

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 2017
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**

**CONTENTS OF THE FINANCIAL STATEMENTS
for the year ended 31 December 2017**

| | Page |
|--------------------------------------|-------------|
| Report of the Trustees | 1 to 4 |
| Report of the Independent Auditors | 5 to 6 |
| Statement of Financial Activities | 7 |
| Statement of Financial Position | 8 |
| Statement of Cash Flows | 9 |
| Notes to the Statement of Cash Flows | 10 |
| Notes to the Financial Statements | 11 to 15 |

THE CONSTRUCTION SECTOR TRANSPARENCY INITIATIVE

REPORT OF THE TRUSTEES for the year ended 31 December 2017

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 2017. The trustees have adopted the provisions of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

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 2017.

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.

ACHIEVEMENT AND PERFORMANCE

CoST made excellent progress at national and international levels in 2017. Some of CoST's achievements are listed below and for a more comprehensive list of achievements, please download the CoST 2017 Annual Report from www.infrastructuretransparency.org.

Increased Transparency and Accountability

In 2017 CoST promoted data disclosure on 6,356 infrastructure projects. This was a 67% increase on the amount published in 2016. Instrumental to this has been the development of innovative online disclosure platforms and the introduction of measures to make disclosure mandatory.

THE CONSTRUCTION SECTOR TRANSPARENCY INITIATIVE

REPORT OF THE TRUSTEES for the year ended 31 December 2017

Online platforms introduced in Malawi, Panama and Ukraine

CoST Malawi launched its Information Platform for Public Infrastructure which allows citizens and other users to easily find information on infrastructure projects' cost and performance. To ensure that procuring entities use the platform, CoST Malawi supported them through training to populate information ahead of its launch and thereafter. CoST Ukraine and CoST Panama also began to work on their platforms in 2017. In the development of these platforms, CoST Malawi and CoST Panama replicated the highly successful SISOCs and CoST Ukraine drew on it for inspiration.

Institutionalising CoST

Malawi and Costa Rica established legal mandates requiring the disclosure of data in the CoST Infrastructure Data Standard (CoST IDS), in Malawi this was achieved through amendments to its Public Procurement Act, whilst in Costa Rica it introduced a series of executive decrees. Progress was also made to institutionalise disclosure requirements in other CoST countries. CoST El Salvador established a requirement that involved the Ministry of Public Works adopting the CoST approach. CoST Afghanistan signed MoUs with the Ministry of Rural Rehabilitation and Development and the Ministry of Public Works, ensuring data disclosure in CoST IDS format and adoption of the CoST assurance process. In Ukraine, Kyiv City Administration committed to disclosure on a number of large projects with the collective value of \$(US) 54 million.

Research

Two CoST members published scoping studies that highlighted that the legal requirements in their respective countries fell substantially short of the CoST benchmark for transparency. The CoST Panama Scoping Study revealed that only 55% of the data points in the CoST IDS are legally required to be disclosed. The CoST Uganda Scoping Study highlighted that only 30% of the data points have to be disclosed. With these findings, CoST Panama began engaging the government to amend a law that regulates public procurement which will require public institutions to publish information on all stages of an infrastructure project. At the launch of Uganda's Scoping Study, the Ugandan Minister for Public Works and Transport, Monica Azuba Ntege, called the study a 'recipe for change' and pledged that the Ministry of Works and Transport will champion the adoption of the CoST IDS across government.

Training and learning

In 2017, CoST multi-stakeholder groups and national secretariats trained over 1,900 officials on data disclosure - a 262% increase on the previous year. Of the most extensive training was that provided by CoST Guatemala who supported 1,200 officials from 225 local municipalities in nine workshops. CoST Guatemala focussed on addressing key concerns raised in the CoST Guatemala Sixth Assurance Report which had highlighted that only 43% of the CoST IDS data points had been disclosed. Training public officials also took place in Afghanistan, El Salvador, Honduras, Malawi and Tanzania. CoST Afghanistan trained 34 government representatives, CoST El Salvador trained the Ministry of Public Works Committee and CoST Malawi trained different government departments on its online disclosure platform.

Building international partnerships

The benefits of CoST were advocated at several key events, helping to raise the CoST profile and build partnerships with influential organisations. Central to this was CoST co-sponsorship of Open Contracting Global 2017, an inaugural event where over 200 key influencers and innovators from 30 countries met to share experiences and make open contracting the new norm. In partnership with the Infrastructure and Cities for Economic Development (ICED) Facility and in association with the Department for International Development (DFID), CoST convened a roundtable to discuss the role of governance and transparency in DFID's infrastructure and urban programming. CoST also participated at the World Bank's Infrastructure Governance Roundtable in Cape Town, hosted by the Development Bank of Southern Africa and took part in the C20 Summit in Hamburg, Germany, joining a panel on sustainable, equitable and transparent infrastructure investments.

