



capabuild

# ANNUAL REPORT

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2021

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# BOARD REPORT

## Introduction

Capabuild proudly embraces its tripartite nature. This multilateral approach is enshrined in the 2015 Addis Ababa conference and is supported by all our donors, including the Dutch Ministry of Foreign Affairs. For Capabuild, tripartite means a cooperation between public and private parties built on the foundation of a knowledge platform. In April of 2021 we signed a cooperative agreement with the Committee on Fiscal Studies (CFS) University of Nairobi (see <https://cfs.uonbi.ac.ke/>). This formalising of our relationship with a reputable knowledge centre in the global south demonstrates our demand driven and inclusive approach. We believe the synergies and complementarity of having the CFS knowledge centre partner with the tax training expertise of Capabuild is a positive step forward for both organisations.

The active in-kind training contributions of our private industry donors increases our reach substantially and meets the demand of our customers. Our partner agencies consistently express an interest in learning more from the private sector; what drives and motivates business is essential understanding for revenue authorities. The workshops to date have taught us the benefits of private industry presentations -preferably by those with training experience and up-to-date content knowledge - focusing on how to create an attractive fiscal climate that also provides for the revenue mobilisation necessary to build stable societies. This requires experts who can provide tax knowledge in the broader context of creating an efficient investment climate.

All our online training is relationship based and interactive. All learning material is available during and after the workshops for all participants. Using the software program Padlet, we create ongoing access to all workshop materials for our partner agencies to reuse and adapt. The recordings are made available to the partner agency for further training without limitation. We use break out rooms, chat functions and survey software to measure the progress of students, allow students to ask questions, and to share results of evaluations.

In April 2021, in line with the requirements by the Dutch Ministry of Foreign Affairs, we submitted an updated workplan for 2021 and 2022. As a major donor, the Ministry of Foreign Affairs has been very supportive of our cooperative agreement with a knowledge centre in the Global South and believes the involvement of private industry is at the core of Capabuild, cementing the importance of our tripartite structure.

## A flavour of our training programs

Throughout 2021 Capabuild was able to serve a wide breadth of learning programs to a growing circle of revenue services and tax agencies in the global south. Capabuild was greatly empowered by the facilitators and experts from CFS and donors from our eco-system who have a passion for domestic revenue mobilisation. The following paragraphs provide for an insight into the nature of the trainings Capabuild provides:

**Partner: PKN STAN (Indonesia). Short course series.** The Indonesian Polytechnic of State Finance STAN (PKN STAN) is a Polytechnic managed by the Financial Education Training Agency (FETA) under the Ministry of Finance. Acknowledging the important role that PKN STAN fulfills for FETA and tax training activities for the Ministry of Finance, and that selected FETA trainers are also involved with PKN STAN, we pursued the opportunity to provide bespoke training. The far reach of PKN STAN, including an outstanding YouTube channel (10,000 people subscribe to the channel and up to 5000 people view each video recording) means that our offerings of interactive workshops with PKN STAN using case studies had an enormous leverage in their tax community (300 students per workshop, broadcast on PKN STAN You Tube Channel for further use):



In April we produced *"Tax Avoidance in the digital Era: A necessary evil?"*, with speakers from the Indonesian Directorate General of Taxation, and trainers from Capabuild.

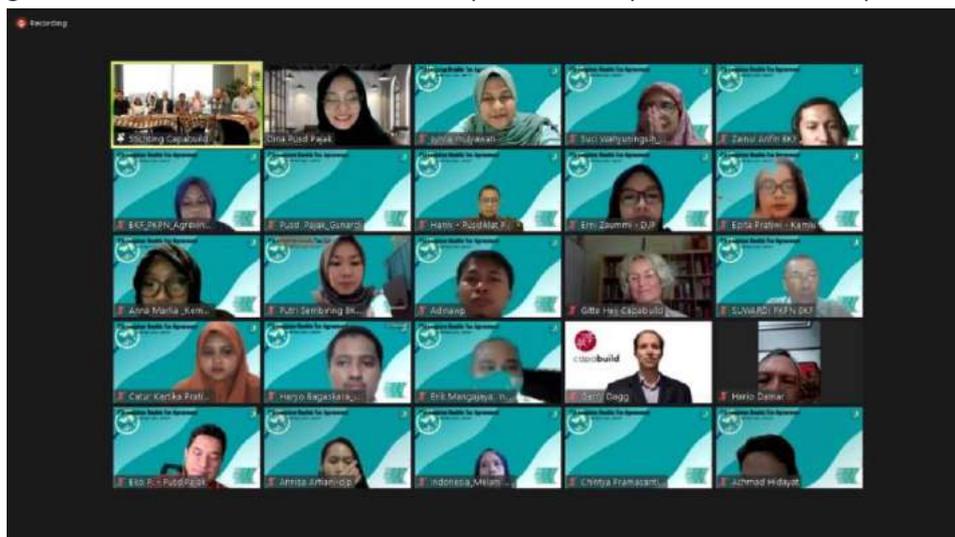
In July the focus was on international tax in a threefold course.

