



## **WaterAid in the UK**

# **Annual Report and Financial Statements**

**31 March 2012**

---

Company number: 1787329

Registered charity numbers: 288701 (England and Wales) and  
SC039479 (Scotland)

## **Summary of WaterAid's achievements in 2011-2012**

In 2011-2012 **1.55 million** people gained access to **safe water** and **1.92 million** people to improved **sanitation** as a result of our work.

**Our income:** £55.8 million

**Our expenditure:** £54.0 million

**How your £1 was spent:** 78p was spent on our charitable activities and 22p on fundraising and governance.

**Number of supporters at year end:** 257,555

**Number of UK-managed country programmes:** 20  
(We are also working in Kenya, Lesotho and Swaziland but programmes have yet to start).

**Number of local programme partners in year:** 535

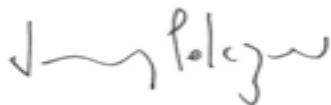
## Executive summary from the Chief Executive and Chair of the WaterAid Board

1. Our Global Strategy 2009-2015 sets out our ambitions. By 2015 we plan for 10 to 10.5 million more people to have access to safe water and 14 to 14.5 million more people to have access to improved sanitation as a result of our investments in partner organisations. And by influencing the policies and practices of governments and service providers we aim to reach a further 100 million people.
2. The four aims that underpin this ambition are:
  - Aim one: We will promote and secure poor people's rights and access to safe water, improved hygiene and sanitation.
  - Aim two: We will support governments and service providers in developing their capacity to deliver safe water, improved hygiene and sanitation.
  - Aim three: We will advocate for the essential role of safe water, improved hygiene and sanitation in human development.
  - Aim four: We will further develop as an effective global organisation recognised as a leader in our field and for living our values.
3. In this report we have chosen examples of our work that illustrate progress towards these aims in 2011-2012. We have also drawn out some of the challenges we face: population growth; political instability; droughts and floods; sustainability and planning.
4. We are very proud to say that through our investments in partner organisations we reached 1.55 million people with safe water and 1.92 million people with sanitation last year. This represented a 7% and 19% increase on the previous year;

5. We continued to invest in local organisations to help them develop their capabilities to ensure the long-term sustainability of the work. We also invested in advocacy and campaigning work to influence policy-makers at country, regional and global levels.
6. These achievements were funded by individuals, institutions and corporations supporting our work through donations, grants and sponsorship, increasing our income by 16% to £55.8 million.
7. As our dedicated staff, volunteers and local partners carried out this work, the World Health Organization and UNICEF released the biennial Joint Monitoring Programme (JMP) report. The good news was that the Millennium Development Goal (MDG) target for water has been met early, with 89% of the world's population now having access to water; 2 billion more than at the start of the 1990s. However, 783 million people still live without access to safe water – 40% of whom are in Sub-Saharan Africa. The need is still great.
8. Progress in sanitation coverage has been less encouraging. Only 63% of people have access to sanitation facilities and around 2.5 billion people still live without sanitation, of which almost 75% live in rural areas. In Sub-Saharan Africa, only 45% of the population have access to sanitation and an estimated 25% still practise open defecation.
9. Dirty water and poor sanitation cause 88% of child deaths due to diarrhoea; around 2,000 child deaths a day, more than AIDS, measles and malaria combined.
10. So, while we celebrate our contribution to the achievements made to the MDG water target, we must redouble our efforts to help meet the sanitation target and raise awareness of this badly neglected issue. In 2011-2012 we conducted our first global campaign, Water Works, with staff all over the world gathering public support for better financing for water and sanitation. Our focus was the High Level Meeting of the Sanitation and Water for All partnership in

Washington DC in April 2012. The subsequent announcement in 2012-2013 from the UK Government to double the numbers of people reached through its aid programme was very well received. More details are available at [www.wateraid.org](http://www.wateraid.org).

11. As we move into 2012-2013, we will work as a partner in HSBC's Water Programme along with WWF and EarthWatch. This exciting five year collaboration will help us reach 1.1 million with safe water and 1.9 million with sanitation in Bangladesh, India, Nepal, Pakistan, Ghana and Nigeria. You can find out more at [www.thewaterhub.org/wateraid](http://www.thewaterhub.org/wateraid)
12. WaterAid will continue to increase our activities and global presence to address the challenges of the water and sanitation crisis and to deliver our Global Strategy.
13. We plan to make 2012-2013 another exciting and successful year for WaterAid, built on global coordination and partnerships. Thank you for your vital support.



**Jeremy Pelczer,**  
Chair of the Board of Trustees



**Barbara Frost,**  
Chief Executive

## Our vision and mission

14. Our vision is of a world where everyone has access to safe water and sanitation.
15. Our mission is to transform lives by improving access to safe water, hygiene and sanitation in the world's poorest communities. We work with partners and influence decision-makers to maximise our impact.

## The scope of this report

16. With the formation of WaterAid international, WaterAid has become a global organisation with a Global Strategy running from 2009 to 2015. Independently governed WaterAid member countries in America, Australia, Sweden and in the UK work together to deliver this strategy and to support country programmes in Africa, Asia, the Pacific region and Central America to gain access to safe water, improved hygiene and sanitation.
17. This report covers the work for which WaterAid in the UK is legally accountable. WaterAid in the UK is referred to as WaterAid in this report.
18. We confirm WaterAid has complied with the duty in section 4 of the Charities Act 2006 to have due regard to the Charity Commission's general guidance on public benefit: *Charities and Public Benefit*.
19. WaterAid's charitable objectives are enshrined within its governing documents and Global Strategy and as such the Trustees ensure that the work is carried out for the public benefit through our four strategic aims. This report demonstrates that WaterAid has provided public benefit through the achievement of our objectives under our strategic aims.

20. WaterAid is a non-governmental organisation and a UK charitable company limited by guarantee. We are a member of WaterAid international and currently have full country programmes in 20 countries in Africa and South Asia. We are also working in Kenya, Lesotho and Swaziland but programmes have yet to start. Last year we also worked in several other countries through the Freshwater Action Network and the End Water Poverty coalition.

## Principal external factors that affected our work in 2011/12

### Meeting the UN Millennium Development Goal target on water

21. In March 2012, we welcomed news from the World Health Organization and UNICEF that the MDG target to bring safe water to millions of the world's poorest people had been met five years early. This was one of the first MDG targets to be achieved since they were set 12 years ago. New figures from the UN revealed that in the 20 years between 1990 and 2010 over 2 billion people gained access to an improved water source.
22. However, the MDG target is only a milestone, it is not the end of the story. In Sub-Saharan Africa almost 40% of people remain without access to safe water, 783 million people still without access to safe water globally.
23. The sanitation situation is even bleaker. Progress on the MDG target for sanitation remains shockingly slow and is not expected to be reached until 2026. In Sub-Saharan Africa it will take over two centuries to meet the target at the current rate of progress. Improved sanitation is crucial in tackling killer diseases in developing countries but 2.5 billion people, a staggering 37% of the world's population, still lack basic toilets. We will continue to press governments around the world to keep their promises to make sanitation provision a priority.

### Africa – 'the hopeful continent'

24. There was a lot of encouraging news from Africa in 2011-2012. It was announced that the top ten fastest growing economies over the past decade all came from Africa and Asia. Ghana and Zambia achieved middle income status in 2010, with unprecedented growth boosted by the discovery of oil. Rwanda emerged from the genocide in 1994 to become an African economic success story. Malawi moved from a food deficit to food surplus status.



International aid departments and budgets came into existence in India and South Africa, previously recipients of aid. There were fewer 'less developed countries' in 2011 than ever before; child mortality fell, life expectancy rose and more children attended school.

25. However, this natural wealth is not yet always reaching the poorest or those most marginalised, and safe water and sanitation remain a distant dream for many citizens.

### **The challenging context**

26. Population growth and demographic shifts present major challenges. The world's population hit 7 billion in 2011 and unplanned urbanisation is a grave concern. Without commensurate development, this poses huge challenges to sustainable access to water and sanitation services.
27. Another major demographic shift has occurred in the location of poor people. Whereas 20 years ago 95% of poor people lived in poor countries, 75% of poor people now live in pockets of poverty within middle income countries.<sup>1</sup>
28. There has been significant political instability and conflict in West Africa. Post-election violence in Nigeria resulted in a number of attacks by the terrorist group Boko Haram across the country. In Mali, the Tuareg rebellion and subsequent conflict has effectively divided the country in two. People have been displaced in Burkina Faso and Niger and there have been reports of human rights abuse and shortages of water and decent hygiene facilities. To compound this, the Sahel region was hit by prolonged drought and food insecurity, which affected millions of people, especially in Mali and Niger.

---

<sup>1</sup> Sumner A (2011) '[Poverty in Middle-Income Countries](#)', *Bellagio Initiative Briefing Summary*. Brighton: Institute of Development Studies.

29. The Horn of Africa region experienced one of the worst droughts of the last 60 years. Poor rains in the region led to severe water shortages and failed harvests, affecting more than 10 million people in Ethiopia, Uganda, Kenya, Somalia and Djibouti. The drought also drove up food prices in the region leading to increased food insecurity.
30. The political situation across East Africa continued to be volatile following elections in Tanzania and Uganda. Civil society action, particularly in Ethiopia, and more recently in Rwanda, is limited by regulations restricting the freedom of NGOs to operate.
31. In Southern Africa, malnutrition is at an average of 36% across the region. During 2011-2012, weather-related food insecurity was experienced by districts in southern Malawi, southern Mozambique and most parts of Lesotho.
32. The political situation in Madagascar remains unpredictable and unresolved. In Malawi, there were shortages of foreign currency and some basic commodities. Some donors withheld funding to Malawi and Madagascar dependent on restoration of democratic governments, improved macro-economic management and respect for human rights. Since the change of leadership in Malawi donor confidence has returned.
33. In South Asia, Nepal is still struggling to adopt a new constitution and the local government system remains undecided, pending agreement of a national constitution. Pakistan faces multiple political challenges and has had no elected local governments since 2010. India and Bangladesh are relatively stable and experiencing economic growth while still facing governance challenges.
34. The devastating floods in Pakistan in 2010 and 2011, saltwater intrusion in coastal areas and the 'silent disaster' of annual drought in large parts of South Asia have greatly impacted on the food security of poor communities.

## Progress against our aims in 2011-12

35. Below, we report our progress against the four aims and related objectives of our Business Plan which is based on the Global Strategy 2009-2015. The objectives broken down under each aim were specific to delivery in 2011-2012.

NB.

Acronym: WASH = water, sanitation and hygiene.

Objectives are marked '>>'

### **Aim one: We will promote and secure poor people's rights and access to safe water, improved hygiene and sanitation.**

**>> We will reach 1.4 million people with safe water – 16% in urban areas, 14% in small towns and 70% in rural areas.**

**>> We will reach 2.5 million people with sanitation – 9% in urban areas, 6% in small towns and 85% in rural areas**

36. We exceeded our water target, reaching 1.55 million people with safe water: 70% in rural areas, 13% in small towns and 17% in urban areas. This year's achievement is 7% higher than that for the previous year.

37. We reached 1.92 million people with sanitation: 78% in rural areas, 12% in small towns and 9% in urban areas. The late receipt of grants and delivery difficulties were factors in not achieving the target. However, the achievement of 1.92 million people still represents a 19% increase on last year's figure.

**Table 1: Contribution to the WaterAid Global Strategy 2009-2015: to reach 25 million people directly through our work and our investments with partners.**

All WaterAid member countries contribute to achieving this target through funding the work together. WaterAid in the UK receives income from WaterAid member countries in America, Sweden and Australia and is accountable for country programme work in Africa and South Asia. These are the numbers of people our partners have reached in the first three years of the 2009-2015 Global Strategy and our plans for 2012-2013.

	<b>Water: People reached (000s)</b>	<b>Sanitation: People reached (000s)</b>
2009-2010	944	1,242
2010-2011	1,446	1,616
2011-2012	1,547	1,916
2012-2013 (target)	1,500	2,300
<b>TOTAL</b>	<b>5,437</b>	<b>7,074</b>

Table 2 below shows the number of people reached directly in each country we work in 2011-2012.

**Table 2: People reached with water and sanitation in 2011-2012**

	People reached (000s)	
	Water	Sanitation
Bangladesh	145	733
India	536	353
Nepal	68	83
Pakistan	49	103
<b>Total South Asia</b>	<b>798</b>	<b>1,272</b>
Ethiopia	79	160
Rwanda	12	1
Tanzania	75	25
Uganda	34	36
<b>Total East Africa</b>	<b>200</b>	<b>222</b>
Angola	18	1
Madagascar	36	33
Malawi	17	65
Mozambique	38	24
Zambia	31	40
<b>Total Southern Africa</b>	<b>140</b>	<b>163</b>
Burkina Faso	44	50
Ghana	62	9
Liberia	6	7
Mali	39	42
Niger	6	6
Nigeria	249	127
Sierra Leone	3	18
<b>Total West Africa</b>	<b>409</b>	<b>259</b>
<b>Overall total</b>	<b>1,547</b>	<b>1,916</b>

**>> We will complete post-implementation pilot studies in selected country programmes to monitor sustainability.**

### **Sustainability framework**

38. Ensuring that our work is sustainable is fundamental to our approach. This means ensuring that the right management, technology and environmental approaches are in place, as well as community ownership.
39. Our sustainability framework was completed during the year and disseminated to all country programmes. This presents a model for sustainability for locally-managed public and private facilities.

