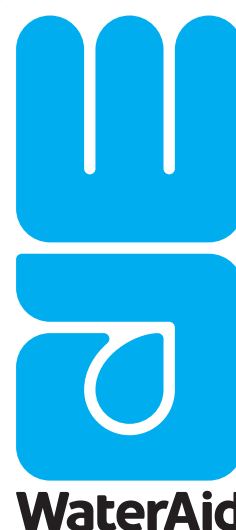


UK annual report and financial statements



Welcome

With progress to ensure clean water, decent toilets and good hygiene for everyone, everywhere by 2030 far too slow, we are igniting lasting change.

4

Our impact at a glance

Across 22 countries, we have transformed lives directly by delivering services, and indirectly by strengthening local systems and influencing governments, businesses and others.

6

Strategic report

We report back on our progress against the four priorities we set ourselves for the year.

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Find out more about our latest achievements, and the issues facing our work at:

[f /wateraid](#) [t /wateraidUK](#) [v /wateraid](#)



WaterAid/Chileshe Chanda

Left: Ivy Michelo stands beside a pump which supports herself, her husband Willie and their four children, as well as the wider community in Milimo Village, Zambia. Ivy says:

●● We no longer worry about water. Our children are healthier and are going to school. We are growing a lot of vegetables. Some of it we sell to raise income. Life has changed greatly. ●●

Below: Washing hands with soap and water in Norandé, Niger.

Bottom: New toilets with biodigester at Busongo CHPS, Ghana.



WaterAid/Aisha Augie-Kuta

Achieving our vision: our strategic aims

To have the greatest impact, we share the same global strategy with six other national members of the WaterAid federation. They are in Australia, Canada, India, Japan, Sweden and USA.

Together we focus on:

Equality

We will tackle and challenge the inequalities that prevent the poorest and most marginalised people from realising their right to safe water, sanitation and hygiene.

Sustainable services

We will support governments and service providers to strengthen the systems and capabilities required to deliver sustainable water, sanitation and hygiene services.

Integration

We will work with others to develop plans and activities that accelerate change by integrating water, sanitation and hygiene into sustainable development.

Hygiene

We will positively influence hygiene behaviour to maximise the benefits of access to safe water and sanitation.

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WaterAid/Apagnawen Annankra

Igniting lasting change

We are resolutely focused on making clean water, decent toilets and good hygiene normal for everyone, everywhere. Using these three essentials, people can unlock their potential, break free from poverty and change their lives for good. And the pressure is on, with just over ten years to go before the world is due to reach the Sustainable Development Goals.

We know that the best way to achieve the goals is by harnessing the power of the communities, governments, companies, and other civil society organisations whose action, or inaction, will have the most impact upon them. So how well did we do in 2018–19 to ignite lasting change?



Above from left: Health officer Alemzewid Getinet at Yiraber Health Centre, Ethiopia; Student Lilian at Trans Ekulu River Primary School, Nigeria; Pakistan Prime Minister Imran Khan.



From left: Chief Executive Tim Wainwright and Chair of Trustees Tim Clark say we are determined to inject a greater sense of urgency among all organisations that can contribute to achieving Sustainable Development Goal 6 by 2030.

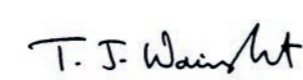
When we look at the global context we are working in, the prognosis is shameful. At current rates of progress, everyone in the least developed countries won't have safely managed water until 2131, or sanitation until 2109.¹ And that is without taking into account the future impact of climate change. We are already working with communities grappling with the impact of this on their lives, and helping others prepare for it in the next few years. But the global response has been far too slow.

That is where we come in – as catalysts to make faster progress. Despite the scale of the task, we have inexhaustible motivation in the shape of the children, women and men who every day have their potential – and sometimes their lives – curtailed by a lack of clean water, decent toilets and good hygiene. They fuel our determination to overcome this crisis.

In 2018–19, we touched hundreds of thousands of lives by delivering services directly to people's homes, schools and healthcare centres. In all of this work, ensuring equal access and sustainability are paramount, as is looking for opportunities to scale up. Read more in section 1.

For a bigger impact though, we also reach people indirectly by strengthening and influencing others who can greatly multiply our own contribution. For example: developing national guidelines for healthcare centres with Tanzania's Ministry of Health and securing the budget to implement them in 100 centres within a year; securing a global commitment to end cholera at the World Health Assembly; and revitalising the Nigerian National Task Group on Water Quality with the Government. Find out more in section 2.

As ever, none of this could have happened without our passionate support network. Individuals, our founders in the UK water industry, partner institutions and companies, and governments have all contributed hugely. For a flavour of these, see section 3. Our heartfelt thanks go to every single person involved.

Tim Wainwright
Chief Executive

Tim Clark
Chair of Trustees

Although global progress is slow, we have seen encouraging improvements in some countries where we work that have significant influence in their regions, and globally. These include Ethiopia's One WASH programme, the Swachh Bharat campaign in India, the Nigerian Government's state of emergency in water, sanitation and hygiene declaration and the Clean Green Pakistan movement in Pakistan.

● **The Sustainable Development Goals were adopted by all United Nations Member States in 2015, to achieve by 2030.** The goals provide a shared blueprint to achieve peace and prosperity for people and the planet, now and into the future. Our commitment to ensure clean water, decent toilets and good hygiene for everyone, everywhere is embodied in Goal 6. It is vital both in itself, and as a key contributor to other goals such as those on ending poverty, improving nutrition, securing good health and ensuring quality education.

Our impact at a glance

Reaching people directly

We supported **3,251 communities** to reach the following numbers of people in or near their homes:¹

- **321,000** with clean water – by installing **1,754** water points, rehabilitating **6,501** water points, and supporting **124** piped systems
- **442,000** with decent toilets
- **320,000** with good hygiene through better facilities, and **1,062,000** through behaviour change activities.



We supported **827 schools** to reach the following numbers of children and staff:¹

- **156,000** with clean water
- **156,000** with decent toilets
- **230,000** with good hygiene through better facilities, and **260,000** through behaviour change activities.



We supported **149 healthcare facilities** to reach the following numbers of patient visits and staff:¹

- **1,194,000** with clean water
- **1,048,000** with decent toilets
- **788,000** with good hygiene through better facilities, and **146,000** through behaviour change activities.



We worked with **277 partner organisations** on **200 projects**. Our partners included:

- **98** governmental bodies and **85** non-governmental organisations from the local to the global
- **22** networks or alliances, and a wide range of others
- we also helped **87** rural and urban authorities improve the management of water, sanitation and hygiene services in their area, including **32** utilities.



Reaching people indirectly

We will only reach everyone, everywhere with clean water, decent toilets and good hygiene if, in addition to directly delivering services ourselves, we build the capacity of local institutions to deliver better quality, sustainable services.

There is little precedent in measuring the reach of this type of work. So last year we piloted a new approach in five countries: Burkina Faso, Ethiopia, Nepal, Rwanda and Uganda, to report on the people reached by these institutions:

Number of people we reached indirectly with new or improved services in five countries ^{i, ii}	In or near people's homes	Schools	Healthcare facilities
Clean water	251,000	3,000	18,000
Decent toilets	108,000	7,000	5,000
Good hygiene through better facilities	394,000	610	3,000
Good hygiene through behaviour change activities	395,000	193,000	1,170,000

We will continue to work closely with these institutions to strengthen their capacity to capture these numbers. Our aim is to roll out this approach to all countries next year.



● We influenced 15 national policies, strategies or standards to the benefit of people currently living without clean water, decent toilets or good hygiene, in addition to delivering services directly, and building other organisations' capacity.

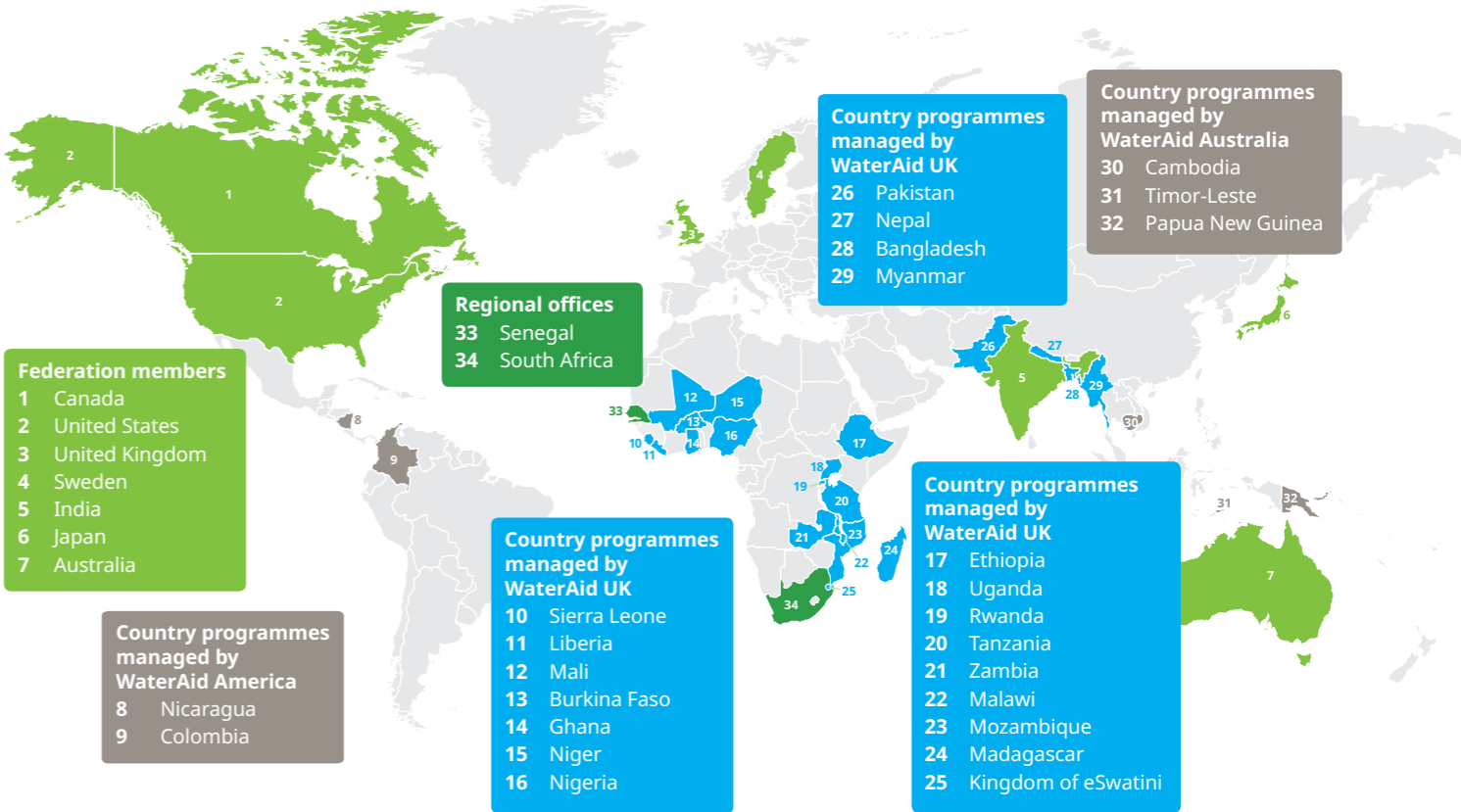
Not only do we directly manage programmes in Africa and Asia, we contribute support and finance to other members of the WaterAid federation. Together, the other members provided direct services to tens of thousands of people, while India also helped hundreds of thousands claim their rights to services and facilities that were provided directly by the government.

Far left: Champa Mandol drinks water collected from a pond sand filter in Khulna, Bangladesh.

Left: Moses Kasanda Kolofwati fixes a tap stand at one of the houses in Kandeke Community, Ndola City, Zambia.

Above: Felister, 10, collects water from the pump in Ariamaoi Village, Uganda, where we have been promoting good hygiene and preventing trachoma.

Where we work



i. We count users of the services we provide directly in different ways, according to where we reach them:

- In or near people's homes – population served by water, sanitation and hygiene facilities.
- Schools – school population plus staff.
- Healthcare facilities – total number of patient visits over one year plus staff.

We count people as having been reached with good hygiene through behaviour change activities when they have been exposed to those activities at least three times in a year.

ii. Data provided by the institutions we supported. Reporting this data means we can not only show the indirect reach of our work, but also focus attention on the data's importance in planning and monitoring water, sanitation and hygiene services, especially to local institutions.

Directly reaching people

Objective: We will directly reach people with clean water, decent toilets and good hygiene in their homes and schools. We will grow our programme of work in healthcare facilities so that more people can benefit from these essentials when they attend. We will focus on scaling up our work in three to four key countries with high potential for impact on a large number of people who currently live without them.

Knowing that you and your family will be healthier now you have clean water from a nearby tap for the first time. Having a decent toilet in which to manage your period at school. Being reassured that your local healthcare centre has good hygiene. Together we made a lasting difference in hundreds of thousands of people's lives.



WaterAid/Chileshe Chanda



WaterAid/Chileshe Chanda

Left, above and right: Vahia Nurdine is happy as she washes her hands with clean water from the borehole that we helped put up in her home village of Mucocorone, in Nampula Province, Mozambique. Vahia struggled to find clean water for her first pregnancy, but that has all changed for her second pregnancy since we installed the borehole. She says:

●● I am happy I delivered a healthy baby and also as a community we have a new life of having clean water. Lack of clean water near our homes has been a great challenge through out my life. My hope for the future is to see my son grow up healthier than we used to. ●●



WaterAid/Chileshe Chanda

Improving hygiene for 153,000 in Mozambique

We completed our two-year project with the Mozambique Government, funded by the International Vaccine Institute (Korea), to integrate hygiene behaviour change activities alongside the vaccination for cholera.

We trained people in government, local businesses and schools to promote handwashing with soap, food hygiene, water treatment and faeces management to over 153,000 people.

We will use the insight from this project in the design of a similar initiative to improve the health of thousands of families in Zambia and Nigeria.



WaterAid/Nyani Quarmyne/Panos

Left and above right: Bienvenue, Narcisse and Rosalie Nana in a heavily-polluted open space near their home in Wapassi, Burkina Faso. Before their father Ernest built a latrine at their home with our help, this area was their toilet.



WaterAid/Nyani Quarmyne/Panos

● **In Bangladesh, we developed a micro-financing model** to help people in 2,214 households build and renovate their own decent toilets. This approach not only ensures toilets are long lasting, but provides additional income to invest in clean water points and handwashing stations – more steps toward changing normal.

