

**REPORT OF THE TRUSTEES AND
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023
FOR
THE CONSTRUCTION SECTOR TRANSPARENCY
INITIATIVE**

Magma Audit LLP
Chartered Accountants
Statutory Auditor
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 2023**

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**THE CONSTRUCTION SECTOR TRANSPARENCY
INITIATIVE**

**REPORT OF THE TRUSTEES
for the year ended 31 December 2023**

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 2023. 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

We are proud of our achievements in 2023 and our work with partners to improve transparency, participation and accountability in infrastructure investment.

Focusing on climate resilience

We worked with the Open Contracting Partnership (OCP) to review the Open Contracting for Infrastructure Data Standard (OC4IDS)'s and CoST Infrastructure Data Standard (CoST IDS)'s, with regard to sustainability. Our data standards are now widely regarded as examples of international best practice.

We worked with the Water Integrity Network to produce a report on lessons from piloting a new tool to identify risks in water infrastructure. This innovative approach is now helping to ensure that investments in water infrastructure routinely consider the needs of poor and marginalised people and help to deliver outcomes that benefit them.

Our work on integrity risks in water infrastructure featured prominently in high-profile international events including the OECD's Global Anti-Corruption & Integrity Forum. We also spoke about climate financing at the 10th edition of ABRELATAM, the meeting point for the Latin America data community.

We attended the Open Government Partnership Summit in Tallinn and presented our work on climate finance, emphasising the importance of collective action. We also spotlighted climate infrastructure and our work around it in a blog piece on adapting climate infrastructure.

Training and guidance

We worked with the World Bank to train hundreds of decision-makers around the world on improving transparency, participation and accountability in public procurement through a series of interactive webinars.

Continuing our work with the World Bank, we also shared research from our members, at a seminar at London South Bank University. This included recommendations on how to better understand what drives infrastructure procurement delays.

We delivered training programmes to partners across Latin America. This included a joint event with the Dominican General Directorate of Public Procurement on Social Auditing aimed at representatives from civil society, government and the private sector. Other events addressing issues of data management were held in Panama and Guatemala.

Highlighting the impact of our members

Through case studies and other resources, we shone a spotlight on the impact of several members, including Honduras in Diplomas to Drive Gender Equality; Ukraine in Increasing transparency to improve market competition and infrastructure governance and Achieving infrastructure transparency in Sekondi-Takoradi; Bogota; Jalisco in Mexico and West Lombok.

Strategic Partnerships

We worked with the Confederation of International Contractors' Associations (CICA) to develop a joint position paper entitled 'Tackling Inefficiency, Mismanagement and Corruption in Infrastructure Investment'. A related online seminar attracted close to 200 registrations and provided a platform for a rich and varied discussion.

The Guadalajara City Council and the Mexican Chamber of the Construction Industry, Jalisco Delegation, signed a collaboration agreement to facilitate the publication of information on public works, in open data.

CoST Guatemala secured commitments on infrastructure transparency in health and education in the OGP action plan.

We were delighted to welcome new members, Kaduna in Nigeria and Nusa Tenggara Barat Province in Indonesia. We ran training for CoST Kaduna MSG members in December.

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**REPORT OF THE TRUSTEES
for the year ended 31 December 2023**

Online platforms

In January, CoST Jalisco ran training on their data platform for the Social Participation Committee of the State Anticorruption System of Jalisco. In February, CoST Jalisco supported the municipality of Guadalajara with the creation and launch of two new open data platforms focused on Open Contracting and Public Projects.

The Infrastructure Transparency Index (ITI) continued to attract interest from international stakeholders. We launched the ITI website as a repository for the experiences of those members who have applied the ITI.

Advocacy and International Recognition

Throughout the year, we spoke at several high-level events, engaging thousands of people worldwide. This included an Open Government Partnership Partner session on open government reforms; a discussion at the World Bank Anti Corruption Global Forum on restoring trust; a Knowledge Partner OECD session on Incentivising integrity in infrastructure and a panel on transparency initiatives at the Southern Africa Anti-Corruption Collective Action Forum.

Further international recognition resulted when CoST Uganda won the Basel Institute on Governance's Southern Africa Anti-Corruption Collective Action Award.

Evelyn Hernández, our Head of Members and Affiliates, participated in the First Congress of the National Network of Social Auditors (Renasi Auditores Sociales) in Honduras, which was named in her honor.

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 2023.