### **Post-implementation surveys**

40. Based on our sustainability framework we monitor the long-term sustainability of our programmes through visiting communities one, three, five and ten years after implementation to conduct surveys to assess the state of water and sanitation facilities and the adoption of hygiene practices. This gives us important insights into the functionality of the work we have financed and helps reinforce the importance of monitoring and maintenance to the local organisations we are working with.
41. Recent surveys have showed:
  - **In Tanzania** 99% of those surveyed (23,249 people) reported that they have adopted good hygiene practices and are washing their hands with soap or an alternative cleaning agent after defecation.
  - **In Bangladesh and Nepal** 82% and 78% of respondents respectively reported having adopted improved hygiene practices.

- **In Malawi**, of 364 households interviewed in Salima District, only 10% had a hand-washing facility, and 18% still practised open defecation, which has led the Malawi team to assess the reasons for lack of adoption of improved practices. However, 80% of the water facilities our partners had supported were fully functional.
- **In Ethiopia** 75% of the water facilities our partners had supported were found to be fully functional and steps have been taken to support local partners with maintenance.

### Capacity-building for sustainability

42. All our country programme teams spend time in training local community management committees and local partners to maintain facilities. In Nigeria, Sierra Leone and Liberia, the focus has been on strengthening local government planning and implementation and ensuring they have the tools and information sources to support monitoring.
43. In Ethiopia, Rwanda and Tanzania, we supported communities to strengthen their business planning so they can effectively manage their facilities.
44. In Uganda, a handpump mechanics association has been formally registered with support from WaterAid and recognised by the Government. In collaboration with the local university, other non-governmental organisations (NGOs) and the private sector, we are also involved in piloting a mobile phone-based technology to enable local communities to contact technicians when handpumps break down.
45. Uganda, Ghana and Burkina Faso are improving sustainability through the EC-funded WASH TEC project which aims to ensure technologies selected for WASH interventions have a good chance of remaining in operation in the long term.

>> **We will improve the understanding and adaptation of a rights-based inclusive approach across all country programmes.**

### Rights-based approach

46. Working with partners and communities to make them aware of their rights is a crucial part of building a strong civil society. This in turn helps them hold governments and other service providers to account. Highlights of rights-based activity included:
- In **Tanzania** we developed a citizens' guide to government water policies that helps communities and local governments understand their responsibilities, entitlements and rights. We will be monitoring the results of this work to track the impact.
  - In **Nigeria** with one of our partners we helped form the Nigeria Water Supply Association to enable low-income consumers to engage with water service providers to secure service supply.
  - In **Malawi** our work contributed to ensuring the Government included a statement on the right to water in its draft Sanitation and Water for All compact.
  - In **Burkina Faso** we worked with media partners on 'The space of accountability' agreement between the Information and Communication Network of Burkina Faso (RICHE) and the Association of the Municipalities in Burkina Faso.
  - **South Asian Conference on Sanitation:** following extensive advocacy work the governments attending recognised the right to sanitation in their programmes and projects and, eventually, in legislation.
47. We also made significant contributions to the publication *On the Right Track* authored by the UN Special Rapporteur on the Human Right to Water and Sanitation. This publication aimed to demystify



rights-based approaches for service providers and policy-makers and encouraged them to champion the inclusion of all their citizens.

- >> **We will develop and disseminate our hygiene framework and complete pilot studies to establish a baseline on hygiene practices.**

### Hygiene framework

48. Consultation on our hygiene framework was completed and will be launched in 2012-2013. The framework provides guidance on hygiene promotion in water and sanitation programmes and policies across WaterAid and our country programmes.

### Hygiene practices study

49. WaterAid in the UK and in Australia, along with the International Water and Sanitation Centre, undertook work together to support the development of a methodology for measuring hygiene behaviour change. This will provide useful information to assist our practice in the future.

- >> **We will promote menstrual hygiene management in seven country programmes in South Asia and East Africa.**

### Menstrual hygiene management

50. Safe and clean water and sanitation facilities are critical for women and girls. For teenage girls, having separate, clean toilets with a place to wash can help keep them in school during puberty.
51. Menstrual hygiene is now a core component of community and school hygiene approaches in WaterAid country programmes. Examples of work include:
- In **India** 32 of our 47 projects include menstrual hygiene work and this example has been used to influence policy in four states.
  - In **Pakistan** 2,713 girls and mothers received guidance on safe

menstrual hygiene management.

- In **Nepal** we held an exhibition where a group of artists created installations on different aspects of puberty to break down taboos about menstruation.
- In **Tanzania** we worked with the Government to incorporate menstrual hygiene management into their school WASH programmes.
- In **Rwanda** we assisted 1,000 primary schoolgirls who now have access to composting latrines and separate bathrooms for managing menstrual hygiene.
- In **Burkina Faso, Ghana and Nigeria** WaterAid's school health programmes included the provision of girl-friendly sanitation facilities, which improved enrolment of girls.

52. Across South Asia we have been promoting the importance of facilities for menstrual hygiene for women and girls in emergency and disaster situations. We are also developing a menstrual hygiene manual to promote good practice. This will be published in 2012-2013.

**Aim two: We will support governments and service providers in developing their capacity to deliver safe water, improved hygiene and sanitation.**

**>> We will develop our work in targeting poor people living in urban areas and will launch our urban 'manifesto'.**

### **Urban achievements**

53. Of the total number of people expected to get access to water, we aimed for 16% to be in urban areas and 14% in small towns, against which, 17% and 13% respectively have been reached. In the case of sanitation, it was 9% and 6% against which, our

achievement was 12% and 9%. This demonstrates our continued commitment to the urban poor, and in seven country programmes we have an increasing emphasis on reaching small towns.

### Urban framework and urban manifesto

54. Our urban framework and urban manifesto provided guidance for improving water and sanitation facilities in urban areas. We also published *Reaching the urban poor*, a guidance and training manual for water utilities, setting out some of the methods that can be used to extend services to poor communities. The training manual has been adopted by the World Bank Institute as part of the modules for its courses on successful utility reform in water supply and sanitation. WaterAid also presented the approaches at three workshops in Morocco, Nigeria and Uganda. 160 participants, from 50 utilities, across 10 countries participated.
55. WaterAid is continuing with a dialogue on the findings of our research: *Are World Bank investments benefiting the poor?* This has resulted in a request for WaterAid to join two World Bank missions.

### Urban sanitation in East Africa

56. WaterAid facilitated an urban sanitation initiative in Tanzania linking our local private enterprise partner with the Kenya Commercial Bank to enable them to scale up their WASH work in Dar-es-Salaam.

**>> We will play an active role in the Sanitation and Water for All partnership (SWA), including the pilot country case study in Liberia.**

### Sanitation and Water for All partnership (SWA)

57. SWA is a global partnership of governments, donors, civil society and multilateral organisations that aims to reverse the political neglect of the global sanitation and water crisis. It promotes better evidence-based decision-making on resource allocations and supports national capacity-building to spend WASH finance well.

58. During last year, preparations were made for the SWA High Level Meeting that took place in April 2012, attended by ministers and senior officials from 38 developing countries and 10 of the world's richest countries.
  59. Finance, health and water ministers stressed the need for a new international resolve on WASH but also produced some concrete financial and political commitments. During national preparatory talks, commitments were made by all participating countries to increase poor people's access to sanitation by at least 7% and to water by 5%. The UK Government announced a doubling of the numbers of people they aimed to reach, while Japan, the largest aid donor in water and sanitation, resolved to improve the targeting of its aid for WASH to the poorest people and countries.
  60. WaterAid also led on SWA's support for increasing the national capacity of 'fragile states' to plan and deliver sustainable access to WASH for their poorest communities. We participated in a pilot programme in Liberia that saw the development of the country's National Compact on WASH, endorsed by President Ellen Johnson Sirleaf. And in many other African countries, our teams worked closely with national governments to enable them to honour their commitment to allocate 0.5% of GDP to sanitation (also referred to as the e-Thekwini declaration).
- >> We will work with national governments in 15 countries across Africa and Asia to make explicit their commitments on sanitation and to promote accountability for their delivery.**

### Mapping and planning

61. Our team in Tanzania worked with the Government to adopt our water point mapping tool<sup>2</sup> for performance monitoring in 63 out of the 132 districts. Water point mapping is also being adopted by national governments in Rwanda and Swaziland.

---

<sup>2</sup> Water point mapping uses GPS to map where water points are located and their functionality status recorded.

62. Links with government departments responsible for water and sanitation in Lesotho and Swaziland have been strengthened through mapping workshops to improve sector monitoring processes and techniques.

### Targeting sanitation

63. In Tanzania, our team worked with the Ministry of Health and Social Welfare to adopt an approach which focuses on behaviour change and sanitation marketing in four districts.
64. As a result of our lobbying, the sanitation and hygiene master plans in Nepal have a policy to incentivise sanitation provision that targets the poor.

### Sanitation and hygiene achievements

65. In Bangladesh we were able to take up innovative approaches to sector capacity-building under programmes such as the Sanitation, Hygiene Education and Water Supply (SHEWA-B) funded by UNICEF. This aims to provide 30 million people with access to improved sanitation and safe hygiene practices.
66. UNICEF provided £1.8m to fund WaterAid's activities in eight rural districts, £1.3m of which was spent in 2011-2012. The partnership targeted 1.65 million households representing an approximate total population of 7.4 million. In 2011-2012, SHEWA-B reached 440,000 people with safe sanitation. The project was extended and ended on 30 June 2012.
67. In Pakistan, a district-level 70-member Sanitary Workers' Forum was established to increase their knowledge and capacity. While in Madagascar our team played a critical role in ensuring the Government's participation at the all-Africa meeting on sanitation – AfricaSan. This led to the subsequent formulation of the Madagascar Sanitation Plan.









- >> **We will promote greater integration of WASH in health, education and livelihood sectors, ensuring that school WASH gains a higher profile in 15 country programmes.**

### **Integrating WASH into government policy and practice**

76. To help deliver long-standing, sustainable change, WASH needs to be mainstreamed in government programmes and departments and not just in infrastructure projects. Our work in 2011-2012 integrating WASH in government policies included:

- In **Bangladesh** – our team engaged stakeholders such as the UK's Department for International Development and the Asian Development Bank, and carried out consultation workshops in regional cities to ensure the draft National Urban Health Policy includes WASH.
- In **Ethiopia** – WaterAid and UNICEF are working together to design and implement a manual for WASH in health institutions.
- In **Ethiopia** and **Tanzania** – we are working with the Ministries of Health to provide technical support on WASH.
- In **Madagascar** – we supported the Ministry of Health in hygiene training.
- In **Nepal** – continued lobbying on WASH for people living with HIV/AIDS has resulted in the Government applying for support from the Global Fund to Fight AIDS, Tuberculosis and Malaria to prioritise personal hygiene as a basic component of home-based care.

### **School WASH**

77. In **Tanzania**, we launched a school WASH project in five districts. WASH teaching aids have been developed with the German Organisation for Technical Cooperation, UNICEF, and the Government, and disseminated to schools.

78. **In Rwanda**, as part of our school WASH programme, we are building accessible composting latrines and school rainwater harvester tanks for pupils and teachers. **In Uganda**, similar work continues in schools in Kampala.
79. **In India**, partners are monitoring the implementation of the Right to Education and supporting parents and children to call for adequate water and sanitation facilities in schools.
80. **In Nepal**, our study on gender-segregated school latrines revealed the gross inequality of girls' access to school WASH, and informed the Government's response to the issue in their hygiene and sanitation master plan.

**Aim four: We will further develop as an effective global organisation recognised as a leader in our field and for living our values.**

**>> Implement our Global People Strategy to facilitate the delivery of our overall aims.**

### **Our people**

81. During 2011-2012 we had an average of 670 full-time equivalent staff (466 in country programmes, 204 in the UK).
82. We continued the implementation of our Global People strategy that aims to ensure we have the skills needed to deliver our Global Strategy and that we provide a working environment where everyone can be successful in their roles, feel valued and be able to make a real and lasting contribution.
83. This year we continued to focus on issues highlighted in our last Global Employee Survey, ensuring we maintain WaterAid as a great place to work and improve where needed. This included conducting a detailed pay review in all countries where we work to

ensure we are competitive in the relevant employment markets.

84. We strengthened our internal communications to ensure staff feel well informed about our progress in delivering our ambitious aims and that they are able to clearly link their own role to the wider picture.
85. We continued our programme of leadership development. Almost 200 leaders from our country programmes and the UK office have now taken part in the programme and we have also worked with Ashridge management centre to further embed the leadership behaviours needed to achieve our strategy.
86. We have continued our focus on good performance management globally and on identifying and developing high potential colleagues.
87. In April 2011, we were awarded a bronze Investors in People award.
88. During the year we moved our regional support team for West Africa from London to Dakar, Senegal, and our regional support team for Southern Africa from London to Pretoria, South Africa. This is helping us to improve accountability and optimise influencing opportunities in the regions. It is also helping to increase our focus on country- and regional-level fundraising and learning.
89. We continue to make WaterAid a welcoming place to work for people from the widest possible range of backgrounds, cultures and experience. This year we continued equity and inclusion training for all staff globally and we continue to be members of the Positive about Disabled People scheme as we are committed to the employment, retention, training and career development of disabled employees.
90. We are extremely grateful to everyone in our dedicated network of

volunteers for giving their time to speak for WaterAid, organise events and undertake personal challenges to help raise awareness of our work and funds. We have also welcomed volunteers into our offices across the UK to help with research, administration or technical advice.