● **We installed six gravity water schemes, three wells and eight toilet blocks** across the Ambohiborona–Vakinankaratra region in Madagascar. Together these are providing clean water and sanitation to 4,740 people, who are contributing to the facilities' management and ongoing maintenance. The project also motivated people to build handwashing stations, showers and toilets in their own homes.

● **In western Burkina Faso, over 66,000 people** are now benefiting from clean water, decent toilets and good hygiene after we reached the final year of a project working in partnership with other charities, One Drop and Water4. Together we installed 60 boreholes and renovated another 54, built 2,400 toilets, and promoted healthy hygiene habits.

Improving water and sanitation in Uganda

Our SusWASH programme to achieve long lasting clean water, decent toilets and good hygiene for everyone, everywhere made positive strides. Funded by the H&M Foundation, we collaborate with and influence our partners, and deliver directly as well. Doing this means we secure greater improvements than if we acted alone.

One great example is how by working with the Ugandan Government, we demonstrated the benefits of inclusive, low water use sanitation systems. These include reduced water bill costs so schools can better maintain their facilities, benefiting over 3,000 students and teachers. And in the capital, Kampala, we are supporting the city council and schools to plan and budget for ongoing water and sanitation maintenance. We are promoting this approach through partners to replicate the changes in other countries so together we change millions more lives.



WaterAid/James Kiymba

Above and left: The students of Father Bill International Junior School in Butaleja District, Uganda, are helping to collect water from a school tap. We're working in partnership to ensure the water is affordable and long lasting. Headteacher Kenneth Weere explains:

●● Our school has a population of 120 pupils. We get water from our school tap and we no longer have to send our learners to the community borehole. We have water all day and meals are on time. Our school tap has a functional water meter: the water bill is fine with the school, it suits our consumption. ●●



WaterAid/James Kiymba

● **Thanks to our programme with local artists** we continued to promote good hygiene behaviours in Mali. Over 90% of people who took part in the activities now have a greater knowledge of healthy hygiene habits.

● **We built new facilities and trained front line staff** to improve the lives of expectant mothers, new mothers and children in Zambia. The work will reach 95,000 people in 14 schools and 40 healthcare facilities with clean water, decent toilets and good hygiene.



WaterAid/Sibtain Haider

Above, below and right: Together with the H&M Foundation we installed a pump in the village of Muhammad Urs Sehejo, Pakistan. The pump's clean water is benefitting Sughra and her community.

Reaching 1.7 million people in Pakistan

Since 2017, we have supported a nationwide Clean Campaign alongside the Pakistan Government and local NGOs, and have reached 1.7 million people.

The national campaign ran across targeted TV, radio, print and digital channels. It focused on changing people's behaviour and encouraged them to use clean water, decent toilets and handwashing with soap and water.

The government has now introduced a new green aspect to the campaign. This provides a great opportunity over the next year for us to further leverage our work around good hygiene and find additional ways to integrate with this core government strategic priority.



WaterAid/Sibtain Haider

● **We launched a five-year project in Bangladesh** with the Embassy of Sweden. This aims to bring clean water, decent toilets and good hygiene to people living in the slums of four cities. Together we will reach 450,000 people.

● **We worked with young women with intellectual disabilities**, their carers and the Down Syndrome Society in Nepal on a successful pilot campaign based on earlier research. The work challenged stigma and provided practical, easily understood information about menstruation.

● **In Tanzania we helped install 16,000 toilet pans** in schools and healthcare centres. Lixl generously donated the pans, and we provided training on how to install them to 184 District Health Officers.

● **Training promoted healthy habits in Madagascar** after the Government launched our Mamiratra 'Shining' campaign. Working in partnership, we trained frontline health and education workers to reach 124,000 people.



WaterAid/Sibtain Haider



WaterAid/Mani Karmacharya

● **Investment benefits 450 homes in Nepal.** In Kathmandu Valley we invested in a new approach to overcome a lack of water and drying up wells and springs. By collecting rainwater and using recharge technology we benefited over 450 households and proved the worth of this replicable model.

● **We extended piped water to another 30,000 people** in a poor area of Dar es Salaam in Tanzania, in partnership with the city's utility. At the same time we worked together with sanitation entrepreneurs to improve liquid and solid waste management, constructing a treatment plant for faecal sludge.

● **In Malawi, we reached 123,000 people** as part of a campaign in partnership with the Ministry of Health to improve hygiene behaviours. We worked with key partners and the community to design creative hygiene promotion methods and trained frontline staff.



WaterAid/Chileshe Chanda

Above: Jaypal Hari Kayastha inspecting the rainwater collected in a tank in Hanumanghat, Nepal.

Left: Midwife Mary Mwape at Lubwe Mission Hospital, Zambia, which lacks water and hygiene services.

A model healthcare centre in Zambia

Our assessment of healthcare facilities in Zambia revealed that nearly all were lacking adequate water and sanitation facilities. Without these basics, diseases spread fast, and expectant mothers avoid unhygienic hospitals for giving birth.

We developed the Simango Rural Health Centre as a model for improving healthcare centres with clean water, decent toilets and good hygiene. We installed and designed new facilities, supported the surrounding communities to better understand and demand their rights, and trained the healthcare staff to ensure long-lasting services. This work is now benefitting over 7,200 people.

There is still more to achieve, but early successes include doubling the number of women using the maternity suite. They now don't need to bring their own water for drinking or deliveries, while handwashing points and soap are helping to prevent infections affecting new born babies. Another positive impact is that staff turnover has reduced significantly.

Right: Headteacher of Muse Primary School, Petronille Nyirangwiriza, stands next to a new underground rain water harvesting tank in Nyamagabe District, Rwanda.

Below: Ndayi, 14, and Twiringiyimana, 16, collect water from the tank. Twiringiyimana explains:

●● These days, when I start my period while at school, I go to our new menstrual hygiene management room, where I find emergency pads, water, soap and a shower. In case I need more support, the teacher in charge of girls' affairs – the mentor – is always ready. ●●



WaterAid/James Kiyimba



WaterAid/James Kiyimba



WaterAid/James Kiyimba

Improving water and sanitation in Rwandan schools

We worked with the Government of Rwanda to achieve water and sanitation targets for schools in Nyamagabe and Bugesera districts. We started this three-year project with the construction of underground rainwater harvesting tanks, toilets, menstrual hygiene management rooms, and hygiene promotion. Together we have reached 11,864 children with clean water, 1,678 children with decent toilets and 3,042 children with hygiene promotion. This project is making these essentials a normal part of daily life for children so they are happy and healthy at school.

● **We installed six modern toilets blocks** in schools in Nampula Province, Mozambique. These improved life for over 5,000 students, teachers and staff, including girls who can now manage their periods with dignity and feel confident to stay in school all month.

● **We trained 2,200 female health volunteers in four districts** in Nepal to motivate 35,000 mothers to practise key hygiene behaviours on four separate occasions each. We're excited that this extension of our previous pilot to integrate hygiene into the Government's routine immunisation programme will be extended further next year into a nationwide rollout.

● **We witnessed joyous moments for five villages in Mali**, as they celebrated their new toilets in Kali district. Communities built 220 toilets in their own homes to benefit over 4,000 people with better health, dignity and safety.

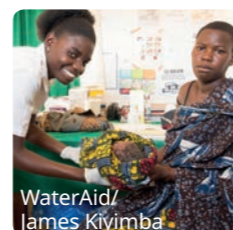
Influencing for a bigger impact

Objective: We will influence transformative change at scale so even more people benefit from clean water, decent toilets and good hygiene, not only in the countries we work but globally too. We will do this by elevating the attention paid to these essentials, and reaching out to other sectors such as health and education. We will prioritise working with governments to strengthen the institutions that deliver these services, providing models for others to replicate, and advocating for changes in policy and practice.

We scaled up successful pilot projects in Mali, Myanmar and Nepal. We co-created national guidance and policy in eSwatini, Nigeria and Tanzania. We shared our knowledge on improving nutrition and reducing antimicrobial resistance with tens of countries. And we helped secure a resolution at the World Health Assembly to end cholera. Together we're making a bigger difference.

Top: Grace Mabera Lufu is a nurse at Kakora Dispensary in Geita, Tanzania, where we improved facilities. Above: Handing Kwilaba Skania her new baby. Right: Standing by the new water tank. Grace says:

●● Many expectant mothers never wanted to deliver here because they never trusted the available facilities. They thought this would put their lives or that of their babies at risk. I am excited about all these improvements in our dispensary. Sanitation and hygiene conditions have greatly improved. ●●



Above right: Francine in her garden in Madagascar. Top right: Her twin boys Michel and Rochel. Francine says:

●● My twins should be much bigger but I wasn't able to feed myself or breastfeed them properly. ●●

Guiding better healthcare in Tanzania

In 2017–18, we supported Tanzania's Ministry of Health to develop and launch national guidelines on improving water, sanitation and hygiene in healthcare centres. In 2018, the Government committed more than £27,000 per health centre to put these into practice in 100 facilities across the country within a year. Following the guidelines will ensure clean water, decent toilets and hygiene facilities are normal for thousands of patients and staff who rely on the centres to stay healthy.

● In Burkina Faso, we strengthened 30 municipal authorities' capacity to provide and manage water and sanitation infrastructure for over one million people. We also trained staff on the governance of, and people's human right to, these essentials. This will help authorities deliver improved and inclusive services.

● Our research was shared at the UN High-Level Political Forum in New York by Madagascar's National Nutrition Coordinator. The research, along with our advocacy, ensured making clean water, decent toilets and good hygiene normal is a key priority in Madagascar's National Nutrition Plan to reduce stunting, and we want other countries to follow their lead.

● We led the fight against superbugs in Malawi by co-launching a national group focused on preventing and controlling the spread of deadly diseases with clean water, decent toilets and good hygiene. The group will develop standards in infection prevention and control, and antimicrobial resistance, and enable its stakeholders to share knowledge.

Transforming health systems in Mali

Building on our experience in Mali of delivering clean water, decent toilets and hygiene facilities in 23 healthcare centres during 2015–18, we convinced the Government to commit to scaling up these improvements to centres across the country. As a result, the Ministry of Health launched a new national strategy to make sure hospitals and clinics everywhere have a minimum standard package of water, sanitation and hygiene facilities.

We are now working to help this promise become a reality. It is a huge prize – the entire population of over 18 million Malians will have the safe healthcare centres that are their right. The improved facilities will mean doctors, nurses and midwives across the country can treat their patients in hygienic surroundings that won't threaten their health. Women can give birth in clean delivery rooms, without having to bring their own water to wash with. And better hygiene will help prevent deadly diseases from spreading.

● **After several years of influencing in Nepal**, the Government approved guidelines to improve water, toilets and hygiene in schools. With these three things, the Government aims to boost attendance, pupils' health and development and girls' participation, unlocking students' potential nationwide.

● **WaterAid advocates from India, Nepal, Myanmar and Tanzania** co-organised discussions on water, sanitation and hygiene as a fundamental public health issue at the Global People's Health Assembly. Sharing our knowledge with health activists working across the world boosted attention to these vital facilities.

● **In Nigeria we helped people understand their rights** to water, toilets and hygiene in the lead-up to national elections. We partnered with advocates, grassroots organisations and media. A radio series and candidate talks engaged the public, and 122 candidates pledged to prioritise making these rights a reality.

● **At the UN climate talks in Poland**, we highlighted how vital effective water and sanitation systems are in adapting to unprecedented droughts and floods. There has since been a significant increase in climate finance dedicated to resilient water and sanitation for communities.



WaterAid/Basile Ouedraogo

All images above: We are working with the Mali Government so everyone in the country benefits from facilities like the ones we installed in the Talo Health Centre, with support from the Conrad N. Hilton Foundation and everyone who backed our Water Effect appeal.

Matron Salimata Dagnogo, shown with Kadia and her new baby Sanata, says that both herself and her patients are much happier:

●● **I feel better now. When I work, I do not fear infections, because we have potable water and soap to wash our hands properly and clean our materials and spaces.** ●●



WaterAid/Basile Ouedraogo



WaterAid/Basile Ouedraogo



WaterAid/Tom Saater

Right: Reminding people to vote for WASH – water, sanitation and hygiene. Through creative and persistent campaigning in Nigeria, we kept this human right on the agenda – for politicians and the public.

Above: Pupils now benefit from the toilet block at Centre School Owo, Nigeria.



WaterAid/CODE/KC Nwako

● **People in Ghana are now safer** after we worked with the country's Health Service to train 590 health workers, to prevent and control infections. Adopting more hygienic practices will help stop deadly diseases spreading.

● **We supported the eSwatini Government** to form its Sanitation and Hygiene Policy, and then helped the Ministry of Health develop its Sanitation and Hygiene Regulations. When approved, following these will ensure good services are normal wherever people need them.

Inspiring 40 countries at once

At a global meeting in Accra, Ghana, on antimicrobial resistance, our advocates from Cambodia and Ghana, supported by Australian and UK teams, worked together to convince participants to pay greater attention to water, sanitation and hygiene in healthcare facilities, to curb the spread of superbugs. They shared our experiences from the front line, and inspired delegates from more than 40 countries and UN agencies to commit to improving infection prevention and control through these three essentials. Meanwhile, our teams in America and the UK joined up to publicly commit to the USA-led Global Antimicrobial Resistance Challenge.

Right and below: Anisha collects water from an unsafe source in Kalinchowk, Nepal. She says:

●● Every household has the same situation in our village. They also have to fetch water from afar. The water is not safe to drink. It causes sickness once we consume it. It causes diseases like cholera. ●●



Securing a global resolution on cholera

Our coordinated advocacy helped ensure UN member states passed a resolution at the World Health Assembly to end cholera. Governments, the World Health Organization and civil society pledged to work together to end the deadly disease, which affects people in the world's poorest communities.

We joined with experts to influence governments to prepare, propose and adopt the resolution. Together, we increased their commitment to collaborating across sectors, and making clean water, decent toilets and good hygiene normal for everyone, everywhere to prevent cholera.

We met senior diplomats to persuade them to support the resolution, and we advocated cholera to be a public health priority during the Assembly, supporting Zambia's and Haiti's Ministries of Health to lead the effort. Having passed the resolution, countries are committed to follow a global plan to fight cholera, including through substantial investment in water, sanitation and hygiene.

● **We made the case for greater private sector investment** in water, toilets and hygiene for supply chain workers, with a guide on measuring the business benefits developed with Diageo, Gap Inc. and Unilever. By proving the business case, we will encourage more companies to prioritise investment.

● **We convinced Uganda's Government to require better materials** for borehole construction, which are now being widely used. This followed research we carried out with universities and the British Geological Survey in three countries. Together, we uncovered boreholes being built with corrosion-prone materials, causing hand pumps to break.

