

REGISTERED COMPANY NUMBER: 03613056 (England and Wales)
REGISTERED CHARITY NUMBER: 1071974

REPORT OF THE TRUSTEES AND
AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016
FOR
ENGINEERS AGAINST POVERTY

Magma Audit LLP
Magma House
16 Davy Court
Castle Mound Way
Rugby
CV23 0UZ

ENGINEERS AGAINST POVERTY
CONTENTS OF THE FINANCIAL STATEMENTS
for the Year Ended 31 December 2016

| | Page |
|--------------------------------------|----------|
| Report of the Trustees | 1 to 5 |
| Report of the Independent Auditors | 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 17 |

ENGINEERS AGAINST POVERTY
REPORT OF THE TRUSTEES
for the Year Ended 31 December 2016

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 2015. 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).

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

03613056 (England and Wales)

Registered Charity number

1071974

Registered office

Woolgate Exchange
25 Basinghall Street
London
EC2V 5HA

Trustees

P Jowitt - Chairman
J Downham - Treasurer
T Marshall
R Watermeyer
N Ogunshakin
E Culbard
W Serle

The Executive Board Members consist of Petter Matthews who is also the director of the charitable company for the purposes of company law and its trustees for the purposes of charity law.

Appointment of Trustees

At the Annual General Meeting in July 2016 Will Serle & Ron Watermeyer retired by rotation and were re-elected.

Company Secretary

T Nyoka resigned 20 July 2016
S Henderson appointed 17.02.17

Principal Officers

The following people were employed by EAP during 2016:

Petter Matthews - Executive Director
Jill Wells - Senior Policy and Research Advisor
John Hawkins - Programme Manager
Bernadine Fernz - Policy and Research Advisor
Eleanor Morgan - Communications Manager
Mia Jeannot - Programme Administrator
Tendai Nyoka-Finance Officer (resigned June 2016)
Sean Henderson-Finance Officer (appointed June 2016)

Auditors

Magma Audit LLP Magma House
16 Davy Court
Castle Mound Way
Rugby
CV23 0UZ

ENGINEERS AGAINST POVERTY
REPORT OF THE TRUSTEES
for the Year Ended 31 December 2016

Bankers

National Westminster Bank Plc
PO Box 113, Cavell House
2a Charing Cross Road
London
WC2H 0NN

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.

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 Executive Director to conduct an annual review of the major strategic and operational risks that Engineers Against Poverty (EAP) 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 Executive Director and changes in policy are made where necessary. The trustees are satisfied with the systems in place to monitor, manage and mitigate EAP's exposure to major risks.

OBJECTIVES AND ACTIVITIES

Objects

The objects of the Charity are for the relief of poverty in particular by assisting in the provision of engineering support for projects and programmes for the relief of poverty anywhere in the world.

Mission

Our mission is to improve infrastructure policy and engineering practice in order to help reduce and eventually eliminate poverty.

Activities

EAP's Strategic Plan 2012-2017 outlines 5 'Areas of Focus' (1) Infrastructure Investment, (2) Transparency and Accountability, (3) Local Content, (4) Labour Standards and (5) Climate & Infrastructure. EAP fulfils its mission through activities in each of these areas, which are discussed in more detail below.

Policies

The trustees are responsible for establishing the policies that guide the work of the Charity. These policies are designed to make the most effective and efficient use of the resources at its disposal. They are also designed to ensure that EAP meets its obligations to its project partners, corporate and individual supporters and staff. Responsibility for implementing these policies on a day-to-day basis is delegated to the Executive Director who reports to the trustees on a regular basis.

Restrictions

There are no restrictions in the governing documents as to how Engineers Against Poverty may operate.

Investment Powers

There are no powers to make investments other than in bank accounts and there is no intention to build upon investment fund.

Charitable Contributions

All programme expenditure is for charitable purposes, but no direct contributions for charitable purposes have been made.

Liability Insurance

£451 has been expended on Charity trustees' Liability Insurance.

ENGINEERS AGAINST POVERTY
REPORT OF THE TRUSTEES
for the Year Ended 31 December 2016

PUBLIC BENEFIT

The trustees have noted the duty in section 4 of the Charities Act 2006 and the guidance of the Charity Commission with regard to public benefit. All our activities are for the public benefit, but we highlight in particular:

Our promotion of transparency and accountability in infrastructure investment benefits a broad section of the public. The benefits are realised through obtaining better value from public investment and delivering better quality infrastructure and services. All those who pay taxes and use public services are likely to benefit.