- >> **Increase our income from a diverse and global range of sources to £52 million, an 8% increase on the previous year.**

### Summary of fundraising performance

91. The following table looks back at the UK’s contribution to income for the first three years of the 2009-2015 Global Strategy and the projection for the coming year to 2012-2013.

**Table 3: Income**

	2009-2010	2010-2011	2011-2012	2012-2013 Target
Non-grant income	£33.8m	£33.7m	£37.2m	£39m-£40m
Grants	£11.8m	£14.4m	£18.6m	£26m-£28m
<b>Total income</b>	<b>£45.6m</b>	<b>£48.1m</b>	<b>£55.8m</b>	<b>£65m-£68m</b>

92. In total, our income has grown by £7.7 million to £55.8 million in 2011-2012. Given the continued tough economic times this 16% growth is an excellent achievement and we thank all our supporters – individuals, community groups, companies, institutions and organisations – for their continued vital support in all its forms.

93. During 2011-2012 we continued to invest in growing unrestricted funding, which increased from 67% to 68% of total income. This gives us greater flexibility to allocate funding where it is needed the most to deliver greatest impact in the poor communities where we work.

94. Andrew Cook, our former Director of Communications and Fundraising, left WaterAid in March 2012 after 14 years of great achievement. In that time income grew from £8 million to over £50 million, funding the expansion of our programme work. His legacy is a wealth of support for WaterAid from many sources, in the UK and internationally. We welcomed Marcus Missen to the post of Director of Communications and Fundraising in July 2012. Marcus joins us from the National Society for the Prevention of Cruelty to Children (NSPCC) where his most recent role was as Head of Strategy.

### **Strategic partners – the water companies**

95. WaterAid continues to benefit from strong partnerships throughout the UK water industry, with these being very much part of our heritage. The water companies provide vital support for our cause with income from fundraising initiatives by water companies growing by 13% in 2011-2012. 19 of the 21 companies are involved in the 'Customer Campaign', inserting fundraising leaflets in household water bills. This remains vitally important in raising awareness of WaterAid's work as well as securing support and income.
96. We are very grateful for the ongoing support of the water companies and their staff in delivering income and support through many and varied events, which also delivered excellent local publicity.

### **Individuals**

97. During the year we recruited 53,297 new regular givers, exceeding our target by 22%. The improved performance of our direct-response television advertisements together with low attrition rates increased our total number of regular givers to 257,555 at the year end.

## Events and community groups

98. Fundraising from events and community groups grew by 15%, reversing a downward trend over recent years. We had particularly strong results from faith groups and mass participation events such as the London Marathon, the Brighton Marathon and various mountain challenges. We are grateful for the considerable commitment and effort put into these activities by our supporters and participants.

## Companies

99. Funding from companies (other than the water industry) grew by 28% and most significantly we secured a \$25 million, five-year partnership with HSBC. WaterAid is one of three partners, with Earthwatch and WWF, who are benefitting from HSBC's \$100 million Water Programme. HSBC will be funding our work in six country programmes across South Asia and West Africa, aiming to reach 1.1m people with water, and 1.9m people with sanitation.
100. WaterAid signed a partnership agreement with Unilever in October 2011 and we are receiving £1.5 million over the next three years as part of their Project Laser Beam, which is working with communities in Bangladesh on food security. Water security is an essential element of the project.
101. We continued to receive support from Diageo, H&M, JP Morgan, Herbert Smith and many others. We also signed an agreement with Belu Water in 2011 as the sole beneficiary of their bottled water brand. The Whitbread partnership has concluded after three years, contributing a magnificent £1.3 million to our India programme.
102. Overall, the number of £50,000+ partnerships has grown from seven to 12 in the last financial year.
103. Glastonbury Music Festival contributed over £230,000 in 2011. The event is taking a break during 2012, but we look forward to resuming this excellent and long-standing partnership in 2013.

## Major donors and trusts

104. Fundraising from major donors and trusts did not perform as well as planned – down £200,000 on the previous year. We have reviewed this and in 2012-2013 we plan for growth to come from investment in staff and renewed stewardship strategies.

## Grants

105. UKAid was the most significant individual funding partnership for WaterAid in 2011-2012. The UK Department for International Development (DFID) contributed £6 million representing 11% of our income and a 110% increase on the previous year.

106. A new Programme Partnership Agreement (PPA) with DFID was secured at the start of 2011-2012 worth £12.6 million over three years. The PPA is contingent on our meeting our performance targets in line with DFID's results-driven approach and this will be reviewed in 2012. As part of our commitment to transparency, we also implemented the International Aid Transparency Initiative standards.

107. WaterAid secured a matched funding agreement from DFID for a new fundraising appeal, The Big Dig, which launched in the first quarter of 2012-2013. We are also increasingly seeing our supporters involved in lobbying their MPs and participating in our campaigning initiatives aimed at securing aid commitments on WASH from the UK and international governments.

108. We continued to access funds from institutions including the Big Lottery Fund, European Commission, and Small Islands. Two new grants were secured with Comic Relief totalling £1.4 million for work in Uganda and Ethiopia from 2012 to 2015.

## WaterAid Trading Ltd

109. WaterAid Trading Ltd made a profit of £0.3 million on £0.4 million gross income (see note 13 of the financial statements). This trading company is wholly owned by WaterAid and sells Christmas cards

and goods and operates the sub-licensing agreements that WaterAid enters into. We currently have 13 trading partnerships in place.

### WaterAid operating in Scotland

110. WaterAid is registered as a charity in Scotland with the Office of the Scottish Regulator, registration number SC039479. WaterAid raised funds of £237,000 through its regional fundraising events, employee fundraising activities and payroll giving in Scotland and operated from office space donated by Scottish Water.

### Expenditure

**>> For every £1 we spend we will spend a maximum of 25p on fundraising and governance.**

111. Total expenditure was £54 million, an increase of £3.2 million from 2010-2011. For every £1 we spent, 78p went on our charitable activities of service delivery, influencing and investment globally (see 115 below). 22p was spent on fundraising and governance.

112. Charitable activities expenditure has grown by £2.4 million from £39.8 million to £42.2 million. UK support costs increased in 2011-2012 by £0.3 million.

113. Fundraising and governance costs (after reallocation of UK support costs) increased by £0.8 million, in 2011-2012, generating a 16% growth in income and an 11% rise in individual supporters.

114. The following table shows the UK's expenditure for the first three years of the Global Strategy and the planned expenditure for 2012-2013.



**Table 4: Expenditure**

	2009-2010	2010-2011	2011-2012	2012-2013 Target
Charitable activities	£34.4m	£39.8m	£42.2m	£50m-£52m
Fundraising and Governance	£10.8m	£11.0m	£11.8m	£14m-£15m
<b>Total</b>	<b>£45.2m</b>	<b>£50.8m</b>	<b>£54.0m</b>	<b>£64m-£67m</b>

115. Our operational reserves are in line with the level required in the Reserves Policy approved by the Board of Trustees (see Financial Policies, paragraphs 133 to 142).

**>> We will invest in WaterAid international to promote the start up of new WaterAid Members and bi-laterally in other WaterAid member countries to maximise WaterAid’s coverage and impact.**

#### **WaterAid international (WAI)**

116. WAI is the governance structure for WaterAid to expand its coverage and impact through a global federation of WaterAid member countries. The WaterAid name and rights transferred to WAI in July 2011. WaterAid in the UK and other WaterAid member countries are now licensed by WAI to use the name and to deliver the Global Strategy.

117. In 2011-2012, WaterAid in the UK invested in WAI to support the investment in an associate member (Sweden) and potential new member countries (Japan and India). We also invested in the running costs of WAI, and in making bilateral investments in WaterAid in America and Australia. This supports the development of those member countries as they increase their contributions to the achievement of the Global Strategy.

118. WaterAid in America, Australia and Sweden are independently constituted organisations with their own Boards and Chief Executives. We have worked closely together throughout the year to increase our global coverage and impact.
119. WaterAid in Australia manages country programmes in Timor-Leste, Laos and Papua New Guinea and is an accredited AusAid agency, able to access government funding for WaterAid's work across Asia and Africa. The Australia team have worked closely with the Australian Government which has contributed to their decision to substantially increase their investment in water and sanitation as part of their international aid.
120. WaterAid in America, in addition to fundraising in-country and supporting global activity, influenced the US Government's water and sanitation international policy as well as managing a new country programme in Nicaragua.
121. WaterAid in Sweden continues to grow and has contributed significantly to WaterAid through its Board Chair, Ambassador Jan Eliasson, who has been highly influential at the UN, leading a greater emphasis on water and sanitation. The team has also successfully developed WaterAid's profile in-country and its income from fundraising. Jan Eliasson has now left WaterAid and we congratulate him on his new role of Deputy Secretary General of the UN.
122. A Japan representative was selected in early 2012, who will look into establishing a WaterAid presence there.

**>> Improve our financial accountability and full cost recovery.**

**Financial leadership**

123. In 2011-2012 objectives to continue improvements in both the financial control environment and financial management performance were taken forward. While there have been improvements in full cost recovery the greatest breakthroughs have

been in a better understanding of the principles of full cost recovery, both in fundraising and operational teams.

124. Across the organisation we continue to strengthen our planning processes. This is a key priority for the leadership team, ensuring that our plans are realistic and achievable, that staff workloads are not excessive and that we can demonstrate good accountability to our partners. We know that continuing to develop our strategic and operational planning will enable us to help even more people to gain access to sustainable water and sanitation services.
125. We continue to take a strong value for money (VFM) approach to all areas of our work. A Board of Trustees seminar in December 2011 endorsed WaterAid's approach to VFM, based on the principle that services should be sustainable, equitable and inclusive.

#### Other work towards aim four

- >> **Raise UK public awareness of WaterAid to over 55% and refresh our web presence.**

#### Communications

126. Our communications work has continued to drive awareness of WaterAid's work and the WASH crisis through our global communications and the work of our country programmes and their partners.
127. UK public awareness of WaterAid was surveyed at 57% compared to 53% the previous year.<sup>3</sup> Media coverage increased significantly contributing to this outcome. We were also named by GuideStar's Philanthropedia as the 'top high-impact international NGO working in water, sanitation and hygiene'.
128. Digital communications continue to remain a priority for WaterAid with social media continuing to grow and web traffic increasing during the year by 41%.

---

<sup>3</sup> NFP Synergy Charity Awareness Monitor

129. Support for international and UK advocacy and policy issues remain a key priority. Highlights of the last year were World Water Day, World Toilet Day and our *Off Track, Off Target* report which achieved significant global coverage with over 120 articles; a feature interview with Liberian president Ellen Johnson Sirleaf in the *Guardian*; and promotion of the revised World Health Organization/UNICEF Joint Monitoring Programme figures showing a decrease in the amount of people without access to safe water.
130. This year's media successes also included the water industry supporters' trip to Zambia, which achieved significant regional broadcast and print coverage and supported excellent uplift in giving in northern England. Other highlights included Coast Along, a national walking event raising funds for WaterAid, as a significant driver of coverage in the trade, consumer, local and national press; the 'An-Tiki' Atlantic crossing, and various consumer corporate partnerships such as Belu, Coffee Week and a Sunday Express feature on an Aveda visit to our work in Nepal.
131. We placed film and photos on the *Guardian* and BBC websites respectively for the first anniversary of the Pakistan floods.
132. A low-key refresh of the WaterAid brand was undertaken during the year, and work began on developing a new web platform for the whole organisation.

## **Our aims for 2012-2013**

### **Aim one: We will promote and secure poor people's rights and access to safe water, improved hygiene and sanitation.**

#### Objectives:

- We will reach at least 1.5 million people with safe water: 75% in rural areas, 16% in urban areas and 9% in small towns.
- We will reach 2.3 million people with sanitation: 79% rural, 15% in urban areas and 6% in small towns.
- We aim to reach a gender target of 50/50 and 5% disabled people of the target population.
- We will conduct post implementation surveys (to assess sustainability and equity of interventions) in established country programmes.

### **Aim two: We will support governments and service providers in developing their capacity to deliver safe water, improved hygiene and sanitation.**

#### Objectives:

- We will increase the capacity of governments and service providers to deliver WASH through a better governed, resourced and accountable sector.
- We will increase financial and political priority for WASH through a focus on sanitation financing including support for delivering a successful Sanitation and Water for All (SWA) High-Level Meeting in April 2012.
- We aim to encourage UN member states to agree more demanding pro-poor goals, targets and indicators for WASH, which incorporate measures of equity and sustainability, and for them to demonstrate strong performance against them.