Above and right: Veronique Eulalie Rasoarimanana from Tsarafangitra, Madagascar, who featured in our UN High-Level Political Forum exhibition by artist Victoria Villasana. On seeing the final work, Veronique said:

●● This is amazing, I love it. ●●



Making clean water normal in Nigeria

In Nigeria, together with the Government, we revitalised the National Task Group on Water Quality, to find lasting solutions to the country's water safety problems. We welcomed the Government's subsequent launch of its new drinking water quality standards, and its rural water and sanitation policy, which will better integrate with other key sectors. We are providing technical expertise to the Group, which is now funded by the Ministry for Water Resources, to develop a plan to improve water quality, to help make clean water normal for more people in Nigeria.

● **At the UN High-Level Political Forum** reviewing progress on Sustainable Development Goal 6 on water and sanitation we organised events and meetings, spoke to international media and hosted an exhibition. Our presence built political momentum and connections to drive collective action toward achieving the Goal.

● **We worked together with Myanmar's Government** to develop a rural water supply monitoring system, building on existing online platform mWater. After demonstrating it in three districts, we began supporting the Government to scale up nationwide, so they can better run lasting services.

● **In Madagascar, we joined together 18 community organisations** working to improve services for marginalised people. We supported local authorities and advised the network on advocating their rights, leading to the mayor of Morondava commune establishing a regular meeting focusing on water, toilets and hygiene.

● **At the International Faecal Sludge Management Conference** we ran a workshop with organisations including the World Bank, on improving the dangerous conditions sanitation workers face. Attendees shared challenges and solutions, to help us all advocate workers' rights and see them met.

Fundraising and finance



WaterAid/Joey Lawrence

Objective: We will: raise between £85–90 million with a minimum of 35% being restricted income; spend between £80–85 million with 72–77% spent on charitable objectives and 23–28% spent on raising funds for this and future years; upgrade our ability to develop and secure larger scale funding from institutional supporters around the world, increasing this stream of funding globally to £25–28 million, a growth of 10–20% from 2017–18.

We introduced new ways of engaging with people, alongside new ways of doing familiar things. Thank you to everyone who supported us. Without you, and our many volunteers helping us in offices and at events, we would not be able to make clean water, decent toilets and good hygiene normal for so many people.



WaterAid/Joey Lawrence



WaterAid/Joey Lawrence

Left and above: Congratulations to photographer Joey Lawrence, whose portrait (far left) of six-year-old 'strong' Joe from Tombohuaun, Sierra Leone, won third place in the Taylor Wessing Photographic Portrait Prize 2018. Joe's mum Mariatu says:

●● **Joe sometimes puts his friends in the position of school pupils, and he himself is the teacher. He also enjoys being a doctor, those are his favourite jobs.** ●●

In total we hosted five captivating exhibitions across 33 venues, reaching tens of thousands of people.

Speaking truth to power

Lord Howard Leigh spoke about us and the global water, sanitation and hygiene crisis in the House of Lords – and called upon the UK Government to raise global ambitions to solve it. By taking a stand and raising awareness among MPs, Lord Leigh has helped us push clean water, decent toilets and good hygiene high up the agenda for those with power over the UK aid budget. His contribution also championed these three basic human rights as a key topic for the following Sustainable Development Goals review at the High-Level Political Forum.



Left: Former BBC Young Dancer Of The Year finalist Lakshmi Ranjan dazzled a London audience with a solo Bharatanatyam – a classical Indian dance performance accompanied by a live ensemble of musicians – and raised £800. Thanks Lakshmi!



WaterAid/Joey Lawrence

● **Our annual story raised over £2 million.** The year-long story, named The Water Effect, underpinned all of our fundraising. It highlighted life for the communities we work with and replaced our traditional winter appeal, smashing all expectations. This meant supporters helped many more people experience the incredible change that comes with clean water, decent toilets and good hygiene.

● **Alexa... play WaterAid.** You can now find us on the Amazon Alexa Skills Store! WaterAid Voices is our new interactive storytelling experience. Learn about life in another country, rich with wildlife and culture, but missing clean water, decent toilets and good hygiene.

● **Visiting staff inspired supporters** when all seven of our Voices from the Field officers (who collect stories about the communities we work with in their own countries) came to the UK. They spent two weeks sharing their experiences, speaking at events with supporters, partners, MPs, and water boards in Scotland, Northumbria, Wales and elsewhere.

● Changing lives with the Wimbledon Foundation.

We launched an exciting new partnership with the Wimbledon Foundation as their first international charity partner. They chose us to reflect the global reach of The Championships and the All England Lawn Tennis Club, and to recognise the importance of clean water, decent toilets and good hygiene for healthier futures. At the 2018 Championships, we engaged fans in the queue with our innovative, augmented reality photo exhibition.

● We're always Winnovating

thanks to the 30 companies around the world who joined our Winnovators programme, learnt new skills, and raised £170,000. Sydney Water's team won the competition by helping solve a sanitation engineering problem in India with their invention, the Poo Switcheroo.

● Incredible support from The Mirfield Trust, and James Percy Foundation.

The Trust made a hugely generous £400,000 gift to our programmes in Mali and Mozambique, while the Foundation gave an amazing £200,000 towards helping mothers and babies benefit from clean water in Malawi. Thank you.

● **People's Postcode Lottery hits £10 million.** Since 2013, players of People's Postcode Lottery have supported our life-changing work across sub-Saharan Africa. They have raised an incredible £10 million in that time, transforming millions of lives and helping communities break free from poverty for good.

Below and right: The reverse osmosis plant in Dacope, Bangladesh, will be managed by Shila Bawali (left) and Suchitra Biswas (right) and other members of their women's committee.



Tackling climate challenges with HSBC

Over the past eight years our brilliant partnership with HSBC has transformed millions of people's lives. Together in Bangladesh, we have been developing climate-resilient clean water solutions as part of the HSBC Water Programme.

One example is Dacope – a coastal area extremely vulnerable to the impacts of climate change, such as floods and storms. High salinity makes water undrinkable, and forces communities to drink from contaminated water sources which can cause sickness.

With HSBC's openness to trialling innovative solutions we set up a model for female entrepreneurship. Through training and mentoring, this helped a network of women manage a reverse osmosis plant to provide a sustainable and climate-resilient water source for 1,300 people in their community, and more in nearby villages. The success of this model has led to plans for it to be replicated in other climate vulnerable, coastal areas of Bangladesh.



We are delighted that HRH The Prince of Wales recently agreed to extend his role as WaterAid President by another five years. Last year he visited Accra, Ghana, and learned about our local work with biogas – a clean and renewable fuel. He praised the work, and was impressed by the difference it was making.



● **Joint Andrex TV ad reaches millions** thanks to our partnership with Andrex Gentle Clean toilet tissue. Our first ever co-branded TV advert reached millions of people with the story of Sanjida, a young girl in Dhaka, Bangladesh. See the advert's impact on Olivia, below.

Below: After seeing Sanjida in our TV advert with Andrex (see story above), six-year-old Olivia told her mum:

●● **I get clean water from a tap, it's not fair that she doesn't.** ●●

Olivia then went on sponsored walks totalling 50 miles and raised £470 for clean water. Thank you, Olivia! And thank you Andrex for helping to raise vital awareness!



From profits to progress with Belu

Eight years into our unique partnership, Belu continue to push boundaries. In 2018–19, the social enterprise reached its goal of donating £1 million for our work in a single year. This brings the total raised through their efforts to £4 million.

By donating 100% of their profits, Belu set an important example of how charities and businesses with shared values can be partners. This sustainable way of doing business is a model that others can take inspiration from. By working together towards the Global Goals, we are creating social change and transforming lives around the world for good.

Partners for life

Our partnership with the UK water industry once again led to create incredible changes.

In the UK, water companies have continued their fundraising with gusto, raising millions. They have formed partnerships with local and global contractors and brought key industry bodies on board. Inspirational employees have supported us through regional lotteries, payroll giving, sponsorships and fundraising events. The industry has also raised our profile among the British public, getting customers engaged and helping spread our bold new look.

But they haven't stopped there. Through our partnerships, UK water companies have built relationships with communities, utilities and service providers in the countries where we work. By sharing their skills and knowledge, and collaborating to solve local problems, they are investing in long-term change for good.

Our water industry partnerships show that, together, we can unlock people's potential with clean water, decent toilets and good hygiene.



Thames Water/Stewart Turkington

● **Severn Trent celebrated 25 years of their Mountain Challenge**, with 242 people taking to the Peak District and raising £25,994 for clean water, decent toilets and good hygiene for communities in Ethiopia. This brings the total raised by the event to over £700,000 since it began in 1993. It was just one of Severn Trent's fundraising activities this year, which raised almost £400,000 in total. A huge thank you to everyone!

Below: Anglian Water raised an amazing £1 million for us last year, including over £600,000 at their Rock of Ages Ball.

Below right: Anglian Water's commitment to our shared cause didn't stop there. Their Beacon Project in Lahan, Nepal, is designed to deliver the better facilities the community needs – and so much more.

Not only are Anglian Water and their supply chain partners working together with the Nepal Government to decide Lahan's long-term water supply strategy, they are also planning how it can be reproduced in other towns across the country.



WaterAid/Mani Karmacharya



WaterAid/Mani Karmacharya

Above and below: Staff from Thames Water welcome colleagues from the Central Region Water Board of Malawi. Exchanging visits as well as experiences and aspirations is all part of the fantastic Thames Loves Malawi campaign.

Thames Loves Malawi

This year, Thames Loves Malawi reached 2,548 people with clean water and 12,341 with decent toilets.

Started in 2016, the campaign by Thames Water is helping deliver services to two towns in Malawi, Kasungu and Mponela. It recently celebrated reaching £1 million.

The campaign is a great example of how water companies go beyond fundraising, with Thames Water collaborating with Malawi's Central Region Water Board. Through exchange trips focused on skill sharing and problem solving, Thames Water is laying the foundations for lasting change.



Profile Photography



WaterAid/Dennis Lupenga



WaterAid/Dennis Lupenga

● **Together with the Scottish Government**, Scottish Water and others we began a £2.3 million project in two districts in Malawi. The project will run for 4.5 years and will reach 141,000 people with clean water, decent toilets and good hygiene.

● **On target with Southern Water**. On top of our work overseas, we launched the Target 100 partnership in the UK. The £500,000 campaign will show water's value and bring down average use in the company's area from 141 to 100 litres per person per day.

● **Yorkshire Water boost Ethiopia**. A huge thank you to Yorkshire Water, who have raised £1 million in the last five years as part of their partnership with our team in Ethiopia. The next phase will see a second target of £1 million to support our work in the country further.

● **We reached 18 million UK households** thanks to 17 water companies including our leaflets in their bills. This raised a whopping £369,316 for our work, as well as our profile, and since 1990 has secured £191 million to help people change their futures.

Financial review

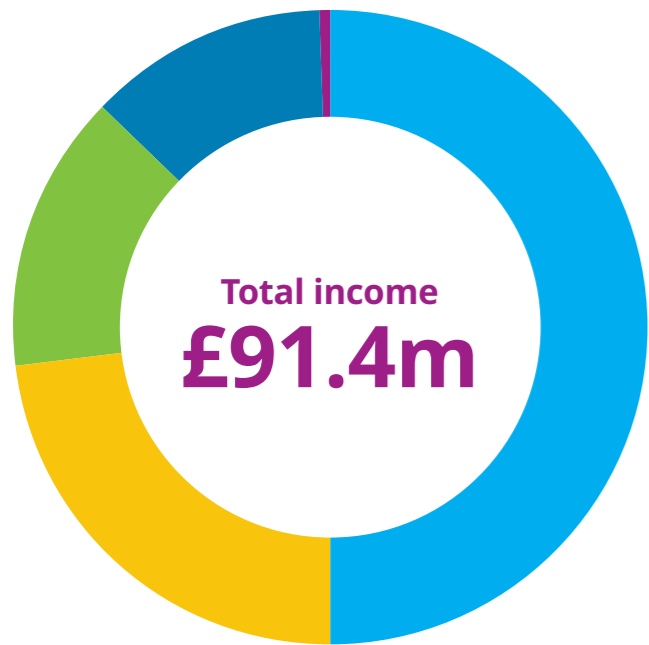
Income

Total income grew by 10% from the previous financial year, with particular successes in grant funding from large institutions and corporates (+20%). This success is largely due to the change in approach announced in last year's report – which has helped us both seek and gain greater support from this sector. Overall, we generated restricted income in excess of £34 million, the highest level reported to date. We want to carry on growing income from institutions and corporates over the next three years, in a sustainable way. Our strong grant pipeline indicates that this objective is achievable.

The UK charity sector has seen a consistent decline in the volume and value of funds raised by the public over the last three years. Once again, we bucked the trend last year and grew income sourced from the UK public by over 2%. We are particularly grateful for the continued support of 354,000 regular givers, of which 37,800 were newly recruited. This regular support provides a financial base that makes us more resilient in difficult times.

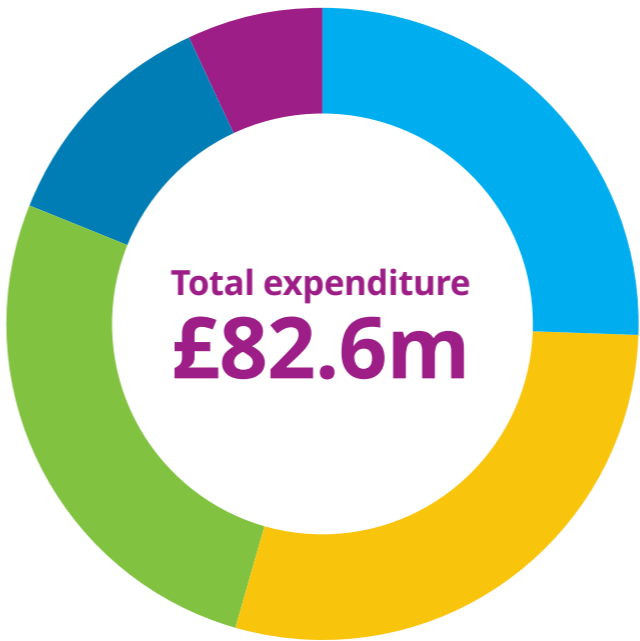


Above: Tumwine Christopher inspects a recently constructed toilet as a member of the Kamwokya Community Action Team in Kampala City, Uganda. The team of volunteers promote clean water, decent toilets and good hygiene as part of a project funded by the H&M Foundation.



Individual supporters	£45.9m
Corporate and trust supporters	£21.1m
Other WaterAid member countries	£12.8m
Governments and other institutions	£11.1m
Other income	£0.5m

In every £1 we spent, 74p went on delivering services and making change happen and 26p went on fundraising.



