

 **WaterAid**

**Annual Report
and Financial
Statements
2013-14**

The facts

 **748m**

people worldwide live without safe water¹



1,400 children die every day from diarrhoea caused by unsafe water and a lack of toilets³

 **2.5bn**

people worldwide live without a toilet²



Washing hands with soap can reduce the risk of diarrhoea by 50%⁴

£15

Just £15 can give one person access to safe water⁵



For every £1 invested in water and toilets, on average £4 is returned in increased productivity⁶

We are WaterAid. To end poverty, we believe everyone, everywhere must have clean water and toilets. Together we can make it happen by 2030.

¹ WHO/UNICEF Joint Monitoring Programme (JMP) Report 2014 update

² WHO/UNICEF Joint Monitoring Programme (JMP) Report 2014 update

³ Inter-agency Group for Child Mortality Estimate (IGME) 2014, led by UNICEF and WHO

⁴ Curtis and Cairncross, 2003; Luby et al, 2005

⁵ WaterAid

⁶ Hutton, Global costs and benefits of drinking-water supply and sanitation interventions to reach the MDG target and universal coverage, WHO, Geneva, 2012, page 4

Company number: 1787329

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

Scope of report: WaterAid is a member country of WaterAid international. For the purposes of this report the suffix UK is sometimes added to distinguish the UK organisation from other member countries. The narrative sections of this report refer to those activities WaterAid UK has management responsibility for.

WaterAid international is consolidated by virtue of the ability of WaterAid to control WaterAid international. This is a technical accounting reason for consolidation explained in the Structure, governance and management section on page 27 and control is not being exercised in practice.

Cover photo: Children celebrate at a new tapstand as clean water begins to flow, Alakamisy, Madagascar. (Credit: WaterAid/Anna Kari)

Photo opposite: Amie enjoys a drink of safe, clean water, Sierra Leone. (Credit: WaterAid/Anna Kari)

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www.wateraid.org/annualreportUK

Welcome

Last year, as ever, WaterAid had a single focus: sustainable access to water, sanitation and hygiene. Funded by the generosity of our supporters, we transformed millions of lives across Africa and Asia through the dedication of our local partners working with some of the world's poorest communities.

When we hear both inspiring and shocking stories from the communities where we work, it motivates us to do everything we can to fulfil people's rights to safe water and sanitation. On a visit to our work in Tanzania last November, we heard from people who could now rely on safe drinking water and had decent latrines that were regularly emptied by a local entrepreneur. What's more, the waste was being used to generate methane for cooking.

The girls could get an education now they no longer had to waste time collecting water from far away and, with toilets in their schools, they could manage their menstruation in safety and dignity. The schoolchildren told us that incidences of diarrhoea had decreased significantly. It was truly inspirational and vividly demonstrated the transformational power of water, sanitation and hygiene.

We believe that everyone, everywhere has a right to these basic services and that universal access is achievable by 2030. Indeed, the United Nations Secretary-General Ban Ki-moon has already backed this aim

as part of the objective of eradicating extreme poverty. We have started to develop our new Global Strategy for 2015-20 to contribute to this effort.

Our supporters, staff and partners around the world have worked so hard to get these issues onto the development agenda. Thanks to their efforts, there is hugely encouraging political priority on water, sanitation and hygiene as the international community shapes the goals for the next 15 years of development. Now we have real reason to believe that the Sanitation and Water for All partnership, which we helped to found, will fulfil its name.

We hope this report gives you an engaging and detailed summary of what we did in 2013/14 and how we did it – our considerable successes and the challenges of working in insecure countries. We are both immensely proud of last year's achievements and determined to keep improving the way we work to ensure water, sanitation and hygiene services are sustainable and accessible to those who need them most.



Barbara Frost
Chief Executive

Tim Clark
Chair of Trustees

Credit: WaterAid/Georgie Scott



Credit: WaterAid/Nyani Quarmyne/Panos

Elba, nine, collects water from the new village pump in Niger. "This water is better because it's not dirty like the other well, and the taste is better."

People reached

We worked through local partners in countries across Africa and Asia to transform millions of lives.

Children wash in clean water from the newly-installed tube well, Satkhira, Bangladesh.

Credit: WaterAid/DRK/Habibul Haque

	People reached with water (000s)		People reached with sanitation (000s)	
	2013-14	2012-13	2013-14	2012-13
Bangladesh	331	284	620	670
Burkina Faso	53	71	150	115
Ethiopia	177	175	218	173
Ghana	73	67	27	26
India	466	455	374	297
Liberia	12	9	19	8
Madagascar	61	41	110	64
Malawi	44	27	105	101
Mali	37	43	49	39
Mozambique	53	78	50	71
Nepal	81	67	105	75
Niger	10	6	6	6
Nigeria	116	119	308	209
Pakistan	172	75	338	108
Rwanda	8	10	1	6
Sierra Leone	6	3	16	32
Tanzania	148	64	271	64
Uganda	41	65	87	102
Zambia	46	54	55	42
Total	1,935	1,714	2,909	2,209

In 2013-14

1.9m

people reached with safe water

2.9m

people reached with sanitation

Since 1981

21m

people reached with safe water

Since 2004

18m

people reached with sanitation

* In 2004, recognising the growing importance of sanitation, we began to track our progress in this area.

Aims and achievements



Nanda Kumari Maharjan inside her home. Thanks to a loan from a women's cooperative supported by WaterAid, Nanda has been able to build a hygienic latrine in her house, Thecho, Kathmandu, Nepal.

Credit: WaterAid/GMB Akash

Since we launched our current Global Strategy for 2009-15, we have reached over 7.6 million people with water and 9.9 million with sanitation through the work of our local partners.

At the current rate of progress, we expect to reach almost 10 million people with access to water and 13.5 million with sanitation in the six years to March 2015.

Aims and achievements

We had another year of significant and exciting achievements, transforming more people's lives than ever before and influencing the political agenda at the highest levels.

Among other highlights, we continued our efforts to improve the sustainability of our work and paid particular attention to girls' and women's needs.

Over the course of the year we delivered our work based on the four aims of our Global Strategy.

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

Objectives:

- Reach 2 million people with safe water (72% in rural areas/16% in urban areas/12% in small towns)
- Reach 3 million people with sanitation (75% in rural areas/14% in urban areas/11% in small towns)

Lives transformed

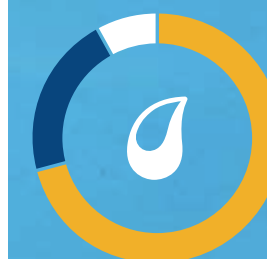
Through our partners, we reached 1.9 million people with safe water and 2.9 million with sanitation last year, and our advocacy work has helped commit governments around the world to reach many millions more.

Additionally, we estimate our hygiene promotion work reached over 4 million people, encouraging practices such as handwashing with soap, safe use of latrines, safe storage of drinking water, food hygiene and menstrual hygiene management.