### **Aim three: We will advocate for the essential role of safe water, improved hygiene and sanitation in human development.**

#### Objectives:

- We will ensure WASH is recognised as a key determinant of health and human development and is systematically addressed by health and other development sectors.
- Menstrual hygiene management programming will be developed in up to eight country programmes and linkages established between health and education.
- School WASH programmes implemented in at least six country programmes demonstrating effective collaboration with the education sector.
- Climate Change adaptation, water security and water resources management will be promoted across eight to ten countries.

### **Aim four: We will further develop as an effective global organisation recognised as a leader in our field and for living our values.**

#### Objectives:

- We will ensure that our organisational effectiveness, efficiency and sustainability is improved, launching a new website and an internal management information system.
- We will start work in Kenya, Angola, Lesotho and Swaziland
- We will continue to ensure high levels of employee engagement and performance, aligned to the delivery of the Global Strategy.
- We will ensure our organisational plan is funded by raising between £65 million and £68 million with a healthy balance of restricted and unrestricted income.
- We will continue to ensure effective governance through the development of the UK Board.
- We will provide support for the continued development of WaterAid international

## Financial policies

### Risk management and internal controls

133. By the very nature of WaterAid's work in developing countries a level of risk is inevitable and a risk management process that ensures appropriate steps are taken to manage and mitigate risk is carried out by country programmes and the UK office. Risk management is part of the organisations decision making, planning and monitoring processes.
134. WaterAid has identified the major risks and has ranked these by likelihood and impact. The Board of Trustees has assessed these and is satisfied that reasonable steps are being taken to mitigate exposure to these risks. A target range for an operational reserve has been identified to cover the cost should these risks materialise as well as for working capital.
135. The Board of Trustees has overall responsibility for ensuring that WaterAid has a system of internal control, management and audit to mitigate risk. This system of internal control can provide reasonable and not absolute assurance against errors or fraud. Controls safeguard WaterAid's assets and maintain integrity of accounting controls.
136. WaterAid operates a multi-year planning and budgeting system with a Business Plan with annual milestones linked to delivery of the Global Strategy. The financial reporting system compares results with the budget on a monthly, quarterly and yearly basis.
137. WaterAid's internal audit team carries out regular audits. These audits are prioritised using a risk-based approach with reference to the risk register. The Head of Internal Audit submits regular reports to the Audit Committee.
138. To ensure value for money goods and services are bought at market rate and salaries are subject to annual review; credit risk

on amounts owed to the charity, predominantly by donors, is considered to be low; sufficient reserves have been allocated for working capital needs and there are no long-term borrowings; exchange rate risk is monitored and action taken where significant risk to the operations is identified.

## Reserves policy

139. WaterAid has an approved reserves policy to mitigate risk with a designated operational reserve. The range for the operational reserve is reviewed on an annual basis based on an assessment of the key corporate risks identified in the UK Business Plan (which contributes to the Global Strategy).
140. The following key corporate risks were identified for 2012-2013 for which an operational reserve of £10 to £13 million will be held:
- Income targets not being met.
  - Exchange rate volatility and inflation increasing the cost of overseas expenditure.
  - Need to deliver the work ahead of cash being made available by grant funders and other debtors.
141. The Board of Trustees also continued to designate two funds:
- The fixed asset fund of £1.9 million representing the net book value of WaterAid's fixed assets.
  - The pension fund of £0.5 million representing the debt held within the pension scheme which is disclosed as a contingent liability in the accounts.
142. Some net assets are also held in restricted income funds. The Trustees have no discretion over their use, which must accord strictly with donors' specific requirements. Accordingly they are separated from both designated and general income funds and the associated income and expenditure is separately disclosed in aggregate in the Statement of Financial Activities.



## Investment policy

143. WaterAid holds short-term investments and cash as set out in the consolidated and charity balance sheets. The objective of the investment policy is to maximise interest while limiting risk. The investment policy is to invest in term deposits and cash at banks with a Standard and Poor credit rating of A-1 or A-1+.
144. The investment return of £49,000 achieved in the year reflects the continued low returns experienced from money market deposits in sterling, US dollars and Euros. This level of low return is projected to continue throughout the financial year 2012-2013.
145. Accounting policy (i) in Note 1 to the financial statements explains that donated shares are not intended to be held as investments and are sold when conditions placed on the shares allow this and as soon as is practically possible.

## Going concern

146. The Board of Trustees is of the opinion that WaterAid has adequate resources to continue in operational existence for the foreseeable future.

## Structure, governance and management

### Legal structure

147. WaterAid was established by Trust Deed on 21 July 1981, incorporated on 30 January 1984 and registered as a charity on 22 February 1984. WaterAid registered as a charity in Scotland with the Office of the Scottish Charity Regulator on 3 April 2008. WaterAid has a Memorandum which sets out the objects and powers of the organisation and is governed in accordance with the Articles of Association. WaterAid is a company limited by guarantee and the members undertake to contribute £1 in the event of the company being wound up. In 2011-2012 there were 51 company members.

### Trading company

148. WaterAid holds a wholly-owned trading subsidiary, WaterAid Trading Ltd (see paragraph 108).

### Organisation structure

149. The accounts of WAI (not the independent member countries of Australia, America and Sweden) are consolidated into WaterAid in the UK as shown in note 14 to the accounts. This reflects the significant funding and resourcing commitment WaterAid in the UK makes in the growth of WAI.

150. WaterAid has an office in London where the Chief Executive and a team of five directors are based along with our International Programmes, Policy and Campaigns, Finance and IT, Fundraising and Communications and People and Organisational Development Directorates. A Strategic Planning Manager and Internal Audit Team also report to the Chief Executive.

151. WaterAid has functional offices registered as branches of the UK Company in 20 countries in South Asia and Africa. We also have two regional offices in Dakar, Senegal and Pretoria, South Africa.

152. Country Representatives and country team leaders report into the Head of Region. All are appointed by and accountable to the Director of International Programmes.
153. WaterAid also works in partnership with other organisations in countries where there is no WaterAid presence. For example, the Governance and Transparency Fund from DFID has financed a joint programme run by WaterAid and the Freshwater Action Network. This covers work in 16 countries of Africa, Asia and Central America helping civil society organisations to hold dialogue with decision-makers and service providers.

### **WaterAid's UK Board of Trustees**

154. The Board of Trustees governs the organisation in line with its articles, vision, aims and charitable objectives and provides overall policy direction. The Board is responsible for compliance with the legal and statutory requirements of a UK charity and of a registered company.
155. In 2011-2012 WaterAid's Board of 13 Trustees has governed WaterAid in its work and development. Trustees serve for three year terms that may be renewed for another three years. In occasional circumstances the term may be extended beyond this in order to retain specific skills.
156. In 2011-2012 an open Trustee selection process was carried out as a result of which Clarissa Brocklehurst, Rosemary Carr, Richard Flint and Christiane Wuillamie were elected to the board bringing with them a wealth of expertise and experience. For full details of our Trustees see [www.wateraid.org/trustees](http://www.wateraid.org/trustees). Chris Loughlin was also appointed as the external member of the Audit Committee and Trustee designate.

157. The Board of Trustees has three committees:

- The Audit Committee that promotes and safeguards the highest standards of integrity, financial reporting and internal control. It also oversees the organisation's risk management processes.
- The Nominations Committee ensures that Trustees of the highest calibre with an appropriate mix of skills and experience are put forward for selection to the Board of Trustees.
- The Remuneration Committee reviews the development of our people management policies and practices including our salary policy.

158. All the above committees have terms of reference and meet regularly. An induction programme is held for Trustees joining the Board. Trustees are invited to participate in seminars with staff as well as being expected to visit WaterAid's work to familiarise themselves with our operations.

159. As part of the development of the Board, performance assessment processes are used for the Board as a whole and for individual Trustees. The members of the Board of Trustees, who are also directors of the company and Trustees of the charity (for statutory purposes) and who have served during the year are listed in the Trustees and advisors section below together with the President, Vice Presidents and the Directors Team.

160. Management of the charity is delegated by the Trustees to the Chief Executive. The planning and reporting arrangements in place give Trustees confidence that the charity is being managed effectively.

## Statement of the Board of Trustees' responsibilities for the financial statements

161. The Trustees (who are also the directors of WaterAid for the purposes of company law) are responsible for preparing this Trustees' annual report and the financial statements in accordance with applicable law and UK accounting standards.
162. 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 the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing these financial statements, the Trustees are required to:
- select suitable accounting policies and then apply them consistently;
  - observe the methods and principles in the Statement of Recommended Practice 'Accounting and Reporting by Charities' 2005 (SORP);
  - make judgments and estimates that are reasonable and prudent;
  - state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
  - prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.
163. The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as

amended). They are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

164. In so far as the Trustees are aware:

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

165. The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

166. Approved by the Board of Trustees on 6 September 2012 and signed on its behalf by:



---

**Jeremy Pelczer**, Chair of the Board of Trustees

## Trustees, advisors and key details

### President

- HRH The Prince of Wales

### Vice Presidents

- The Rt Hon Baroness Chalker of Wallasey
- Maurice Lowther BSc, FICE, FCIWEM, CBIM

### Board of Trustees

- Paul Batchelor<sup>1</sup> (joined Audit Committee December 2011)
  - Hugh Belshaw OBE, Honorary Treasurer<sup>1,3</sup>
  - Clarissa Brocklehurst
  - Rosemary Carr
  - Richard Flint
  - Gregory Hodkinson<sup>2</sup>
  - Agnes Kalibbala
  - Sandeep Katwala<sup>2</sup>
  - Tony Kelly (Chair of WaterAid in Australia, retired August 2012)
  - Peter Millward, Chair of Audit Committee<sup>1,3</sup>
  - Helen Pankhurst
  - Jeremy Pelczer, Chair of the Board of Trustees<sup>2,3</sup>
  - Christiane Wuillamie
- 
- External Audit Committee member: Chris Loughlin (appointed December 2011)

<sup>1</sup> Audit Committee member

<sup>2</sup> Nominations Committee member

<sup>3</sup> Remuneration Committee member

### Chief Executive and Company Secretary

- Barbara Frost

## **Directors Team**

- Margaret Batty, Director of Policy and Campaigns
- Andrew Cook, Director of Fundraising and Communications, and Deputy Chief Executive (left on 22 March 2012. Marcus Missen took over as Director from 11 June 2012)
- Paula Laird, Director of Finance and IT
- Girish Menon, Director of International Programmes, and Deputy Chief Executive (from 23 March 2012)
- Rachel Westcott, Director of People and Organisational Development

## **Principal bankers**

Barclays Bank plc  
50 Pall Mall  
London SW1A 1QB

## **Auditors**

PricewaterhouseCoopers LLP  
7 More London Riverside  
London SE1 2RT

## **Principal solicitors**

Bates, Wells and Braithwaite  
2-6 Cannon Street  
London EC4M 6YH

## **Company number**

1787329

## **Charity numbers**

288701 (England and Wales) SC039479 (Scotland)

## **Registered office and operational address:**

47-49 Durham Street, London, SE11 5JD



## **WaterAid**

**Company no. 1787329**

### **Independent auditor's report to the Members of WaterAid**

We have audited the financial statements of WaterAid for the year ended 31 March 2012 which comprise the consolidated statement of financial activities (incorporating an income and expenditure account), the consolidated and charity balance sheets, the consolidated cash flow statement and related notes. 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).

#### **Respective responsibilities of the trustees and auditors**

As explained more fully in the Trustees' Responsibilities Statement set out on page 45/46 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.

This report, including the opinions, has been prepared for and only for the charity's members and trustees as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

The maintenance and integrity of the WaterAid website is the responsibility of the trustees; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the

auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### **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 mis-statement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent 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 Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material mis-statements 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 group's and WaterAid in the UK's affairs as at 31 March 2012 and of the group's incoming resources and application of resources, including the group's income and expenditure and cash flows, for the year then ended.
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the Companies Act 2006.

## **Opinion on the other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Trustees' Annual Report 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 require us to report to you if, in our opinion:

- adequate accounting records have not been kept by the WaterAid in the UK or returns adequate for our audit have not been received from branches not visited by us; or
- WaterAid in the UK's 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.