Our policy work directly influences high-level decision makers in governments and international agencies. Because of our advice public policy is more closely aligned with the needs of poor and marginalised people.

Our capacity building support strengthens institutions and empowers individuals. Institutions become more effective and individuals are better able to secure their rights and realise their potential.

Our outreach work informs and empowers people. It provides practical solutions to the problems of poverty aimed at policy makers and practitioners. It also provides data that is useful to researchers and can contribute to better public policy.

ACHIEVEMENTS AND PERFORMANCE

EAP made good progress in 2016. Examples of our achievements include:

Transparency & Accountability

EAP continued to host the International Secretariat of the Construction Sector Transparency Initiative (CoST). CoST is established as the leading international infrastructure transparency initiative, disclosing, validating and interpreting infrastructure data to empower stakeholders to hold decision-makers to account. Key successes in 2016 include:

- Information disclosed on approximately 4,080 infrastructure projects.
- Across CoST programmes, approximately 70 projects were subject to assurance; CoST Ukraine's assurance report was praised by the President of Ukraine, whilst the Government of Honduras committed to enacting the national Assurance report and CoST Ethiopia aggregated its data into a comprehensive overview of national infrastructure.
- CoST Honduras and CoST Malawi were both recognised for their use of government data to bring concrete benefits for citizens as part of the Open Government Partnership's Awards.
- Panama joined the programme, bringing the number of participating countries in Latin America to four.
- CoST Malawi created an innovative SMS platform to provide citizens with a real-time reporting mechanism for infrastructure issues affecting their local areas. The number provides a lifeline for citizens to ensure that the services their taxes pay for are delivered efficiently and effectively.
- CoST established an engagement agreement with Open Contracting Partnership (OCP) to work together to maximise our impact in increasing transparency and accountability in public infrastructure.
- CoST launched a new project in Southeast Asia, explore how the initiative, its principles and tools can strengthen the environment for public infrastructure investment transparency.
- CoST completed a Strategic Review, exploring how the initiative can increase its impact to deliver better value public infrastructure globally.

Labour Standards

Following the grant award from the Open Society Foundation (OSF), EAP published its first paper on the role of migrant workers in the construction industry exploring the factors surrounding the issue of late or non-payment of wages. The paper traces the problem to the payment system in the construction industry that has failed to adjust to significant changes to the way in which workers are employed and migrant workers incorporated into construction labour markets. A white version of the paper was circulated for comment amongst select experts, before full publication. EAP has commenced further research for the second paper, exploring the 'Wage Protection System' and other international measures to tackle the issue. The paper also led to a collaboration with the International Labour Organization (ILO), undertaking research to formulate policy ideas and recommendations for a fair construction sector in the Middle East.

EAP also supported the Chartered Institute of Building (CIOB) to tackle modern slavery in construction supply chains, as part of its 'Building a Fairer System' research paper. This paper explored how industry, NGOs, clients and governments can collaborate to create more ethical and sustainable supply chains for labour and materials around the world.

ENGINEERS AGAINST POVERTY
REPORT OF THE TRUSTEES
for the Year Ended 31 December 2016

Infrastructure Investment

As part of its role in the Infrastructure and Cities for Economic Development (ICED) Alliance, EAP undertook knowledge management and international influencing to support the acceleration of DFID's infrastructure and cities initiatives across the world. Specifically, EAP worked with ICED partners to organise a high-level roundtable on the role of infrastructure in women's economic empowerment. These findings were taken forward by the ICED Facility and resulted in recognition of potential of infrastructure by the UN's High Level Panel (HLP) on Women's Economic Empowerment. Additionally, EAP worked with members of the ICED Alliance to design a live interactive city hack session at Habitat III to support the town of Jinja, Uganda, in implementing the UN's New Urban Agenda.