In 2013-14

1.9m

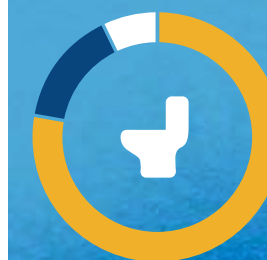
people reached with safe water



- 71% rural
- 21% urban
- 8% small towns

2.9m

people reached with sanitation



- 78% rural
- 15% urban
- 7% small towns

Ensuring sustainability

We are continually working to ensure the sustainability of our work. Over the year, we conducted studies on the functionality and use of facilities – including choice of technology, availability of spare parts, community management, and ownership and availability of external support. These studies are conducted one, three, five and ten years after facilities have been set up to help us improve our practice and to share our learning.

As expected, these studies provided us with valuable insights. For instance, in Madagascar, 131 communities were surveyed and, of the 369 water facilities looked at, 93% were functional, with a better rate for newer facilities and gravity flow systems. However, in these communities, only an estimated 21% of the families were practising handwashing and only 46% using improved toilets. Data like this will guide our efforts in the year ahead, and in this case we will increase hygiene promotion so that the benefits of water and sanitation facilities are maximised.

Improving girls' and women's health

Good health depends on access to safe water, sanitation and hygiene and our country programmes work closely with their national governments to better integrate water, sanitation and hygiene into health policy and practice.

Challenging taboos and misunderstandings around menstruation is critical to girls being able to live safe, healthy and dignified lives. Last year, we implemented menstrual hygiene management programmes in 14 of our country programmes. For instance, in Pakistan, 200 sessions on menstrual hygiene management in schools reached nearly 3,000 girls and their teachers, while in India we supported community-based suppliers to distribute affordable sanitary pads.

We also co-convoked an event at the London School of Hygiene and Tropical Medicine on issues of gender, sanitation and health. With our colleagues in the SHARE (Sanitation and Hygiene Applied Research for Equity) research consortium, we launched the *Menstrual hygiene matters* handbook, which has been used by institutions such as UNESCO, UNICEF, World Vision and Oxfam to help embed this issue into development practice across the world.



Pump technician Mohammed Charles maintains a water pump in Sierra Leone. Functionality studies are conducted one, three, five and ten years after facilities have been set up to help keep the water flowing.

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

Objectives:

We will promote more and better targeted financing for water, sanitation and hygiene (WASH) by:

- Effectively influencing the outcomes of major sanitation conferences in Asia and Africa.
- Working with governments through our *Keep your promises* campaign to follow up on their commitments made at the Sanitation and Water for All High-Level Meeting in April 2012.

Sanitation in South Asia and Sub-Saharan Africa

WaterAid worked with governments and civil society groups around the crucial South Asian Conference on Sanitation. This was a significant opportunity to influence policy and practice in a region where 750,000 children were estimated to have died from diarrhoea since 2011 due to poor hygiene and sanitation. We were delighted that the principal outcome was a commitment by governments to ending open defecation in South Asia by 2023.

Ahead of Africa Water Week in May 2014, WaterAid promoted the value of putting water and sanitation at the centre of the post-2015 UN Sustainable Development Goals (see Aim three below). Our interactive

online map – the most-shared piece of content we have ever produced – showed how many more people a year the world needs to reach with water and sanitation in order to achieve universal access by 2030.

Supporting governments and service providers

WaterAid supports governments and service providers through a range of capacity building activities including mapping of water and sanitation facilities and improved targeting of resources to poor and marginalised communities. This year we launched the WASHTech Technology Applicability Framework. This framework, supported by the European Union, helps to identify blockages to sustainability and scalability of services and can also be used as an evaluation tool. It will be included in the toolkit for European Commission staff in the 18 countries where the EU is supporting development activities on WASH during 2014-20.

Holding governments to account

Our briefing paper *Bridging the divide* revealed that international water and sanitation aid is failing to reach the poorest, most marginalised people (see page 14). Our global *Keep your promises* campaign called for governments to have separate water and sanitation budgets to allow progress on sanitation financing to be tracked. We were pleased to note that budget allocations to WASH increased in Mali, Ethiopia, Tanzania, Mozambique, Sweden, the US and the UK.

Sanitation and Water for All partnership

Throughout the year, we were encouraging high-level representation from governments at the Sanitation and Water for All partnership meeting in April 2014 in Washington DC. We were delighted that 44 developing countries attended along with UN organisations, civil society and development banks. World Bank President Jim Yong Kim and UN Secretary General Ban Ki-moon opened the day urging governments to do more on WASH as fundamental to eradicating extreme poverty.

At the end of the meeting, nearly half of the developing country delegations promised to achieve universal access to water and sanitation by 2030 and many committed to ending open defecation. The UK Secretary of State for Development Justine Greening said that the UK was on track to keep its promise of reaching 60 million people by December 2015 with safe water and sanitation.



Credit: WaterAid/Ernest Randriamalala

600,000 people across the world 'walk for water' on World Water Day 2014. Here, campaigners take to the streets in Antananarivo, Madagascar.

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

Objectives:

- Promote water, sanitation and hygiene as key determinants of health and education by engaging with the health and education sectors.
- Advocate for a target to eradicate WASH poverty by 2030 to be included in the global post-2015 development goals.

WASH in schools

Our 'school WASH' work has proved to be effective across all our regions in building links with the education sector and in integrating menstrual hygiene management into syllabuses and into the designs of new toilet facilities (see Aim one on page 9).

We entered into a new partnership with the H&M Conscious Foundation which will deliver WASH to schools around the world. As well as improving both the health and education of 250,000 children, the programme will engage with decision-makers at national and international levels to encourage them to extend their work and reach many more school children.

The UN Sustainable Development Goals 2015-30

WaterAid has been working at the national, regional and global level to advocate for a specific goal on WASH to be included in the post-2015 Sustainable Development Goals (SDGs). We believe that you cannot eradicate extreme poverty by

2030 without having a clear focus on these essential human needs.

In September, our Chief Executive Barbara Frost addressed the UN General Assembly, alongside Secretary General Ban Ki-moon. She made the case for the profound impact that improved hygiene, sanitation and access to safe water has on poor people's lives, particularly on the lives of women and girls.

WaterAid also supported UNICEF and the Sanitation and Water for All partnership to organise a meeting on sanitation and nutrition. President of Liberia, Ellen Johnson-Sirleaf, Ministers, UN Heads, the UN Deputy Secretary General Jan Eliasson and Unilever CEO Paul Polman all committed to the need for better integration of these issues within the new SDGs.

We also met with many of the national representatives at the UN and in the countries where we work; Girish Menon, our Deputy Chief Executive, spoke at the UN Presidential debate about the importance of sanitation.

And in March 2014, we joined more than 600,000 people across the world taking to the streets to 'walk for water and sanitation', in solidarity with the millions still forced to walk for water and defecate in the open.

Through these efforts, and those of many others, we are pleased with the current proposal for a dedicated WASH goal and we will maintain support for this as political negotiations intensify throughout the next 18 months.

Our key reports in 2013-14

Millennium promise – case studies about the impact of water, sanitation and hygiene on young people born since 2000.



Bridging the divide – revealed that international water and sanitation aid is failing to reach the poorest, most marginalised people.



We can't wait – a co-published report with Unilever about how lack of progress on sanitation is holding back development.