1. *"The Arm's Length Principle: Is It Here to Stay?"* (9 July 2021) with trainers from PKN Stan, the national tax agency of Japan, and Capabuild.
2. *"The OECD's Way of Taxing E-commerce: Yey or Nay?"* (16 July 2021) with trainers from the University of Leiden, Deloitte, PKN Stan and Capabuild.
3. *"Tax Us If You Can"* (23 July 2021) with trainers from PKN Stan, CFS, ADB and Capabuild.

**Partner: Botswana Unified Revenue Service. Weeklong intensive.** In May 2021 a large online workshop was co-designed and held with the Large Taxpayers Unit of BURS across a range of revenue mobilisation topics, delivered with trainers from Capabuild, Deloitte, ATAF and CFS. The intensive was well received and met the core Capabuild goals of building the capacity of nations in the global South to increase their domestic revenue mobilisation.

**Partner: FETA (Indonesia), Weeklong multilateral workshop.** In June 2021 we continued our three-year program with Indonesian tax training centre FETA, successfully executing a large workshop with FETA, Indonesia with trainers from the Deloitte, Prosus Naspers, PWC and the Dutch Ministry of Finance. Through the broader Capabuild ecosystem, we were able to bring highly recognized members from the UN Committee of Experts on International Cooperation in Tax Matters from India and Argentina, ATAF, and the OECD as contributing speakers. Without a doubt the Indonesian workshop with FETA was a breakthrough in the way we deliver training. The way that trainers from other continents of the Global South were able to empathise and analyse shared perspectives with

high-ranking Indonesian officials has had an exponential impact. The workshop showcased the



Capabuild technique of providing a wide range of views and approaches from around the world, thus empowering those from the global South to seek solutions appropriate for their context. In addition, FETA's Pak Hario Damar initiated the inclusion of a number of Ministries in the workshop to provide international tax treaty training in a wider context. This multidisciplinary approach was well received and Capabuild uses this example in workshops with other countries as tax administrators often struggle to get traction from other government departments.

**Partner: Committee on Fiscal Studies (University of Nairobi). Short course workshops.** In late November and early December, we conducted two 5-day workshops in cooperation with CFS.

1. From November 21-26 we co-conducted a workshop on Financing For Development (with trainers from CFS, PWC, and Capabuild) which continued the multidisciplinary approach by bringing lecturers and trainers from various departments to build a base of understanding of the numerous fronts required to meet the SDGs through revenue mobilisation.

2. From 30 of November to 4 of December we worked with CFS on a five-day workshop on Tax and Gender with a range of students from across East Africa. Our online education expert moderated the entire workshop providing support to the trainers from CFS and building a shared understanding of the organisational approach of each body

In 2021, we prepared the groundwork for a large workshop with the Kenyan Tax Appeal Tribunal which was executed in February 2022.

### **The year 2021, a special year**

After the significant growth of our project expenditures in 2020, the year of 2021 was a year of consolidation.

The volume and expenditures of our training projects were higher than in 2020, but we believe they could have grown faster if Covid had not impacted demand. Covid had a significant negative influence on our counterpart organisations' situations in the global south, especially in the second half of the year which has clearly delayed the progress in the pipeline of new projects. Like other organisations, we also felt the stress of Covid and related issues in the ranks of our trainers and facilitators. Part of the expenditures were made for training projects to be delivered in 2022. The release of deferred income (subsidies) in our income statement in 2022 is 8% higher than in 2021.

After the strong growth of our projects in 2020 (+70%) and the aforementioned impact of Covid we were in a position to invest time to have a solid foundation in both the rigour of our training delivery and in the organisational health of Capabuild. This explains the overhead costs in the statement of income and expenditures in 2021. This strengthening of Capabuild's structural foundation is important as 2022 is the last year under the current subsidy decree of the Dutch Ministry of Foreign Affairs and provides us with the foundation from which to extend our reach while maintaining the quality of training and strength of relationships upon which our reputation has been built. We are confident that our stakeholders, including the Dutch Ministry of Foreign Affairs support the growth of Capabuild and will again after 2022 commit to the future of Capabuild and its mission in the global south.

**Sponsor/Donor Relations:** We continued to have strong support from our donors. Where donors were recovering from Covid we were very pleased they re-established their financial contribution to Capabuild.

In 2021 the Independent Policy and Operations Evaluation Department (IOB) of the Ministry of Foreign Affairs of the Netherlands issued an evaluation of Dutch Government's policy on strengthening developing countries' tax systems (2012-2020). Although Capabuild is not in the scope of the report due to its relatively recent start of activities, for us it is important to understand the lessons learned and embed the recommendations in our current and future activities. We feel supported by the findings with our agile and innovative character, truly demand driven approach, sound educational foundation and a robust evaluation framework using the latest available technology. We take great pride in being the only organisation in this field with a public private character.