Education

EAP continued to support the Royal Academy of Engineering led and Anglo American Group Foundation supported programme to enrich engineering education in Sub-Saharan Africa, bringing engineering curricula in universities in line with current industrial practices. EAP provided strategic guidance to the Enriching Engineering Education (EEE) programme, which facilitated secondments and collaborative workshops for university staff to learn directly from industry partners. As a result of the programme, 20 university staff went on secondment in Tanzania and Zimbabwe, with peer learning workshops then held in seven countries across Sub-Saharan Africa.

Support of Organisations

The work of EAP in 2016 would not have been possible without the tremendous support of a range of organisations including:

ARUP
Association for Consultancy and Engineering (ACE)
AMEC
Chartered Institute of Building (CIOB)
CoST
Department for International Development
Engineering UK
Has it supported EAP? Hogan Lovells
Institution of Chemical Engineers
Institution of Civil Engineers
International Labour Organization (ILO)
MDY Legal
Open Society Foundation
Parsons Brinckerhoff
PricewaterhouseCoopers (PwC)
Royal Academy of Engineering
Social Development Direct (SDD)
World Bank

Support of Individuals

The trustees express their sincere gratitude to all the individuals who have supported the Charity's work in 2016, but are too numerous to mention here.

FINANCIAL REVIEW

Accounts

The accounts for the year ended 31 December 2016 are shown in this annual report. The trustees consider that the reserves are sufficient to meet its needs and obligations. All funds are held on short term deposit.

Unrestricted Funds

The balance on unrestricted funds at 31 December 2016 was £442,835.

Reserves

The trustees have established a Reserves Policy that considers the level of reserves sufficient to protect the organisation and its charitable programme by providing time to adjust to changing financial circumstances. This limits the risk of disruption to the programme in the event of a shortfall in any of EAP's various sources of income, or an unexpected need for additional expenditure. At the year-end there were unrestricted funds of £442,835. Of this £250,000 is considered by the trustees to be held as reserves. This is equivalent to six months operating cost which the trustees consider to be acceptable. £192,835 of unrestricted fund is considered to be free reserves which EAP will use to carry out its charitable objectives.

ENGINEERS AGAINST POVERTY
REPORT OF THE TRUSTEES
for the Year Ended 31 December 2016

PLANS FOR FUTURE PERIODS

At its meeting in October 2016, the CoST Board agreed that EAP will continue to provide the International Secretariat for the programme until mid 2020. This endorsement demonstrates the value EAP has brought to CoST since the launch of the CoST Pilot in 2008. EAP will continue to support the CoST Board to deliver a new three year business plan that aims to increase its global footprint and its impact on the ground. The business plan is a requirement of CoSTs' funding agreement with DFID and it is anticipated that it will unlock £5m in investment from the UK Government over the next three years. Critical to delivering the full business plan will be to attract additional funding from other bilateral and multilateral donors, and foundations. Wi.

Our role in the Infrastructure and Cities for Economic Development (ICED) Facility has become an increasingly important part of our portfolio. It will continue to provide us with the opportunity to drive a step change in DFID's ability to promote economic growth through improved and inclusive infrastructure provision and sustainable urban development.

We are also increasingly viewed as the go to organisation on labour issues within the sector. We will continue to build on this success and promote improvements to health and safety, workers pay and conditions to a broader range of stakeholders.

We will also be finalizing our new five year strategy that will provide greater clarity to the vision and mission of the organisation. Key to delivering the new strategy is the development of policy positions based on the work we do with amongst others ICED and CoST. We will then use the policy positions as tools to influence key stakeholders such as the G20.

STATEMENT OF TRUSTEES RESPONSIBILITIES

The trustees (who are also the directors of Engineers Against Poverty 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 4th August 2017 and signed on its behalf by:

P Jowitt - Trustee

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF ENGINEERS AGAINST POVERTY

We have audited the financial statements of Engineers Against Poverty for the year ended 31 December 2016 on pages four to fourteen. 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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.

Respective responsibilities of trustees and auditors

As explained more fully in the Statement of Trustees Responsibilities set out on page two, 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.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Trustees to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

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 2016 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion 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.

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.