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 CONSTRUCTION SECTOR TRANSPARENCY
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**REPORT OF THE TRUSTEES
for the year ended 31 December 2023**

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.

FINANCIAL REVIEW

Financial position

Accounts

The accounts for the year ended 31 December 2023 are shown in this annual report. The accounts show income for the period of £1,222,941 and resources expended were £1,038,536 resulting in a surplus of £184,405 for the period.

Restricted Funds

The balance on restricted funds at 31 December 2023 is £215,027.

Unrestricted Funds

The balance on unrestricted funds at 31 December 2023 is £13,022.

Reserves

The Trustees have introduced measures aimed at increasing our unrestricted income. This includes taking on more commercial work, but only where this can be done without competing directly with companies who we want to support CoST. This will allow us to gradually build a reserve to help insulate our charitable activities against changing circumstances

Given that CoST does not employ staff, rent property or hold debt, our exposure to risks resulting from changing circumstances is minimal. However, we consider it prudent to establish a reserve to enable us to provide transitional support to partners should our ability to support them be reduced.

Going concern

The trustees have assessed the financial position of the charitable company. In 2023/2024 FCDO approved £1Million for CoST with £1Million approved for 2024-25. We have also secured new agreements for CoST with GiZ, The Inter-American Development Bank and The Water Integrity Network. 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

Registered office

167-169 Great Portland Street
5th Floor
London
W1W 5FP

**THE CONSTRUCTION SECTOR TRANSPARENCY
INITIATIVE**

**REPORT OF THE TRUSTEES
for the year ended 31 December 2023**

Trustees

C J Poortman	
G Ofori	(resigned 18 May 2023)
P M Matthews	
V Lazatin	(resigned 17 May 2023)
G English	(resigned 26 June 2024)
N Forsyuk	(resigned 17 May 2023)
C Schouten	
R Lifuka	(appointed 17 May 2023)
O Sobolev	(appointed 17 May 2023)
E Yimer	(appointed 11 July 2023)
P Rincon	(appointed 12 December 2023)
K Chantangkul	(appointed 22 April 2024)
J Mwangi	(appointed 26 June 2024)

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
Chartered Accountants
Statutory Auditor
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

CoST is adjusting to new circumstances in which demand for our services continues to increase, but also in which securing funding to support our work is more difficult. This inevitably means that we have to find ways to do more with less. Measures to achieve this include diversifying our sources of income, increasing the amount of commercial work we undertake and introducing a new business model in which CoST members take more responsibility for meeting their own funding needs.

Despite the challenges we face, global recognition of our work remains very high. We will seek to translate that recognition into new partnerships and practical support. We will prioritise working with those members which have lost momentum recently due to the pandemic, shifting priorities and inadequate funding. We will admit new members, but will stipulate that they need to cover the costs of their programme. We will continue to develop, refine and promote our tools and standards and where possible, utilise them to generate income.

Our ambition remains undimmed and we will continue our innovative and award-winning work for the benefit of people and businesses throughout the world.

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
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**REPORT OF THE TRUSTEES
for the year ended 31 December 2023**

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 on18 September 2024..... 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 2023 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 2023 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 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 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 and The Charities Statement of Recommended Practice (SORP). 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:

- Enquiries 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, such as those used to assess the recoverability of accrued income;
- 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 described above and the further removed non-compliance 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.



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

Date: 18 September 2024

**THE CONSTRUCTION SECTOR TRANSPARENCY
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**STATEMENT OF FINANCIAL ACTIVITIES
for the year ended 31 December 2023**

	Notes	Unrestricted fund £	Restricted fund £	2023 Total funds £	2022 Total funds £
INCOME AND ENDOWMENTS FROM					
Charitable activities					
Charitable activities	3	-	1,219,109	1,219,109	660,088
Investment income	2	3,832	-	3,832	36
Total		<u>3,832</u>	<u>1,219,109</u>	<u>1,222,941</u>	<u>660,124</u>
EXPENDITURE ON					
Charitable activities					
Charitable activities	4	529	1,029,401	1,029,930	609,440
Governance costs		-	8,606	8,606	7,920
Total		<u>529</u>	<u>1,038,007</u>	<u>1,038,536</u>	<u>617,360</u>
NET INCOME		3,303	181,102	184,405	42,764
RECONCILIATION OF FUNDS					
Total funds brought forward		9,719	33,925	43,644	880
TOTAL FUNDS CARRIED FORWARD		<u><u>13,022</u></u>	<u><u>215,027</u></u>	<u><u>228,049</u></u>	<u><u>43,644</u></u>