As an organisation, we also invested significant time in building the relationship with our new knowledge partner CFS from the University of Nairobi. All this was done on-line and without any travel or physical meetings and involved carefully listening to the needs and concerns of CFS while considering the best approaches to develop the relationship based on mutual trust and shared strengths.

### **Strengthening the offerings**

We continue to observe a high demand by our partner organizations from Revenue Services in the Global South for new teaching and training methods on how to engage students in an online environment.

In July 2021, we hosted a two week visit by expert Jocelyn Pierre, sponsored by the French Ministry of Finance. Ms Pierre is an expert on setting up databases and efficient and accessible storage of information. She worked for many years for the OECD. She assisted Capabuild with the conceptual design of a portal to organize and catalogue existing on-line material in a manner adapted to the use of Tax Revenue training Centers or any other training provider within revenue mobilisation. The portal will allow tax workers around the world to search for courses based on their needs and could offer guidance and support based on Capabuild's input.

To increase the scale of Capabuild's impact in the world of tax in the global south, it is essential that we expand our network with new countries and tax agencies within Capabuild's partner network. First steps were made but further deepening of the relations is required in the coming years.

Throughout 2021, we worked with PWC Sweden on progressing the linkages between SDGs, ESG and capacity building for Tax Revenue Services. This is increasingly important for our private industry donors. We are very proud that our sponsor Prosus/Naspers released their annual integrated reports in June 2021 and mentions Capabuild in the sustainability sections of the FY21 integrated reports as well as in the tax paragraph in both the Naspers and Prosus reports. See also Annex \*

On the 30<sup>th</sup> of September and 1<sup>st</sup> of October we conducted roundtable discussions with all our donors to provide an update of our activities, receiving feedback and advice on the future direction of Capabuild. Our sponsors indicated that they want more involvement in the delivery of training in addition to providing financial support. We wish to emphasize how strong the support from our private industry donors is, through in-kind contributions by providing training by their best experts and trainers - often at very short notice – which provides a ripple effect of benefits to all involved. This willingness of our sponsors to support us is also proven by the increase in donations after the relative decline due to Covid in 2020.

In 2021, following the work done with PWC Sweden, we opened discussion with possible new donors who are open to explore how supporting Capabuild may fit with their work on SDGs and ESG.

We always want to improve our training and aim for best educational practice. We use an online education expert to assist and guide us and trial new methods and software on a regular basis. We are providing feedback and insights to PWC on the possible use of their online tax games used for professional development. In December 2021, we participated in the PWC tax game together with several trainers from our partner agencies and trainers from the global south who regularly work with us. We have collated visual materials on key international tax cases that are regularly used during our trainings, as providing the materials of these cases prior to the workshops allows participants to watch it at their own pace. This reflects the high value of our training time as it creates more time for discussion and questions during workshops and also addresses the importance of inclusion of younger professionals amongst all stakeholders. We take an intergenerational approach and actively encourage the use of emerging leaders in all aspects of our work.

## Strengthening the organisation



In 2021 new supervisory board member Martina Kampmann joined. Martina is a political scientist and a very experienced development policy specialist. She has worked for German Development Aid and the OECD. She has lived in and worked on projects and advisory services in over 15 countries (from the USA to Singapore, to France, the Philippines, Vietnam, Guatemala, Peru, Nigeria). She is also known as an accomplished public speaker on a range of futures themes. Building on these experiences, she is currently involved with Futures Thinking advisory work and Transparency International.

In mid 2021 the Chair of our Supervisory Board, Professor Attiya Waris was appointed as the United Nations' Independent Expert on foreign debt, other international financial obligations and human rights. The appointment is for a three-year period. We are privileged that she continues in her role at Capabuild and benefit further from her skills and wisdom.

The key founder of Capabuild Paul de Haan continues to provide advice and services to Capabuild and we are most grateful for his contributions in 2021. His enthusiasm and commitment has greatly contributed to the success and growth of Capabuild and the Board wishes to acknowledge that.

We improved our back-office by designing and implementing a storage template for all courses conducted including materials and recordings. We updated our policies, and our Standard Operations Procedures. We also analysed our risk profile and updated Capabuild's insurance policies.

By mid 2021 the legal dispute with our former knowledge partner was resolved. The relating amendment of our governance and articles of association was implemented in September 2021.



We were also able to conclude the discussion with Dutch Revenue Service on the VAT refund over 2019 in accordance with the position we had in the return and in our annual reports 2019 and 2020.