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

Objectives:

- Assess and develop our operations in Rwanda, Liberia, Sierra Leone, Lesotho, Angola and Swaziland. We will also register an office in Kenya and complete a scoping study of Myanmar.
- Continue to develop an engaged and effective workforce.
- Raise £68-72 million and spend £70-75 million (see actual income and spend for 2013/14 on page 17).
- Start the process of defining WaterAid's next Global Strategy from 2015-20.

Country operations

Each of our country programmes adopts an approach that best suits the needs of its population and the skills, capacity and resources available on the ground. As an organisation, we constantly strive to improve the efficiency and effectiveness of our operations and our investments in our staff and partners.

A review of our work in **Rwanda** showed good progress and we have agreed to continue our work in the country. We surpassed our targets for user numbers by 6% last year.

In **Liberia** and **Sierra Leone**, we reviewed our pilot operation that covers the two countries and will be further developing our programme in the coming years. We worked with the Ministries of Public Works and Health to strengthen their local-level staff capacity in planning and effective monitoring of WASH programmes.

In **Swaziland** and **Lesotho** we continued to work with our partners to assess where we can have the greatest impact when we become fully operational.

In **Angola**, we attempted to create a stable programme, and in our time there managed to reach 18,000 people with safe water and 1,000 with sanitation. However, operational costs were deemed too high for any future work to be cost-effective or sustainable. We therefore ended our activities.

In **Kenya**, our official registration process continued and should be completed in 2014-15.

Scoping missions to **Myanmar** were completed and a programme will be developed by WaterAid Australia in due course.

An engaged workforce

We continued to invest in maximising the skills and potential of our people, including developing influential leaders across the organisation. In the UK, we took part in the 'Best companies to work for' survey, linked to the *Sunday Times* Top 100 Not-For-Profit Places to Work. We were ranked 41st overall; the 8th highest ranked charity and highest ranked international organisation (see page 21).

WaterAid's next Global Strategy 2015-20

During the year, we started developing our next Global Strategy in consultation with colleagues across the organisation and external supporters and experts. We are considering the changing context in which we work and how WaterAid can best contribute to the changes required to achieve universal access to WASH by 2030. The new strategy will be presented for final Board approval in December 2014.

Financial review

Chandni Devi making baskets in Takiyapar slum, Patna, Bihar, India. Our local partner has been working in the area to help people break free from manually emptying latrines and find new ways to support their families.

Credit: WaterAid/Poulomi Basu

Thanks to the generosity of all our supporters, in 2013-14 we raised £73.7 million – that’s 12%, or £8 million, more than the previous year and above the upper end of the target range we set for the year (£68 million to £72 million).

Income	2011-12	2012-13	2013-14	2014-15 target
Unrestricted income	£38.1m (68%)	£40m (61%)	£45.5m (62%)	£48m - £52m (62% - 63%)
Restricted income	£17.7m (32%)	£25.5m (39%)	£28.2m (38%)	£28m - £32m (37% - 38%)
Total income	£55.8m	£65.6m	£73.7m	£76m - £84m

Expenditure	2011-12	2012-13	2013-14	2014-15 target
Charitable activities	£42.2m	£46.9m	£55.6m	£62m - £65m
Fundraising and governance	£11.8m	£14.4m	£16.3m	£17m - £19m
Total expenditure	£54m	£61.3m	£71.9m	£79m - £84m

77% of our expenditure was on our charitable activities, meeting our target of at least 75% of our spend being on charitable activities. This has grown by £8.6 million (18%), from £46.9 million to £55.6 million. Our UK support costs increased in 2013-14 by £0.7 million to £5 million; at 7% of total expenditure, this is within the target of a maximum of 10%. At 23%, fundraising and governance costs met our target of being no more than 25% of total expenditure.

The £1.8m difference between income and spending represents the receipt of monies in advance and is restricted to specific purposes by the donor, hence the term 'restricted income'.

In 2013-14, sterling strengthened significantly against most other currencies. One of our principal risks is receiving and operating in a range of currencies some of which can be volatile. To mitigate exchange rate risks we hold a balance of hard currencies which are considered to be more stable. Year on year, there will be gains and losses on the balances of other currencies held. The losses on balances held were offset being able to buy more currency than budgeted because of sterling’s strength.

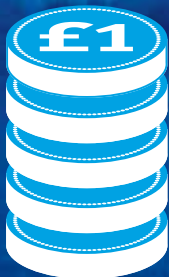
What we spent your money on

In every £1 we spent:

- 77p on delivering WASH services and influencing decision-makers
- 22p on fundraising
- 1p on governance



For every **£1** we spent on fundraising, we raised **£4.64**



Fundraising and communications

Our supporters drive everything we do. We rely on a huge community of individuals, community groups, schools, trusts, companies and governments united in their commitment to tackling the water and sanitation crisis.

The 12% increase in our income is thanks in large part to our individual supporters. The number of supporters who provide regular monthly gifts grew from 283,000 to 310,000 in the year and the total number of individual supporters rose from 368,000 to 442,000.

Getting the message out

Our communications span a wide range of channels, from direct marketing to political campaigning, from traditional to social media. Everything we do is intended to start a dialogue, raise awareness and inspire action.

At the end of the year, around 70% of the UK public were aware of WaterAid, and we were one of the three fastest growing charity brands in 2013. We generated over 6,000 media hits across the world reaching a potential combined audience of over 600 million people.

Our content on Facebook was 'liked' 28,000 times, while 40,000 people on Twitter and 25,000 on Instagram follow our feeds. On YouTube, our films were viewed more than 420,000 times.

World Toilet Day

On the first internationally recognised UN World Toilet Day, 19 November, we wanted to get people talking about the role sanitation plays in all our lives.

Louie the Loo, a singing toilet character, got over 100,000 views on YouTube and asked people to say, "Thank you toilet!"

World Water Day

We promoted our *Everyone, everywhere 2030* campaign message on World Water Day on 22 March. More than 10,000 supporters signed a petition calling for more to be done on the water and sanitation crisis. At London's Canary Wharf, we displayed the signatories on a giant interactive waterfall, kindly sponsored by HSBC, that made words out of water. JLS band member Oritsé Williams launched the event, helping us achieve great media attention on the day.

UK fundraising appeals

One of the highlights of the year was the 2013 winter appeal, *The Big Pipe Project*, focusing on a community in Ethiopia where local people were involved in building a gravity flow system. Blog posts, photos and videos were sent by community members and partners to bring the story to life online for our UK supporters. The first £400,000 in donations was doubled by two incredibly generous donors. The appeal total topped £1 million and will help us reach over 130,000 people in the country.



Credit: WaterAid/Nyani Quamyne/Panos

An overhead standpipe at a new water kiosk, funded by HSBC, in Asanyansu, Ghana.

The UK water industry

Our 33 year relationship with the UK water industry continues to develop in exciting directions. Last year, 17 water company partners confirmed that they would include WaterAid fundraising leaflets in their water bills to customers. This vital opportunity is often the start of a long relationship. Many people who gave their first donation this way have since become dedicated supporters, running marathons or pledging a legacy in their will for example. We have calculated that, since 1990, these supporters have raised over £123 million!