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: 11th August 2017

ENGINEERS AGAINST POVERTY
STATEMENT OF FINANCIAL ACTIVITIES
for the Year Ended 31 December 2016

| | Notes | Unrestricted fund £ | Restricted fund £ | 31.12.16 Total funds £ | 31.12.15 Total funds £ |
|------------------------------------|-------|------------------------|----------------------|------------------------------|------------------------------|
| INCOME AND ENDOWMENTS FROM | | | | | |
| Donations and legacies | 2 | 7,996 | - | 7,996 | 5,799 |
| Charitable activities | 4 | 696,898 | 116,249 | 813,147 | 384,038 |
| Investment income | 3 | 44 | - | 44 | 28 |
| Other income | | <u>149</u> | <u>-</u> | <u>149</u> | <u>104</u> |
| Total | | 705,087 | 116,249 | 821,336 | 389,969 |
| EXPENDITURE ON | | | | | |
| Raising funds | 5 | 8,893 | - | 8,893 | 11,153 |
| Charitable activities | 6 | 394,137 | 88,137 | 482,274 | 297,709 |
| Resources expended | | <u>21,802</u> | <u>-</u> | <u>21,802</u> | <u>15,063</u> |
| Other | | | | | |
| Total | | 424,832 | 88,137 | 512,969 | 323,925 |
| NET INCOME | | 280,255 | 28,112 | 308,367 | 66,044 |
| RECONCILIATION OF FUNDS | | | | | |
| Total funds brought forward | | 162,580 | - | 162,580 | 96,536 |
| TOTAL FUNDS CARRIED FORWARD | | <u>442,835</u> | <u>28,112</u> | <u>470,947</u> | <u>162,580</u> |

CONTINUING OPERATIONS

All income and expenditure has arisen from continuing activities.

ENGINEERS AGAINST POVERTY
STATEMENT OF FINANCIAL POSITION
At 31 December 2016

| | Notes | Unrestricted fund £ | Restricted fund £ | 31.12.16 Total funds £ | 31.12.15 Total funds £ |
|--|-------|------------------------------|-----------------------------|------------------------------|------------------------------|
| FIXED ASSETS | | | | | |
| Tangible assets | 11 | 6,369 | - | 6,369 | 1,279 |
| CURRENT ASSETS | | | | | |
| Debtors | 12 | 271,762 | 19,526 | 291,288 | 130,318 |
| Cash in hand | | <u>232,611</u> | <u>8,586</u> | <u>241,197</u> | <u>103,560</u> |
| | | 504,373 | 28,112 | 532,485 | 233,878 |
| CREDITORS | | | | | |
| Amounts falling due within one year | 13 | <u>(67,907)</u> | - | <u>(67,907)</u> | <u>(72,577)</u> |
| NET CURRENT ASSETS | | <u>436,466</u> | <u>28,112</u> | <u>464,578</u> | <u>161,301</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | <u>442,835</u> | <u>28,112</u> | <u>470,947</u> | 162,580 |
| NET ASSETS | | <u><u>442,835</u></u> | <u><u>28,112</u></u> | <u><u>470,947</u></u> | <u><u>162,580</u></u> |
| FUNDS | 15 | | | | |
| Unrestricted funds | | | | <u>442,835</u> | 162,580 |
| Restricted funds | | | | <u>28,112</u> | - |
| TOTAL FUNDS | | | | <u><u>470,947</u></u> | <u><u>162,580</u></u> |

The financial statements were approved by the Board of Trustees on 4th August 2017 and were signed on its behalf by:

P Jowitt -Trustee

J Downham -Trustee

ENGINEERS AGAINST POVERTY
STATEMENT OF CASH FLOWS
for the Year Ended 31 December 2016

| | Notes | 31.12.16 £ | 31.12.15 £ |
|---|-------|-----------------------|-----------------------|
| Cash flows from operating activities: | | | |
| Cash generated from operations | 1 | 145,822 | 65,307 |
| Tax paid | | <u>-</u> | <u>(781)</u> |
| Net cash provided by (used in) operating activities | | <u>145,822</u> | <u>64,526</u> |
| | | | |
| Cash flows from investing activities: | | | |
| Purchase of tangible fixed assets | | (8,229) | (260) |
| Interest received | | <u>44</u> | <u>28</u> |
| Net cash provided by (used in) investing activities | | <u>(8,185)</u> | <u>(232)</u> |
| | | | |
| Change in cash and cash equivalents in the reporting period | | 137,637 | 64,294 |
| Cash and cash equivalents at the beginning of the reporting period | | <u>103,560</u> | <u>39,266</u> |
| | | | |
| Cash and cash equivalents at the end of the reporting period | | <u>241,197</u> | <u>103,560</u> |