Fundraising	26%
Supporting partners to deliver water, sanitation and hygiene	29%
Sector strengthening and capacity building	27%
Influencing policy in water, sanitation and hygiene	12%
Supporting WaterAid globally	6%

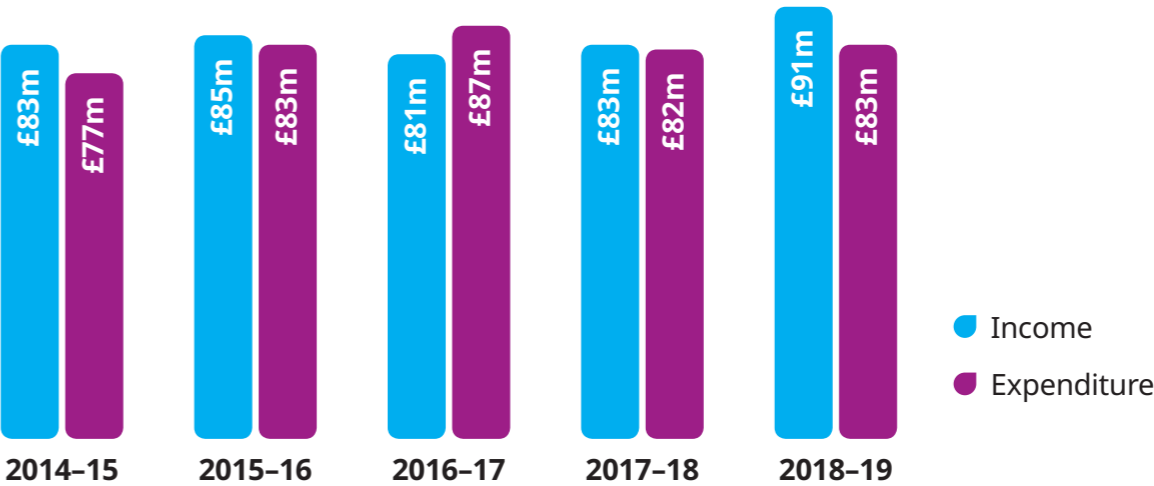
Expenditure

Total expenditure grew by 1% from the previous financial year. Two main reasons account for this limited growth in expenditure. First, there is a time lag between successful restricted income generation and spend on new activities. 2018–19 was a year of gearing up a number of country programmes to deliver new programmes at scale and at pace over the next two years. This preparation and planning phase is reflected in the increased donor funds held at 31 March 2019 in many countries, for instance Burkina Faso and Rwanda.

Secondly, we decided to target an increase in our operational reserves following our assessment of increased operational and economic risks in the countries in which we operate. We managed to grow our operational reserves by £1.5 million, which puts us in a robust position to absorb shocks from potential future economic downturns.

In addition, we were able to set aside £2.5 million to address the challenges arising from the expiry of our London office lease in 2020.

Income and expenditure 2014–2019



Thank you

Our successes in helping people transform their lives through clean water, decent toilets and good hygiene are only made possible by working together with the many individuals and organisations who share our vision. Their passion and commitment drive us forward, and we are delighted to acknowledge some of them here. To everyone who contributed to our work last year – a heartfelt thank you.



WaterAid/Eliza Powell

Left: Mary Ayamga collects water from the water point near Busongo Community Health Centre, Ghana.

Right: Cleaning hands at a wash station we provided at Mpolonjeni High School, eSwatini.



WaterAid/Nyani Quarumye/Ranos

Affinity Water
Allegra Foundation
Amey
Anglian Water Alliance partners
Anglian Water Direct
Anglian Water Services Ltd
Aveda
Balfor Beatty Utility Solutions
Barhale Construction Plc
Belu Water Ltd
BHP Billiton
Black & Veatch Ltd
Bournemouth Water
Bristol Water Plc
Cambridge Water
Clancy Docwra
Decanter
Department for International Development
Diageo
Dŵr Cymru Welsh Water
Environment Agency
Essex and Suffolk Water
European Commission
Eversheds Sutherland LLP

Faversham House
Fujifilm
Giorgio Armani Acqua for Life
Grundfos
H&M Foundation
HSBC Holdings Plc
Institute of Water
James Percy Foundation
Jersey Overseas Aid
John Lewis Foundation
Kelda Group Ltd
Kier Group
Kimberly Clark Corporation
Liberty Specialty Markets
Linda Isden
Medicor Foundation
Mirfield Trust
Morrison Utility Services
Mott MacDonald Bentley
Natural Resources Wales
Northern Ireland Water
Northumbrian Water Ltd
Ocorian Corporate Trustees Limited
Ofwat

Players of People's Postcode Lottery
Portsmouth Water
Poul due Jensen Foundation
Prince Albert II of Monaco Foundation
Reckitt Benckiser
Scottish Government International Development Fund
Scottish Water
SES Water
Severn Trent Water
ShareGift
Skanska
Soaper Duper
Sofidel
South East Water
South Staffs Water
South West Water
Southern Water
Stantec

Swarovski Foundation
Sweco
Swedish International Development Agency
Thames Water
The Alchemy Foundation
The Becht Family Charitable Trust
The Foster Wood Foundation
The Georg and Emily von Opel Foundation
The Shanley Charitable Trust
The Waterloo Foundation
The Wimbledon Foundation
Tokio Marine Kiln
Unicef
United Utilities
Water UK
Wessex Water
Yorkshire Water



4 Our people



Left: The Bangladesh team spell out what respect means to them during My WaterAid Week.

Right: For the Malawi team, among many others, it was a time to celebrate what we do well – with a toilet-themed cake!



95% of our staff are proud to work here

We were delighted with the results of our global employee survey, with 93% of staff taking part. The survey showed that our staff are very engaged and love working for us: 95% of those who responded are proud to work here; 94% feel part of a global organisation; 93% see a clear link between their work and our strategic aims; and 90% would recommend us as a good place to work. There were also some areas to improve, such as managing workloads, opportunities for career advancement, taking risks and seizing opportunities.

Objective: We will invest substantial time and resource into developing leaders in all the countries where we work, to enable us to significantly increase our impact as 2030 approaches. We will continue to develop the skills needed to achieve our aims and we will proactively build on our already high levels of employee engagement. This will ensure that WaterAiders are able to give their best, that we maintain our reputation as a great place to work, and that our values are clearly lived.

During the year we launched our new global leadership programme Accelerate to 2030. Seventy-five senior leaders took part in this eight-month programme, which links individual and organisational development. The programme includes individual, peer and group coaching and taking part in a strategic challenge relevant to our mission.

● **To further boost our people's effectiveness,** 78 managers attended our Managing@WaterAid programme and 54 staff benefited from mentoring relationships. We also strengthened our coaching and mentoring offer thanks to 50 external executive coaches pledging to work with staff graduating from our Accelerate to 2030 leadership programme on a pro-bono basis.

● **We celebrated our value of respect during My WaterAid Week.** This created a great opportunity to share what 'respect' means to each of us, and how we build respectful relationships between ourselves and with all of our partners. More than 270 staff attended a range of webinars brought to life with personal stories, and many countries ran their own events and discussions.



Above and right: Some of our leaders on their Accelerate to 2030 course. Below: some of their reflections on how it has helped them:

●● Not many leadership programmes are truly influential but for me Accelerate to 2030 has not only changed my leadership style, it has changed me. ●●

●● Accelerate to 2030 has given me a huge boost of energy and renewed my commitment to make a difference both internally and externally. ●●

●● I got the space to reflect and identify what is holding me back, as well as what I can do more of, and I got inspiration from leaders from around the world. ●●

● **It's official, we're still a great place to work!** Following our previous year's number 37 entry in the Great Places to Work list for medium-sized organisations, last year we came in at number 9 in the same size category for the UK's Best Workplaces for Women. We also won the Best Not-For-Profit Campaign gold award at the Payroll Giving excellence awards.



Our priorities for 2019–20



WaterAid/Chloe Howcroft



WaterAid/Sibtain Haider

1

We will ensure more people benefit from clean water, decent toilets and good hygiene by:

- Directly reaching them with services in or near their homes, schools and healthcare facilities.
- Strengthening their governments', utilities' and private companies' commitment and ability to provide services to them.
- Influencing global and national policies, strategies and standards that ensure services are sustainable, of good quality, and for everyone, everywhere.
- Prioritising opportunities in Ethiopia, India, Nigeria and Pakistan – four of our five countries of global significance (the fifth being Bangladesh).

Above: Children are recorded while singing in Tsarafangitra, Madagascar. Gravity-feed technology is providing water to their school and village.

Above right: Constructing and rehabilitating water services for 120,000 people in Punjab, Pakistan, means Sagheera Bibi can now help her children wash their hands properly.

Far right: Sallay with a bucket of clean water from the new hand pump in Tombohuan, Sierra Leone.

Near right: Volunteers outside the Good Loos we provided at Bestival with the totaliser showing how many toilets were funded, to be built in Rwanda.

2

We will finance our work by:

- Raising between £92–97 million, with a minimum of £33 million being restricted income.
- Spending between £92–97 million, with 74%–78% spent on charitable objectives and 22%–26% spent on raising funds for this and future years.



WaterAid/Nana Kofi Acquah

3

We will deliver our work by:

- Ensuring we have the essential skills we need in place.
- Freeing individuals and teams to be their best, through empowering leadership and effective cross-organisational working.

Looking after our people

Safeguarding

We are committed to being accountable and transparent regarding our safeguarding policies and approaches. We have zero tolerance for harassment, bullying or exploitation of any kind.

We expect all staff, volunteers, partners, consultants and those representing WaterAid to conduct themselves in a way that preserves the dignity and respect of every individual. We ensure all reports of misconduct allegations are fully investigated by trained staff and appropriate actions are taken to safeguard all individuals concerned. Where a member of staff has been dismissed for sexual harassment or abuse, we are committed to sharing the reason for termination on any future reference requests.

In the last year, ten safeguarding cases have been reported to our Global Safeguarding Manager from across our federation. No cases of sexual misconduct reported to WaterAid have involved children, vulnerable adults, beneficiaries, partners or have been in a humanitarian context. One case met the criteria for reporting to the Charity Commission, which has been concluded. We dismissed two members of staff following investigation for sexual harassment of their colleagues and one for failing to disclose a relevant unspent criminal conviction. Three cases resulted in disciplinary actions, one investigation is currently ongoing, and three cases did not involve WaterAid staff directly.

During the course of the year we reviewed and relaunched our Global Code of Conduct and reporting procedures. We involved all staff in discussions about the Code and required that all signed it. We introduced Safeguarding Focal Points in every country and provided them with training, resources and ongoing support. We established a safeguarding page on our website to share all relevant policies. We further encouraged reporting by launching an independent whistleblowing line – details

of which are on our website. We have reviewed the recent commissioned safeguarding reports within the sector to identify any areas where we can strengthen our own practice. We continue to collaborate with others across the sector, and within WaterAid have established a federation-wide safeguarding register. Other developments have included strengthening recruitment practices, and clarifying our expectations to volunteers and partner organisations in our country programmes. We will continue to strengthen our practices including the launch of a new e-learning module for all staff and Trustees.

Equal opportunities and diversity

We believe in the value of a diverse global team and promote diversity in all its forms. We have policies in place to ensure we give candidates, existing staff and volunteers equal opportunities to succeed, and we are registered as a Disability Confident employer in the UK.

We recruit the best person for the role, ensuring they have the right skills, knowledge and experience to help us achieve our mission. We support flexible working and encourage staff to develop within WaterAid, to match their circumstances and aspirations.

Remuneration

In setting pay, we take seriously our responsibility to ensure value for money in everything we do, always being effective stewards of our resources. This includes using our money wisely to ensure we pay competitive and fair salaries that enable us to recruit and retain staff with the right skills and experience to achieve our mission. We aim to remunerate and to review remuneration in a transparent way.

Good performance management is integral to our reward system. We believe that basing an element of pay on performance

demonstrates our commitment to value for money, accountability to our stakeholders, and reinforces the importance of high standards of performance for all staff.

Pay scales for all staff are set with reference to market conditions, comparing ourselves with similar not-for-profit organisations. Market pay is determined using recognised salary surveys specialising in the charity and international development sector. We seek to pay between the median and upper quartile of these comparators.

Pay ranges for the Chief Executive and Directors are set with reference to market data for each individual role, benchmarked using at least three relevant remuneration surveys.

Each year we consider an increase to be awarded on 1 April. Increases are determined taking into account the benchmark data, individual performance and affordability.

The People Committee of the Board provide assurance that WaterAid's global remuneration policies and principles are being applied. The Committee reviews all proposed increases for Directors and recommends the remuneration of the Chief Executive for approval by the Board of Trustees.

Gender reporting

The gender pay gap shows the difference in average pay between men and women nationally or within an organisation. As of 5 April 2019, our mean (average) pay gap in the UK was 12% and our median (middle) pay gap was 13.5%, which are each below the national average. The gap is slightly higher than last year mainly due to some changes at senior levels.

We have a female-dominated UK workforce, with equal numbers of men and women in the most senior 25% of roles. The pay gap arises from the distribution of our male employees across our roles, with a greater proportion of men employed in senior roles and fewer in junior roles, while female employees are

spread evenly across all grades. This is similar to other organisations in our sector, and reflects national trends, though we are actively looking for opportunities to close this gap.

We have a rigorous job evaluation tool to ensure we provide equal pay for work of equal value.

We undertook significant work in the last year to improve flexible working options. We achieved 9th place in the UK's Best Workplaces for Women (medium category), one of only 15 organisations reaching the criteria set by Great Places to Work. We partnered with Timewise to develop our flexible working framework, including carrying out training and putting resources in place for managers to support flexible job design. This encourages more flexibility in the workplace, for men and women. We continue to review this to ensure that we are taking an integrated approach, that all roles are attractive to women, and that we avoid any potential unconscious bias in recruitment or career development.

Modern slavery

In compliance of the Modern Slavery Act 2015, we have produced a statement which outlines what we have undertaken to identify and prevent modern slavery in our work and our supply chain. The full statement can be found on our website.

Managing risk

WaterAid works in countries where security is often an issue, which means a level of risk is inevitable. We have an active risk management process in place to make sure appropriate steps are taken to manage and mitigate risk across the organisation.

The Board of Trustees and Directors team have been clear that the areas where risk should be very carefully assessed relate to the health, welfare and security of people and the reputation of WaterAid. In other areas, there is an evaluation of risk and reward before taking opportunities. Managed risks will be taken where there is a reasonable basis for believing that this will be to the benefit of people accessing clean water, sanitation and hygiene.