Kevin Lowe (Senior Statutory Auditor)  
**for and on behalf of PricewaterhouseCoopers LLP**  
Chartered Accountants and Statutory Auditors  
London  
18th September 2012

**Consolidated statement of financial activities (incorporating an income and expenditure account)**

**For the Year Ended 31 March 2012**

	Note	Unrestricted £000	Restricted £000	2012 Total £000	2011 Total £000 (restated)
<b>Incoming resources</b>					
<i>Incoming resources from generated funds:</i>					
Voluntary income:					
Donations	2	32,044	3,845	<b>35,889</b>	32,458
Grants	2	4,202	-	<b>4,202</b>	1,557
Gifts in kind	2	219	-	<b>219</b>	184
Activities for generating funds	3	1,003	51	<b>1,054</b>	988
Investment income		49	-	<b>49</b>	51
<i>Incoming resources from charitable activities:</i>					
Grant funding for specific activities	4	<u>560</u>	<u>13,834</u>	<b><u>14,394</u></b>	<u>12,879</u>
<b>Total incoming resources</b>		<u>38,077</u>	<u>17,730</u>	<b><u>55,807</u></b>	<u>48,117</u>
<b>Resources expended</b>					
<i>Costs of generating funds:</i>					
Costs of generating voluntary income	5	11,215	-	<b>11,215</b>	10,409
Fundraising trading	5	<u>72</u>	<u>-</u>	<b><u>72</u></b>	<u>100</u>
		<u>11,287</u>	<u>-</u>	<b><u>11,287</u></b>	<u>10,509</u>
<i>Charitable activities</i>					
Supporting partners to deliver water, sanitation and hygiene	5	18,594	16,096	<b>34,690</b>	32,872
Influencing policy in water, sanitation and hygiene	5	5,316	784	<b>6,100</b>	6,001
Supporting WaterAid globally	5	<u>1,397</u>	<u>-</u>	<b><u>1,397</u></b>	<u>969</u>
		<u>25,307</u>	<u>16,880</u>	<b><u>42,187</u></b>	<u>39,842</u>
<i>Governance costs</i>	1f/5	<u>487</u>	<u>-</u>	<b><u>487</u></b>	<u>416</u>
<b>Total resources expended</b>		<u>37,081</u>	<u>16,880</u>	<b><u>53,961</u></b>	<u>50,767</u>
Net incoming/(outgoing) resources	24	996	850	<b>1,846</b>	(2,650)
<b>Net movement of funds in year</b>		<u>996</u>	<u>850</u>	<b><u>1,846</u></b>	<u>(2,650)</u>
<b>Reconciliation of funds</b>					
Fund balance brought forward at 1 April		<u>13,591</u>	<u>1,899</u>	<b><u>15,490</u></b>	<u>18,140</u>
<b>Fund balances carried forward at 31 March</b>	19	<u><u>14,587</u></u>	<u><u>2,749</u></u>	<b><u><u>17,336</u></u></b>	<u><u>15,490</u></u>

The statement of financial activities includes all gains and losses recognised during the year. There were no realised gains during the year on investment assets. All incoming resources and resources expended derive from continuing activities. The notes supporting the financial statements are on pages 55 to 74.

With its increasing importance, the costs of supporting WaterAid globally has been disclosed as a separate charitable activity with comparative amounts changed accordingly (note 5).

WaterAid in UK's gross income for the year was £55.0m (2011 gross income: £48.0m). WaterAid in UK's net income for the year was £1.7m (2011 net loss: £2.6m).

**WaterAid**  
**Company no. 1787329**  
**Consolidated and charity balance sheets**

**At 31 March 2012**

		Group		Charity	
	Note	2012 £000	2011 £000	2012 £000	2011 £000
<b>Fixed assets</b>					
Intangible assets	9	441	61	441	61
Tangible assets	9	1,477	793	1,477	793
		<u>1,918</u>	<u>854</u>	<u>1,918</u>	<u>854</u>
<b>Current assets</b>					
Debtors	10	5,934	6,283	6,098	6,487
Short term investments	11	8,069	5,328	8,069	5,328
Cash at bank and in hand	15	6,476	7,985	6,078	7,741
		<u>20,479</u>	<u>19,596</u>	<u>20,245</u>	<u>19,556</u>
<b>Liabilities</b>					
Creditors: Amounts falling due within one year	16	(4,566)	(4,472)	(4,528)	(4,432)
Provisions for liabilities and charges	17	(495)	(488)	(495)	(488)
		<u>(5,061)</u>	<u>(4,960)</u>	<u>(5,023)</u>	<u>(4,920)</u>
<b>Net current assets</b>		<u>15,418</u>	<u>14,636</u>	<u>15,222</u>	<u>14,636</u>
<b>Net assets</b>		<u>17,336</u>	<u>15,490</u>	<u>17,140</u>	<u>15,490</u>
<b>The funds of the charity</b>					
<b>Unrestricted income funds</b>					
Designated income funds	19	2,370	1,185	2,370	1,185
General income funds	19	12,217	12,406	12,190	12,406
		<u>14,587</u>	<u>13,591</u>	<u>14,560</u>	<u>13,591</u>
<b>Restricted income funds</b>	19	<u>2,749</u>	<u>1,899</u>	<u>2,580</u>	<u>1,899</u>
<b>Total charity funds</b>		<u>17,336</u>	<u>15,490</u>	<u>17,140</u>	<u>15,490</u>

The financial statements on pages 52 to 74 were approved by the Board of Trustees on 6 September 2012 and signed on its behalf by:



Jeremy Pelczer, Chairman



Hugh Belshaw, Treasurer

**WaterAid**  
**Company no. 1787329**  
**Consolidated cash flow statement**

**For the Year Ended 31 March 2012**

	<b>2012</b>	2011
	<b>£000</b>	£000
Net income/(loss) for the year	<b>1,846</b>	(2,650)
Donated investments	<b>(6)</b>	(1)
Interest receivable	<b>(49)</b>	(51)
Depreciation of fixed assets	<b>826</b>	683
(Gains) on investments	<b>-</b>	(4)
(Profit) on disposal of fixed assets	<b>(31)</b>	(15)
Decrease/(Increase) in debtors	<b>349</b>	(661)
Increase in creditors	<b>94</b>	1,125
Increase in provisions	<b>7</b>	171
<b>Net cash inflow /(outflow) from operations</b>	<b><u>3,036</u></b>	<u>(1,403)</u>
<b>Returns on investment</b>		
Bank interest received	<b>44</b>	46
<b>Capital expenditure and financial investment</b>		
Payments to acquire fixed assets	<b>(1,893)</b>	(901)
Proceeds from sales of fixed assets	<b>39</b>	31
Proceeds from sales of investments	<b>6</b>	11
	<b><u>(1,848)</u></b>	<u>(859)</u>
<b>Cash inflow/(outflow) before decrease in liquid resources</b>	<b><u>1,232</u></b>	<u>(2,216)</u>
<b>Management of liquid resources</b>		
(Increase)/decrease in short term deposits	<b><u>(2,741)</u></b>	4,507
<b>(Decrease)/increase in cash in the year</b>	<b><u><u>(1,509)</u></u></b>	<u><u>2,291</u></u>
<b>Analysis of Cash as shown in the balance sheet</b>		
	<b>2012</b>	2011
	<b>£000</b>	£000
Balance at 1 April	<b>7,985</b>	5,694
Net cash (outflow)/inflow	<b><u>(1,509)</u></b>	<u>2,291</u>
<b>Balance at 31 March</b>	<b><u><u>6,476</u></u></b>	<u><u>7,985</u></u>
This balance can be analysed as follows:		
UK	<b>4,230</b>	4,331
Overseas	<b><u>2,246</u></b>	<u>3,654</u>
<b>Balance at 31 March</b>	<b><u><u>6,476</u></u></b>	<u><u>7,985</u></u>

**1. Accounting policies**

The principal accounting policies have been applied consistently in dealing with items which are considered material in relation to WaterAid's Financial Statements.

**a) Basis of preparation**

The Financial Statements have been prepared in accordance with applicable United Kingdom accounting standards, with the applicable requirements of the Statement of Recommended Practice 'Accounting and Reporting by Charities' (SORP), issued in March 2005, the Charities Act 1993 as amended by the Charities Act 2006, the Charities Accounts (Scotland) regulations 2006 and Charities and Trustee Investment (Scotland) Act 2005, and under the historical cost accounting rules, except for investments which have been included at market valuation or the value considered appropriate by the Board of Trustees.

The financial statements are drawn up on the going concern basis which assumes WaterAid will continue in operational existence for the foreseeable future. The Board have given due consideration to the working capital and cash flow requirements of WaterAid. The Board consider WaterAid's current and forecast cash resources to be sufficient to cover the working capital requirements of the charity for at least 12 months.

As permitted by Section 408 of the Companies Act 2006 and paragraph 397 of SORP 2005, a separate income and expenditure account dealing with the results of the charitable company only has not been presented.

**b) Basis of consolidation**

The charity has one wholly owned subsidiary WaterAid Trading Limited, which is registered in England. WaterAid International is consolidated as a charity, regulated in the UK, by virtue of the control and influence WaterAid has over WaterAid International. Consolidated accounts for the group, being WaterAid, WaterAid International and WaterAid Trading Limited have been prepared on a line by line basis. The group consolidation does not include other WaterAid Members. WaterAid is a registered charity in England, Wales and Scotland and WaterAid International is a registered charity in England and Wales.

The activities of the regional fundraising committees in England, Wales, Scotland and Northern Ireland raising funds for WaterAid are deemed to be part of the activities of the charity. As such, they are included in full in the financial statements of the group.

**c) Related party transactions**

The charity has taken advantage of the exemption set out in FRS8 not to disclose any transactions between the charity and the subsidiary.

**d) Foreign Exchange**

Transactions denominated in foreign currencies are translated at the rate of exchange at the end of the month. Foreign currency balances are translated at the rate of exchange prevailing at the balance sheet date. Foreign exchange losses incurred in respect of our overseas operations are included in the Statement of Financial Activities (SOFA) within charitable activity expenditure for the period in which they are incurred.

**1. Accounting policies (continued)**

**e) Incoming Resources**

All incoming resources are included in the consolidated SOFA when the charity is legally entitled to them, receipt is virtually certain and the amount can be measured with sufficient reliability.

**Grants receivable**

Grants are credited to the SOFA when receivable. Incoming resources are only deferred where there are time constraints imposed by the donor or if the funding is performance related.

Where entitlement to grants receivable is dependent upon fulfilment of conditions within the charity's control, the incoming resources are recognised when there is sufficient evidence that conditions will be met.

Grants supporting the core activities of the charity and with no specific restrictions placed upon their use are included within voluntary income. Grants that have specific restrictions placed upon their use are included within incoming resources from charitable activities.

**Voluntary Income**

Donations are recognised in the period in which they are received.

**Restricted Income**

Income received that has specific restrictions placed upon its use is credited to restricted income within the SOFA on a receivable basis. Unspent balances are carried forward within the relevant restricted fund.

**Gifts in kind**

Goods, facilities and services donated for the charity's use, where the benefit is quantifiable and the goods or services would otherwise have had to be purchased, are recognised in the financial statements, as both income and expenditure, at a reasonable estimate of their value in the period in which they are donated.

**Legacies**

Legacy income is recognised when WaterAid's entitlement is virtually certain and where the amount can be reliably measured.

**Fundraising events**

Fundraising events income is included in voluntary income as the funds received are by nature donations rather than funds paid to gain a benefit. Event income to which WaterAid has a legal entitlement and that is being held by a third party agent is recognised on a receivable basis.



**1. Accounting policies (continued)**

**f) Resources expended**

Resources expended are recognised in the period in which they are incurred on an accruals basis. Resources expended include attributable VAT which cannot be recovered.

Costs of charitable activities includes direct expenditure incurred through grants to partners and operational activities together with associated support costs. Charitable expenditure is reported as a functional analysis of the work undertaken by the Charity, being supporting partners to deliver safe water, sanitation and hygiene and campaigning and advocacy.

Grants are recognised in the period in which they are payable. Grants payable in furtherance of the charity's objects are attributed to the related classification heading in the SOFA. Partner agreements may be for longer than one year but funding contracts are typically for a year's duration.

The costs of generating funds relate to the costs incurred by the group and charitable company in raising funds for the charitable work.

Governance costs are those associated with the governance arrangements relating to the strategic operations of the charity as opposed to those costs associated with general running of the charity, fundraising or charitable activity. These governance costs include external audit costs, internal audit costs, trustee costs and directors' time in governance of the organisation.

Resources expended are allocated to the particular activity where the cost relates directly to that activity. However, support costs, comprising the salary and overhead costs of the central function, is apportioned on the basis of staff numbers in each area of activity. These staff numbers are listed in note 6 to the financial statements. The central function includes costs relating to the Departments of Finance, Facilities, IT, Human Resources and the Chief Executive's Office.

**g) Fund accounting**

Unrestricted funds are the funds that 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.

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in note 19 to the financial statements and also in the Board of Trustees' report.

Restricted funds are used for specified purposes as laid down by the donor. Expenditure which meets these criteria is identified to the fund, together with a fair allocation of management and support costs where appropriate. Negative balances are only carried forward where further income is virtually certain in the following year.

Notes to the financial statements

For the year ended 31 March 2012

---

**1. Accounting policies (continued)**

**h) Fixed assets and depreciation**

Tangible and intangible fixed assets are stated at historic cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life. The depreciation rates in use on a straight line basis are as follows:

Motor Vehicles	33.33%
Furniture and equipment - Overseas	33.33%
Furniture and equipment - UK	20%
Computers and office equipment	33.33%

**Intangible fixed assets and depreciation**

Software	33.33%
----------	--------

Items of equipment are capitalised where the purchase price exceeds £500. Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use.

**i) Investments**

The investment representing the shareholding interest in the subsidiary is valued at cost.

Donated shares, which are AIM listed and which must be held for over a year due to conditions placed on them are included at Trustees' valuation based upon an analysis of a reasonable value in the market for such shares. Other donated shares which are freely tradeable are included at the market valuation at the balance sheet date. Shares are not intended to be held as investments and are sold as soon as practically possible. The gain or loss for the period is taken to the SOFA.