The notes form part of these financial statements

ENGINEERS AGAINST POVERTY
NOTES TO THE STATEMENT OF CASH FLOWS
for the Year Ended 31 December 2016

| | | | |
|-----------|---|-----------------------|---------------|
| 1. | RECONCILIATION OF NET INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES | 31.12.16 | 31.12.15 |
| | | £ | £ |
| | Net income for the reporting period (as per the statement of financial activities) | 308,367 | 66,044 |
| | Adjustments for: | | |
| | Depreciation charges | 3,139 | 576 |
| | Interest received | (44) | (28) |
| | Increase in debtors | (160,970) | (48,975) |
| | (Decrease)/increase in creditors | <u>(4,670)</u> | <u>47,690</u> |
| | Net cash provided by (used in) operating activities | <u>145,822</u> | <u>65,307</u> |

ENGINEERS AGAINST POVERTY

NOTES TO THE FINANCIAL STATEMENTS for the Year Ended 31 December 2016

1. ACCOUNTING POLICIES

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.

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.

Income

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.

Donated services or facilities, which comprise donated services, are included in income at a valuation which is an estimate of the financial cost borne by the donor where such a cost is quantifiable and measurable. No income is recognised where there is no financial cost borne by a third party.

Consultancy income and income from The Construction Sector Transparency Initiative is recognised once work is completed, excluding value added tax.

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. Irrecoverable VAT is shown in the category of resources expended for which it was incurred.

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

Other resources expended consistent of governance costs which include those incurred in the governance of the charitable company and are primarily associated with constitutional and statutory requirements.

Tangible fixed assets and depreciation

Tangible assets are stated at cost less depreciation. Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:-

| | |
|--|----------------|
| Office equipment and website development | - Over 3 years |
|--|----------------|

Taxation

The charity is exempt from corporation tax on its charitable activities.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
for the Year Ended 31 December 2016

1. **ACCOUNTING POLICIES - continued**

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 charity 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 donor's or which have been raised by the charity for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The charities restricted fund relates to an element of income received from The Construction Sector Transparency Initiative (CoST) of which is restricted to support CoST in achieving their objective of 'helping participating countries deliver better value from public infrastructure'.

Foreign currencies

At each year end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at the year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of financial activities.

Pensions

The charity contributes to the Director's defined contribution pension scheme. Contributions are charged to the Statement of Financial Activities as they become payable.

Financial instruments

The company has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) Financial assets

Basic financial assets, including debtors and 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 the future receipts discounted at a market rate of interest.

(ii) Financial liabilities

Basic financial liabilities, including 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 receipts discounted at a market rate of interest.

Critical accounting estimates and assumptions

The charity makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(i) Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on economic utilisation and the physical condition of the assets.

(ii) Impairment of debtors

The charity makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, the trustees consider factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience.

ENGINEERS AGAINST POVERTY

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
for the Year Ended 31 December 2016

2. DONATIONS AND LEGACIES

| | 31.12.16 | 31.12.15 |
|-----------|---------------------|--------------|
| | £ | £ |
| Donations | 6,650 | 2,103 |
| Appeals | 1,346 | 3,696 |
| | <u>7,996</u> | <u>5,799</u> |

3. INVESTMENT INCOME

| | 31.12.16 | 31.12.15 |
|---------------------|------------------|-----------|
| | £ | £ |
| Interest receivable | <u>44</u> | <u>28</u> |

4. INCOME FROM CHARITABLE ACTIVITIES

| | 31.12.16 | 31.12.15 |
|------------------------------------|-----------------------|----------------|
| | £ | £ |
| Foundation to Promote Open Society | 50,399 | - |
| Consultancy fees | 163,725 | 8,095 |
| Grants from World Bank | 4,250 | - |
| Training income | - | 586 |
| Management fees receivable | 594,773 | 375,357 |
| | <u>813,147</u> | <u>384,038</u> |