**As the African Proverb states: "If you want to go fast go alone. If you want to go far go together." We would here like to express our gratitude to all people and organisations that contributed to the Capabuild organisation in 2021.**

Rotterdam, 29 April 2022

**On behalf of the Executive Board**

**Gitte Heij**

**Jan van Trigt**

**Chair**

**Treasurer**



## Financial Statements

Balance Sheet	31 December 2021	1 January 2021
<b>Fixed assets</b>		
Equipment	8.054	5.532
<b>Current assets</b>		
Work in progress	42.560	
Receivables and other	169.992	184.644
Bank	363.336	381.983
<b>Total assets</b>	583.943	572.159
<b>Equity</b>		
Continuity reserve	93.545	93.545
Special purpose reserve	114.806	249.619
<b>Total equity</b>	208.351	343.164
<b>Provision holidays</b>	5.774	2.414
<b>Current liabilities</b>		
Deferred income	305.647	56.606
Other payables	64.171	169.975
<b>Total equity &amp; liabilities</b>	583.943	572.159



Statement of income and expenditure	2021	2020
<b>Income</b>		
Donations	167.219	144.244
Subsidies	100.960	93.394
Other	-	835
<b>Total income</b>	<b>268.179</b>	<b>238.473</b>
<b>Expenditures</b>		
Project expenditures	329.970	346.604
<b>Other costs</b>		
Depreciation	535	67
Salaries	18.908	5.497
Overhead/ professional expenses	39.508	7.721
Overhead/ Travel	5.310	417
Overhead/ other expenses	9.447	14.995
	73.710	28.697
Settlement costs prior years	-	-31.578
<b>Total other costs</b>	<b>73.710</b>	<b>-2.881</b>
<b>Total expenditure</b>	<b>403.680</b>	<b>343.723</b>
financial result	688	-597
Balance	<b>-134.813</b>	<b>-105.847</b>
Movement in continuity reserve		105.847
Movement in special purpose reserve	134.813	-
	0	0



## Cash flow statement

	2021		2020
<b>Bank at 1 January</b>	<b>381.983</b>		<b>253.557</b>
<b>Result</b>	-134.813		-105.847
Depreciation	535		67
movement in Work in progress	-42.560		-
movement in Receivables and other	14.652		164.560
Deferred income movement	249.041		-93.394
Movement in other payables	-105.804	+	166.225
<b>Operational Cashflow</b>	<b>-18.950</b>		<b>131.611</b>
Investments in fixed assets	-3.057	+	-5.599
<b>Cashflow from investments</b>	<b>-3.057</b>		<b>-5.599</b>
movement in provisions	<b>3.360</b>		<b>2.414</b>
Equity movement other than from result	0	+	0
<b>Financieringskasstroom</b>	<b>0</b>	+	<b>0</b>
<b>Total Cash Flow</b>	<b>-18.647</b>		<b>128.426</b>
<b>Bank at 31 December</b>	<b>363.336</b>		<b>381.983</b>

# Notes to the Balance Sheet and Statement of Income and Expenditure

## 1. Stichting Capabuild

### General

Stichting Capabuild is incorporated under Dutch law on 15 May 2017. Through Capabuild a tripartite set-up is realised between knowledge platforms in the field of international taxation, the private sector represented by a number of Dutch businesses, and the Dutch Ministry of Foreign Affairs. Capabuild has been initiated because (1) there was an urgent need in developing countries to get more tax knowledge and (2) the Netherlands is traditionally a centre of excellence where it concerns international tax know how.

Capabuild is registered with the Dutch Chamber of Commerce under number 68758766. In the course of 2020, the office address was moved from Amsterdam to Stationsplein 45 in Rotterdam. Capabuild has currently three members of the Supervisory Board and two members of the Executive Board. 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 accounts are prepared on historic cost price basis.

### Going concern

The COVID-19 outbreak continued in 2021. Some donors have reduced their contribution in cash due to Covid recession and others have returned their financial commitment to the pre covid levels. Commitments in kind remained unchanged. Capabuild is a young organization, but the reserves built up in the first years have enabled the organisation to stabilize in 2021 after an acceleration in 2020. The ongoing engagement of our corporate donors, the new collaboration agreement with the Committee on Fiscal Studies of the University of Nairobi and the continued support of the Dutch Ministry of Foreign Affairs will enable Capabuild to further expand its activities in the coming years.

## 2. Accounting principles

### 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.

### Continuity reserve

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

### Special Purpose reserve

This reserve intends to earmark results, after allocation to this reserve, to be spent on the objectives of the foundation within a term of maximum 3 years. The result (EUR -134.813) is absorbed by the Special Purpose reserve. Since Capabuild during the second Covid year kept its' delivery of trainings to Revenue Services in the developing world at the same level and invested in innovations, allocating funds from this reserve for this purpose is recognized as being fully in line with the objectives of Capabuild and the purpose of this reserve.

### 3. Notes to the valuation of assets and liabilities

#### 3.1 Equipment



All equipment is from investments made in 2020 and 2021. Almost all investments have been made because of the online delivery model. Depreciation is linear in 5 years to nil residual value. Depreciation is calculated as of the month of investment.

<b>Equipment</b>	2021	2020
Laptop	826	2.231
flatscreen		1.017
3 camcorders		1.981
microphones		625
Lighting	1.519	
iPad	1.627	
Bookvalue previous year	5.532	-
total investments in equipment	9.504	5.853
depreciation in project costs	-760	-254
depreciation in overhead	-690	-67
Bookvalue 31 December	8.054	5.532

#### 3.2. Current assets

New in Capabuild's reporting is that there were two projects that have not been delivered within the year. These are capitalised as work in progress. The Kenya TAT project has been delivered in February 2022.