We are also extremely grateful for the tireless efforts of staff groups within the water companies. Last year, they put on dozens of events nationwide that raised huge sums and helped create strong support for WaterAid's mission.

Our work with the water industry's education forum led to the successful and ongoing national children's poetry competition, promoted by the 'Green Poet' Martin Kiszko and Wallace and Gromit animator Nick Park. Alongside our colleagues in water company education teams, we started planning many more exciting events to engage younger audiences in the coming year.

Our corporate partners

We are very fortunate to have the generous support of many corporate partners in the UK and internationally.

At the end of the second year of the five-year HSBC Water Programme, we have reached 560,000 people with safe water and 760,000 people with sanitation across six countries and have learnt a great deal through working with HSBC, and their other NGO partners WWF and Earthwatch.

H&M's Christmas gift card promotion was very successful, raising £3.5 million for sanitation projects in Dhaka, Bangladesh. We were also delighted

that the newly-launched H&M Conscious Foundation designated WaterAid as one of three global partners, alongside UNICEF and Care. This new arrangement will contribute £5.5 million over the next three years for school WASH programmes in Tanzania, Uganda, Ethiopia and Pakistan, reaching 250,000 children.

We continued to develop our unique partnerships with Belu Water, a social enterprise donating all its profits to WaterAid, and with Diageo to support our work in Mozambique, Ghana and Ethiopia. We were also pleased to play a lead role with Unilever in the publication of the *We can't wait* report launched on World Toilet Day.

The UK Department for International Development

WaterAid has worked closely with the UK Department for International Development (DFID) over the year on water and sanitation issues, health, women's rights, disability inclusion and aid effectiveness. UK Minister Lynne Featherstone visited our work in a Ugandan school and saw how improvements to the school toilets had made it easier for disabled children to use the facilities and stay in school. Our policy team and DFID's WASH team are both represented on the steering committee of the Sanitation and Water for All partnership.

Our Programme Partnership Arrangement (PPA) with DFID remains our top source of institutional funding. We are very proud to announce that in DFID's PPA Annual Report we received an A+ rating in August 2013, and a subsequent two year extension at the same funding level of £4.2 million per year.

We continued to develop our partnerships with DFID at both UK and country programme level and received additional grants totalling £2.5m in the year.

Our people

Mani Karmacharya, our Communications Officer from WaterAid Nepal, campaigning at Glastonbury Festival.

Credit: WaterAid/Ben Roberts

The spirit, talent and dedication of our staff and volunteers make WaterAid a vibrant and exciting place to work.

We continued to invest in maximising the skills and potential of our people, including developing influential leaders across the organisation.

Our aim is to create a high-performing, committed and engaged workforce, so we were delighted that the *Sunday Times* Top 100 Not For Profit Places to Work ranked us 41 overall; 8th highest-ranked charity and highest-ranked international not for profit organisation.

Volunteers

We are very fortunate to be able to rely on a network of around 1,000 volunteers in the UK; amazing people giving their time for everything from fundraising endeavours, to giving inspirational talks in their communities. We would like to say a special thank you to all of them.

Remuneration

WaterAid aims to remunerate all our staff fairly and to benchmark ourselves against other NGOs. The Board of Trustees has a Remuneration Committee that reviews pay and benefits for Directors and recommends the remuneration of the Chief Executive for approval by the full Board of Trustees.

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

719 staff



with 67% based in our country programmes or regional offices.



Gender balance is fairly equal, with 55% of our team male and 45% female.

March 2014

Our aims for 2014-15

We will continue to tackle the water and sanitation crisis in the year ahead. Our four aims are based on our Global Strategy.

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

Key objectives:

- To invest in and work with partners in 22 countries to reach 2 million people with water (71% in rural, 20% in urban, 9% in small towns) and 3.6 million people with sanitation (73% in rural, 15% in urban, 12% in small towns).
- To promote menstrual hygiene management in 15 country programmes.
- To improve sustainability by conducting post-implementation studies in Bangladesh, Malawi and Mali and ten other countries.

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

Key objectives:

- To improve pro-poor city-wide planning for WASH by conducting studies in Maputo, Lagos, Kinshasa and Lusaka.
- To promote better investment for WASH by effective influencing work at the African Conference on Sanitation and Hygiene resulting in a specific commitment to accelerate progress.

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

Key objectives:

- To advocate for universal access to clean water and sanitation by 2030 as a specific post-2015 Sustainable Development Goal.
- To position WASH as a key determinant of child health, measured by the integration of WASH into national health policies and practices.

➍ **Aim four: We will further develop as an effective global organisation**

Key objectives:

- To design a programme management information system to ensure effective monitoring of our work and to allow systematic capture of data.
- To ensure our organisational plan is funded and effectively financed, we aim to raise £4.70 for every £1 we spend raising funds. We also aim to grow our database of active regular givers to over 330,000.

These are our financial targets:

- Gross income £76m - £84m
- Expenditure £79m - £84m
- Operational reserve £12m - £15m
- Restricted income no greater than 40% of income
- Central support costs no greater than 10% of expenditure
- Fundraising costs no greater than 25p in each £1 spent

Rihanata (15, centre) collects untreated water with her sisters from a dam in Koala, Burkina Faso.

Managing risk

WaterAid is a global organisation working in some of the poorest and least developed countries in the world. In these contexts we have to carefully mitigate the risks posed by everything from climate variability to political insecurity, to ensure that we and our partners are able to carry out our essential work as effectively as possible.

Internally, there are inherent risks associated with managing our reputation, resources and people to deliver our plans effectively and efficiently.

Our Board of Trustees has overall responsibility for WaterAid’s risk management processes and systems of internal controls and audit. Of course, risk can never be eliminated, but effectively managing it is at the heart of our decision-making, planning and monitoring.

How we manage risk:

- **Risk appraisals** are conducted from Board through to country programme level, with regular training given.
- **Risk registers** capture the risks identified across the organisation, identifying material risks, controls and actions.
- **An annual risk management plan** is reviewed and approved by the Board of Trustees, who receive regular progress reports.
- **A review of risk and opportunity management** is carried out by the Audit Committee twice a year.
- **Our multi-year plans and budgets** are linked to our Business Plan. We produce monthly reports and have annual milestones linked to the Global Strategy.
- **Regular audits** are done by the Internal Audit team with reference to the risk register and form the basis of reports to the Audit Committee.
- **Value for money** principles are applied to our financial decision-making in choosing where to invest, buying goods and services, and benchmarking salaries.

The three most significant risks we faced last year

1. Having enough capacity to manage the growth and complexity of restricted funding. What we did:

- We trained staff in skills such as reporting and budget management.
- We recruited specialists in grant funding management in our country programmes.
- We improved our global financial and information management systems.
- We accepted restricted funding only if the risks and management obligations were reasonable in the context of the opportunity provided by the grant.

2. Protecting the identity, safety and integrity of children that we work with and in our communications

- We finalised our Child Protection Policy and implemented an action plan to embed its practical requirements across our global operations (to be completed in 2014-15).
- We continued to develop our Ethical Image Policy, which includes requirements on how children must be depicted and referred to.

