



**Final draft Annual accounts 2017-2018**

**Stichting Capabuild**

**Amsterdam**

## **Content**

**Directors report** **3**

**Annual report** **10**

Balance sheet as per 31 December 2018

Income and expenditure account 2017-2018

Notes to balance sheet and income/expenditure account

**Other information** **16**

Destination balance 2017/18

## DIRECTOR'S REPORT



## **1. General**

1.1 The foundation was incorporated on 12 May 2017 and is recognized as Common Good Organisation (Algemeen Nut Beogende Instelling - ANBI) by the Dutch tax authorities (number 857579174).

The foundation's object is (article 3 of the deed of incorporation):

- To contribute to the functioning of tax authorities of – in particular– developing countries;
- To perform everything (directly or indirectly) related or conducive to the above, all in the broadest sense.

The foundation endeavors to achieve these objects by:

- providing education and training, and developing knowledge and skills for effective and efficient functioning of the tax authority;
- setting up a coherent training and development program.

The foundation does not aim to make a profit.

1.2 The foundation is legally and factually resident in Amsterdam and registered with the Chamber of Commerce under number 68758766. For these annual accounts the years 2017 and 2018 are combined; the accounts reflect the period 12 May 2017 up to and including 31 December 2018.

## **2. Progress activities 2017/2018: start-up, governance, look forward**

The years 2017/18 are marked by Capabuild's start-up and its subsequent activities:

1. Capabuild is currently located at the premises of the International Bureau of Fiscal Documentation (IBFD). IBFD is co-donor of the foundation and Capabuild's main operational partner. For the use of certain services provided by IBFD benefitting Capabuild, the foundation pays a yearly fee to IBFD. This fee relates to the hiring of people by Capabuild and is

based on time spent times hourly rate (without mark-ups or the like). An agreement between IBFD and Capabuild is being finalized to formalize the relationship further. For 2017/18 agreement between IBFD and Capabuild has been reached on the level of service fees charged.

2. For good governance purposes, we decided to have a clear fence between Capabuild and IBFD. For this we engaged an outside expert (Martin Bauman) and in consultation with him, and our Supervisory Board we have for example amended our deed of incorporation to the effect that IBFD's right to appointment of members of the Board is restricted to one instead of two. As a result of this restructuring Victor van Kommer has resigned from the board. We thank him for all his work for Capabuild. Anna Bardadin is now the only board member appointed by IBFD.
3. It is with pleasure that we announce that Wiebe Anema is willing to fill the vacancy in the board. He has joined the board as per 1 June 2019. Mr Anema has been since 2018 with leave ('levensloopverlof') from the Ministry of Foreign Affairs in anticipation of his early retirement. He is an expert in the area of development projects and international relations with years of experience to proof it. He will be the chairperson and his work for Capabuild will be predominantly in the field of policy making (so of an honorary nature).
4. As a necessary first step, we drafted of a list of target countries for Capabuild's Tax Academies/training programs with criteria like safety, needs, existing infrastructure, donor wishes, political stability, red flags if any etc. After detailed consideration Indonesia, Rwanda and Ethiopia made the short list. As for Indonesia and Ethiopia feasibility studies were carried out which showed that Indonesia is very well placed for our program but Ethiopia -for the time being - not.
5. As for Indonesia two routes are of interest. One route concerns a new contact, the training institute of the Indonesian Ministry of Finance – FETA. The chairperson of our supervisory board was

key in setting up the first contact. The first program regarding tax aspects of the digital economy is up and running (April – November 2019). The program involves trainers of FETA who need a broadening of their fiscal and didactical skills and knowledge. At the end of 2019 this program will be evaluated with FETA and follow-up programs discussed and planned for within the FETA curriculum. The second route involves the Directorate General Taxation (DGT). Here our partner IBFD is in the lead. It concerns especially training - and research support for DGT people in the international tax field with a significant volume and for more years. Capabuild will upon request and subject to approval, fund elements of this program.

6. Regarding Rwanda, Capabuild is planning to team up with the Africa-Europe Partnership Institute for Capacity Building and Human Resource Development (<http://aepicab.org>). Our contact is with Gaibre Haile Selassie, CEO van AEPICAB and Maarten de Wilde (professor international tax law Erasmus University). In 2018 they have had extensive contact with the Rwanda Revenue Authorities (RRA) concerning support for RRA's training center. Our preliminary conclusion is that Rwanda meets all tests for Capabuild too. We expect in the course of 2019 to have follow up meetings with RRA, which could lead to a quick start up of our involvement there, either with or without AEPICAB.
7. The following is the breakdown of total costs (See notes 7 and 8 to the annual accounts): Overhead cost incurred € 20.616,50 (12%), Start up costs (one off) € 36.348,50 (21%) and Projectcosts € 117.576,00 (67%); adding up to € 174.541 (100%).
8. A significant part of the start-up costs have been incurred to secure the VAT position with the Dutch tax authorities in an advance tax ruling. PwC has helped us in doing so. In short it says that the donations are VAT free and that Capabuild/IBFDs services are not subject to Dutch VAT unless the services are performed within the Netherlands. Another major element of the start-up costs concerned the quick scan/due diligence performed

by outside legal expert Martin Bauman (refer 2 above) on the governance aspects of Capabuild.

### **3. Executive board ('board') and Supervisory Board**

3.1 The foundation is managed by the board. All board members have been appointed for three years with the possibility of reappointment. Boardmembers are paid for that part of their work which is related to programme formulation and implementation (execution of policy), not for that part which qualifies as policy making and regular board duties. Payment and level of fees are within the relevant limits set by the Dutch Ministry of Foreign Affairs for these types of NGOs.