<b>Work in progress</b>	
07 - Nigeria - Transfer Pricing 2/21	3.878
12 - Kenya TAT 2/22	38.682
	<u>42.560</u>

The receivables consist of the following.

<b>Receivables</b>	2021	2020
Donors	150.000	125.000
VAT	18.256	58.167
Other debtors and deferred costs	1.737	1.477
	<u>169.992</u>	<u>184.644</u>

The VAT receivable is the refund for the fourth quarter. In the 2020 VAT receivable an amount equal EUR 49.203 was relating to a dispute with Dutch Revenue Service over the fourth quarter of 2019. The Dutch Revenue Service decided in accordance with our contest. The refund was actually received in November 2021 including an interest compensation ad EUR 1.158.

The deferred costs relates to the small office Capabuild rents in CIC Rotterdam. It includes certain office services as well.

Not included in the receivables for 2019 was the amount of EUR 150.000 for the 2020 instalment relating to the subsidy to be received from the Ministry of Foreign Affairs in accordance with the subsidy decree of 2019. Both the 2020 (EUR 150.000) and 2021 (EUR 200.000) instalments were received in December 2021, total 350.000.

### 3.3 Cash and cash equivalent

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

### 3.4 Equity

The negative result over the reporting year ad EUR 157.436 has been absorbed by the special purpose reserve.

<b>Special purpose reserve</b>	2021	2020
Balance Sheet 1 January	249.619	355.466
Result current year	-134.813	-105.847
Balance Sheet 31 December;	<u>114.806</u>	<u>249.619</u>

The continuity reserve remains unchanged at EUR 93.545.

<b>Continuity reseve</b>	2021	2020
Balance Sheet 1 January	93.545	93.545
Result current year		
Balance Sheet 31 December;	<u>93.545</u>	<u>93.545</u>

### 3.5 Provision for holidays

Capabuild employs one part time office manager who is entitled to paid holidays. The provision for holidays (2021: EUR 5.774 2020: EUR 2.414 ; ) is based on the accrued number of holidays valuated at the regular salary. Holiday allowance is paid monthly.

### 3.6 Current Liabilities

Capabuild has no long-term debt or any outstanding loans.

The subsidy from the Ministry of Foreign Affairs of EUR 500.000 received in 2019 (150.000) and 2021 (350.000) has been accounted for as deferred income. From the deferred income, 1/3 of the costs of delivered projects that qualify for subsidy is released as income from subsidies.

<b>Deferred income</b>	2021	2020
Balance Sheet 1 January	56.606	150.000
Subsidy from current year	350.000	
Release related to 1/3 of project costs	-100.960	-93.394
Balance Sheet 31 December;	305.646	56.606

For further details see paragraph 4.1 hereinafter.

The other current liabilities are as follows:

<b>Payables</b>	2021	2020
Creditors	6.083	212.289
Payroll tax		10.406
Accrued liabilities	58.088	20.692
Credit note to be received		-73.413
	64.171	169.975

Under Credit note to be received in 2020 there were some invoices where Capabuild raised questions on the underlying substance of the invoices. The relating dispute has been resolved approximately at the amounts that were expected and estimated in the annual report 2020.

## 4. Notes to the Statement of 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 considered if they originate in the financial year and as soon as these are anticipated.

### 4.1 Income from donations and subsidies

Donations are reported in the year where the statement ('invoice') concerning the donations relates to.

<b>Income from donations</b>	2021	2020
Donations in cash	150.000	125.000
Donations in kind	17.219	19.244
	<u>167.219</u>	<u>144.244</u>

Due to the economic slowdown during the Covid pandemic, donations in cash from corporates were not in decline anymore and partly recovered from covid. EUR 150.000 is committed over 2021 and invoiced in 2022. In addition, a number of donors and other tax experts have committed to donations in kind. These have been calculated for the hours spent valued at a rate acceptable in development aid. We applied EUR 950 per day which is based on our normal rates external facilitators are remunerated. Total donations in kind were valued at EUR 17.219.

Capabuild has been granted a subsidy in principle by the Ministry of Foreign Affairs for activities in the period 1 October 2019- 31 December 2022. The activities are defined as follows: Contribute to revenue mobilisation in developing countries through knowledge building while ensuring a sufficiently attractive fiscal climate for the private sector. To strengthen tax academies, so that they actively contribute to capacity building with the country's tax strategies and administration. There were 8 programs foreseen in the years 2019-2022. The subsidy decree is dated 4 October 2019. Capabuild is obliged to report to the Ministry under the normal reporting regulations. The activity plan for the period 2019- 2020 was included in the subsidy request dated 25 July 2019. The workplan for 2021 and 2022 was filed in spring 2021 and agreed by the Ministry some time later. The total subsidy amounts to EUR 500.000 but will only be finally granted after the end of the foreseen activities. Final reporting date is set on or before 30 June 2023.