The Board of Trustees has overall responsibility for ensuring that WaterAid has a system of internal control, management and audit to take advantage of opportunities and manage risk effectively. Assessment of risk and opportunity is central to WaterAid's decision-making processes, planning and monitoring.

Processes include:

- Risk appraisals conducted from the Board of Trustees through to country team level, with regular training sessions to identify, evaluate and manage risks.
- Risk registers that capture the risks identified across WaterAid, including material risks, controls and actions.
- An annual risk management plan which is produced by the Directors team for review and approval by the Board of Trustees, who receive regular progress reports.
- A risk management review which is carried out by the Audit Committee twice a year.
- Regular audits which are carried out by our Internal Audit team and reported to the Audit Committee.
- Multi-year planning and budgeting which focuses on milestones linked to delivering the global strategy.

- Financial reporting which compares results with the budget on a monthly, quarterly and yearly basis.

- Value for money principles which guide when and where we source goods and services, how we benchmark salaries, and our policies on borrowing and reserves.

The most significant risks last year were:

- **Massive global shifts that moved resources and attention to other priorities.** A key priority for 2018–19 onwards has been to elevate water, sanitation and hygiene in development objectives globally. In 2018–19 we continued our focus on engaging with the health sector, while a key achievement was the World Health Organization (WHO) passing its first ever global resolution on water, sanitation and hygiene in healthcare centres, with every health minister pledging that every healthcare centre will have access to water, sanitation and hygiene.

- **Global recession and/or scarcity of funds in the market.** Global markets continued to be sensitive and the uncertainty around Brexit continued to impact the value of sterling, our majority currency. Growth in our restricted income portfolio has mitigated some of this risk, where we have broadened across markets, particularly those of other countries and currencies, and deepened in some of the existing income streams. We have also innovated to sustain and grow unrestricted funding from individuals in the UK where we are doing well to remain stable in our traditional mass engagement activities. An example of this was our Untapped campaign, which successfully built engagement and raised funds.

- **Increasing regulation of not-for-profits in the UK and across many programmes.** We have ensured we are compliant with General Data Protection Regulations and embedded regular training, support and monitoring to ensure data protection is

understood by all staff. We have worked within government expenditure ratios for not-for-profit organisations where these have been imposed, and altered our business model where needed. We have continued being effective in our delivery, albeit by adapting and evolving our approach to reaching everyone, everywhere in those countries. We have been particularly effective in Ethiopia, where we moved from a ratio of programme to administration costs of 70:30 to 80:20, and changed our approach. This resulted in us having a greater impact with the Government, building on the support they have received from Yorkshire Water in strengthening the country's water sector.

- **A lack of leadership strength in depth, and the loss of key staff who are increasingly targeted by other organisations.** We have done a lot to strengthen further the quality of our leadership, including through our leadership programme Accelerate to 2030 and our Managing@wateraid programme. We were delighted to see overall perceptions of leadership in country programmes increase 9 percentage points to 75% positive in our 2018 employee survey, while the overall leadership score for the UK was 70%. However, risks include vacancies in key roles as well as the need to ensure we maximise on the investment we have made in leadership and management development. We continue to ensure that our employer brand and reward packages enable us to recruit and retain the calibre we need. We are also increasingly moving people internally and developing succession plans.

- **Capacity gaps in thematic expertise, which may lead to our programme quality not being as high as we should like.** This is an identified priority area to invest in significantly. We will continue to increase programme capacity in areas where our strategic ambition and funding growth outstrip our current expertise – for example in urban, sanitation, and large programme grant start-up.

- **Safeguarding, with issues at other organisations encouraging us to look critically at ourselves.** We have strengthened policies and practices that support a strong safeguarding culture, and encourage reporting. More issues have been reported and we have dealt with them appropriately. We are also working to build partner capacity in this area. We rolled out a revised Global Code of Conduct to all staff following team and 1-1 discussions.

The main risks to be managed in the year ahead:

External risks

- **Brexit, global recession and/or scarcity of funds in the market.** Brexit continues to create uncertainty in both UK and European markets. Global markets also continue to be sensitive with some major economic indicators of potential significant market shocks. We will broaden income from across the federation and develop new and innovative unrestricted income sources in the UK as a focus investment area. This will be accompanied by continuing the priority from 2018–19 to grow restricted income, particularly from institutional funding and from major corporates.

- **Reputation of charity sector.** The public perception of charities has declined in the UK and this affects trust and engagement, and ultimately funding. We will continue to challenge ourselves to be among the best. We will build on the current high levels of trust in WaterAid by increasing engagement with our supporters and standing out in the way we present the water, sanitation and hygiene challenge, and the way we work with people to address this.

- **Constrained political environments** affect many of the countries where we work. Some, such as Pakistan, have removed a number of INGOs' licenses to operate, and others have experienced heightened tensions as a result of elections – for example in Nigeria, Malawi,

Managing risk (continued)

Mozambique and Myanmar. We will ensure we work within the laws and regulations of the countries where we work, and advocate for change where we feel this is needed to a policy and/or the legal framework. We will not work in a country if the limitations are such that we cannot be effective in achieving our mission.

● **Terrorist attack** also remains a risk in many of the countries where we operate – including the UK. We have rigorous policies and procedures, and a range of training, to support our staff to remain vigilant on their safety and security.

Internal risks

● **Leadership.** We have done a lot to further strengthen the quality of our leadership. However risks include vacancies in key roles as well as the need to maximise the investment we have made in leadership and management development. A significant proportion of our staff fed back in the global employee survey that workloads are too high. Our leaders have a responsibility to encourage tough prioritisation and support more effective working. We will continue to ensure that our employee brand and reward packages enable us to recruit the calibre of leaders we need. We are also increasingly moving people internally and developing succession plans. We will continue to invest in development and have a priority this year to deliver some key organisational shifts that will help us to be more effective.

● **Programme quality.** Risks include: capacity gaps in thematic expertise; potential that programme quality is not where it should be; a widening gap between policy and programme work; and a lag between the increase in restricted income and our capability to maintain programme quality standards, deliver on time and manage donor compliance in some countries. We will invest in technical experts and training, as well as continuing our improvements in performance monitoring and management.

● **Safeguarding.** As we roll out our safeguarding policies we may find more issues raised which need to be addressed. All teams have discussed, and been required to sign, our Code of Conduct, and we will continue to promote our values and the policies and practices that support a strong safeguarding culture, including promoting reporting. We are also working to build partner capacity in this area.

● **UK property.** During 2019–20 we will conclude our property review as our London office lease ends in October 2020. There are a range of risks associated with different options, including the potential loss of staff should travel times increase substantially. A project team is in place with professional advice, a project plan and support of a Trustee subcommittee to manage this.

Our public fundraising approach

We raise a significant percentage of our funds from the public and our aim is to ensure we do this in a respectful, compelling way consistent with our values. We also support measures that will improve public trust and support for the charity sector as a whole.

We contact a number of our supporters by telephone each year, if they have given prior consent. We use professional telephone fundraising agencies who conduct this work on our behalf, and are required to do so in a respectful manner in accordance with our standards and sector regulation. We closely monitor these agencies' compliance, performance and fundraiser training, and monitor a minimum of 2% calls made, providing them with detailed feedback. You can learn more about our telephone fundraising at wateraid.org/uk/telephone-fundraising

Understanding and protecting people in vulnerable circumstances is central to our work:

we recognise that we may come into contact with people who are in a potentially vulnerable situation, or who may lack the capacity to make an informed decision about their giving. We follow guidelines regarding people in potentially vulnerable situations, and how calls with them are managed. You can read the full Vulnerable Supporter Policy on our website at wateraid.org/uk/our-fundraising-promise

While we provide supporter details to agency partners for our fundraising, we do not give or sell our supporters' details to anyone else, and we do not contact people from cold lists. We are members of the Institute of Fundraising and the Direct Marketing Association, and endorse the formation of best practice standards and guidelines for the sector, which we also helped define.

We are registered with the Fundraising Regulator and pay an annual levy as required. We support public consultations on their Code of Fundraising Practice, and work diligently to comply with the Code and to champion the standards it promotes in all our fundraising.

It is vital that we communicate with our supporters in the manner they prefer and respect their privacy and communication preferences. We actively encourage supporters to contact us with any feedback, and give complaints our utmost attention, to help us improve our fundraising approach.

During 2018–19 we made 3,823,628 contacts using email, mail, telephone and SMS. We received 461 complaints, 0.01% of the total contacts we made. Our Supporter Care team looks into each and every complaint, responding within three working days. We do all we can to resolve complaints and ensure that supporters are happy to be part of our work.

General Data Protection Regulations

The GDPR set out the responsibilities all organisations have in relation to the personal data that they collect and hold, and are designed to enhance the rights of individuals in controlling their own personal data.

We take privacy seriously. We are committed to protecting personal data, and to ensuring that we are compliant with the changes introduced by the GDPR.

To achieve this we have a formal GDPR project with our Chief Executive as project sponsor. We conduct compliance activities in each of the following areas:

- Data protection policies
- Data mapping
- Data retention and cleansing
- Supporter data: privacy, consent and preference management
- Data processors and data transfers.

We consider that every member of staff has a role to play, and we have an active training and awareness raising programme to ensure we are all familiar and compliant with the new requirements.

For more information on how we use and protect personal data, please see our Privacy Policy: wateraid.org/uk/privacy-policy

Managing our finances

Reserves policy

WaterAid has an approved reserves policy, retaining a level of readily accessible funds within an operational reserve of unrestricted monies to mitigate financial risks identified in the risk management plan. The target for the operational reserve is reviewed on an annual basis and, in 2018–19, the target range was £12–16 million. The operational reserve at the end of March 2019 was within this range, at £15.7 million.

The excellent work of our fundraising teams and the breadth of the tremendous support we receive ensures we have a great diversity of income streams, and restricted funding forms part of that income.

Total funds at 31 March 2019 were £36.1 million of which £15.4 million was in restricted funds. Restricted funds are received from governments, trusts, foundations, corporations and individuals – the restrictions that these partners place on the funds they give us can range from a focus on a region, theme or country to a high degree of restriction, such as a specific project in a particular country. These monies are dedicated to specific programmes and the Trustees have no discretion to reallocate them to other uses. Restricted funds received in one year are carried forward into future years where the criteria for applying them to particular programmes have yet to be met for compliance with the funder's conditions.

We aim for as much flexibility in our funding portfolio as we can achieve, working in partnership with those that fund us. We are stringent in our management of all our funding, whether restricted or unrestricted.

Investment policy and performance

WaterAid holds short-term investments and cash. The objective of our investment policy is to limit risk as far as is possible while earning such interest as is available on very secure deposits. Accordingly, our investment policy is to invest in short-term deposits and to hold cash only at those banks with a high credit rating.

Due to continuing very low interest rates and lower cash balances than previous years, investment income was just £67,000 in 2018–19; we expect low rates of return on cash balances to continue in 2019–20.

Going concern

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

Public benefit

The Trustees have taken into account the Charity Commission's general guidance on public benefit when reviewing the charity's aims and objectives and in planning our future activities.

How we operate

WaterAid is a global federation of which WaterAid in the UK is a member. There are six other members in America, Australia, Canada, India, Japan and Sweden. All federation members are independently constituted organisations with their own boards.

WaterAid UK receives funding from other members of the federation to deliver services and make change happen. At the same time, WaterAid UK invests in other members to support their future growth. WaterAid UK also funds part of the running costs of WaterAid international – a requirement of all members.

Legal structure

WaterAid was established by Trust Deed on 21 July 1981, incorporated on 30 January 1984 and registered as a charity in England on 22 February 1984. WaterAid registered as a charity in Scotland on 3 April 2008.ⁱⁱⁱ WaterAid has a Memorandum which sets out the objects and powers of the organisation and is governed in accordance with its Articles of Association.

WaterAid is a company limited by guarantee, under which the members each undertake to contribute £1 in the event of the company being wound up. At 31 March 2019, there were 43 company members.

WaterAid UK is a member of the WaterAid federation. WaterAid international was formed in 2010 and is the secretariat for the federation, holding the WaterAid trademarks and licensing members of the federation to use those marks.

WaterAid international is now meeting all the criteria for not requiring their accounts to be consolidated into WaterAid UK's accounts.

Trading company

WaterAid Trading Ltd made a net profit of £1.7 million on a gross turnover of £1.9 million. This trading company is wholly owned by WaterAid, sells goods and operates the sub-licensing agreements that WaterAid enters into.

Organisation structure

WaterAid has an office in London where the Chief Executive and a team of five Directors and the Internal Audit and Compliance department are based, alongside the secretariat for WaterAid international.

The Directors are responsible for the Departments of International Programmes; Policy and Campaigns; Finance and Information Technology; Communications and Fundraising; and People and Organisational Development.

As at 31 March 2019, WaterAid had offices, registered as branches of the UK company, in 22 countries in Asia and Africa.

Country Directors and Team Leaders in each branch report into a Regional Director. All are appointed by and accountable to the Director of International Programmes. Country Heads of Finance report to the Country Directors and have a dotted line to the UK-based Director of Finance and IT.

WaterAid also works in partnership with civil society networks and other organisations in countries where there is no WaterAid presence.

WaterAid UK's Board of Trustees

The Board of Trustees governs the organisation in line with its Articles of Association, vision, mission, values, 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.

WaterAid has a conflicts of interest policy and procedure, and a register of interests is held by the Company Secretary. Trustees and senior management are expected to sign a declaration when they join and update this annually.

WaterAid is committed to the highest standards of governance and seeks to make continuous improvements in line with the principles set out in

ⁱⁱⁱ. WaterAid raised £3,246,159 in Scotland through fundraising activities organised both in Scotland and the rest of the UK. Scottish Water continues to donate office space for WaterAid Scotland to operate from and is very supportive of the fundraising activities in Scotland.

How we operate (continued)

the Charity Governance Code. This year, Trustees have considered how the diversity of the Board supports the achievement of our mission, prioritising those aspects of diversity that relate most clearly to our work. Specifically, the Board has adopted new diversity objectives relating to gender, BAME, disability and youth representation. The Board will also include diversity in all future Trustee skills analyses, have an annual reflection on diversity, publish an annual statement on diversity in the Annual Report, and undertake periodic diversity awareness training – this year on unconscious bias.

Following an amendment to our Articles in 2017, Trustees elected since then serve a four-year term (renewable once). Trustees elected before that date serve a three-year term (also renewable once). In occasional circumstances, these periods may be further extended to retain specific skills.

At the AGM in October 2018 new Trustees Zaid Al-Qassab, Peter Simpson and Matthew Tweedie were appointed to the Board after an open selection process.