5. RAISING FUNDS

Raising donations and legacies

| | 31.12.16 | 31.12.15 |
|-----------------------------|---------------------|---------------|
| | £ | £ |
| Staff costs | 5,224 | 9,812 |
| Fundraising publicity costs | - | 216 |
| | <u>5,224</u> | <u>10,028</u> |

Other trading activities

| | 31.12.16 | 31.12.15 |
|--------------|---------------------|--------------|
| | £ | £ |
| Bank charges | 530 | 549 |
| Depreciation | 3,139 | 576 |
| | <u>3,669</u> | <u>1,125</u> |

| | | |
|-------------------|---------------------|---------------|
| Aggregate amounts | <u>8,893</u> | <u>11,153</u> |
|-------------------|---------------------|---------------|

ENGINEERS AGAINST POVERTY

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
for the Year Ended 31 December 2016

6. CHARITABLE ACTIVITIES COSTS

All of the funds are unrestricted

| | Total Funds | Total Funds |
|--|--------------------|-------------|
| | 31.12.16 | 31.12.15 |
| | £ | £ |
| Provision of charitable services: | | |
| Wages | 236,222 | 161,379 |
| Travel and subsistence | 14,719 | 21,997 |
| Sundries | 129,082 | 31,284 |
| Support costs | 102,251 | 83,069 |
| | <hr/> | <hr/> |
| | 482,274 | 297,709 |
| | <hr/> | <hr/> |

Analysis of support services is as follows:-

| | Total Funds | Total Funds |
|-------------------------|--------------------|-------------|
| | 31.12.16 | 31.12.15 |
| | £ | £ |
| Wages | 31,538 | 28,545 |
| Rent and other services | 50,850 | 30,698 |
| Insurance | 1,105 | 1,854 |
| Postage and stationery | 2,304 | 1,117 |
| Advertising | - | 318 |
| Sundries | 623 | 3,949 |
| Subscriptions | 629 | 609 |
| IT and communications | 15,202 | 15,979 |
| | <hr/> | <hr/> |
| | 102,251 | 83,069 |
| | <hr/> | <hr/> |

7. SUPPORT COSTS

| | Governance costs |
|--------------------------|-------------------------|
| | £ |
| Other resources expended | 21,802 |
| | <hr/> |

Support costs, included in the above, are as follows:

| | 31.12.16 | 31.12.15 |
|-----------------------|-----------------|----------|
| | £ | £ |
| Wages | 15,483 | 9,812 |
| Auditors remuneration | 6,319 | 5,251 |
| | <hr/> | <hr/> |
| | 21,802 | 15,063 |
| | <hr/> | <hr/> |

ENGINEERS AGAINST POVERTY

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
for the Year Ended 31 December 2016

8. NET INCOME/(EXPENDITURE)

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

| | 31.12.16 | 31.12.15 |
|-----------------------------|----------------------|---------------|
| | £ | £ |
| Auditors remuneration | 6,319 | 5,251 |
| Depreciation - owned assets | 3,139 | 576 |
| Pension costs | 11,503 | 5,114 |
| Exchange rate gains | 149 | 104 |
| Operating lease commitments | <u>50,850</u> | <u>30,698</u> |

9. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31 December 2016 nor for the year ended 31 December 2015.

Trustees' expenses

During the year, one trustee received reimbursement of expenses of £202 (2015: £734) for travel and other expenses

10. STAFF COSTS

| | 31.12.16 | 31.12.15 |
|--------------------|-----------------------|----------------|
| | £ | £ |
| Wages and salaries | <u>256,929</u> | <u>181,003</u> |

The average monthly number of employees during the year was as follows:

| | 31.12.16 | 31.12.15 |
|--------------------------------|-----------------|----------|
| Administration and directorate | 2 | 2 |
| Project Programme Officers | <u>5</u> | <u>3</u> |
| | <u>7</u> | <u>5</u> |

No employees received emoluments in excess of £60,000.