The notes form part of these financial statements

**THE CONSTRUCTION SECTOR TRANSPARENCY
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**STATEMENT OF FINANCIAL POSITION
31 December 2023**

	Notes	2023 £	2022 £
CURRENT ASSETS			
Debtors	8	73,560	258,455
Cash at bank and in hand		228,444	41,235
		302,004	299,690
CREDITORS			
Amounts falling due within one year	9	(73,955)	(256,046)
NET CURRENT ASSETS		228,049	43,644
TOTAL ASSETS LESS CURRENT LIABILITIES		228,049	43,644
NET ASSETS/(LIABILITIES)		228,049	43,644
FUNDS			
Unrestricted funds	11	13,022	9,719
Restricted funds		215,027	33,925
TOTAL FUNDS		228,049	43,644

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 ~~18 September 2024~~ 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 2023**

	Notes	2023 £	2022 £
Cash flows from operating activities			
Cash generated from operations	1	<u>183,377</u>	<u>13,768</u>
Net cash provided by operating activities		<u>183,377</u>	<u>13,768</u>
Cash flows from investing activities			
Interest received		<u>3,832</u>	<u>36</u>
Net cash provided by investing activities		<u>3,832</u>	<u>36</u>
Change in cash and cash equivalents in the reporting period			
Cash and cash equivalents at the beginning of the reporting period		<u>41,235</u>	<u>27,431</u>
Cash and cash equivalents at the end of the reporting period		<u><u>228,444</u></u>	<u><u>41,235</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 2023**

1.	RECONCILIATION OF NET INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES	2023	2022
		£	£
	Net income for the reporting period (as per the Statement of Financial Activities)	184,405	42,764
	Adjustments for:		
	Interest received	(3,832)	(36)
	Decrease/(increase) in debtors	184,895	(210,391)
	(Decrease)/increase in creditors	(182,091)	181,431
	Net cash provided by operations	183,377	13,768
		<u> </u>	<u> </u>
2.	ANALYSIS OF CHANGES IN NET FUNDS		
		At 1/1/23	Cash flow
		£	£
	Net cash		At 31/12/23
	Cash at bank and in hand	41,235	187,209
		<u> </u>	<u> </u>
		41,235	187,209
		<u> </u>	<u> </u>
	Total	41,235	187,209
		<u> </u>	<u> </u>

The notes form part of these financial statements

**THE CONSTRUCTION SECTOR TRANSPARENCY
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**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2023**

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)', the Charities Act 2011 and the Companies Act 2006.

The presentational currency of the financial statements is Sterling (£).

Going concern

The trustees have assessed the financial position of the charitable company following the net expenditure for the prior and current year. At 31 December 2023 the charity had net current assets of £228,049 (2022: £43,644) and net assets of £228,049 (2022: £43,644). 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
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**NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 December 2023**

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 a 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

	2023	2022
	£	£
Deposit account interest	3,832	36
	<u> </u>	<u> </u>

3. INCOME FROM CHARITABLE ACTIVITIES

	2023	2022
	£	£
Grants	1,219,109	660,088
	<u> </u>	<u> </u>

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

	2023	2022
	£	£
The UK Foreign, Commonwealth & Development Office	976,589	473,381
Inter-American Development Bank	4,294	33,217
United Nations Development Programme	-	57,963
The World Bank	188,853	46,456
The Water Integrity Network	847	18,744
German Agency for International Cooperation	35,325	25,343
The Organisation for Economic Cooperation and Development	(137)	4,984
US State Department Bureau of International Narcotics and Law Enforcement	13,338	-
	<u> </u>	<u> </u>
	1,219,109	660,088
	<u> </u>	<u> </u>

**THE CONSTRUCTION SECTOR TRANSPARENCY
INITIATIVE**

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 December 2023**

4. CHARITABLE ACTIVITIES COSTS

	Total Funds 2023 £	Total Funds 2022 £
Provision of charitable services:		
Supporting national programmes	408,865	274,030
International programme costs	620,775	334,994
	1,029,640	609,024
	1,029,640	609,024

5. SUPPORT COSTS

	Finance £	Governance costs £	Totals £
Charitable activities	290	-	290
Governance costs	-	8,606	8,606
	290	8,606	8,896
	290	8,606	8,896

6. NET INCOME/(EXPENDITURE)

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

	2023 £	2022 £
Auditors' remuneration	8,606	7,920
	8,606	7,920

7. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31 December 2023 nor for the year ended 31 December 2022.

