(186,258)</u>
Net cash used in operating activities		<u>(377,063)</u>	<u>(186,258)</u>
Cash flows from investing activities			
Interest received		<u>32</u>	<u>398</u>
Net cash provided by investing activities		<u>32</u>	<u>398</u>
Change in cash and cash equivalents in the reporting period			
Cash and cash equivalents at the beginning of the reporting period		<u>404,462</u>	<u>590,322</u>
Cash and cash equivalents at the end of the reporting period		<u>27,431</u>	<u>404,462</u>

The notes form part of these financial statements

**THE CONSTRUCTION SECTOR TRANSPARENCY
INITIATIVE**

**NOTES TO THE STATEMENT OF CASH FLOWS
for the year ended 31 December 2021**

1. RECONCILIATION OF NET EXPENDITURE TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2021	2020
	£	£
Net expenditure for the reporting period (as per the Statement of Financial Activities)	(315,104)	(65,025)
Adjustments for:		
Interest received	(32)	(398)
Increase in debtors	(32,675)	(10,287)
Decrease in creditors	(29,252)	(110,548)
	<u> </u>	<u> </u>
Net cash used in operations	<u>(377,063)</u>	<u>(186,258)</u>

2. ANALYSIS OF CHANGES IN NET FUNDS

	At 1/1/21	Cash flow	At 31/12/21
	£	£	£
Net cash			
Cash at bank and in hand	404,462	(377,031)	27,431
	<u> </u>	<u> </u>	<u> </u>
	404,462	(377,031)	27,431
	<u> </u>	<u> </u>	<u> </u>
Total	<u>404,462</u>	<u>(377,031)</u>	<u>27,431</u>

**THE CONSTRUCTION SECTOR TRANSPARENCY
INITIATIVE**

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2021**

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 2019)', 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. In June 2022 FCDO confirmed that £1m has been approved for CoST in 2022-23 with £1m approved in principle for 2023-24 and 2024-25, a total of £3m. This will allow the CoST to have sufficient resources to meet its liabilities as they fall due for at least twelve months and secure its financial position in the longer term.

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 2021**

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

	2021	2020
	£	£
Deposit account interest	<u>32</u>	<u>398</u>

3. INCOME FROM CHARITABLE ACTIVITIES

	Activity	2021	2020
	Charitable activities	£	£
Grants		<u>641,650</u>	<u>1,458,976</u>

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

	2021	2020
	£	£
Dutch MinBuZa	238,419	229,166
DFID	367,778	1,150,000
UK FCO	-	5,000
UNDP Income	8,810	46,456
World Bank	-	28,354
WIN	13,915	-
The Partnership for Transparency Fund	12,728	-
	<u>641,650</u>	<u>1,458,976</u>

4. CHARITABLE ACTIVITIES COSTS

All of the funds are restricted

	Total Funds 2021	Total Funds 2020
	£	£
Provision of charitable services:		
Supporting national programmes	483,044	923,214
International programme costs	467,061	594,622
	<u>950,105</u>	<u>1,517,836</u>

**THE CONSTRUCTION SECTOR TRANSPARENCY
INITIATIVE**

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 December 2021**

5. SUPPORT COSTS

	Finance £	Governance costs £	Totals £
Charitable activities	501	-	501
Governance costs	-	6,180	6,180
	<u>501</u>	<u>6,180</u>	<u>6,681</u>

6. NET INCOME/(EXPENDITURE)

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

	2021 £	2020 £
Auditors' remuneration	<u>6,180</u>	<u>6,000</u>

7. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31 December 2021 nor for the year ended 31 December 2020.

Trustees' expenses

During the year, three trustees' received reimbursement of expenses of £nil (2020: £1,341) for travel and other expenses.

8. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021 £	2020 £
Grant debtors	12,728	-
Other debtors	-	2,180
Prepayments and accrued income	<u>35,336</u>	<u>13,209</u>
	<u>48,064</u>	<u>15,389</u>

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021 £	2020 £
Trade creditors	26,900	15,048
Accruals and deferred income	<u>47,715</u>	<u>88,819</u>
	<u>74,615</u>	<u>103,867</u>

**THE CONSTRUCTION SECTOR TRANSPARENCY
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**NOTES TO THE FINANCIAL STATEMENTS - continued
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10. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Total funds 2021 (Restricted)	Total funds 2020 (Restricted)
Current assets	75,495	419,851
Creditors due within one year	(74,615)	(103,867)
	<u>880</u>	<u>315,984</u>

11. MOVEMENT IN FUNDS

	At 1/1/21 £	Net movement in funds £	At 31/12/21 £
Restricted funds			
Restricted funds	315,984	(315,104)	880
	<u>315,984</u>	<u>(315,104)</u>	<u>880</u>
TOTAL FUNDS	<u>315,984</u>	<u>(315,104)</u>	<u>880</u>

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

	Incoming resources £	Resources expended £	Movement in funds £
Restricted funds			
Restricted funds	641,682	(956,786)	(315,104)
	<u>641,682</u>	<u>(956,786)</u>	<u>(315,104)</u>
TOTAL FUNDS	<u>641,682</u>	<u>(956,786)</u>	<u>(315,104)</u>

Comparatives for 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>

Comparative 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>

**THE CONSTRUCTION SECTOR TRANSPARENCY
INITIATIVE**

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 December 2021**

11. MOVEMENT IN FUNDS - continued

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

	At 1/1/20 £	Net movement in funds £	At 31/12/21 £
Restricted funds			
Restricted funds	381,009	(380,129)	880
	<u> </u>	<u> </u>	<u> </u>
TOTAL FUNDS	<u>381,009</u>	<u>(380,129)</u>	<u>880</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	2,101,056	(2,481,185)	(380,129)
	<u> </u>	<u> </u>	<u> </u>
TOTAL FUNDS	<u>2,101,056</u>	<u>(2,481,185)</u>	<u>(380,129)</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 £452,601 (2020: £507,310) relating to workshop costs and staff time incurred on the Charity's behalf. At the year end included in creditors there was £9,250 (2020: £nil) of trade creditors and £41,535 (2020: £82,819) of accrued costs. The recharge includes an element of Petter Matthews time.