3.2 The board consists of:

- Ms Anna Bardadin
- Mr Paul M de Haan
- Mr Wiebe Anema has become member of the board as per 1 June 2019 and will act as chairperson. Refer 3 above under progress activities.

3.3 The supervisory board ('SB') consists of:

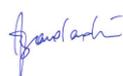
- Mr Theo Groeneveld (former judge with the Dutch High Court)
- Ms Attiya Waris (Nairobi University)
- Ms Gitte Heij (chairperson) (Melbourne University).

NB By board resolution of 23 October 2017 the board has pursuant to article 11 para 1 of its deed of incorporation- formed a Supervisory Board.



## The Board

Anna Bardadin



Paul M. de Haan



Wiebe Anema

p.o. J. Straver

## The Supervisory Board:

[ ]  
Gitte Hey

[ ]  
Attiya Waris

[ ]  
Theo Groeneveld

## Annual Report 2017/18



**Balance per 31 December 2018  
(after allocation of result)**

		<u>31 December 2018</u>	<u>12 May 2017</u>
	Ref.	€	€
<i>Current assets</i>			
<b>Receivables and other</b>	4	300.000	0
<b>Cash (equivalents)</b>	5	174.815	0
<b>Total assets</b>		<u>474.815</u>	<u>0</u>
<b>Equity</b>			
Capital		0	0
Continuity reserve	6	20.000	0
Special purpose reserve		<u>355.466</u>	<u>0</u>
		375.466	0
<b>Current liabilities and Other liabilities</b>			
	7	<u>99.349</u>	<u>0</u>
<b>Total equity and liabilities</b>		<u>474.815</u>	<u>0</u>

## Statement of income and expenditure 2017-2018

		<u>Actual</u>	<u>Budget</u>
		€	€
<b>Income</b>			
Donations		550.000	
Other		7	
		<u>          </u>	<u>          </u>
<b>Total income</b>		550.007	
<b>Expenditure</b>			
Management- and project costs	7	146.970	
Other costs	8	27.571	
		<u>          </u>	<u>          </u>
<b>Total expenditure</b>		(174.541)	0
		<u>          </u>	<u>          </u>
Financial result		0	0
		<u>          </u>	<u>          </u>
<b>Result</b>		<u>375.466</u>	<u>0</u>

## **Notes to the balance sheet and statement of income and expenditure**

### **General**

The financial statements are drawn up in accordance with the relevant rules prevailing in the Netherlands as included in the Guidelines for financial reporting for 'Small not for profit organisations'. All amounts are in Euros.

The financial account is prepared on historic costprice basis. The first book year runs from 12 May 2017 to 31 December 2017. The second bookyear equals calendar year 2018. Because the activities started de facto in November 2017 we have combined 2017 and 2018.

### **1 Accounting principles**

#### *1.1 General*

Assets and liabilities are valued at acquisition cost or actual value. Results are allocated to the period in which they are realized. Losses are accounted for in the year they are foreseeable. Balance sheet and income and expenditure items are presented at face value, unless presented otherwise.

#### *1.2 Continuity reserve*

This buffer – the continuity reserve – is built up for unforeseen circumstances, partial discontinuity and unassurable risks.

### *1.3. Special Purpose reserve*

This reserve intends to earmark results, after allocation to this reserve, to be spent on the objects of the foundation within a term of maximum 3 years.

## **2 Accounting principles in respect of result determination**

### *Income from donations*

Donations are justified in the year where the statement (“quasi – invoice”) concerning the donations relates to.

### *Income and expenditure*

Income and expenditure are recognized as they are earned or incurred and are recorded in the financial statements of the period to which they relate. Losses are taken into account if they originate in the financial year and as soon as these are anticipated.

## **3 Receivables and other current assets**

As per balance date this amount of € 300.000 comprises of the donations to be received from the donors for 2018. Statements (“quasi-invoices”) to that effect have been issued by Capabuild.

## **4 Cash and cash equivalent**

This item consists of bank balances which are freely available to Capabuild.

## **5 Equity**

The balance over the reporting year ad € 375.466 has been added to the special purpose reserve under deduction of an allocation to the continuity reserve of € 20.000.

## **6 Current liabilities and other liabilities**

As per balance date the costs to be oncharged by IBFD to Capabuild has been included as a liability ad € 94.811.

## **7 Management – and projectcosts.**

This item concerns costs of management (i.e. in so far it involves execution of policy) and costs of management relating to the programs and projects. On the basis of time spent and nature of costs, the board has made the following division in overhead cost, start up cost (one off) and project costs:

- Overhead	7.348,50 (5%)
- One off start up	22.045,50 (15%)
- Project	<u>117.576,00 (80%)</u>
	146.970,00 (100%)

## 8 Other costs

The item consists of the following:

	Actual €	Budget €
- Costs of boardmeetings (overhead)	8.730	
- Costs of tax/legal advice (one off)	10.683	
- Accountantscosts (overhead)	4.538	
- General start up costs (one off)	3.620	
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	27.571	

Other information

### Destination balance 2017-2018

Article 14 para 3 of the deed of incorporation provides that the annual accounts will be determined by the board within 6 months after the bookyear.

The board proposes to have the balance over 2017-2018 ad € 375.466 allocated as follows:

- |   |           |
|---|-----------|
| - Allocation to continuity reserve      | € 20.000  |
| - Allocation to special purpose reserve | € 355.466 |

This proposal has already been included in the balance sheet per 31 December 2018.



**Kick off FETA training Jakarta April 2019 (see note 2 (5) above)**