3. Managing security for staff and partners in our country programmes

- We put a Global Security Policy in place with security plans for all countries, and personal security guidelines for those travelling and working in country programmes.
- We implemented crisis management procedures and emergency management guidelines.
- We communicated regular security reports through our internal website.

The principal risks in 2014-15

We have management plans in place to mitigate risks and help develop opportunities in the year ahead.

Our new Global Strategy, to be launched next year, will be based on our ambition to see universal access to clean water, sanitation and hygiene by 2030. This means we will have to be courageous when developing and taking new opportunities as we seek to lead and influence beyond our traditional sphere of operation. There will also be potential risks as we move into new areas and work with new partners.

WaterAid’s rapid growth requires significant development of our systems both for fundraising (a replacement database system) and international programmes (a management information system). These are inherently complex and risky projects and we will be bringing in the right people to lead and develop them.

We work in many countries where skilled people are not in plentiful supply and the recruitment market is highly competitive. The ongoing challenge to hire the right numbers of staff with the right skills means we must balance our ambition with our ability to deliver.

Above all other concerns lies the safety and security of our staff and local partners. We will continue to develop our policies and practices based on regular analysis of the contexts in which we work.

Key financial management policies

Reserves policy

WaterAid has an approved reserves policy to mitigate risk with a designated operational reserve. The range for the operational reserve is reviewed on an annual basis and in 2013/14 was £11m to £14m. The year finished with the operational reserve standing at £13.7m, a planned reduction from the previous year.

Some net assets are also held in restricted income funds made up of funding for programme work received in advance. This is reflected in an increase in our restricted balance carried forward. The Trustees have no discretion over their use, which must accord strictly with donors’ specific requirements. Accordingly, they are separated from both designated and general income funds and the associated income and expenditure is separately disclosed in aggregate in the Financial Statements.

Although it may appear that WaterAid has generated significant increased reserves, this is not the case as the majority of this increase is restricted income for work in future years. Our operational reserve (i.e. the unrestricted free reserve) has decreased in 2013/14 as planned.

Investment policy and performance

WaterAid holds short-term investments and cash as set out in the consolidated and charity balance sheets. The objective of the investment policy is to maximise interest while limiting risk. The investment policy is to invest in term deposits and cash at banks with a Standard and Poor credit rating of A-1 or A-1+.

Low investment income continues to be experienced: £74,000 in 2013-14. This level of low return is projected to continue throughout the financial year 2014-15.

Accounting policy (i) in Note 1 to the Financial Statements explains that donated shares are not intended to be held as investments and are sold when conditions placed on the shares allow this and as soon as is practically possible.

Going concern

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.

Structure, governance and management

WaterAid international

WaterAid international is our global governance structure, which is supported by a small secretariat. It sets the global standards and coordinates the activities of WaterAid member countries to deliver our Global Strategy (see note 14 of the Financial Statements for the accounts of WaterAid international for the year ended 31 March 2014). In 2013-14, WaterAid has five member countries: the UK, America, Australia, Canada and Sweden.

WaterAid UK, America, Australia, Canada and Sweden are all independently constituted organisations with their own Boards and Chief Executives. Jal Seva in India is in transition to become WaterAid India. WaterAid also has an office in Tokyo, Japan, with a small office, Board of Trustees and one staff member.

Last year, WaterAid UK continued to invest in WaterAid international to support the growth of member countries and their work in support of our Global Strategy. We funded part of the running costs of WaterAid international, and made grants to support WaterAid America, WaterAid Australia and WaterAid Canada as they increase their contributions to the achievement of the Global Strategy. WaterAid international made investment grants to WaterAid Sweden and WaterAid Japan.

Legal structure

WaterAid was established by Trust Deed on 21 July 1981, incorporated on 30 January 1984 and registered as a charity on 22 February 1984. WaterAid registered as a charity in Scotland with the Office of the Scottish Charity Regulator on 3 April 2008*. WaterAid has a Memorandum which sets out the objects and powers of the organisation and is governed in accordance with the Articles of Association. WaterAid is a company limited by guarantee and the members undertake to contribute £1 in the event of the company being wound up. In 2013-14 there were 48 company members.

In 2010, WaterAid international was formed and in 2011 the marks were handed over to this new organisation and a Membership and License Agreement was signed to allow WaterAid UK to operate as a member country of WaterAid international.

Trading company

WaterAid Trading Ltd made a net profit of £0.4 million on £0.5 million gross income (see note 13 of the Financial Statements). This trading company is wholly owned by WaterAid and sells Christmas cards and goods and operates the sub-licensing agreements that WaterAid enters into.

Organisation structure

The accounts of WaterAid international (i.e. the secretariat and investment costs – not the independent member countries of Australia, America, Canada and Sweden) are consolidated into WaterAid as shown in note 14 to the accounts.

WaterAid has an office in London where the Chief Executive and a team of five directors are based along with our International Programmes, Policy and Campaigns, Finance and IT, Communications and Fundraising, and People and Organisational Development Directorates. A Strategic Planning Manager, Head of Organisational Development for WaterAid international and Head of Internal Audit also report to the Chief Executive. The Chief Executive spends 25% of her time on WaterAid international business.

WaterAid has functional offices registered as branches of the UK company in 20 countries in South Asia and Africa.

Country Representatives and country team leaders report into the Head of Region. All are appointed by and accountable to the Director of International Programmes.

WaterAid also works in partnership with other organisations in countries where there is no WaterAid presence. For example, the Governance and Transparency Fund from DFID has financed a joint programme run by WaterAid and the Freshwater Action Network. This covers work in 16 countries of Africa, Asia and Central America strengthening the civil society capacities and voices to hold duty-bearers to account for sustainable and equitable WASH at all levels.

WaterAid’s UK Board of Trustees

The Board of Trustees governs the organisation in line with its articles, vision, aims and charitable objectives, and provides overall policy direction. The Board is responsible for compliance with the legal and statutory requirements of a UK charity and of a registered company.

* WaterAid raised £88,247 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 are very supportive of the fundraising activities in Scotland.

In 2013-14, WaterAid’s Board of Trustees has governed WaterAid in its work and development. Trustees serve for three year terms that may be renewed for another three years. In occasional circumstances, the term may be extended beyond this in order to retain specific skills.

Jeremy Pelczer, Chair of the Board, Hugh Belshaw, Treasurer, Agnes Kalibbala and Helen Pankhurst stood down from the Board at the AGM in 2013 at the end of their second terms. Their significant voluntary contributions to the development of WaterAid were noted with thanks and much appreciation.

Through an open selection process, Tim Clark, Peter Newman and Anna Segall were selected as Chair, Treasurer and Trustee and were voted into office at the AGM in 2013 and welcomed onto the Board.

The Board of Trustees has three committees:

- 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.
- The Nominations Committee ensures that Trustees of the highest calibre with an appropriate mix of skills and experience are put forward for selection to the Board of Trustees.
- The Remuneration Committee reviews the development of our people management policies and practices including our salary policy, with a particular focus on Executive Remuneration.

All the above 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 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 and advisors section opposite, together with the President and Vice Presidents.