An amount of EUR 150.000 was received as first instalment by the end of 2019. A same amount equal to EUR 150.000 was delayed but was received together with the remaining amount of EUR 200.000 in December 2021.

From the deferred income an amount equal to 1/3 of the costs of qualifying projects delivered in 2021 is released.

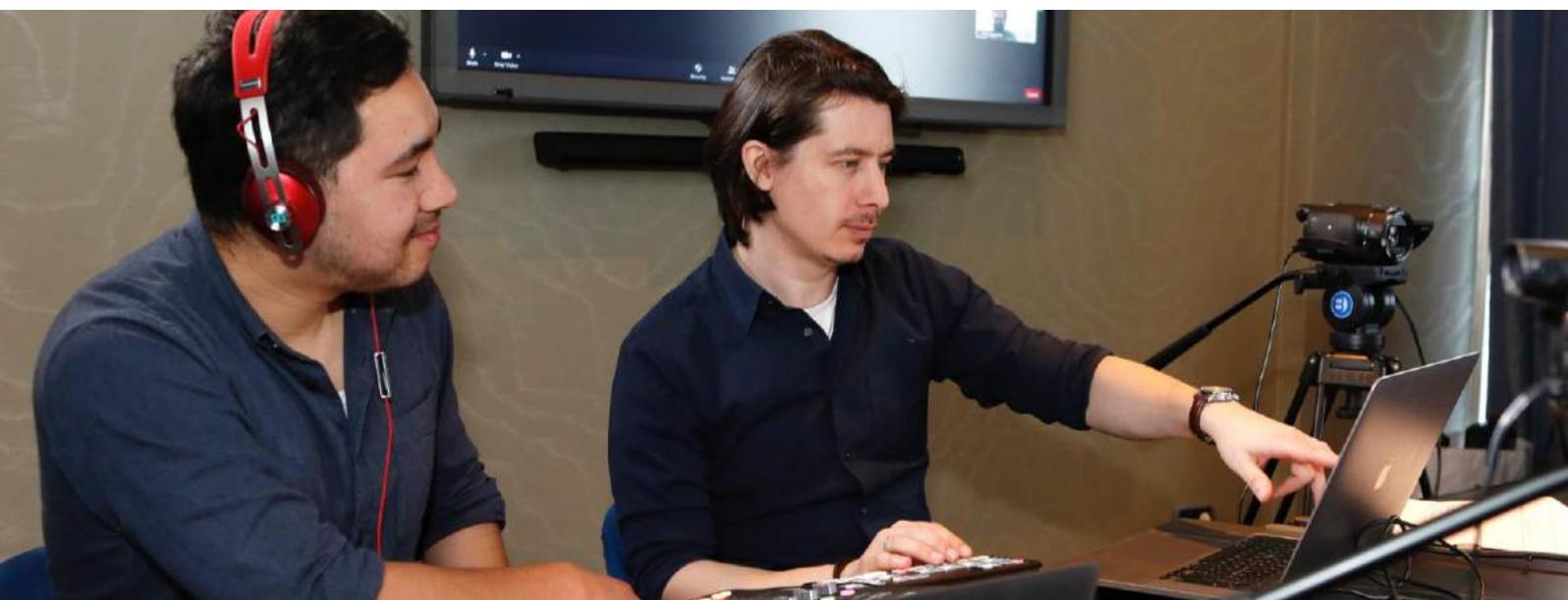
There were 7 major projects and four smaller projects qualifying under the current subsidy decree delivered in 2021. The calculation of the release of the deferred income of the subsidies received is as follows:

**Income from subsidies per project**

	total amount	amount as contribution in kind	excluding contribution in kind
<b>Costs qualifying projects</b>			
06 - Rwanda - RRA 1 October/November 2020	207		207
08 - Indonesian PKN STAN Tax Avoidance in the Digital Era - 4/21	20.302	713	19.589
09 - Botswana BURS Introduction to International Tax - 5/21	81.169	4.156	77.013
10 - Indonesia FETA Investing in DTT - 6/21	106.318	10.094	96.225
11 - Indonesia PKN STAN International Tax Avoidance 7/21	29.733	1.188	28.546
13 - Kenya CFS Financing for Development 11/21	20.133	1.069	19.064
14 - Kenya CFS Fiscal Policy & Gender 11/21	5.137		5.137
01 - Innov. Tax Knowledge Access portal	37.730		37.730
02 - Innov. Tax-gaming training methodology	380		380
04 - Innov. K-sharing with CFS	1.888		1.888
08 - Innov. Top International Tax Cases- visuals	17.100		17.100
	<u>320.098</u>	<u>17.219</u>	<u>302.879</u>
Subsidy as income is 1/3 of qualifying project costs			<b>100.960</b>

Income from subsidies in 2020 was EUR 93.394.

Further details on the total project costs can be found in paragraph 4.2 hereinafter.