Trustees' expenses

During the year, the trustees' received reimbursement of expenses of £2,127 (2022: £nil).

8. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2023 £	2022 £
Grant debtors	7,804	-
Prepayments and accrued income	65,756	258,455
	73,560	258,455
	73,560	258,455

**THE CONSTRUCTION SECTOR TRANSPARENCY
INITIATIVE**

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 December 2023**

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2023	2022
	£	£
Trade creditors	8,601	17,925
Accruals and deferred income	65,354	238,121
	<u>73,955</u>	<u>256,046</u>

10. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted fund	Restricted fund	2023 Total funds	2022 Total funds
	£	£	£	£
Current assets	13,022	288,982	302,004	299,690
Current liabilities	-	(73,955)	(73,955)	(256,046)
	<u>13,022</u>	<u>215,027</u>	<u>228,049</u>	<u>43,644</u>

11. MOVEMENT IN FUNDS

	At 1/1/23 £	Net movement in funds £	At 31/12/23 £
Unrestricted funds			
General fund	9,719	3,303	13,022
Restricted funds			
Restricted funds	33,925	181,102	215,027
TOTAL FUNDS	<u>43,644</u>	<u>184,405</u>	<u>228,049</u>

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

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	3,832	(529)	3,303
Restricted funds			
Restricted funds	1,219,109	(1,038,007)	181,102
TOTAL FUNDS	<u>1,222,941</u>	<u>(1,038,536)</u>	<u>184,405</u>

**THE CONSTRUCTION SECTOR TRANSPARENCY
INITIATIVE**

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 December 2023**

11. MOVEMENT IN FUNDS - continued

Comparatives for movement in funds

	At 1/1/22 £	Net movement in funds £	Transfers between funds £	At 31/12/22 £
Unrestricted funds				
General fund	-	-	9,719	9,719
Restricted funds				
Restricted funds	880	42,764	(9,719)	33,925
TOTAL FUNDS	<u>880</u>	<u>42,764</u>	<u>-</u>	<u>43,644</u>

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

	Incoming resources £	Resources expended £	Movement in funds £
Restricted funds			
Restricted funds	660,124	(617,360)	42,764
TOTAL FUNDS	<u>660,124</u>	<u>(617,360)</u>	<u>42,764</u>

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

	At 1/1/23 £	Net movement in funds £	Transfers between funds £	At 31/12/23 £
Unrestricted funds				
General fund	-	3,303	9,719	13,022
Restricted funds				
Restricted funds	880	223,866	(9,719)	215,027
TOTAL FUNDS	<u>880</u>	<u>227,169</u>	<u>-</u>	<u>228,049</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 £
Unrestricted funds			
General fund	3,832	(529)	3,303
Restricted funds			
Restricted funds	1,879,233	(1,655,367)	223,866
TOTAL FUNDS	<u>1,883,065</u>	<u>(1,655,896)</u>	<u>227,169</u>

**THE CONSTRUCTION SECTOR TRANSPARENCY
INITIATIVE**

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 December 2023**

11. MOVEMENT IN FUNDS - continued

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 (registered 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 £453,432 (2022: £357,459) relating to workshop costs and staff time incurred on the Charity's behalf. At the year end there were accrued costs of £53,206 (2022: £230,992). The recharge includes an element of Petter Matthews time.

**THE CONSTRUCTION SECTOR TRANSPARENCY
INITIATIVE**

**DETAILED STATEMENT OF FINANCIAL ACTIVITIES
for the year ended 31 December 2023**

	2023 £	2022 £
INCOME AND ENDOWMENTS		
Investment income		
Deposit account interest	3,832	36
Charitable activities		
Grants	1,219,109	660,088
Total incoming resources	1,222,941	660,124
EXPENDITURE		
Charitable activities		
Supporting national programmes	408,865	274,030
International programme costs	620,775	334,994
	1,029,640	609,024
Support costs		
Finance		
Bank charges	290	416
Governance costs		
Auditors' remuneration	8,606	7,920
Total resources expended	1,038,536	617,360
Net income	184,405	42,764

This page does not form part of the statutory financial statements