Rosemary Carr, Chris Loughlin and Steve Vaid stood down from the Board at the same meeting. Each has made a significant contribution to the Board of Trustees and their service is noted with great thanks and much appreciation.

The Board of Trustees has four committees:

1. The Audit Committee promotes and safeguards the highest standards of integrity, financial reporting and internal control. It also oversees the organisation's risk management processes, IT and communications systems, capital spend projects and office occupancy strategy.
2. The Nominations Committee ensures that candidates of the highest calibre are put forward for election to the Board of Trustees, so as to achieve an appropriate and diverse mix of skills and experience across the Board as a whole.

3. The People Committee reviews the development of our people management policies and practices including our salary policy, with a particular focus on executive remuneration.

4. The Communications and Fundraising Committee approves any new communications or methods of fundraising not contemplated within the annual communications and fundraising plan and that may pose a financial, regulatory or reputational risk.

In addition, a Property sub-committee was formed to support the project to evaluate property options for WaterAid when the lease in Durham Street finishes in October 2020. The Trustees on this committee are Tim Clark, Anna Segall and Peter Newman.

All these committees have terms of reference published in the governance manual, which is on our website. 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. As part of the development of the Board, performance assessment processes are used for both the Board as a whole and for individual Trustees. The members of the Board of Trustees who have served during the year are listed in the Trustees, advisors and key details section on page 46, together with the President, Vice President and Directors Team. Day-to-day 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 Trustees' responsibilities

The Trustees (who are also directors of WaterAid for the purposes of company law) are responsible for preparing the Trustees' Annual Report (including the Strategic Report) and

the financial statements in accordance with applicable law and regulation.

Company law requires the Trustees to prepare financial statements for each financial year. Under that law, the Trustees have prepared the financial statements in accordance with United Kingdom Accounting Standards, comprising FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', and applicable law (United Kingdom Generally Accepted Accounting Practice). Under company law, the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the 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 (2015);
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, comprising FRS 102, 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.

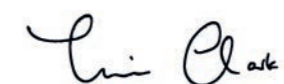
The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are

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

The Trustees are responsible for the maintenance and integrity of 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.

- So far as each Trustee is aware, there is no relevant audit information of which the company's auditors are unaware.
- Each Trustee has taken all the steps that they ought to have taken as a Trustee in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Approved by the Board of Trustees on 4 September 2019 and signed on its behalf by



Tim Clark
Chair of Trustees

Our leadership team

President

HRH The Prince of Wales

Vice President

The Rt Hon Baroness Chalker of Wallasey

Board of Trustees

Zaid Al-Qassab^{vii}

(joined October 2018)

Manuel Alvarinho

Tim Clark^{v, vi, vii},

Chair of the Board of Trustees

Rosemary Carr^v,

Vice Chair (stood down October 2018)

Christopher Loughlin^{iv}

(stood down October 2018)

Heidi Mottram OBE^{vi}

Peter Newman^{iv, vi, vii},

Treasurer

Mala Rao OBE^{v, vi, vii}

(Vice Chair from October 2018)

Anna Segall^{iv}

(Chair of Audit Committee from October 2018)

Myriam Sidibe

Peter Simpson^{iv}

(joined October 2018)

Heather Skilling^{iv}

Matthew Tweedie^{iv, v}

(joined October 2018)

Stephen Vaid, Chair of Audit Committee^{iv, vi}

(stood down October 2018)

Chief Executive and Company Secretary

Tim Wainwright

Directors team

Margaret Batty:

Director of Policy and Campaigns (left on 31 October 2018, Sol Oyuela took over on 1 April 2019)

Olga Ghazaryan:

Director of International Programmes

Paula Laird:

Director of Finance and Information Technology

Marcus Missen:

Director of Communications and Fundraising

Rachel Westcott:

Director of People and Organisational Development

Principal bankers

Barclays Bank plc 50 Pall Mall London SW1A 1QB

Auditors

PricewaterhouseCoopers LLP

1 Embankment Place

London WC2N 6RH

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

Independent auditors' report to the members of WaterAid

Report on the audit of the financial statements

Opinion

In our opinion, WaterAid's group financial statements and parent charitable company financial statements (the 'financial statements'):

- give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 31 March 2019 and of the group's incoming resources and application of resources, including its income and expenditure, and of the group's cash flows, for the year then ended;

- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', and applicable law); and

- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the 'Annual Report'), which comprise: the Consolidated and charity balance sheets as at 31 March 2019; the Consolidated statement of financial activities, the Consolidated cash flow statement for the year then ended; and the notes to the financial statements.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs (UK)') and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

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

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and parent charitable company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the

Independent auditors' report to the members of WaterAid (continued)

extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Trustees' Annual Report

In our opinion, based on the work undertaken in the course of the audit the information given in the Trustees' Annual Report, including the Strategic Report, for the financial year for which the financial statements are prepared is consistent with the financial statements; and the Strategic Report and the Trustees' Annual Report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the group and parent charitable company and their environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Trustees' Annual Report. We have nothing to report in this respect.

Responsibilities for the financial statements and the audit

Responsibilities of the Trustees for the financial statements

As explained more fully in the Statement of Trustees' Responsibilities set out on page 44, 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 in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Trustees are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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

Use of this report

This report, including the opinions, has been prepared for and only for the charity's members 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.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the parent charitable company or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- the parent charitable company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Kevin Lowe (Senior Statutory Auditor) for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors
London

17 September 2019

Consolidated statement of financial activities

(including consolidated income and expenditure account)
For the year ended 31 March 2019

	Note	Unrestricted £000	Restricted £000	2019 Total £000	2018 Total £000
Income from:					
<i>Donations and legacies</i>					
Donations	3	47,414	5,961	53,375	52,135
Grants of a general nature	3	2,855	-	2,855	2,707
Gifts in kind	3	419	-	419	324
<i>Charitable activities</i>					
Grant funding for specific activities	5	-	28,030	28,030	23,020
<i>Other trading activities</i>	4	6,194	453	6,647	5,151
<i>Investment income</i>		62	5	67	36
Total income		56,944	34,449	91,393	83,373
Expenditure on:					
<i>Raising funds</i>					
Expenditure on raising grants, donations and legacies	6	20,622	565	21,187	21,647
Expenditure on other trading activities	6	101	-	101	58
<i>Charitable activities</i>					
Supporting partners to deliver water, sanitation and hygiene	6	8,455	15,102	23,557	25,502
Sector strengthening and capacity building to deliver water, sanitation and hygiene	6	12,100	10,242	22,342	19,447
Influencing policy in water, sanitation and hygiene	6	8,558	1,374	9,932	10,080
Supporting WaterAid globally	6	4,386	1,057	5,443	5,162
Total expenditure		54,222	28,340	82,562	81,896
Net incoming resources before transfers		2,722	6,109	8,831	1,477
Transfers	19	-	-	-	-
Net movement in funds or net income for the year	24	2,722	6,109	8,831	1,477
Funds brought forward at 1 April	19	17,946	9,311	27,257	25,780
Total funds carried forward at 31 March	19	20,668	15,420	36,088	27,257

The financial statements have been prepared in line with FRS 102.

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 53 to 71.

There is no material difference between the net incoming resources stated above and its historical cost equivalent.

WaterAid's (excluding WaterAid Trading Limited) gross income for the year was £89.5m (2018: gross income: £82.3m).

WaterAid's net income for the year was £8.8m (2018: net income: £1.5m).

Consolidated and charity balance sheets

At 31 March 2019

	Note	The group		The charity	
		2019 £000	2018 £000	2019 £000	2018 £000
Fixed assets					
Intangible assets	10	1,113	1,978	1,113	1,978
Tangible assets	10	863	898	863	898
Total fixed assets		1,976	2,876	1,976	2,876
Current assets					
Debtors	11	8,966	8,464	9,758	9,644
Cash at bank and in hand	15	31,738	22,691	30,801	21,275
Total current assets		40,704	31,155	40,559	30,919
Liabilities					
Creditors: amounts falling due within one year	16	(5,762)	(5,632)	(5,617)	(5,396)
Provision for liabilities and charges	17	(830)	(1,142)	(830)	(1,142)
		(6,592)	(6,774)	(6,447)	(6,538)
Net current assets		34,112	24,381	34,112	24,381
Net assets		36,088	27,257	36,088	27,257
The funds of the charity					
Unrestricted income funds					
Designated funds	19	4,935	3,717	4,935	3,717
General income funds	19	15,733	14,229	15,733	14,229
Total unrestricted income funds		20,668	17,946	20,668	17,946
Restricted income funds	19	15,420	9,311	15,420	9,311
Total charity funds		36,088	27,257	36,088	27,257

The financial statements on pages 50 to 71 were approved by the Board of Trustees on 4 September 2019 and signed on its behalf by:

Tim Clark, Chair

Peter Newman, Treasurer

Consolidated cash flow statement

For the year ended 31 March 2019

	2019 £000	2018 £000
Net income for the year	8,831	1,477
Interest receivable	(67)	(36)
Amortisation and depreciation of fixed assets	1,936	2,178
Gain on disposal of fixed assets	(54)	(11)
Movement in debtors	(502)	1,831
Movement in creditors	130	922
Movement in provisions	(312)	(105)
Cash generated from operating activities	9,962	6,256
Bank interest received	67	36
Payments to acquire fixed assets	(1,036)	(1,257)
Proceeds from sales of fixed assets	54	13
Cash flows expended in investing activities	(915)	(1,208)
Increase in cash in the year	9,047	5,048
Analysis of cash as shown in the balance sheet	2019 £000	2018 £000
Balance at beginning of the year	22,691	17,643
Net cash inflow	9,047	5,048
Balance at the end of the year	31,738	22,691

The charity held no borrowings, related derivatives or obligations under finance leases during the year.

The cash balances were held in the following locations:	2019 £000	2018 £000
UK	18,282	19,751
Overseas	13,456	2,940
Balance at 31 March	31,738	22,691

Notes to the financial statements

For the year ended 31 March 2019

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.

WaterAid is incorporated in the United Kingdom (company number: 1787329) and is a registered charity in England, Wales and Scotland. WaterAid's registered office and operational address is: WaterAid, 47-49 Durham Street, London SE11 5JD.

a) Basis of preparation

The Financial Statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice (Charities SORP (FRS 102), effective 1 January 2015), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies 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 fair value 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 (deemed to be a period of 12 months from the date of this report). 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 exemption under Section 408 of the Companies Act 2006, a separate income and expenditure account dealing with the results of the charity only has not been presented.

b) Basis of consolidation

The charity has one wholly-owned subsidiary, WaterAid Trading Limited, which is registered in England. Consolidated Financial Statements for the group, being WaterAid and WaterAid Trading Limited have been prepared on a line by line basis. Consolidation does not include WaterAid international or other WaterAid members.

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 charity and group.

c) Related party transactions

The charity discloses all of its transactions with its subsidiary, WaterAid Trading Limited.

d) Foreign exchange

Transactions denominated in foreign currencies are translated at the rate of exchange at the beginning of the month as an approximation to actual transaction dates. Foreign currency balances are translated at the rate of exchange prevailing at the balance sheet date. Realised and unrealised foreign exchange gains and losses are included within support costs and reallocated across charitable activities in the Statement of Financial Activities (SOFA) as per note 6.

e) Income

All income is included in the consolidated SOFA when the charity is legally entitled to it, receipt is probable and the amount can be measured with sufficient reliability.

Grant income

Grants are credited to the SOFA when the charity is entitled to the funds. Income is 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 income is 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 donations and legacies. Grants that have specific restrictions placed upon their use are included within income from charitable activities.

Donations and legacies

Donations are recognised in the period in which they are received. Legacy income is recognised when the charity's entitlement is adjudged to be probable and where the amount can be reliably measured.

Notes to the financial statements

For the year ended 31 March 2019 (continued)

1. Accounting policies (continued)

Restricted income

Income received that has specific restrictions placed upon its use is credited to restricted income within the SOFA on an entitlement 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.

In memoria

Donations received in line with persons' wishes are recognised on a cash receipt basis.

Fundraising events

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

f) Expenditure

Expenditure is recognised in the period in which it is incurred on an accruals basis. Expenditure includes attributable VAT which cannot be recovered.

Costs of charitable activities include 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 clean water, sanitation and hygiene, sector strengthening and capacity building to deliver water, sanitation and hygiene, influencing policy in water, sanitation and hygiene and supporting WaterAid globally.

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 raising funds relate to the costs incurred by the group and the charity in raising funds for the charitable work.

Expenditure is allocated to the particular activity where the cost relates directly to that activity.

Support costs comprise the salary and overhead costs of the central function. The central function includes costs relating to the Departments of Finance, Facilities, Information Services, People and the Chief Executive's Office. Governance costs include internal and external audit costs, legal and tax advice, Trustee expenses and Directors' time in governance of the organisation. Governance costs and other support costs have been allocated to expenditure on charitable activities based upon staff numbers. These staff numbers are listed in note 7 to the Financial Statements.

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.

Restricted funds are used for specified purposes as laid down by the donor. Qualifying project expenditure is allocated to the fund, together with a proportion of overhead costs where agreed by the donor. Negative balances are carried forward on funds only where further income is considered highly probable in the following year.

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 periods in use on a straight line basis are as follows:

Motor vehicles	3 years
Furniture and equipment – Overseas	3 years
Furniture and equipment – UK	5 years
Computers and office equipment	3 years
Software	3 years

Items of equipment are capitalised where the purchase price exceeds £1,500. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use.

i) Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value (note 26).

j) Investments

The investment in the subsidiary is valued at cost.

Donated shares which are freely tradable 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 reflected in the SOFA.

k) Cash at bank and in hand

Cash at bank and in hand is held to meet short-term cash commitments as they fall due rather than for investment purposes and includes all cash equivalents held in the form of short-term highly liquid investments. A cash equivalent will normally have a short maturity of three months or less from the date of acquisition.

l) Pension cost

The charity operates a defined contribution pension scheme for UK staff. The assets of the scheme are held separately from those of the charity in independently administered funds. Contribution payments are charged to the SOFA.