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 United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare Financial Statements for each financial year which give a true and fair view of the state of affairs of the charitable company and 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 Charities Statement of Recommended Practice;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Financial Statements; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the Financial Statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended). They are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Trustees are aware:

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

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

Approved by the Board of Trustees on 5 September 2014 and signed on its behalf by:



Tim Clark
Chair of Trustees

Trustees, advisors and key details

President

HRH The Prince of Wales

Vice Presidents

The Rt Hon Baroness Chalker of Wallasey

Maurice Lowther BSc, FICE, FCIWEM, CBIM

Board of Trustees

Paul Batchelor¹

Clarissa Brocklehurst

Tim Clark, Chair of the Board of Trustees ^{2, 3}
(appointed October 2013)

Rosemary Carr²

Richard Flint

Gregory Hodkinson²

Sandeep Katwala²

Chris Loughlin¹

Peter Millward, Chair of Audit Committee^{1, 3}

Peter Newman, Treasurer ^{1, 3}
(appointed October 2013)

Anna Segall
(appointed October 2013)

Christiane Wuillamie^{1, 3}

¹ Audit Committee member

² Nominations Committee member

³ Remuneration Committee member

Chief Executive and Company Secretary

Barbara Frost

Directors Team

Margaret Batty, Director of Policy and Campaigns

Paula Laird, Director of Finance and IT

Girish Menon, Director of International Programmes, and Deputy Chief Executive

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
7 More London Riverside
London SE1 2RT

Principal solicitors

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

Company number

1787329

Charity numbers

288701 (England and Wales)
SC039479 (Scotland)

Registered office and operational address

47-49 Durham Street, London SE11 5JD

Independent auditors' report to the Members and Trustees of WaterAid

WaterAid
Company no. 1787329

Report on the Financial Statements

Our opinion

In our opinion the Financial Statements, defined below:

- 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 2014 and of the group's incoming resources and application of resources, including its income and expenditure and the group's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The group Financial Statements and parent charitable company Financial Statements (the "Financial Statements"), which are prepared by WaterAid, comprising:

- the consolidated and charitable company balance sheet as at 31 March 2014;
- the consolidated statement of financial activities for the year then ended;
- the consolidated cash flow statement for the year then ended; and
- the notes to the Financial Statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the Trustees have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

What an audit of Financial Statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). An audit involves obtaining evidence about the amounts and disclosures in the Financial Statements sufficient to give reasonable assurance that the Financial Statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the group's and the charitable company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Trustees; and
- the overall presentation of the Financial Statements.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited Financial Statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, 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.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) 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
- 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.

Trustees' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of Trustees' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the Financial Statements and the audit

Our responsibilities and those of the Trustees

As explained more fully in the Trustees' Responsibilities Statement set out on page 28, the Trustees are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view.

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

This report, including the opinions, has been prepared for and only for the company's members and Trustees as a body in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and the Companies Act 2006 and regulations made under those Acts (Regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended) and Chapter 3 of Part 16 of the Companies Act 2006) and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

The maintenance and integrity of the WaterAid website is the responsibility of the Trustees; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the Financial Statements since they were initially presented on the website.

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



Kevin Lowe (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
5 September 2014

Consolidated statement of financial activities

(incorporating an income and expenditure account)
For the year ended 31 March 2014

	Note	Unrestricted £000	Restricted £000	2014 Total £000	2013 Total £000
Incoming resources					
<i>Incoming resources from generated funds:</i>					
Voluntary income:					
Donations	2	38,701	5,849	44,550	39,005
Grants	2	5,395	-	5,395	4,687
Gifts in kind	2	187	10	197	234
Activities for generating funds	3	1,124	72	1,196	1,031
Investment income		74	-	74	83
<i>Incoming resources from charitable activities:</i>					
Grant funding for specific activities	4	33	22,250	22,283	20,608
Total incoming resources		45,514	28,181	73,695	65,648
Resources expended					
<i>Costs of generating funds:</i>					
Costs of generating voluntary income	5	15,797	-	15,797	13,714
Fundraising trading	5	69	-	69	119
		15,866	-	15,866	13,833
<i>Charitable activities</i>					
Supporting partners to deliver water, sanitation and hygiene	5	20,554	25,162	45,716	37,803
Influencing policy in water, sanitation and hygiene	5	7,161	693	7,854	7,456
Supporting WaterAid globally	5	1,586	422	2,008	1,677
		29,301	26,277	55,578	46,936
<i>Governance costs</i>	1f/5	479	-	479	563
Total resources expended		45,646	26,277	71,923	61,332
Net incoming resources before transfers	24	(132)	1,904	1,772	4,316
Gross transfers between funds	19	(174)	174	-	-
Net movement in funds (net (outgoing)/incoming resources)	24	(306)	2,078	1,772	4,316
Fund balances brought forward at 1 April		15,800	5,852	21,652	17,336
Fund balances carried forward at 31 March	19	15,494	7,930	23,424	21,652

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 35 to 51.

There is no material difference between the profit on ordinary activities before taxation and the profit for the financial year stated above and their historical costs equivalents.

WaterAid's (excluding WaterAid international and WaterAid Trading Ltd) gross income for the year was £73.5m (2013 gross income: £65.5m). WaterAid's net income for the year was £1.6m (2013 net income: £4.6m).

Consolidated and charity balance sheets

At 31 March 2014

		Group		Charity	
	Note	2014 £000	2013 £000	2014 £000	2013 £000
Fixed assets					
Intangible assets	9	790	619	790	619
Tangible assets	9	1,191	1,193	1,191	1,193
		1,981	1,812	1,981	1,812
Current assets					
Debtors	10	4,052	4,690	4,224	4,843
Investments	11	15,019	14,956	15,019	14,956
Cash at bank and in hand	15	7,829	7,539	7,583	7,113
		26,900	27,185	26,826	26,912
Liabilities					
Creditors: Amounts falling due within one year	16	(4,258)	(6,097)	(4,166)	(5,998)
Provisions for liabilities and charges	17	(1,199)	(1,248)	(1,199)	(1,248)
Total assets less current liabilities		(5,457)	(7,345)	(5,365)	(7,246)
Net current assets		21,443	19,840	21,461	19,666
Net assets		23,424	21,652	23,442	21,478
The funds of the charity					
Unrestricted income funds					
Designated funds	19	1,981	1,812	1,981	1,812
General income funds	19	13,513	13,988	13,535	13,988
		15,494	15,800	15,516	15,800
Restricted income funds	19	7,930	5,852	7,926	5,678
Total charity funds		23,424	21,652	23,442	21,478

The Financial Statements on pages 32 to 51 were approved by the Board of Trustees on 5 September 2014 and signed on its behalf by:



Tim Clark, Chairman



Peter Newman, Treasurer

Consolidated cash flow statement

For the year ended 31 March 2014

	2014 £000	2013 £000
Net income for the year	1,772	4,316
Interest receivable	(74)	(83)
Depreciation of fixed assets	1,240	1,055
(Profit) on disposal of fixed assets	-	(79)
Decrease in debtors	638	1,244
(Decrease) / Increase in creditors	(1,839)	1,531
(Decrease) / Increase in provisions	(49)	753
Net cash inflow from operations	1,688	8,737
Returns on investment		
Bank interest received	71	77
Capital expenditure and financial investment		
Payments to acquire fixed assets	(1,413)	(957)
Proceeds from sales of fixed assets	7	93
	(1,406)	(864)
Cash inflow before increase in liquid resources	353	7,950
Management of liquid resources		
(Increase) in short-term deposits	(63)	(6,887)
Increase in cash in the year	290	1,063
Analysis of cash as shown in the balance sheet		
	£000	£000
Balance at 1 April	7,539	6,476
Net cash inflow	290	1,063
Balance at 31 March	7,829	7,539