**j) Pension cost**

The charity operates two defined contribution pension schemes. The assets of both schemes are held separately from those of the charity in independently administered funds. The pension cost represents contributions payable under the schemes by the charity to the funds. The charity has a contingent liability should it withdraw from the scheme administered by the Pensions Trust, or in the event of the plan winding up. The Board of Trustees have decided to designate funds for this contingent liability. See notes 19 and 27 for further details.

## WaterAid

### Notes to the financial statements

For the year ended 31 March 2012

#### 1. Accounting policies (continued)

##### k) Operating leases

Rentals payable under operating leases, where substantially all the risks and rewards of ownership remain with the lessor, are charged to the SOFA in the year on a straight line basis.

##### l) Provisions

Provisions for future liabilities are recognised when WaterAid has a legal or constructive financial obligation, that can be reliably estimated and for which there is an expectation that payment will be made.

#### 2. Voluntary Income

	Unrestricted £000	Restricted £000	2012 Total £000	2011 Total £000
<b>Donations</b>				
Regular giving, donations and appeals	27,462	2,849	<b>30,311</b>	27,778
Legacies	2,416	4	<b>2,420</b>	1,948
Fundraising events	2,166	992	<b>3,158</b>	2,732
	<u>32,044</u>	<u>3,845</u>	<u><b>35,889</b></u>	<u>32,458</u>
<b>Grants</b>				
UKaid from the Department for International Development - Programme Partnership Agreement	4,202	-	<b>4,202</b>	1,020
Dutch Ministry for Foreign Affairs	-	-	-	537
	<u>4,202</u>	<u>-</u>	<u><b>4,202</b></u>	<u>1,557</u>
<b>Gifts in kind</b>				
Customer appeal	155	-	<b>155</b>	130
Audit fee	25	-	<b>25</b>	25
Rent	23	-	<b>23</b>	21
Events (prizes, venues)	10	-	<b>10</b>	8
Professional Services (UK)	6	-	<b>6</b>	-
	<u>219</u>	<u>-</u>	<u><b>219</b></u>	<u>184</u>
Total	<u><u>36,465</u></u>	<u><u>3,845</u></u>	<u><u><b>40,310</b></u></u>	<u><u>34,199</u></u>

#### 3. Activities for Generating Funds

	Unrestricted £000	Restricted £000	2012 Total £000	2011 Total £000
Lottery	682	-	<b>682</b>	679
Trading company	321	51	<b>372</b>	309
Total	<u><u>1,003</u></u>	<u><u>51</u></u>	<u><u><b>1,054</b></u></u>	<u><u>988</u></u>

## WaterAid

### Notes to the financial statements

For the year ended 31 March 2012

#### 4. Incoming resources from charitable activities

##### Grant funding for specific charitable activities

	Unrestricted Note	£000	Restricted £000	2012 Total £000	2011 Total £000
<b>Supporting partners to deliver water, sanitation and hygiene</b>					
UKaid from the Department for International Development	-	-	-	-	179
UKaid from the Department for International Development - India IPAP	-	-	137	137	184
UKaid from the Department for International Development - Malawi Partnership Grant Arrangement	-	-	219	219	238
UKaid from the Department for International Development - Tanzania Strategic Arrangement	-	-	218	218	-
European Commission	-	-	2,113	2,113	1,802
Other WaterAids	26	109	5,121	5,230	5,520
Unicef	-	-	1,253	1,253	890
UN Habitat	-	-	(51)	(51)	85
Swiss Agency for Development and Cooperation	-	-	472	472	444
The Band Aid Charitable Trust	-	-	166	166	216
Big Lottery Fund	-	-	119	119	123
Terre Nouvelle	-	-	78	78	47
Ensemble Foundation	-	-	54	54	26
Prana Stiftung	-	-	-	-	70
Irish Aid	-	-	-	-	119
Water & Sanitation for the Urban Poor	-	-	261	261	80
Jersey Overseas Aid Commission	-	-	65	65	130
Isle of Man Overseas Aid Commission	-	-	200	200	100
States of Guernsey Aid Commission	-	-	80	80	58
Oxfam	-	-	152	152	-
SIDA	-	-	187	187	-
Unilever	-	-	309	309	54
Save the Children - Finland	-	-	120	120	145
Dubai Cares	-	-	233	233	124
London School of Hygiene and Tropical Medicine	-	-	278	278	309
Dutch Government	-	-	128	128	17
HSBC Holdings plc	-	-	313	313	-
Other grants	-	3	234	237	369
Other trusts and foundations	-	448	147	595	335
		560	12,606	13,166	11,664
<b>Influencing policy in water, sanitation and hygiene</b>					
UKaid from the Department for International Development - Governance and Transparency Fund	-	-	988	988	919
UKaid from the Department for International Development - Strategic Grant Agreement	-	-	269	269	338
European Commission	-	-	(29)	(29)	(42)
	-	-	1,228	1,228	1,215
<b>Total</b>		560	13,834	14,394	12,879

## WaterAid

### Notes to the financial statements

For the year ended 31 March 2012

#### 5. Resources Expended

	Note	Staff costs £000	Other direct costs £000	Depreciation £000	Allocation of support costs £000	2012 Total £000	2011 Total £000 (restated)
<i>Cost of generating funds</i>							
Costs of generating voluntary income		3,585	6,994	56	580	<b>11,215</b>	10,409
Fundraising trading		<u>27</u>	<u>45</u>	<u>-</u>	<u>-</u>	<b>72</b>	100
		3,612	7,039	56	580	<b>11,287</b>	10,509
<i>Charitable Activities</i> <sup>7</sup>							
Supporting partners to deliver water, sanitation and hygiene		7,780	23,065	749	3,096	<b>34,690</b>	32,872
Influencing policy in water, sanitation and hygiene		2,265	3,630	18	187	<b>6,100</b>	6,001
Supporting WaterAid globally		<u>72</u>	<u>1,325</u>	<u>-</u>	<u>-</u>	<b>1,397</b>	969
		10,117	28,020	767	3,283	<b>42,187</b>	39,842
Governance		328	128	3	28	<b>487</b>	416
Support costs		<u>1,376</u>	<u>2,515</u>	<u>-</u>	<u>(3,891)</u>	<b>-</b>	-
		<u>15,433</u>	<u>37,702</u>	<u>826</u>	<u>-</u>	<b>53,961</b>	50,767

Support costs have been allocated on the basis of staff numbers in each area of activity. These staff numbers are listed in note 6 to the financial statements.

The costs of 'supporting WaterAid globally' have been separately disclosed as a charitable activity in 2012. The comparative amount of £969,000 was previously split between 'costs of generating voluntary income' (£772,000) and 'influencing policy in water, sanitation and hygiene' (£197,000). In the opinion of the Trustees, given its significance and increasing materiality, the revised disclosure more appropriately reflects the underlying substance of the expenditure.

The support costs allocated were as follows:

	2012 Total £000	2011 Total £000
Finance, Human Resources, IT and Systems	<b>2,708</b>	2,471
Chief Executive Office and internal audit	<b>197</b>	226
Premises and facilities	<b>986</b>	858
	<b>3,891</b>	3,555

## WaterAid

### Notes to the financial statements

For the year ended 31 March 2012

---

#### 6. Staff costs and numbers

Staff costs for the charity and group were as follows:

	<b>2012</b>	2011
	<b>£000</b>	£000
Salaries and wages	<b>13,622</b>	12,430
Social security costs	<b>764</b>	755
Pension costs	<b>1,047</b>	1,078
	<b><u>15,433</u></b>	<u>14,263</u>

WaterAid makes contributions for its employees to a defined contribution scheme operated by The Pensions Trust and Scottish Equitable. The contributions made in the financial year are detailed above. The amount outstanding to The Pensions Trust at 31st March 2012 was £1,004 (2011: £2,950) and the amount outstanding to Scottish Equitable was £75,599 (2011: £59,715)

The number of employees whose emoluments amounted to over £60,000 in the year was as follows:

	<b>2012</b>	2011
	<b>No.</b>	No.
£60,000 - £70,000	<b>2</b>	<b>2</b>
£70,000 - £80,000	<b>4</b>	<b>5</b>
£80,000 - £90,000	<b>1</b>	-
£110,000 - £120,000	<b>1</b>	<b>1</b>

Contributions of £65,597 (2011: £54,838) have been paid into pension schemes on behalf of the above employees.

The emoluments paid to the Chief Executive were £113,494 (2011: £110,188). Emoluments include salary and taxable benefits in kind. The remuneration package for the Chief Executive (including pension contributions) was £126,945 (2011: £121,207).

The number of employees, calculated on a full time basis and analysed on a functional basis, was as follows:

	<b>2012</b>	2011
	<b>No.</b>	No.
Fundraising staff (cost of generating funds)	<b>94</b>	95
International programmes staff (supporting partners to deliver water, sanitation and hygiene)	<b>508</b>	448
Policy and Campaigns staff (working to influence policy in water, sanitation and hygiene)	<b>30</b>	27
Support staff	<b>33</b>	32
Governance	<b>5</b>	4
	<b><u>670</u></b>	<u>606</u>

The increase in international programme staff in 2012 reflects an increase of specific project staff in Bangladesh for the SHEWAB programme and the new regional offices in West and Southern Africa.

**WaterAid**

**Notes to the financial statements**

**For the Year Ended 31 March 2012**

**7. Charitable Activities expenditure by location**

	Unrestricted	Restricted	2012 £000	2011 £000
<b>West Africa</b>				
Ghana	656	703	<b>1,359</b>	1,363
Nigeria	1,174	1,208	<b>2,382</b>	2,136
Mali	519	949	<b>1,468</b>	1,221
Burkina Faso	1,166	322	<b>1,488</b>	1,941
Liberia	115	186	<b>301</b>	243
Niger	166	133	<b>299</b>	173
Sierra Leone	105	181	<b>286</b>	107
West Africa Regional	90	185	<b>275</b>	124
Regional management and support costs	429	-	<b>429</b>	515
	<b>4,420</b>	<b>3,867</b>	<b>8,287</b>	7,823
<b>East Africa</b>				
Ethiopia	1,563	1,268	<b>2,831</b>	2,530
Uganda	843	600	<b>1,443</b>	1,290
Tanzania	1,186	1,253	<b>2,439</b>	2,186
Kenya	14	-	<b>14</b>	45
Rwanda	85	203	<b>288</b>	115
Regional management and support costs	266	-	<b>266</b>	258
	<b>3,957</b>	<b>3,324</b>	<b>7,281</b>	6,424
<b>Southern Africa</b>				
Angola	-	8	<b>8</b>	47
Zambia	1,016	314	<b>1,330</b>	1,551
Malawi	569	790	<b>1,359</b>	1,582
Madagascar	1,274	374	<b>1,648</b>	1,580
Mozambique	1,321	1,164	<b>2,485</b>	1,962
Lesotho	5	-	<b>5</b>	-
Swaziland	26	-	<b>26</b>	-
Regional management and support costs	415	-	<b>415</b>	333
	<b>4,626</b>	<b>2,650</b>	<b>7,276</b>	7,055
<b>Asia</b>				
India	854	1,351	<b>2,205</b>	2,968
Bangladesh	1,157	2,099	<b>3,256</b>	2,894
Pakistan	448	650	<b>1,098</b>	725
Nepal	803	1,245	<b>2,048</b>	2,370
Regional management and support costs	327	-	<b>327</b>	259
	<b>3,589</b>	<b>5,345</b>	<b>8,934</b>	9,216
Fresh Water Action Network (FAN)	217	676	<b>893</b>	1,233
Supporting WaterAid globally	1,263	39	<b>1,302</b>	969
Other UK direct international programme support costs (including technical and programme effectiveness)	1,687	871	<b>2,558</b>	2,115
UK based policy, campaigns and education costs	1,406	108	<b>1,514</b>	2,087
Allocated UK support costs to charitable activities	4,142	-	<b>4,142</b>	2,920
<b>Total</b>	<b>25,307</b>	<b>16,880</b>	<b>42,187</b>	<b>39,842</b>

The total costs of supporting partners to deliver water, sanitation and hygiene was £34.7m, the costs of influencing policy in water, sanitation and hygiene was £6.1m and the costs of supporting the development of WaterAid globally was £1.4m (see note 5)

Fresh Water Action Network works through partners across Africa, Asia, Central America and Latin America.

## WaterAid

### Notes to the financial statements

#### For the Year Ended 31 March 2012

---

#### 8. Payments to partner organisations

The top 50 financial grant recipients in 2011/12 are listed below. These grants are included in the charitable expenditure outlined in notes 5 and 7.