#### 4.2 Project costs

All costs of a project are allocated to the project. This includes costs of facilitators, travel, production team, accommodation, equipment and related. Also, an allocation of general costs of the Capabuild organisation is allocated to the projects. This allocation is in accordance with the subsidy decree but at a lower ratio (60% in 2021 and 2020) than the starting point mentioned in the subsidy request which was the basis for the subsidy decree (approx. 90%). The lower ratio applied has been made possible to higher efficiencies of the current Capabuild organisation.

<b>Project expenditures</b>	<b>2021</b>	<b>2020</b>
Salaries	11.460	6.333
Travel	1.477	10.293
Production & Accomodation	20.963	19.005
Facilitators and other freelancers	194.642	151.406
Representation costs	37	1.298
Allocated indirect costs	137.147	113.001
<b>Total costs projects</b>	<b>365.726</b>	<b>301.336</b>
Other	6.804	45.267
<b>Total project expenditures</b>	<b>372.530</b>	<b>346.603</b>
Work in progress	-42.560	
<b>Expenditures projects 2021</b>	<b>329.970</b>	

The breakdown of project expenditures over projects delivered in 2021 is as follows:

<b>Expenditures per project</b>	<b>Expenditures</b>	<b>Work in progress</b>	<b>paid in 2021</b>	<b>to be paid in 2022</b>
06 - Rwanda - RRA 1 October/November 2020	207		207	
07 - Nigeria - Transfer Pricing 2/21	3.878	3.878	3.878	
08 - Indonesian PKN STAN Tax Avoidance in the Digital Era - 4/21	20.302		20.302	
09 - Botswana BURS Introduction to International Tax - 5/21	81.169		81.169	
10 - Indonesia FETA Investing in DTT - 6/21	106.318		105.193	1.125
11 - Indonesia PKN STAN International Tax Avoidance 7/21	29.733		29.112	621
12 - Kenya TAT Introduction to international tax 2/22	38.682	38.682	37.673	1.009
13 - Kenya CFS Financing for Development 11/21	20.133		17.931	2.203
14 - Kenya CFS Fiscal Policy & Gender 11/21	5.137		4.128	1.009
01 - Innov. Tax Knowledge Access portal	37.730		34.422	3.308
02 - Innov. Tax-gaming training methodology	380		143	238
04 - Innov. K-sharing with CFS	1.888		1.888	
08 - Innov. Top International Tax Cases- visuals	17.100		17.100	
Other minor project	3.068		3.068	
<b>Total project expenditures</b>	<b>365.726</b>	<b>42.560</b>	<b>356.213</b>	<b>9.513</b>
Work in progress	-42.560			
<b>Total costs projects delivered in 2020</b>	<b>323.166</b>			
Contributions in kind not qualifying for subsidy	-17.219			
Other minor project not qualifying for subsidy	-3.068			
<b>Project expenditures qualifying for subsidy</b>	<b>302.879</b>			
1/3 release of deferred income	100.960			

New in Capabuild's reporting is that there were two projects that have not been delivered within the year. These are capitalised in our Balance Sheet as work in progress. The Kenya TAT project has been delivered in February 2022. Next to amounts to be paid in 2022 and relating to the projects delivered in 2021 there are no other long term financial commitments on behalf of Stichting Capabuild or relating to its projects.

### 4.3 Other costs

As other costs all costs are included that have not been allocated to the project costs.

Under other costs are consultancy expenditures included which were required to be made to enable Capabuild to operate as an independent organisation. Also included in other costs are the small office and related office services rented from CIC Rotterdam.

Stichting Capabuild has since summer 2020 one part time employee as office manager. In addition, there are some on-call workers who assist on training- production days. Total costs of employees are as follows:

	2021	2020
Salaries & wages	51.528	25.375
Social security contributions	10.704	4.993
Other costs (travel allowances)	2.094	897
	<u>64.327</u>	<u>31.265</u>

Other items included, documentation, books, legal advice, office software subscriptions, insurance premiums, legal assistance, consultancy, accounting and audit costs.

#### 4.4 Remuneration of the board members

The members of the Supervisory Board are not remunerated. The members of the Executive Board are not remunerated for their policy setting activities.

The board members Gitte Heij and Jan van Trigt were appointed in May and June 2020 respectively and are equally not remunerated for their policy setting activities. They have also been active for Capabuild in executing Capabuild's strategy to operate as an independent organisation and for Capabuild in training projects. The remuneration for these operational and training roles will be invoiced via their respective management companies against Capabuild's normal rates (EUR 950 per day) that were agreed in 2017 for similar comparable roles. The Supervisory Board and Executive Board have agreed to review the current governance structure also in perspective of the remuneration for the operational and training roles. See hereinafter under Subsequent events.

#### 4.5 Financial result

The financial result comprises bank charges some minor currency exchange results and the interest compensation as received from Dutch Revenue Service which was related to the VAT 2019 Q4 refund as received in November 2021.

### Other information

#### Appropriation of net result

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 book year.

The board proposes to have the balance over 2021 EUR -/- 134.813 allocated to the special purpose reserve. This proposal is already included in the numbers of this annual report.