Social accountability prompting change

In 2017, CoST members worked closely with social accountability actors to catalyse action on infrastructure issues. CoST Honduras opened its inaugural investigative reporting award and recognised Josue Quintana as the 2017 winner. Mr Quintana had helped to expose a miscalculation on a road and bridge expansion and reiterated CoST Honduras recommendations that the project's contract should be revised. CoST Ukraine's Multi-Stakeholder Group promoted assurance report findings on a poor-quality bridge project at a press conference which led to widespread reportage on the issue. This pressure led the contractor of the project to take swift action at his own cost. CoST Uganda and Wakiso District organised a 'Baraza', a Ugandan community meeting, which allowed citizens to express their concerns on a major road project. The district began to act on these concerns, initially through the introduction of street lights on the road.

**THE CONSTRUCTION SECTOR TRANSPARENCY
INITIATIVE**

**REPORT OF THE TRUSTEES
for the year ended 31 December 2017**

FINANCIAL REVIEW

Financial position

Accounts

The accounts for the year ended 31 December 2017 are shown in this annual report. The accounts show income for the period of £1,503,493 and resources expended were £1,664,087 resulting in a deficit of £160,594 for the period. This deficit can be explained by the utilisation of the restricted reserves of £213,324 carried forward from 2016.

Restricted Funds

The balance on restricted funds at 31 December 2017 is £52,730.

Reserves

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

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

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

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

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number

08159144 (England and Wales)

Registered Charity number

1152236

Registered office

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

Trustees

C J Poortman

P M Matthews

V Lazatin

Professor G Ofori

P R Nielsen

- resigned 29.3.17

A J Cantero Callejas

F Kehlenbach

- appointed 11.7.17

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

**THE CONSTRUCTION SECTOR TRANSPARENCY
INITIATIVE**

**REPORT OF THE TRUSTEES
for the year ended 31 December 2017**

Bankers

National Westminster Bank
PO Box 414
38 Strand
London
WC2N 5JB

FINANCIAL INSTRUMENTS

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

PLANS FOR FUTURE PERIODS

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

STATEMENT OF TRUSTEES RESPONSIBILITIES

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

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

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

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

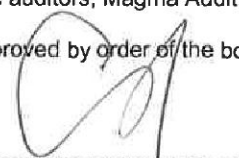
In so far as the trustees are aware:

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

AUDITORS

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

Approved by order of the board of trustees on 24/9/18 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 2017 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).

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.

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 2017 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

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

Our opinion on the financial statements does not cover the other information and 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, 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.

Opinion 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.

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

Matters on which we are required to report by exception

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.

Responsibilities of trustees

As explained more fully in the Statement of Trustees Responsibilities, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Our responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Independent Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Independent Auditors.

Magma Audit C/p

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: *24th September 2018*

**THE CONSTRUCTION SECTOR TRANSPARENCY
INITIATIVE**

**STATEMENT OF FINANCIAL ACTIVITIES
for the year ended 31 December 2017**

| | Notes | Unrestricted fund £ | Restricted fund £ | 2017 Total funds £ | 2016 Total funds £ |
|------------------------------------|-------|---------------------------|-------------------------|--------------------------|--------------------------|
| INCOME AND ENDOWMENTS FROM | | | | | |
| Charitable activities | 4 | - | 1,503,442 | 1,503,442 | 1,399,544 |
| Other trading activities | 2 | - | - | - | 2,147 |
| Investment income | 3 | - | 51 | 51 | 589 |
| Total | | - | 1,503,493 | 1,503,493 | 1,402,280 |
| EXPENDITURE ON | | | | | |
| Charitable activities | 5 & 6 | - | - | - | - |
| Resources expended | | - | 1,664,087 | 1,664,087 | 1,329,336 |
| NET INCOME/(EXPENDITURE) | | - | (160,594) | (160,594) | 72,944 |
| RECONCILIATION OF FUNDS | | | | | |
| Total funds brought forward | | - | 213,324 | 213,324 | 140,380 |
| TOTAL FUNDS CARRIED FORWARD | | - | 52,730 | 52,730 | 213,324 |

CONTINUING OPERATIONS

All income and expenditure has arisen from continuing activities.