Similarly our staff in country programmes and regions are provided with post employment benefits that comply with local employment legislation.

m) 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 on a straight line basis for the duration of the lease contract.

n) Provisions

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

o) Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The charity makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. It is the opinion of the Trustees that there are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Notes to the financial statements

For the year ended 31 March 2019 (continued)

2. Prior year consolidated statement of financial activities

	Unrestricted £000	Restricted £000	2018 Total £000
Income from:			
<i>Donations and legacies</i>			
Donations	47,903	4,232	52,135
Grants of a general nature	2,707	-	2,707
Gifts in kind	324	-	324
<i>Charitable activities</i>			
Grant funding for specific activities	-	23,020	23,020
<i>Other trading activities</i>	5,027	124	5,151
<i>Investment income</i>	35	1	36
Total income	55,996	27,377	83,373
Expenditure on:			
<i>Raising funds</i>			
Expenditure on raising grants, donations and legacies	21,094	553	21,647
Expenditure on other trading activities	58	-	58
<i>Charitable activities</i>			
Supporting partners to deliver water, sanitation and hygiene	19,353	25,596	44,949
Influencing policy in water, sanitation and hygiene	8,384	1,696	10,080
Supporting WaterAid globally	4,682	480	5,162
Total expenditure	53,571	28,325	81,896
Net incoming/(outgoing) resources before transfers	2,425	(948)	1,477
Transfers	-	-	-
Net movement in funds or net income / (deficit) for the year	2,425	(948)	1,477
Reconciliation of funds			
Total funds brought forward at 1 April	15,521	10,259	25,780
Total funds carried forward at 31 March	17,946	9,311	27,257

3. Income from donations and legacies

	Unrestricted £000	Restricted £000	2019 Total £000	2018 Total £000
Donations				
Regular giving, donations and appeals	37,211	3,528	40,739	40,988
Legacies and in memoria donations	7,941	46	7,987	6,122
Fundraising events	2,262	2,387	4,649	5,025
Total	47,414	5,961	53,375	52,135
Grants of a general nature				
Other WaterAid member countries	2,455	-	2,455	2,107
The Waterloo Foundation	300	-	300	300
Other	100	-	100	300
	2,855	-	2,855	2,707
Gifts in kind				
Mentoring programme	168	-	168	108
Customer appeal	98	-	98	105
Water Industry Partnerships	47	-	47	48
Audit fee	25	-	25	25
Rent	57	-	57	38
Other	24	-	24	-
	419	-	419	324
Total	50,688	5,961	56,649	55,166

At 31 March 2019, in addition to legacy income that has been included in the financial statements, WaterAid expected to benefit from a number of legacies from estates for which the administration had yet to be finalised. WaterAid's future income from these legacies is estimated at £7,977,000 (2018: £6,749,000). Accrued legacy income included within the financial statements amounts to £650,000 (2018: £369,000).

Notes to the financial statements

For the year ended 31 March 2019 (continued)

4. Other trading activities

	Unrestricted £000	Restricted £000	2019 Total £000	2018 Total £000
Lotteries	4,755	-	4,755	4,039
Trading company	1,439	453	1,892	1,112
Total	6,194	453	6,647	5,151

Where lotteries are run by WaterAid and it acts as the principal, the proceeds are recorded as gross of prizes and other expenditure. In the case of WaterAid lotteries managed by People's Postcode Lottery (PPL), WaterAid has no ability to alter the ticket price, prizes or management charges and therefore does not act as the principal for these draws. Proceeds have therefore been recognised in the SOFA as net of prizes and other expenditure. All net income raised from ticket proceeds is wholly spent in the pursuit of the aims of the charity.

	Unrestricted £000	Restricted £000	2019 Total £000	2018 Total £000
PPL ticket proceeds	12,965	-	12,965	10,888
PPL prize fund	(5,179)	-	(5,179)	(4,355)
PPL management fee	(3,621)	-	(3,621)	(3,130)
PPL prize indemnity insurance	(16)	-	(16)	-
PPL net income	4,149	-	4,149	3,403
Other WaterAid lotteries	606	-	606	636
Total lotteries income	4,755	-	4,755	4,039

5. Income from charitable activities

Grant funding for specific activities

	2019 Total £000	2018 Total £000
Other WaterAid member countries	10,344	9,830
HSBC Holdings plc	3,902	2,381
Swedish International Development Cooperation Agency (Bangladesh)	3,814	1,330
UK Aid from the Department for International Development*	2,777	2,767
Plan International**	1,011	1,894
European Commission	1,095	219
Unicef	755	869
Reckitt Benckiser	732	-
BHP Billiton Sustainable Communities	575	945
Medicor Foundation	500	149
Giorgio Armani Acqua for Life	394	-
Coca Cola	146	158
Sightsavers	141	115
Sofidel	129	130
Jersey Overseas Aid	126	431
Natural Environment Research Council	117	89
Allegra Foundation	110	100
Aveda	106	131
Ocorian Corporate Trustees Limited	100	-
The Wimbledon Foundation	100	-
Comic Relief	86	68
Irish Aid	34	140
Big Lottery Fund	-	248
Auxilium	-	166
Asia Foundation	-	161
Government of Ethiopia	-	160
Burnet Institute of Myanmar	-	111
Other grants	936	428
Total	28,030	23,020

*UK Aid from the Department for International Development

Match Funding – Deliver Life	916	1,646
Match Funding – To Be A Girl	63	555
Match Funding – Untapped	828	-
Other	970	566
UK Aid received directly from the Department for International Development	2,777	2,767

**UK Aid received indirectly from the Department for International Development – consortium led by Plan International

	1,011	1,894
Total UK Aid received from the Department for International Development	3,788	4,661

Additional information on transactions with WaterAid member countries can be found in note 25.

Notes to the financial statements

For the year ended 31 March 2019 (continued)

6. Expenditure

Note	Staff costs £000	Other direct costs £000	Amortisation and depreciation £000	Allocation of support and governance costs £000	2019 Total £000	2018 Total £000
<i>Raising funds</i>						
Expenditure on raising grants, donations and legacies	6,196	13,034	485	1,472	21,187	21,647
Expenditure on other trading activities	57	44	-	-	101	58
	6,253	13,078	485	1,472	21,288	21,705
<i>Charitable activities</i>						
Supporting partners to deliver water, sanitation and hygiene	5,289	14,644	559	3,065	23,557	25,502
Sector strengthening and capacity building to deliver water, sanitation and hygiene	6,898	12,321	216	2,907	22,342	19,447
Influencing policy in water, sanitation and hygiene	4,179	4,885	176	692	9,932	10,080
Supporting WaterAid globally	-	5,356	-	87	5,443	5,162
	16,366	37,206	951	6,751	61,274	60,191
Governance	531	176	-	(707)	-	-
Support costs	3,045	3,971	500	(7,516)	-	-
Governance and support costs	3,576	4,147	500	(8,223)	-	-
	26,195	54,431	1,936	-	82,562	81,896

Governance and support costs have been allocated on the basis of staff numbers in each area of activity. These staff numbers are listed in note 7 to the Financial Statements.

The governance and support costs and (gains)/losses on exchange rates were allocated as follows:

	2019 Total £000	2018 Total £000
Finance, People and Information Services	5,409	4,936
Chief Executive Office, Internal audit and Governance	707	633
Premises and facilities	1,960	2,011
Gift in kind	222	171
Support costs	8,298	7,751
Realised and unrealised exchange (gains)/losses on assets	(75)	143
Total of governance and support costs and exchange (gains)/losses	8,223	7,894

The exchange rate movement is the net of the operational gains/losses incurred in delivering our services funded in GBP in local currencies and the gains/losses made on asset values held in currencies other than GBP.

7. Staff costs and numbers

Staff costs for the charity and group were as follows:

	2019 £000	2018 £000
Wages and salaries	22,725	21,415
Social security costs	1,381	1,329
Other pension costs	2,089	1,991
	26,195	24,735

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

	2019 No.	2018 restated No.
Fundraising staff (cost of generating funds)	142	127
Staff delivering charitable activities	591	561
Support staff	65	59
Governance	8	6
	806	753

A salary benchmarking exercise was completed and came into effect in April 2017. During the year, there was a decrease in staff costs of 1.1% (2018: increase of 1.8%) per full time equivalent employee.

The average monthly headcount was 821 staff (2018: 770). The total number of WaterAid employees at 31 March 2019 was 839 (2018: 780). The increase in total number of WaterAid employees is due to the expansion of our Institutional Funding and Partnerships department and additional staff required for project work in country programmes. The introduction of a global HRIS system has improved the accuracy of monitoring staff numbers, leading to a restatement of comparative staff numbers (increase of 19 staff in average staff number & 15 staff at 31 March 2018).

The charity paid termination payments totalling £209k (2018: £258k). The level reflects primarily the cost of restructure in seven countries in order to deliver new projects and shift the programmatic approach towards sector strengthening.

The number of UK and overseas employees whose total benefits excluding employer pension costs amounted to over £60,000 in the year was as follows:

Employee benefits (excluding employer national insurance contributions and employer pension costs)	2019 No.	2019 Total pension contribution £000	2018 restated No.	2018 restated Total pension contribution £000
£60,000 - £69,999	16	75	13	68
£70,000 - £79,999	14	73	11	72
£80,000 - £89,999	5	30	2	22
£90,000 - £99,999	4	40	5	50
£100,000 - £109,999	2	21	1	10
£120,000 - £129,999	1	14	1	11
£130,000 - £140,000	1	11	-	0
	43	264	33	233

The total employee benefits paid to the Chief Executive were salary and taxable benefits in kind (including employer national insurance contributions) of £134,123 (2018: £121,319 for ten months) and pension contributions of £14,081 (2018: £10,353 for ten months).

In the UK, WaterAid makes contributions for its employees to a defined contribution scheme operated by Aegon. Pension contributions due to the Aegon scheme as at 31 March 2019 were £152k (2018: £144k).

The key management personnel of the charity comprise the Trustees, the Chief Executive and the Directors Team. The Trustees' Annual Report provides information on how remuneration is set. The total employee benefits of the key management personnel of the group was £734k (2018: £748k). The key management roles in WaterAid Trading Limited were fulfilled by members of the key management personnel of the charity.

8. Charitable activities expenditure by location

	Unrestricted £000	Restricted £000	2019 Total £000	2018 Total £000
West Africa				
Burkina Faso	1,038	1,421	2,459	2,867
Ghana	656	1,470	2,126	2,243
Liberia	589	320	909	712
Mali	863	1,214	2,077	2,801
Niger	402	264	666	661
Nigeria	921	489	1,410	1,040
Sierra Leone	316	456	772	500
Regional management and support costs	848	259	1,107	1,092
	5,633	5,893	11,526	11,916
East Africa				
Ethiopia	957	1,392	2,349	2,392
Rwanda	339	945	1,284	1,066
Tanzania	439	2,056	2,495	1,974
Uganda	230	924	1,154	1,110
Regional management and support costs	702	-	702	618
	2,667	5,317	7,984	7,160
Southern Africa				
Kingdom of eSwatini (previously Swaziland)	239	155	394	314
Lesotho	-	-	-	65
Madagascar	287	1,326	1,613	1,690
Malawi	1,095	1,259	2,354	2,149
Mozambique	1,996	1,241	3,237	3,769
Zambia	484	857	1,341	2,082
Regional management and support costs	946	5	951	889
	5,047	4,843	9,890	10,958
Asia				
Bangladesh	1,717	5,973	7,690	5,855
Myanmar	260	311	571	469
Nepal	203	1,529	1,732	1,999
Pakistan	833	1,105	1,938	2,706
Regional management and support costs	412	140	552	571
	3,425	9,058	12,483	11,600
UK				
Supporting WaterAid globally	4,393	963	5,356	5,083
Other UK direct international programme support costs (including technical and programme effectiveness)	3,272	1,033	4,305	4,337
UK-based policy, campaigns and education costs	2,648	330	2,978	2,742
Allocated UK support costs to charitable activities	6,813	72	6,885	6,252
Exchange (gains)/losses	(400)	267	(133)	143
	33,498	27,776	61,274	60,191

The total cost of supporting partners to deliver water, sanitation and hygiene (including sector strengthening) was £45.9m (2018: £44.9m) and the cost of influencing policy in water, sanitation and hygiene was £9.9m (2018: £10.1m) – see note 6 for further details.

Notes to the financial statements

For the year ended 31 March 2019 (continued)

9. Payments to partner organisations

WaterAid has made grants to 144 partners with a total value of £12.6m for the year ended 31 March 2019. For the year ended 31 March 2018, payments were made to 150 partners with a total value of £13.4m. Payments below are those made to implementing partners.

Transfers have been made to the following number of partners by size:

	2019 No.	2018 No.
£0 - £49,999	78	82
£50,000 - £99,999	29	27
£100,000 - £149,999	11	14
£150,000 - £199,999	8	11
£200,000 - £249,999	4	3
£250,000 and over	14	13
	144	150

The top 20 financial grant recipients during the year ended 31 March 2019 are listed below. These grants are included in the charitable expenditure outlined in notes 6 and 8.

Name of partner	£000	Country
1. SKS Foundation	797	Bangladesh
2. Dushtha Shasthya Kendra - DSK	754	Bangladesh
3. Rupantar	551	Bangladesh
4. Eco-Social Development Organization - ESDO	435	Bangladesh
5. Association for gender Awareness & Human Empowerment	404	Pakistan
6. WEDECO COMPANY LIMITED	375	Tanzania
7. Village Education Resource Center - VERC	351	Bangladesh
8. COFORWA Compagnons Fontainiers du Rwanda	324	Rwanda
9. Sajida Foundation	321	Bangladesh
10. National Rural Support Programme	300	Pakistan
11. Nabolok	276	Bangladesh
12. Karnali Integrated Rural Development and Research Centre	265	Nepal
13. ALPHALOG	256	Mali
14. AMREF Health Africa	255	Malawi
15. CENTRE CULTUREL KORE	232	Mali
16. Bangladesh Bureau of Statistics - BBS	229	Bangladesh
17. Nazanrene Compassionate Ministries	218	eSwatini
18. SAF FJKM	211	Madagascar
19. MOJAZ Foundation	193	Pakistan
20. Eau Vive Ouagadougou	191	Burkina Faso
Total of top 20 recipients' grants	6,938	

10. Fixed assets

The group and charity

	Intangible assets	Tangible assets		
	Software £000	Motor vehicles £000	Equipment and furniture £000	Total £000
At 1 April 2018	5,838	3,632	5,369	14,839
Additions in year	417	396	223	1,036
Disposals in year	-	(199)	(34)	(233)
At 31 March 2019	6,255	3,829	5,558	15,642

Cost

Accumulated amortisation/depreciation

At 1 April 2018	3,860	3,258	4,845	11,963
Charge for the year	1,282	306	348	1,936
Disposals in year	-	(199)	(34)	(233)
At 31 March 2019	5,142	3,365	5,159	13,666

Net book value

At 31 March 2019	1,113	464	399	1,976
At 31 March 2018	1,978	374	524	2,876

11. Debtors

Amounts due within one year:

	The group		The charity	
	2019 £000	2018 £000	2019 £000	2018 £000
Amount owed by WaterAid Trading Limited and WaterAid international	415	241	1,394	1,691
Grant debtors	3,255	3,782	3,255	3,782
Other debtors	2,176	2,019	1,989	1,750
Gift Aid tax recoverable	506	487	506	486
Prepayments	617	928	617	928
Other accrued income	1,997	1,007	1,997	1,007
	8,966	8,464	9,758	9,644

Amounts owed by WaterAid Trading Limited and WaterAid international are unsecured, interest free, have no fixed date of repayment and are payable on demand.