<b>Name of Partner</b>	<b>£000</b>	<b>Country</b>
1 Nepal Water for Health	1,293	Nepal
2 Enugu Small Towns Unit	395	Nigeria
3 Jigawa Small Towns Unit	376	Nigeria
4 Wera Development Association	224	Uganda
5 Association pour la Valorisation des Ressources Naturelles par l'Autopromotion	221	Burkina Faso
6 Sustainable Environment Management Action	209	Tanzania
7 Dushtha Shasthya Kendra	181	Bangladesh
8 Teso Diocese Development Organisation	169	Uganda
9 PAMODZI	162	Mozambique
10 Association Miarintsoa	158	Madagascar
11 Health Action Promotion Association	157	Tanzania
12 Association DAKUPA	155	Burkina Faso
13 Population Service and Training Centre - Dhaka	153	Bangladesh
14 Integrated Regional Support Program	148	Pakistan
15 ALPHALOG	147	Mali
16 Rupantar	146	Bangladesh
17 Village Education Research Centre	144	Bangladesh
18 Association les Mains Unies du Sahel	142	Burkina Faso
19 EC Abraham	141	Madagascar
20 Ethiopian Evangelical Church Mekane Yesus, Development and Social Svcs Commission - Bonke	140	Ethiopia
21 Estamos Maputo	135	Mozambique
22 Diocese of Mbulu Development Department	132	Tanzania
23 SAF/FJKM	131	Madagascar
24 Adventist Development and Relief Agency	127	Tanzania
25 New Energy	124	Ghana
26 Masindi District Local Government	121	Uganda
27 Lumanti Support Group for Shelter	121	Nepal
28 Association pour le Developpement Durable en Afrique	115	Mali
29 Participatory Development Initiative	115	Malawi
30 HOPE 2020	113	Ethiopia
31 Rural Aid	112	Ghana
32 Maji na Maendeleo Dodoma	110	Tanzania
33 Ethiopian Orthodox Church - Dembia	109	Ethiopia
34 Professional Network Association - WA	108	Ghana
35 Sukaar Foundation Trust	107	Pakistan
36 Progynist	102	Ethiopia
37 Association Manorintsoa	100	Madagascar
38 Ethiopian Evangelical Church Mekane Yesus, Development and Social Svcs Commission - Dita	98	Ethiopia
39 NOBLOK PARISHAD	93	Bangladesh
40 Wildlife Environment Society of Malawi	92	Malawi
41 United Artist Association	91	India
42 Jerusalem Children & Community Development	89	Ethiopia
43 Unnayan Shahojogy Team	88	Bangladesh
44 Green Hill	88	Bangladesh
45 Afram Plain Development Organisation	86	Ghana
46 Centre for World Solidarity	86	India
47 Association Malienne pour la Sauvegarde du Bien-Etre de la Famille	86	Mali
48 Water Action - Bure	85	Ethiopia
49 Ethiopian Orthodox Church - Imba Alaje	85	Ethiopia
50 Association for Water, Applied Education & Renewable Energy	84	Pakistan

---

**7,994**



WaterAid

Notes to the financial statements

For the year ended 31 March 2012

9. Fixed assets

The group and charity	Intangible Assets		Tangible Assets		Totals £000
	Software	Motor Vehicles	Equipment and Furniture		
	£000	£000	£000		
<b>Cost</b>					
At 1 April 2011	242	1,948	2,322		<b>4,512</b>
Additions in year	486	376	1,031		<b>1,893</b>
Disposals in year	-	(109)	(60)		<b>(169)</b>
At 31 March 2012	<u>728</u>	<u>2,215</u>	<u>3,293</u>		<b>6,236</b>
<b>Depreciation/Amortisation</b>					
At 1 April 2011	181	1,659	1,818		<b>3,658</b>
Charge for the year	106	274	446		<b>826</b>
Disposals in year	-	(109)	(57)		<b>(166)</b>
At 31 March 2012	<u>287</u>	<u>1,824</u>	<u>2,207</u>		<b>4,318</b>
<b>Net book value</b>					
<b>At 31 March 2012</b>	<u><b>441</b></u>	<u><b>391</b></u>	<u><b>1,086</b></u>		<u><b>1,918</b></u>
At 1 April 2011	<u>61</u>	<u>289</u>	<u>504</u>		<u>854</u>

10. Debtors

Amounts due within one year:	The group		The charity	
	2012 £000	2011 £000	2012 £000	2011 £000
Amount due from WaterAid Trading Ltd and WaterAid international	-	-	<b>244</b>	286
Grant debtors	<b>3,392</b>	3,713	<b>3,392</b>	3,713
Other debtors	<b>470</b>	536	<b>390</b>	454
Gift Aid tax recoverable	<b>836</b>	1,061	<b>836</b>	1,061
Accrued income	<b>695</b>	670	<b>695</b>	670
Prepayments	<b>541</b>	303	<b>541</b>	303
	<u><b>5,934</b></u>	<u>6,283</u>	<u><b>6,098</b></u>	<u>6,487</u>

11. Short term investments

	The group		The charity	
	2012 £000	2011 £000	2012 £000	2011 £000
Funds held on short term deposits	<u><b>8,069</b></u>	<u>5,328</u>	<u><b>8,069</b></u>	<u>5,328</u>
<b>Shares</b>				
Opening value at market value	-	6	-	6
Donated shares at market value	<b>6</b>	1	<b>6</b>	1
Disposals	<b>(6)</b>	(11)	<b>(6)</b>	(11)
Gain/ (loss) on investments	-	4	-	4
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u><b>8,069</b></u>	<u>5,328</u>	<u><b>8,069</b></u>	<u>5,328</u>

The historical cost of the shares held as short term investments was £172 (2011: £191). The Trustees consider the value of the investments to be supported by their underlying assets.

**WaterAid****Notes to the financial statements****For the year ended 31 March 2012****12. Fixed asset investments**

The company has an unlisted investment with a historical cost of £2 representing its 100% shareholding in WaterAid Trading Ltd. WaterAid Trading Ltd is a company registered in England, which sells Christmas cards and other goods. It also generates income from licensing agreements made with a number of organisations. A summary of that company's financial position is set out in note 13.

**13. WaterAid Trading Ltd**

<b>a) Profit &amp; loss account</b>	<b>2012</b>	2011
	<b>£000</b>	£000
Turnover	372	308
Cost of sales	<u>(46)</u>	<u>(55)</u>
Gross profit	<u>326</u>	<u>253</u>
Administrative expenses	(42)	(55)
Operating profit	<u>284</u>	<u>198</u>
Interest receivable	-	-
Interest payable	<u>-</u>	<u>(3)</u>
Profit on ordinary activities	284	195
Deed of covenant to WaterAid	<u>(284)</u>	<u>(195)</u>
Retained Earnings	<u>-</u>	<u>-</u>
<b>b) Balance Sheet</b>	<b>2012</b>	2011
	<b>£000</b>	£000
<b>Current Assets</b>		
Debtors	81	83
Cash at bank and in hand	<u>184</u>	<u>244</u>
	<b>265</b>	327
<b>Creditors</b>		
Amounts due within one year	<u>(265)</u>	<u>(327)</u>
	<u>-</u>	<u>-</u>
<b>Represented by:</b>		
Share Capital	<u>-</u>	<u>-</u>

WaterAid Trading Limited has a share capital of two £1 ordinary shares.

**WaterAid****Notes to the financial statements****For the year ended 31 March 2012**

---

**14. WaterAid international Ltd**

<b>a) Income and expenditure account</b>	<b>2012</b>	<b>2011</b>
	<b>£000</b>	<b>£000</b>
Incoming Resources		
Grants	475	-
Gifts in kind	122	-
	<u>597</u>	<u>-</u>
Total incoming resources		
	<u>597</u>	<u>-</u>
Resources expended		
Charitable activities	(354)	-
Governance costs	(47)	-
	<u>(401)</u>	<u>-</u>
Total resources expended		
	<u>(401)</u>	<u>-</u>
Net income for the year	<u>196</u>	<u>-</u>
	<u>196</u>	<u>-</u>
<b>b) Balance Sheet</b>	<b>2012</b>	<b>2011</b>
	<b>£000</b>	<b>£000</b>
<b>Current Assets</b>		
Debtors	-	-
Cash at bank and in hand	214	-
	<u>214</u>	<u>-</u>
<b>Creditors</b>		
Amounts due within one year	(18)	-
	<u>(18)</u>	<u>-</u>
	<u>196</u>	<u>-</u>
<b>The funds of the charity</b>		
Unrestricted funds	27	-
Restricted funds	169	-
	<u>196</u>	<u>-</u>
Total charity funds	<u>196</u>	<u>-</u>

## WaterAid

### Notes to the financial statements

#### For the Year Ended 31 March 2012

---

#### 15. Cash at bank and in hand

	The group		The charity	
	2012 £000	2011 £000	2012 £000	2011 £000
Cash and bank balances in UK	4,230	4,331	3,832	4,087
Cash and bank balances overseas	<u>2,246</u>	<u>3,654</u>	<u>2,246</u>	<u>3,654</u>
	<u>6,476</u>	<u>7,985</u>	<u>6,078</u>	<u>7,741</u>

#### 16. Creditors: amounts falling due within one year

	The group		The charity	
	2012 £000	2011 £000	2012 £000	2011 £000
Trade creditors	1,633	2,098	1,633	2,098
Tax & social security	343	322	317	300
Other creditors	29	142	29	142
Accruals	1,951	1,388	1,939	1,388
Deferred income	<u>610</u>	<u>522</u>	<u>610</u>	<u>504</u>
	<u>4,566</u>	<u>4,472</u>	<u>4,528</u>	<u>4,432</u>

The deferred income relates to funding received for activities in a future period.

The movements in deferred income are analysed as follows:

Group and Charity	2012 £000	2011 £000
Deferred income at 1 April	522	565
Amounts released from previous years	(522)	(565)
Incoming resources deferred in the year	<u>610</u>	<u>522</u>
	<u>610</u>	<u>522</u>

## WaterAid

### Notes to the financial statements

#### For the Year Ended 31 March 2012

---

#### 17. Provisions for liabilities and charges

	The group		The charity	
	2012	2011	2012	2011
	£000	£000	£000	£000
Provisions at 1 April	488	317	488	317
Amount released to statement of financial activities.	(421)	(303)	(421)	(303)
Amount charged to statement of financial activities	<u>428</u>	<u>474</u>	<u>428</u>	<u>474</u>
Provisions at 31 March	<u>495</u>	<u>488</u>	<u>495</u>	<u>488</u>

Provisions include end of contract provisions for staff on non-UK contracts. These end of contract provisions include gratuities where a lump sum is paid at the end of their contract in lieu of WaterAid paying monthly amounts into a formal pension scheme and/or loyalty payments which are paid on full completion of their service.

#### 18. Contingent liability

During the 2008/09 financial year Tanzania Revenue Authority carried out a tax audit on WaterAid Tanzania accounts for 2004/05 to 2007/08. WaterAid Tanzania has been served notices for payment of back taxes. WaterAid Tanzania has had legal advice that they should be exempt from these payments and has requested that the amount claimed of £0.2m be waived. It is considered likely the waiver will be obtained and therefore no provision for payment is made in these accounts, however no decision has been made by the Commissioner for Domestic Revenue in 2012. A specialist consultant is currently engaged in negotiating a resolution with the relevant authorities. The estimated contingent liability in respect of unfunded pension costs which might arise should WaterAid withdraw from the Pensions Trust Growth Plan (note 27) at the 30 September 2011 is £0.5m (2011: £0.3m). WaterAid is currently reviewing its position on whether to remain in the Plan or withdraw.

## 19. Movements in funds

	At 1 April 2011 £000	Incoming resources £000	Outgoing resources £000	Transfers £000	At 31 March 2012 £000
<b>Unrestricted funds:</b>					
<i>Designated funds:</i>					
Fixed assets	855	1,063	-	-	1,918
Pension	330	-	-	122	452
<i>Total designated funds</i>	1,185	1,063	-	122	2,370
<i>General funds</i>	12,406	37,014	(37,081)	(122)	12,217
<b>Total unrestricted funds</b>	13,591	38,077	(37,081)	-	14,587
<b>Restricted funds:</b>					
Angola	21	22	(8)		35
Bangladesh	203	2,780	(2,099)		884
Burkina Faso	(137)	455	(322)		(4)
Ethiopia	92	1,508	(1,268)		332
Freshwater Action Network	-	460	(676)		(216)
Ghana	-	568	(703)		(135)
India	257	1,119	(1,351)	45	70
Kenya	-	-	-		-
Liberia	-	186	(186)		-
Madagascar	14	406	(374)		46
Malawi	(32)	805	(790)		(17)
Mali	(113)	1,036	(949)		(26)
Mozambique	379	622	(1,164)	45	(118)
Nepal	626	1,539	(1,245)		920
Niger	-	108	(133)		(25)
Nigeria	281	891	(1,208)	44	8
Pakistan	117	803	(650)		270
Rwanda	15	188	(203)		-
Sierra Leone	30	251	(181)		100
Tanzania	31	1,249	(1,253)	44	71
Uganda	115	538	(600)		53
West Africa	-	248	(185)		63
Zambia	-	335	(314)		21
UK	-	1,391	(979)		412
WaterAid international	-	44	(39)		5
SH02P for Life	-	178	-	(178)	-
<b>Total restricted funds</b>	1,899	17,730	(16,880)	-	2,749
<b>Total funds</b>	15,490	55,807	(53,961)	-	17,336

Included in the restricted funds are programme funds in deficit at year end on specific contracts which total £0.5m (2011 - £0.3m). This is due to the timing differences between the income due under individual donor contracts still to be claimed and the actual project expenditure already incurred.

Within the restricted funds there has been Big Lottery Fund income and expenditure for Ethiopia and the Asia Region. Ethiopia received £113,817 income and the Asia Region £5,410 from Big Lottery in 2011/12.