The notes form part of these financial statements

**THE CONSTRUCTION SECTOR TRANSPARENCY
INITIATIVE**

**STATEMENT OF FINANCIAL POSITION
At 31 December 2017**

| | Notes | 2017 £ | 2016 £ |
|--|-------|----------------|----------------|
| CURRENT ASSETS | | | |
| Debtors | 9 | 3,785 | 127,706 |
| Cash at bank and in hand | | <u>246,637</u> | <u>298,801</u> |
| | | 250,422 | 426,507 |
| CREDITORS | | | |
| Amounts falling due within one year | 10 | (197,692) | (213,183) |
| NET CURRENT ASSETS | | <u>52,730</u> | <u>213,324</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | <u>52,730</u> | <u>213,324</u> |
| NET ASSETS | | <u>52,730</u> | <u>213,324</u> |
| FUNDS | 12 | | |
| Restricted funds | | <u>52,730</u> | <u>213,324</u> |
| TOTAL FUNDS | | <u>52,730</u> | <u>213,324</u> |

These financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to charitable small companies.

The financial statements were approved by the Board of Trustees on 24/9/18 and were signed on its behalf by:


C J Poortman -Trustee


P M Matthews -Trustee

The notes form part of these financial statements

**THE CONSTRUCTION SECTOR TRANSPARENCY
INITIATIVE**

**STATEMENT OF CASH FLOWS
for the year ended 31 December 2017**

| | Notes | 2017 £ | 2016 £ |
|---|-------|-----------------|----------------|
| Cash flows from operating activities: | | | |
| Cash generated from operations | 1 | <u>(52,215)</u> | <u>69,407</u> |
| Net cash provided by (used in) operating activities | | <u>(52,215)</u> | <u>69,407</u> |
| Cash flows from investing activities: | | | |
| Interest received | | <u>51</u> | <u>589</u> |
| Net cash provided by (used in) investing activities | | <u>51</u> | <u>589</u> |
| Change in cash and cash equivalents in the reporting period | | <u>(52,164)</u> | <u>69,996</u> |
| Cash and cash equivalents at the beginning of the reporting period | | <u>298,801</u> | <u>228,805</u> |
| Cash and cash equivalents at the end of the reporting period | | <u>246,637</u> | <u>298,801</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 2017**

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

| | 2017 £ | 2016 £ |
|---|------------------------|----------------------|
| Net (expenditure) / income for the reporting period (as per the statement of financial activities) | (160,594) | 72,944 |
| Adjustments for: | | |
| Interest received | (51) | (589) |
| Decrease/(increase) in debtors | 123,921 | (85,340) |
| (Decrease)/increase in creditors | <u>(15,491)</u> | <u>82,392</u> |
| Net cash (used in) provided by operating activities | <u>(52,215)</u> | <u>69,407</u> |

**THE CONSTRUCTION SECTOR TRANSPARENCY
INITIATIVE**

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017**

1. ACCOUNTING POLICIES

Company status

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

Summary of significant accounting policies

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

Basis of preparing the financial statements

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

Incoming resources

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

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

Expenditure

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

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

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 2017**

1. ACCOUNTING POLICIES - continued

Debtors

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

Cash and cash equivalents

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

Creditors

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

Financial instruments

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

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

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

2. OTHER TRADING ACTIVITIES

| | 2017 £ | 2016 £ |
|------------|-----------|--------------|
| Consulting | <u>-</u> | <u>2,147</u> |

3. INVESTMENT INCOME

| | 2017 £ | 2016 £ |
|--------------------------|-----------|------------|
| Deposit account interest | <u>51</u> | <u>589</u> |

4. INCOME FROM CHARITABLE ACTIVITIES

| | 2017 £ | 2016 £ |
|--------|------------------|------------------|
| Grants | <u>1,503,442</u> | <u>1,399,544</u> |

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

| | 2017 £ | 2016 £ |
|---------------|------------------|------------------|
| Dutch Minbuza | 211,860 | 211,860 |
| DFID | 1,173,522 | 1,025,000 |
| UK FCO | <u>118,060</u> | <u>162,684</u> |
| | <u>1,503,442</u> | <u>1,399,544</u> |

**THE CONSTRUCTION SECTOR TRANSPARENCY
INITIATIVE**

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
for the year ended 31 December 2017**