12. Investments

The company sold all shares held at the start of the financial year or acquired during the financial year for proceeds of £4,471. No shares were held as at 31 March 2019 (2018: shares with a historical cost of £134).

13. Fixed asset investments

The company has an unlisted investment with a historical cost of £2 representing its 100% shareholding in WaterAid Trading Limited. WaterAid Trading Limited generates income from licensing agreements made with a number of organisations. It also sells Christmas cards and other goods. A summary of that company's financial position is set out in note 14.

Notes to the financial statements

For the year ended 31 March 2019 (continued)

14. WaterAid Trading Limited

WaterAid Trading Limited is incorporated in England and Wales (company number: 02362892). WaterAid Trading Limited's registered office and operational address is: WaterAid, 47-49 Durham Street, London SE11 5JD.

a) Profit and loss account	2019 £000	2018 £000
Turnover	1,865	1,101
Cost of sales	(82)	(59)
Gross profit	1,783	1,042
Administrative expenses	(101)	(58)
Operating profit	1,682	984
Interest receivable	27	11
Profit on ordinary activities	1,709	995
Gift Aid to WaterAid under Deed of Covenant	(1,709)	(995)
Retained earnings	-	-

b) Balance sheet	2019 £000	2018 £000
Current assets		
Debtors	187	273
Cash at bank and in hand	938	1,416
	1,125	1,689
Creditors		
Amounts due within one year	(1,125)	(1,689)
	-	-
Represented by:		
Share capital	-	-

WaterAid Trading Limited has a share capital of two £1 ordinary shares (2018: two £1 ordinary shares).

A deed of covenant is in place whereby all profits generated by the company are distributed to the parent charity in the form of a 'Gift Aid' payment. As well as the deed of covenant, WaterAid recognised net income of £72,489 (2018: £77,869) and charged net expenditure of £78,895 (2018: £18,059) as a result of recharges from/to WaterAid Trading Limited.

15. Cash at bank and in hand

	The group		The charity	
	2019 £000	2018 £000	2019 £000	2018 £000
Cash and bank balances in UK	18,282	19,751	17,345	18,335
Cash and bank balances overseas	13,456	2,940	13,456	2,940
	31,738	22,691	30,801	21,275

The increase in cash balances in the current year is mainly due to significant funding received in the final quarter of the financial year.

16. Creditors: amounts falling due within one year

	The group		The charity	
	2019 £000	2018 £000	2019 £000	2018 £000
Trade creditors	3,816	3,144	3,816	3,144
Taxation and social security	426	439	299	284
Other creditors	621	442	613	445
Accruals	758	868	748	859
Deferred income	141	739	141	664
	5,762	5,632	5,617	5,396

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	2019 £000	2018 £000
Deferred income at the beginning of the year	739	265
Amounts released from previous years	(739)	(265)
Incoming resources deferred in the year	141	739
Deferred income at the end of the year	141	739

17. Provision for liabilities and charges

	The group		The charity	
	2019 £000	2018 £000	2019 £000	2018 £000
Provisions at beginning of the year	1,142	1,247	1,142	1,247
Amount charged to statement of financial activities	998	902	998	902
Amount released to statement of financial activities	(1,310)	(1,007)	(1,310)	(1,007)
Provisions at the end of the year	830	1,142	830	1,142

Provisions include end of contract provisions for staff on non-UK contracts. These end of contract provisions include lump sums 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. Other provisions at country level include retentions on building works.

18. Contingent liability

Local tax inspections were undertaken in Madagascar in 2014 and 2015. Contingent liabilities of around £35,000 relate to possible underpayment of PAYE tax for national and international staff in country. At the date of this report, local tax authorities had agreed to continue discussions.

There are some employment cases in country programmes where the former employees are not expected to be successful in their actions. Any financial impact is not expected to be material.

Notes to the financial statements

For the year ended 31 March 2019 (continued)

19. Movements in funds

	At 1 April 2018 £000	Incoming resources £000	Outgoing resources £000	Transfers £000	At 31 March 2019 £000
Unrestricted funds:					
Designated funds:					
Fixed assets fund	2,876	803	(1,703)	-	1,976
Systems projects	341	-	(149)	(192)	-
Property project	500	-	(41)	2,500	2,959
Total designated funds	3,717	803	(1,893)	2,308	4,935
General funds	14,229	53,639	(49,827)	(2,308)	15,733
Total unrestricted funds	17,946	54,442	(51,720)	-	20,668

Restricted funds:

Bangladesh	2,766	4,740	(5,977)	-	1,529
Burkina Faso	211	4,532	(1,553)	-	3,190
East Africa Region	65	(60)	(6)	-	(1)
Ethiopia	865	1,808	(1,303)	-	1,370
Ghana	69	1,157	(1,520)	-	(294)
Kingdom of eSwatini	-	226	(155)	-	71
Liberia	239	134	(327)	-	46
Madagascar	223	1,153	(1,378)	-	(2)
Malawi	202	1,814	(1,333)	-	683
Mali	(222)	1,558	(1,274)	-	62
Mozambique	(383)	2,498	(1,422)	-	693
Myanmar	161	487	(390)	-	258
Nepal	1,021	1,761	(1,605)	-	1,177
Niger	150	138	(288)	-	-
Nigeria	147	762	(490)	-	419
Pakistan	337	1,674	(1,078)	-	933
Rwanda	306	1,873	(1,007)	-	1,172
Sierra Leone	79	421	(456)	-	44
South Asia Region	235	19	(158)	-	174
Southern Africa Region	12	168	(6)	-	48
Tanzania	46	2,088	(2,086)	-	96
Uganda	631	934	(914)	-	651
West Africa Region	268	218	(259)	-	227
Zambia	477	1,762	(856)	-	1,383
UK	1,406	2,584	(2,499)	-	1,491
Total restricted funds	9,311	34,449	(28,340)	-	15,420
Total funds	27,257	88,891	(80,060)	-	36,088

The table above is presented at an aggregate country programme level. Included in these balances are funds in deficit which total £3.0m (2018: £3.6m). These arise due to the timing differences between the income due under individual funding contracts still to be claimed and the actual project expenditure already incurred.

The \$37m HSBC Water Programme has completed its seventh year working in Pakistan, Nepal, India, Bangladesh, Ghana and Nigeria. £4.9m was received in the year ended 31 March 2019 (2018: £4.0m).

The Trustees' Annual Report explains the main reasons why the group and the charity hold unrestricted funds and the adequacy of these funds at the year end. The reserves policy is reviewed on an annual basis and regularly monitored.

Notes to the financial statements

For the year ended 31 March 2019 (continued)

19. Movements in funds (continued)

Designated funds

The Fixed Asset Fund of £2.0m (2018: £2.9m) represents the net book value of the charity's intangible and tangible fixed assets. The fund balance will reduce as depreciation is charged and increase with the acquisition of new fixed assets.

A number of change projects were undertaken under the enabling framework of the global strategy. Of the £3m of unrestricted funds originally designated for this purpose, £0.1m were spent in 2018–19. The remaining funds (£0.2m) were transferred back to general funds.

A further £2.5m has been transferred to the property project fund from general funds during the year, with spend of £0.04m. The balance on the fund is £3m. Our current property lease expires in October 2020 and this fund will be used over the next two years for expenditure related to the office move.

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' Annual Report and the operational reserve targeted for 2018–19 was a range of £12m–£16m. The balance at 31 March 2019 was £15.7m (2018: £14.2m).

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 are carried forward on funds only where further income is considered highly probable in the following year.

20. Analysis of group net assets between funds

	Fixed assets £000	Net current assets £000	Total funds £000
Restricted income funds	-	15,420	15,420
Designated funds	1,976	2,959	4,935
General income funds	-	15,733	15,733
Total funds as at 31 March 2019	1,976	34,112	36,088

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 Limited pays available profits to the charity through Gift Aid under deed of covenant. Its charge to corporation tax in the year was £nil (2018: £nil).

22. Company limited by guarantee

The liability of 43 members (2018: 44) of the charity is limited by guarantee to £1 each.

23. Operating lease commitments

The charity had the following future minimum lease payments under noncancellable operating leases for each of the following periods:

	Land & Buildings	
	2019 £000	2018 £000
Within one year	1,369	1,379
1 – 2 years	728	1,384
2 – 5 years	16	702
More than 5 years	-	-
	2,113	3,465

24. Net movement in funds or net income for the year

This is stated after charging/(crediting):

	2019 £000	2018 £000
Amortisation and depreciation	1,936	2,178
Trustees' indemnity insurance	6	6
Trustees' reimbursed expenses	18	8
Auditors' remuneration – PwC and its affiliates		
Audit – WaterAid UK	33	32
Audit – WaterAid Trading Limited	8	7
Audit – gift in kind	25	25
Audit – country programmes	18	20
Other services	-	67
Auditors' remuneration – other audit firms	143	170
Exchange (gain)/loss	(75)	143
UK operating lease rentals – buildings	1,263	1,263

Trustees of the charity do not receive remuneration for their services but are reimbursed for travel and accommodation expenses. 5 Trustees were reimbursed for expenses incurred during the year (2018: 8 Trustees).

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

The group paid £186,000 in audit fees in the year ended 31 March 2019 (2018: £208,000). This figure includes £41,000 for the consolidated statutory audit provided by PricewaterhouseCoopers LLP (2018: £39,000), who also provide audit services as a gift in kind with a value of £25,000 (2018: £25,000). Other audit fees relate to overseas country office external audits, project audits and donor grant audits as required by conditions of contracts. These services are provided by a range of audit firms.

Notes to the financial statements

For the year ended 31 March 2019 (continued)

25. Related party transactions

WaterAid UK, WaterAid America, WaterAid Australia, WaterAid Canada, WaterAid Sweden, WaterAid India (Jal Seva Charitable Foundation) and WaterAid Japan are members of WaterAid international, operating under licence from WaterAid international to use the name WaterAid. All these organisations share the same objectives and vision. WaterAid receives funding for its charitable objectives from WaterAid America, WaterAid Australia, WaterAid Canada, WaterAid Japan and WaterAid Sweden. WaterAid gives grants to support WaterAid America, WaterAid Australia, WaterAid Canada and WaterAid India in their programmatic, fundraising and organisational development.

Transactions between WaterAid and other member countries of the WaterAid federation were as follows:

	Received from:		Paid to:	
	2019 £000	2018 £000	2019 £000	2018 £000
WaterAid America	3,891	4,013	601	859
WaterAid Australia	490	265	403	438
WaterAid Canada	2,660	2,627	642	627
WaterAid Japan	-	-	-	-
WaterAid Sweden	5,758	5,032	-	-
WaterAid India	-	-	2,908	2,809
	12,799	11,937	4,554	4,733

There were no transactions between WaterAid UK and WaterAid international during the financial year. WaterAid UK paid £463,700 (2018: £100,890) directly to WaterAid Japan on behalf of WaterAid international's investment fund. WaterAid UK donated services as a gift in kind to WaterAid international in the form of office space and staff costs during the year. The donated services were valued at £503k (2018: £490k).

Full declarations of interest are obtained from Trustees and Directors for their own activities outside of WaterAid governance as well as those of their spouses/ partners and dependents.

Rachel Westcott, the Director of People and Organisational Development, is a Director of Water & Sanitation for the Urban Poor (WSUP). During the year, WaterAid paid £10,000 to WSUP (2018: £10,000) and WaterAid received no funding from WSUP (2018: £nil) and at the year end there was no grant debtor balance (2018: £nil).

Margaret Batty, the former Director of Policy and Campaigns, was a Trustee of the International Broadcasting Trust (IBT) until April 2017. During the year, WaterAid paid £5,000 to IBT (2018: £5,000) for annual membership.

Tim Clark, the Chair of The Board of Trustees, was a Director of Big Yellow Group Plc until July 2018. During the year, WaterAid paid £1,828 (2018: £677) to Big Yellow Plc for storage.

Tim Wainwright, the Chief Executive and Company Secretary of WaterAid, was the Chair of The Board of Trustees until September 2017 and a Trustee until December 2017 of Bond for International Development. During the year, WaterAid paid £32,386 (2018: £5,900) to Bond for International Development.

During the year, the group received donations without conditions from individual related parties totalling £2,887 (2018: £17,912).

The charity has disclosed all transactions between the charity and the subsidiary, WaterAid Trading Limited, detailed in note 14.

26. Financial instruments

	2019 £000	2018 £000
Financial assets		
Cash and bank	31,738	22,691
Grant receivables	3,255	3,782
Other receivables	2,682	2,506
Other accrued income	1,997	1,007
	39,672	29,986
Financial liabilities		
Trade creditors	3,816	3,144
Other creditors	1,047	881
Accruals	758	868
	5,621	4,893

In respect of disclosure of financial instruments, sections 11 and 12 of FRS 102 have been adopted.

All financial assets and liabilities are payable or receivable within one year are therefore measured at an undiscounted amount.

We are determined to make clean water, decent toilets and good hygiene normal for everyone, everywhere within a generation. By tackling these three essentials in ways that last, people can change their lives for good.

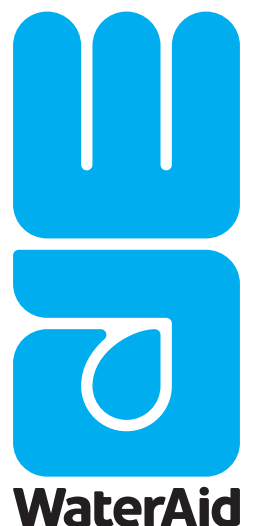


**Clean water.
Decent toilets.
Good hygiene.**

Front cover images – top: Toky and friends wash their hands at Manantenasoa primary school, Madagascar. Together with Wessex Water we installed systems to feed fountains and toilet blocks in communities, schools and health centres in the area.

Middle: Samjhana and her mother bathe baby Aasik in Matela, Nepal, following hygiene sessions integrated into government immunisation clinics. We trained over 2,000 volunteers to run the sessions.

Bottom: Nomcebo (left) and Siphosenkhosi, students at Ndzangu High School, eSwatini. We completed the school's toilet blocks, which include menstrual hygiene facilities, in November 2018.



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Registered charity numbers 288701 (England and Wales)
and SCO39479 (Scotland) Company number: 1787329