Included in the restricted funds there has been income and expenditure relating to the DFID Governance and Transparency Fund. The total income received in 2012 was £0.99m (2011 - £0.92m) and the total expenditure in the UK and country programmes was £1.0m (2011 - £0.94m)

## Notes to the financial statements

## For the Year Ended 31 March 2012

**19. Movements in funds continued**

The Board of Trustees report explains the main reasons why the group and the charity holds unrestricted funds and the adequacy of these funds at the year end. The reserves policy is reviewed on an annual basis

**Designated Funds**

The Fixed Asset Fund of £1.92m represents the net book value of WaterAid's intangible and tangible fixed assets.

In 2008/09 the Board of Trustees designated a pension fund representing the contingent liability stated in note 18.

**General Funds**

The Board of Trustees has set a target operational reserve within the general funds to enable WaterAid to meet the potential costs related to any corporate risks materialising. The rationale for these reserves is discussed in the Trustees' Report and the operational reserve required for 2012/13 is £11.1m against an actual balance of £12.4m.

**Restricted Funds**

Restricted funds are used for specified purposes as laid down by the donor. Expenditure which meets these criteria is identified to the fund, together with a fair allocation of support costs.

**Negative balances carried forward**

Negative balances are only carried forward on funds where there is a reasonable expectation that funds will be received in a future period from a donor or funder to meet the costs already incurred.

**20. Analysis of group net assets between funds**

	Fixed assets £000	Net current assets £000	Total funds £000
Restricted funds	-	2,749	<b>2,749</b>
Designated	1,918	452	<b>2,370</b>
General funds	-	12,217	<b>12,217</b>
<b>Total funds at 31 March 2012</b>	<b>1,918</b>	<b>15,418</b>	<b>17,336</b>

**21. Taxation and charitable status**

The charity is exempt from corporation tax as all its income is charitable and is applied for charitable purposes. The charity's trading subsidiary WaterAid Trading Ltd pays available profits to the charity under deed of covenant. Its charge to corporation tax in the year was nil (2011: nil).

**22. Company limited by guarantee**

The liability of 51 members of the charity is limited by guarantee to £1 each.

## WaterAid

### Notes to the financial statements

#### For the Year Ended 31 March 2012

---

#### 23. Operating lease commitments

The group had annual commitments at the year end under operating leases expiring as follows:

	Other		Land & Buildings	
	2012 £000	2011 £000	2012 £000	2011 £000
1 - 2 Years	61	51	-	-
2 - 5 Years	-	-	-	-
More than 5 years	-	-	375	375
	<u>61</u>	<u>51</u>	<u>375</u>	<u>375</u>

The prior year figure has been restated due to calculation error.

#### 24. Net income

This is stated after charging:

	2012 £000	2011 £000
Depreciation	826	683
Trustees' remuneration	-	-
Trustees' indemnity insurance	7	4
Trustees' reimbursed expenses	1	3
Auditors' remuneration:		
▪ Audit- company	28	26
▪ Audit - subsidiary company	6	6
▪ Audit - WaterAid international	4	-
▪ Audit - gift in kind	25	25
▪ Audit - company 10/11	9	-
▪ Other services	5	10
Exchange loss/ (gain)	770	585
UK operating lease rentals - buildings:	375	402
UK operating lease rentals - office equipment:	<u>61</u>	<u>51</u>

Travel and accommodation expenses were reimbursed to two members of the Board of Trustees in 2011/12. In 2010/11 five Trustees also received such expenses.

Trustee indemnity insurance covers Trustees against personal liability if legal claims were to be made against them.

Total global statutory and project audit fees in 2011/12 was £228,000 (2010/11: £226,000) including £37,892 (2010/11: £32,000) for the WaterAid statutory audit provided by the external auditors PwC.

#### 25. Holding Company

There is no ultimate holding company of WaterAid.



## WaterAid

### Notes to the financial statements

#### For the Year Ended 31 March 2012

#### 26. Related Party Transactions

WaterAid in the UK, WaterAid in America and WaterAid in Australia are Members operating under license from WaterAid international to use the name WaterAid. They share the same objectives and vision. WaterAid in the UK receives funding for its charitable objectives from WaterAid in America and WaterAid in Australia. WaterAid in the UK gives grants to support WaterAid in America and WaterAid in Australia in their programmatic and organisational development.

The Chief Executive of WaterAid in the UK sat on the Board of WaterAid in Australia until February 2012. The Chair of WaterAid in the UK sat on the Board of WaterAid in America until September 2011. The Chair of WaterAid in Australia sat on the Board of WaterAid in the UK until August 2012 and the Chair of WaterAid in America sat on the Board of WaterAid in the UK until September 2011.

The Chairs of all WaterAid Members sit on the board of WaterAid international together with Sandeep Katwala, a trustee of WaterAid in the UK.

Transactions between WaterAid in the UK and other Members of WaterAid international and WaterAid international were as follows:

	<b>2012</b>	2011
	<b>£000</b>	£000
Received from:		(restated)
WaterAid in America	<b>2,087</b>	1,317
WaterAid in Australia	<b>2,176</b>	3,692
	<b><u>4,263</u></b>	<u>5,009</u>
Paid to:		
WaterAid in America	<b>527</b>	228
WaterAid in Australia	<b>376</b>	500
	<b><u>903</u></b>	<u>728</u>

WaterAid in Sweden became a Member operating under licence to use the name WaterAid in June 2009. There are no common trustees and hence no related party transactions to be disclosed. For information in 2011/12 WaterAid in the UK received £0.9m from WaterAid in Sweden (2010/11: £0.5m). WaterAid international paid £0.3m to WaterAid in Sweden in 2011/12 (2010/2011: £0.2m). At the end of the year £0.15m was due to WaterAid in Australia. The prior year figures for payments to WaterAid America and WaterAid Australia are restated due to a transposition error in the published accounts which previously stated £0.4m grants to those WaterAid Members.

The chairs of WaterAid in the UK, WaterAid in Australia and WaterAid in America are also Trustees of WaterAid international. Income received by WaterAid international from Full Members of WaterAid international was as follows:

	<b>2012</b>	2011
	<b>£000</b>	£000
Received from:		
WaterAid in the UK	<b>554</b>	-
WaterAid in America	<b>11</b>	-
WaterAid in Australia	<b>32</b>	-
	<b><u>597</u></b>	<u>-</u>

Paula Laird, the Director of Finance and IT is a trustee of Mango. Transactions between WaterAid in UK and Mango in 2011/12 were £1,151 (2010/11: £2,522). Girish Menon the Director of international Programmes, is a Director of Water & Sanitation for the Urban Poor (WSUP). During 2011/12 WaterAid in UK paid £10,000 to WSUP (2010/11: £25,289) and WaterAid received £260,567 in funding from WSUP (2010/11: £79,683).

**27 Pension Costs**

Water Aid operates two defined contribution schemes in the UK. The assets of the schemes are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the charity to the funds and amounted to £595,475 (2011: £596,925). Contributions totalling £76,603 (2011: £62,665) were payable to the funds at the year end and are included in creditors. There are 10 country programmes and 2 regional offices with defined contribution pension schemes.

**Pension Obligation - Growth Plan**

WaterAid (the Charity) participates in the Pensions Trust's Growth Plan (the Plan). The Plan is a multi-employer defined benefit pension plan. Benefits are provided to employers participating in this plan based on contributions. The Charity is unable to identify, on a reasonable and consistent basis, its share of underlying assets and liabilities because the Pensions Trust (the Trust) does not provide such information and/or such information is unavailable on a dis-aggregated basis. The Plan is a multi-employer scheme, where the assets are co-mingled for investment purposes, and benefits are paid out of the Plan's total assets. Accordingly, due to the nature of the Plan, the Charity has accounted for its contributions as if it were a defined contribution scheme.

WaterAid paid contributions at a rate of 5-10% of the employees salary during the accounting period. Members paid contributions at the rate of 0-5% of the employee's salary during the accounting period. The actual cost in the year charged to the Charity to the Statement of financial activities was £21,992 (2011: £74,676). At the year end there outstanding contributions of £1,004 (2011: £2,950).

As at the balance sheet date there were 4 active members of the Plan engaged by WaterAid. WaterAid has closed the Plan to new entrants. The total number of active members in the plan overall was 4.

The valuation results at 30 September 2008 were completed in 2009 and have been formalised. The valuation of the Plan was performed by a professionally qualified Actuary using the Protected Unit Method. The market value of the Scheme's assets at the valuation date was £742 million and the Plan's Technical Provisions (i.e. the past service liabilities) were £771 million. The valuation therefore revealed a shortfall of assets compared with the value of liabilities of £29 million, equivalent to a funding level of 96%.

The financial assumptions underlying the valuation as at 30 September 2008 were as follows:

	%
	per annum
- Investment return pre retirement	7.6
- Investment return post retirement	
	Actives/Deferreds 5.1
	Pensioners 5.6
- Bonuses on accrued benefits	0
- Rate of price inflation	3.2

## **Thank you**

**We would like to express our thanks to everyone who gave so generously to support WaterAid's work over the course of the year. Thank you to the many thousands of individual supporters, community groups and the following organisations who gave significant support to allow us to deliver our work in 2011/12**

@OneAlliance

ADSM

AESSEAL

Air Technology Systems Ltd

Allegra Foundation (UK Coffee Week)

Anglian Water Services Ltd

Association of Inner Wheel Clubs in Great Britain and Ireland

AVEDA Limited

Balfour Beatty Utility Solutions

Barclays

Barhale Construction Plc

Belu Water Limited

Big Lottery Fund

Black and Veatch Ltd

Bristol Water Plc

British Water

Byzak Ltd

Cambridge Water

CH2M HILL

The Chartered Institution of Water and Environmental Management (CIWEM)

Comic Relief

Consolidated Contractors Company

Costain Ltd

Dwr Cymru Welsh Water

Diageo

Dubai Cares

Ecover UK

Edward Joseph Colclough's Trusts

Elm Capital Associates Ltd  
Environment Agency  
Essex and Suffolk Water  
Esh Construction Ltd  
European Commission  
Evolution Festival  
Fastflow  
La Fondation Ensemble  
Fondation Philanthropia  
Frampton Cotterell and Coalpit Heath Group  
Galliford Try Plc and Imtech UK Ltd  
GBM  
Georg and Emily von Opel Foundation  
Glastonbury Festivals Ltd  
Gowland and Dawson Limited  
Hennes and Mauritz AB  
Herbert Smith LLP  
HSBC Holdings Plc  
Hydro International  
Institute of Water  
Isle of Man Overseas Aid Committee  
J.P. Morgan  
Japan Water Forum  
Jersey Overseas Aid Commission  
JN Bentley Limited  
Kelda Group Ltd  
Kentz Engineers and Construction  
Lions Clubs International British Isles and Ireland  
Mace Group  
Matki Plc  
May Gurney  
Mildren Construction Ltd  
Ministry of Foreign Affairs, The Netherlands  
Mott MacDonald  
MWH  
Natural Voice Practitioners' Network

NMCNomenca  
Northern Ireland Water  
Northumbrian Water Ltd  
Ofwat  
Paperchase Products Limited  
Pictet Asset Management  
Portsmouth Water  
Rainwater Harvesting Implementation Network  
Research in Motion  
Rotary Club of Dar es Salaam  
Rotary Club of Ryde  
Rotary International in Great Britain and Ireland  
Rotork Plc  
Salsa and Latin Dance Society, Glasgow University  
Save the Children Finland  
Scottish Water  
Scottish Water Solutions  
Seddon Construction Ltd  
Sembcorp Bournemouth Water  
Severn Trent Water  
Simavi  
Sing for Water organisers  
Sing for Water West  
Soroptimist International Great Britain and Ireland  
South East Water  
South Staffordshire Water  
South West Water  
Southern Water  
States of Guernsey Overseas Aid Commission  
Stewarts Law LLP  
Sutton and East Surrey Water  
Sutton Place Foundation General Charitable Trust  
Swiss Agency for Development and Cooperation  
Tap into WaterAid participants  
Terre Nouvelle  
Thames Water Utilities Ltd

The Alchemy Foundation  
The Band Aid Charitable Trust  
The Co-operative Bank  
The Cordis Charitable Trust  
The Foster Wood Foundation  
The Grimmitt Trust  
The Headley Trust  
The Lotus Foundation  
The Mayor's Thames Festival  
The Morgan Foundation  
The New English School, Kuwait  
The Ranworth Trust 1985  
The Rowan Charitable Trust  
The Shanley Charitable Trust  
The Stanley Thomas Johnson Foundation  
The Stone Family Foundation  
The Thames Wharf Charity  
The TYF Group Ltd  
The Waterloo Foundation  
Trant Construction Ltd  
UKaid from the Department for International Development  
UN-HABITAT  
UNICEF  
Unilever Plc  
United Utilities  
UNOPS  
USAID  
Veolia Water Central Ltd  
Vitol Charitable Foundation  
Water and Sanitation for the Urban Poor  
Water Supply and Sanitation Collaborative Council  
WaterAid Rutland Fundraising Group  
WaterAid's Local Group network  
WaterAid's Speaker Network volunteers  
Waterstones  
Wessex Water

Whitbread Hotels and Restaurants  
Wilmington Trust  
Woodmansterne Publications Limited  
World Health Organization  
Yorkshire Water  
Youlgrave Banbgutt Village Community Group