Analysis of liquid resources

	As at 1 April 2012 £000	Cash flow £000	As at 1 April 2013 £000	Cash flow £000	As at 31 March 2014 £000
Cash at bank and in hand	6,476	1,063	7,539	290	7,829
Short-term deposits	8,069	6,887	14,956	63	15,019
	14,545	7,950	22,495	353	22,848

Cash and short-term deposits were held in the following locations:

	2014 £000	2013 £000
UK	6,023	4,688
Overseas	1,806	2,851
Balance at 31 March	7,829	7,539

Notes to the Financial Statements

For the year ended 31 March 2014

1. Accounting policies

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

a) Basis of preparation

The Financial Statements have been prepared in accordance with applicable United Kingdom accounting standards, with the applicable requirements of the Statement of Recommended Practice ‘Accounting and Reporting by Charities’ (SORP), issued in March 2005, the Charities Act 2011, the Charities Accounts (Scotland) regulations 2006 and Charities and Trustee Investment (Scotland) Act 2005, and under the historical cost accounting rules, except for investments which have been included at market valuation or the value considered appropriate by the Board of Trustees.

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

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

b) Basis of consolidation

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

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

c) Related party transactions

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

d) Foreign exchange

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

e) Incoming resources

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

Grants receivable

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

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

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

1. Accounting policies (continued)

Voluntary income

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

Restricted income

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

Gifts in kind

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

Legacies

Legacy income is recognised when WaterAid’s entitlement is adjudged to be certain and where the amount can be reliably measured.

In Memoria

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

Fundraising events

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

f) Resources expended

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

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

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

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

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

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

g) Fund accounting

Unrestricted funds are the funds that are available for use at the discretion of the Trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

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

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

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 £500. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use.

i) Investments

The investment 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 taken to the SOFA.

j) Pension cost

The charity operates two defined contribution pension schemes. The assets of both schemes are held separately from those of the charity in independently administered funds. The pension cost represents contributions payable under the schemes by the charity to the funds. In 2012/13 the Board of Trustees decided to withdraw from the scheme administered by the Pensions Trust and crystallise the liability due on the plan. See notes 17 and 27 for further details.

k) Operating leases

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

l) Provisions

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

2. Voluntary income

			2014	2013
	Unrestricted	Restricted	Total	Total
	£000	£000	£000	£000
Donations				
Regular giving, donations and appeals	30,550	4,631	35,181	32,807
Legacies and In Memoria donations	5,462	146	5,608	2,751
Fundraising events	2,689	1,072	3,761	3,447
	<u>38,701</u>	<u>5,849</u>	<u>44,550</u>	<u>39,005</u>
Grants				
UK aid from the Department for International Development – Programme Partnership Arrangement	4,202	-	4,202	4,202
The Waterloo Foundation	300	-	300	150
Other grants	893	-	893	335
	<u>5,395</u>	<u>-</u>	<u>5,395</u>	<u>4,687</u>
Gifts in kind				
Customer appeal	83	-	83	161
Audit fee	25	-	25	38
Rent	13	-	13	23
Events (prizes, venues)	12	-	12	10
Software licences	45	-	45	-
Professional services (UK)	-	10	10	2
Other	9	-	9	-
	<u>187</u>	<u>10</u>	<u>197</u>	<u>234</u>
Total	<u>44,283</u>	<u>5,859</u>	<u>50,142</u>	<u>43,926</u>

3. Activities for generating funds

			2014	2013
	Unrestricted	Restricted	Total	Total
	£000	£000	£000	£000
Lottery				
Trading company	712	12	724	694
	<u>412</u>	<u>60</u>	<u>472</u>	<u>337</u>
Total	<u>1,124</u>	<u>72</u>	<u>1,196</u>	<u>1,031</u>

4. Incoming resources from charitable activities

Grant funding for specific activities			2014	2013
	Unrestricted	Restricted	Total	Total
	£000	£000	£000	£000
Supporting partners to deliver water, sanitation and hygiene				
Adam Smith International	-	59	59	104
Big Lottery Fund	-	437	437	207
Comic Relief	-	473	473	474
Dubai Cares	-	137	137	207
Dutch Wash Alliance	-	90	90	100
Ensemble Foundation	-	-	-	51
European Commission	-	1,207	1,207	789
European Investment Bank	-	100	100	198
Guernsey Overseas Aid Commission	-	40	40	160
HSBC Holdings plc	-	3,762	3,762	3,227
Irish Aid	-	124	124	-
Jersey Overseas Aid Commission	-	219	219	195
London School of Hygiene and Tropical Medicine (SHARE)	-	259	259	181
Medicor Foundation	-	171	171	87
Other WaterAid member countries	33	9,240	9,273	8,183
Save the Children – Finland	-	24	24	79
Swedish International Development Cooperation Agency	-	814	814	596
Swiss Agency for Development and Cooperation	-	627	627	723
Terre Nouvelle	-	64	64	110
UK aid from the Department for International Development				
Capacity Building Ethiopia	-	63	63	287
India IPAP	-	441	441	312
India MPWASH	-	38	38	-
Malawi Partnership Grant Arrangement	-	301	301	-
Match Funding Big Dig	-	450	450	108
Other	-	71	71	100
Strategic Grant Arrangement Tanzania	-	590	590	593
Total for UK aid from the Department for International Development	<u>-</u>	<u>1,954</u>	<u>1,954</u>	<u>1,400</u>
Unicef	-	314	314	683
Unilever	-	309	309	308
Water and Sanitation for the Urban Poor	-	226	226	59
Other grants	-	1,044	1,044	737
	<u>33</u>	<u>21,694</u>	<u>21,727</u>	<u>18,858</u>
Influencing policy in water, sanitation and hygiene				
UK aid from the Department for International Development – Governance and Transparency Fund	-	556	556	1,483
UK aid from the Department for International Development – Strategic Grant Agreement	-	-	-	267
	<u>-</u>	<u>556</u>	<u>556</u>	<u>1,750</u>
Total	<u>33</u>	<u>22,250</u>	<u>22,283</u>	<u>20,608</u>

Additional information on the Big Lottery Fund and other WaterAid member countries can be found in note 19 and 26 respectively.