### Subsequent Events

#### **1. Exploring options possible further funding**

In the first months of 2022 as in 2021 the board has been active in exploring new funding for 2023 and onwards. New potential donors from private industry have been contacted and also we are in contact with the Dutch Ministry of Foreign Affairs to continue their funding of Capabuild. We are confident that Capabuild can also in 2023 and onwards benefit from the financial support of a wide range of private and public organisations.

#### **2. Considering a new governance model**

The Supervisory Board and Executive Board are reviewing whether the current two-layer governance model is the appropriate model for the next period for Capabuild. Advice has been received from

legal and governance experts. It is expected that the new model will be implemented over summer 2022.

### **3. Pipeline of new project for counterparty organisations in the developing world**

The year 2021 has been a year of consolidation. In 2022 a new focus has been created to expand the list of countries Capabuild is working for in order to enable the organisation to grow its impact in the world of tax in the global south.



Stichting Capabuild  
Stationsplein 45, Unit A4.004  
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## INDEPENDENT AUDITOR'S REPORT

To: management and the supervisory board of Stichting Capabuild

### Report on the audit of the financial statements 2021 included in the 2021 annual report

#### **Our opinion**

We have audited the financial statements 2021 of Stichting Capabuild based in Amsterdam.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Stichting Capabuild as at 31 December 2021 and of its result for 2021 in accordance with the RJ-Richtlijn C1 'Kleine organisaties zonder winststreven' (RJ-Richtlijn C1, guideline for annual reporting for small non-profit organizations) of the Dutch Accounting Standards Board.

The financial statements comprise:

1. the balance sheet as at 31 December 2021 (with a balance sheet total of € 583,943);
2. the statement of income & expenditure (with a total negative result of € 134,813); and
3. the notes comprising a summary of the accounting policies and other explanatory information.

#### **Basis for our opinion**

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of Stichting Capabuild in accordance with the 'Verordening inzake de Onafhankelijkheid van accountants bij assurance-opdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening Gedrags- en Beroepsregels Accountants (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Report on the other information included in the 2021 annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information.

Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains all the information regarding the management board's report and the other information as required by the Guideline for annual reporting C1 'guideline for annual reporting for small non-profit organizations'.

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We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the consolidated financial statements. Management is responsible for the preparation of the management board's report and other information in accordance with the RJ-Richtlijn C1.

#### **Description of responsibilities regarding the financial statements**

##### ***Responsibilities of management and the supervisory board for the financial statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the RJ-Richtlijn C1. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the company financial statements.

The supervisory board is responsible for overseeing the company's financial reporting process

##### ***Our responsibilities for the audit of the financial statements***

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

For a more detailed description of our responsibilities, we refer to the appendix of this auditor's report.

Was signed Amersfoort, 19 May 2022.

WITh accountants B.V.  
Drs. P.J.C. Lutikholt-Weijers RA

Enclosure

**Enclosure to our auditor's report by the accompanying financial statements 2021 of Stichting Capabuild based in Amsterdam**

We have exercised professional judgement and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- identifying and assessing the risks of material misstatement of the company financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern;
- evaluating the overall presentation, structure and content of the company financial statements, including the disclosures; and
- evaluating whether the company financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with management and the supervisory board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

## Appendix Executive Board

### Gitte Heij



Gitte Heij (PhD Law, MA Tax Law, University of Groningen) started her career with ING Bank before moving into research and advisory work for governments and companies around the world. For over 20 years she worked on a wide range of tax and public/fiscal policy projects in the Asian region funded by Energy Institute Beijing, ALNG, law and accounting firms, Australian Tax Office, AusAID, Ministry of Finance Indonesia, Asian Development Bank, Ministry of Justice Vietnam, Ministry of Finance East Timor, IMF, GTZ, Australian Federal Attorney General's Department and the OECD.

She is a passionate futurist/foresighter (Grad Cert Strategic Foresight, University of Houston 2014). For her 2016 publication 'Anybody out there? The future of tax', she received a Grad Cert of Achievement from the University of Houston. She has presented her work on futurism and law, particularly tax law, for Australian Tax Office, TEDX Salon, universities, not for profit organisations, companies in Australia and Europe, OECD Foresight Community, and senior government officials around the world. She is an experienced teacher affiliated with Murdoch University and the Asian Law Centre at Melbourne University and an active member of the OECD Government Foresight Community Network and the International Public Sector Foresight Network.

### Jan van Trigt



Jan studied economics and tax at the Erasmus University Rotterdam before starting his career with the Dutch Revenue Service. In 1989 he joined the tax practice of Arthur Andersen which transferred into Deloitte in 2002. He worked for many clients active in international business and served in many significant leadership roles within Andersen and Deloitte in the Netherlands, in EMEA and at a global level.

Jan has a broad range of interests and has proven track record in leading small and large groups of professionals with a variety of specialisms. Jan left Deloitte in 2018 and he is now active in (non-tax) advisory work for a small and larger organisation, amongst others on management topics and energy transition. Jan has a passion for public policy and business. In serving Stichting Capabuild he combines his 30 years' experience in the world of tax, international business, and management.