5. CHARITABLE ACTIVITIES COSTS

All of the funds are restricted

| | Total Funds 31.12.17 £ | Total Funds 31.12.16 £ |
|--|------------------------------|------------------------------|
| Provision of charitable services: | | |
| Supporting national programmes | 910,015 | 632,350 |
| International programme costs | <u>747,076</u> | <u>690,778</u> |
| | <u>1,657,091</u> | <u>1,312,128</u> |

6. SUPPORT COSTS

| | Other £ | Governance costs £ | Totals £ |
|-----------------------|------------|--------------------------|---------------------|
| Charitable activities | <u>740</u> | <u>6,256</u> | <u>6,996</u> |

7. NET INCOME/(EXPENDITURE)

Net income/(expenditure) is stated after charging:

| | 2017 £ | 2016 £ |
|------------------------|---------------------|---------------------|
| Auditors' remuneration | <u>6,256</u> | <u>5,750</u> |

8. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31 December 2017 nor for the year ended 31 December 2016.

Trustees' expenses

During the year, four trustees' received reimbursement of expenses of £10,932 (2016: £8,738) for travel and other expenses.

9. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2017 £ | 2016 £ |
|--------------------------------|---------------------|-----------------------|
| Grant debtors | - | 103,685 |
| Other debtors | <u>2,579</u> | <u>24,021</u> |
| Prepayments and accrued income | <u>1,206</u> | <u>-</u> |
| | <u>3,785</u> | <u>127,706</u> |

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2017 £ | 2016 £ |
|------------------------------|-----------------------|-----------------------|
| Trade creditors | <u>4,189</u> | <u>4,998</u> |
| Accruals and deferred income | <u>193,503</u> | <u>208,185</u> |
| | <u>197,692</u> | <u>213,183</u> |

**THE CONSTRUCTION SECTOR TRANSPARENCY
INITIATIVE**

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
for the year ended 31 December 2017

11. ANALYSIS OF NET ASSETS BETWEEN FUNDS

| | Total funds 2017 (Restricted) | Total funds 2016 (Restricted) |
|-------------------------------|-------------------------------------|-------------------------------------|
| Current assets | 250,422 | 426,507 |
| Creditors due within one year | <u>(197,692)</u> | <u>(213,183)</u> |
| | <u>52,730</u> | <u>213,324</u> |

12. MOVEMENT IN FUNDS

| | At 1.1.17 £ | Net movement in funds £ | At 31.12.17 £ |
|-------------------------|----------------|----------------------------------|------------------|
| Restricted funds | | | |
| Restricted funds | 213,324 | (160,594) | 52,730 |
| | <u>213,324</u> | <u>(160,594)</u> | <u>52,730</u> |
| TOTAL FUNDS | <u>213,324</u> | <u>(160,594)</u> | <u>52,730</u> |

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

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

Comparatives for movement in funds

| | At 1.1.16 £ | Net movement in funds £ | At 31.12.16 £ |
|-------------------------|----------------|----------------------------------|------------------|
| Restricted Funds | | | |
| Restricted funds | 140,380 | 72,944 | 213,324 |
| | <u>140,380</u> | <u>72,944</u> | <u>213,324</u> |
| TOTAL FUNDS | <u>140,380</u> | <u>72,944</u> | <u>213,324</u> |

**THE CONSTRUCTION SECTOR TRANSPARENCY
INITIATIVE**

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
for the year ended 31 December 2017**

12. MOVEMENT IN FUNDS - continued

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

| | Incoming resources £ | Resources expended £ | Movement in funds £ |
|-------------------------|----------------------------|----------------------------|---------------------------|
| Restricted funds | | | |
| Restricted funds | 1,402,280 | (1,329,336) | 72,944 |
| TOTAL FUNDS | <u>1,402,280</u> | <u>(1,329,336)</u> | <u>72,944</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.

13. 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 £614,412 (2016: £594,773) relating to workshop costs and staff time incurred on the Charity's behalf. At the year end there was a creditor of £166,465 (2016: £201,078). The recharge includes an element of Petter Matthews time.

14. FINANCIAL INSTRUMENTS

The charity has the following financial instruments:

| | £ | 2017 £ | £ | 2016 £ |
|--|--------------|--------------|---------------|----------------|
| Financial assets that are debt instruments measured at amortised cost | | | | |
| - Grant debtors | - | | 103,685 | |
| - Other debtors | <u>2,579</u> | | <u>24,021</u> | |
| | | <u>2,579</u> | | <u>127,706</u> |
| Financial liabilities measured at amortised cost | | | | |
| - Trade creditors | <u>4,189</u> | | 4,998 | |
| - Other creditors | - | | - | |
| | | <u>4,189</u> | | <u>4,998</u> |