11. TANGIBLE FIXED ASSETS

| | Plant and machinery £ | Computer equipment £ | Totals £ |
|-----------------------|--------------------------------------|-------------------------------------|----------------------|
| COST | | | |
| At 1 January 2016 | 2,393 | 2,440 | 4,833 |
| Additions | <u>-</u> | <u>8,229</u> | <u>8,229</u> |
| At 31 December 2016 | <u>2,393</u> | <u>10,669</u> | <u>13,062</u> |
| DEPRECIATION | | | |
| At 1 January 2016 | 1,324 | 2,230 | 3,554 |
| Charge for year | <u>353</u> | <u>2,786</u> | <u>3,139</u> |
| At 31 December 2016 | <u>1,677</u> | <u>5,016</u> | <u>6,693</u> |
| NET BOOK VALUE | | | |
| At 31 December 2016 | <u>716</u> | <u>5,653</u> | <u>6,369</u> |
| At 31 December 2015 | <u>1,069</u> | <u>210</u> | <u>1,279</u> |

ENGINEERS AGAINST POVERTY

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
for the Year Ended 31 December 2016

12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 31.12.16 | 31.12.15 |
|--------------------------------|-----------------------|-----------------------|
| | £ | £ |
| Trade debtors | 57,291 | - |
| Prepayments and accrued income | 219,655 | 129,390 |
| Other debtors | 831 | - |
| VAT | - | 53 |
| Prepayments | <u>13,511</u> | <u>875</u> |
| | <u>291,288</u> | <u>130,318</u> |

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 31.12.16 | 31.12.15 |
|---|----------------------|----------------------|
| | £ | £ |
| Trade creditors | 31,993 | 7,515 |
| VAT | 10,318 | - |
| Payable to Institution of Civil Engineers | - | 58,132 |
| Other creditors | 8,939 | - |
| Accruals and deferred income | <u>16,657</u> | <u>6,930</u> |
| | <u>67,907</u> | <u>72,577</u> |

14. OPERATING LEASE COMMITMENTS

The following operating lease payments are committed to be paid within one year:

| | Other operating leases | |
|-----------------|-------------------------------|---------------|
| | 31.12.16 | 31.12.15 |
| | £ | £ |
| Expiring: | | |
| Within one year | <u>41,379</u> | <u>41,379</u> |

15. MOVEMENT IN FUNDS

| | At 1.1.16 | Net movement in funds | At 31.12.16 |
|---------------------------|-----------------------|-----------------------------|-----------------------|
| | £ | £ | £ |
| Unrestricted funds | | | |
| General fund | 162,580 | 280,255 | 442,835 |
| Restricted funds | | | |
| Restricted | - | 28,112 | 28,112 |
| | <u>162,580</u> | <u>308,367</u> | <u>470,947</u> |
| TOTAL FUNDS | <u>162,580</u> | <u>308,367</u> | <u>470,947</u> |

ENGINEERS AGAINST POVERTY

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
for the Year Ended 31 December 2016

15. MOVEMENT IN FUNDS - continued

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

| | Incoming resources £ | Resources expended £ | Movement in funds £ |
|---------------------------|----------------------------|----------------------------|---------------------------|
| Unrestricted funds | | | |
| General fund | 705,087 | (424,832) | 280,255 |
| Restricted funds | | | |
| Restricted | 116,249 | (88,137) | 28,112 |
| TOTAL FUNDS | <u>821,336</u> | <u>(512,969)</u> | <u>308,367</u> |

16. RELATED PARTY DISCLOSURES

The charity undertakes the day to day management and finance function of The Construction Sector Transparency Initiative (registered charity no. 1152236). Petter Matthews, the Executive Director of the charity, is also a Trustee of The Construction Sector Transparency Initiative. During the year, the charity recharged The Construction Sector Transparency Initiative £594,773 (2015: £375,357) relating to workshop costs and staff time incurred on behalf of The Construction Sector Transparency Initiative. At the year end there was a debtor of £201,078 (2015: £126,358). The recharge includes an element of Petter Matthew's time.

17. FINANCIAL INSTRUMENTS

The charity has the following financial instruments:

| | £ | <u>2016</u> £ | £ | <u>2015</u> £ |
|--|--------|------------------|---------|------------------|
| Financial assets that are debt instruments measured at amortised cost | | | | |
| - Trade debtors | 57,291 | | - | |
| - Other debtors | - | | 130,318 | |
| | | <u>57,291</u> | | <u>130,318</u> |
| Financial liabilities measured at amortised cost | | | | |
| - Trade creditors | 31,993 | | 7,515 | |
| - Other creditors | 19,257 | | 65,062 | |
| | | <u>51,250</u> | | <u>72,577</u> |