5. Resources expended

	Note	Staff costs £000	Other direct costs £000	Depreciation £000	Allocation of support costs £000	2014 costs £000	2013 costs £000
<i>Cost of generating funds</i>							
Costs of generating voluntary income		4,025	10,818	105	849	15,797	13,714
Fundraising trading		33	36	-	-	69	119
		4,058	10,854	105	849	15,866	13,833
<i>Charitable activities</i>							
Supporting partners to deliver water, sanitation and hygiene	7	9,227	31,119	1,088	4,282	45,716	37,803
Influencing policy in water, sanitation and hygiene		2,585	4,882	42	345	7,854	7,456
Supporting WaterAid globally		153	1,855	-	-	2,008	1,677
		11,965	37,856	1,130	4,627	55,578	46,936
Governance		316	117	5	41	479	563
Support costs and (gains)/losses		2,044	3,473	-	(5,517)	-	-
		18,383	52,300	1,240	-	71,923	61,332

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

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

	2014 Total £000	2013 Total £000
Finance, human resources, IT and systems	3,761	2,921
Chief Executive Office and internal audit	128	198
Premises and facilities	1,062	1,122
Support costs	4,951	4,241
Realised and unrealised exchange losses/(gains)	671	(372)
(Gains)/losses crystallised on Growth Plan pension scheme	(105)	502
Total of support costs and (gains)/losses	5,517	4,371

6. Staff costs and numbers

Staff costs for the charity and group were as follows:

	2014 £000	2013 £000
Wages and salaries	16,357	14,871
Social security costs	894	822
Pension costs	1,132	1,570
	18,383	17,263

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

	2014 No.	2013 No.
Fundraising staff (cost of generating funds)	98	103
International Programmes staff (supporting partners to deliver water, sanitation and hygiene)	493	492
Policy and Campaigns staff (working to influence policy in water, sanitation and hygiene)	40	31
Support staff	48	41
Governance	5	4
	684	671

The increase in staff costs is 4.7% per full time equivalent employee. This is comprised of 2% increase in the UK and an average of 7.8% in the countries we work in.

The total number of WaterAid employees at 31 March 2014 was 719 (2013:665)

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

	2014 No.	2013 No.
£60,000 - £69,999	9	8
£70,000- £79,999	-	2
£80,000 - £89,999	5	2
£90,000 - £99,999	-	-
£100,000 - £109,999	-	-
£110,000 - £119,999	-	-
£120,000 - £129,999	1	1

Contributions of £123,563 (2013: £114,416) have been paid into pension schemes on behalf of the above employees.

The emoluments paid to the Chief Executive were £124,488 (2013: £121,438). Emoluments include salary and taxable benefits in kind. The remuneration package for the Chief Executive (including pension contributions) was £141,201 (2013: £138,621). The Chief Executive’s time was approximately spent 75% on WaterAid and 25% on WaterAid international. Section 5 of the Trustees’ Annual Report provides information on how remuneration is set.

WaterAid makes contributions for its employees to a defined contribution scheme operated by The Pensions Trust and Scottish Equitable. The contributions made in the financial year are detailed above. WaterAid has left the Pensions Trust Scheme and the share of pension scheme assets and liabilities has been confirmed. There is a provision for the balance outstanding of £430,577 but there were nil contributions payable as at 31 March 2014 (2013: £1,052). The amount of pension contributions due to the Scottish Equitable scheme at the year end 31 March 2014 was £100,660 (2013: £83,152).

7. Charitable activities expenditure by location

	Unrestricted £000	Restricted £000	2014 Total £000	2013 Total £000
West Africa				
Ghana	720	1,018	1,738	1,441
Nigeria	1,577	1,595	3,172	2,222
Mali	1,068	784	1,852	1,534
Burkina Faso	1,212	680	1,892	1,956
Liberia	448	100	548	392
Niger	381	115	496	297
Sierra Leone	42	461	503	448
Regional management and support costs	806	-	806	725
	6,254	4,753	11,007	9,015
East Africa				
Ethiopia	694	3,364	4,058	3,301
Uganda	942	694	1,636	1,473
Tanzania	1,676	1,711	3,387	2,559
Kenya	58	25	83	50
Rwanda	385	-	385	302
Regional management and support costs	432	-	432	416
	4,187	5,794	9,981	8,101
Southern Africa				
Angola	(42)	47	5	-
Zambia	988	721	1,709	1,522
Malawi	575	1,900	2,475	1,632
Madagascar	1,006	1,439	2,445	1,605
Mozambique	1,491	851	2,342	2,388
Lesotho	13	-	13	-
Swaziland	115	-	115	80
Regional management and support costs	608	-	608	629
	4,754	4,958	9,712	7,856
Asia				
India	581	2,108	2,689	2,564
Bangladesh	372	4,678	5,050	4,118
Pakistan	1,007	510	1,517	1,035
Nepal	574	1,623	2,197	2,641
Regional management and support costs	362	-	362	369
	2,896	8,919	11,815	10,727
Freshwater Action Network (FAN)	-	-	-	429
Supporting WaterAid globally	1,587	422	2,009	1,677
Other UK direct international programme support costs (including technical and programme effectiveness)	3,247	1,431	4,678	3,647
UK-based policy, campaigns and education costs	1,811	-	1,811	1,838
Allocated UK support costs to charitable activities	3,894	-	3,894	4,018
Exchange (gains)/losses	671	-	671	(372)
Total	29,301	26,277	55,578	46,936

The total cost of supporting partners to deliver water, sanitation and hygiene was £45.7m (2013: £37.8m), the cost of influencing policy in water, sanitation and hygiene was £7.9m (2013:£7.5m) and the cost of supporting the development of WaterAid globally was £2m (2013: £1.7m) – see note 5 for further details.

Freshwater Action Network (FAN) became a separate legal entity in August 2012 working through partners across Africa, Asia, Central America and Latin America.

8. Payments to partner organisations

WaterAid has made grants to 306 partners with a total value of £21.7m for the year ended 31 March 2014. For the year ended 31 March 2013, payments were made to 286 partners with a total value of £17.7m.

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

	2014 No.	2013 No.
£0 - £49,000	169	182
£50,000 - £99,999	74	55
£100,000 - £149,999	28	23
£150,000 - £199,000	12	10
£200,000 - £249,999	9	8
£250,000 and over	14	8
	306	286

The top 20 financial grant recipients in 2013/14 are listed below. These grants are included in the charitable expenditure outlined in notes 5 and 7.

Name of partner	£000	Country
1 Nepal Water For Health	1,184	Nepal
2 Ethiopian Evangelical Church	939	Ethiopia
3 Maji Na Maendeleo Dodoma	511	Tanzania
4 Sustainable Environmental Management Action	488	Tanzania
5 Dushtha Shasthya Kendra	420	Bangladesh
6 Participatory Development Initiative	378	Malawi
7 Muslim Aid	373	Pakistan
8 Ethiopian Orthodox Church	351	Ethiopia
9 Catholic Church of Gamogofa and South Omo	301	Ethiopia
10 National Rural Support Programmes	280	Pakistan
11 Rupantar	279	Bangladesh
12 Nabolok Bangladesh	270	Bangladesh
13 Emanuel Development Association	252	Ethiopia
14 Population Services And Training Center	252	Bangladesh
15 Water Action Burie	250	Ethiopia
16 Ethiopia Wetlands and Natural Resources	245	Ethiopia
17 Lumanti Support Group For Shelter	239	Nepal
18 Association Manorintsoa	227	Madagascar
19 Varena Asso	223	Burkina Faso
20 Dhaka Ahsania Mission - DAM	220	Bangladesh
Total of top 20 recipients’ grants	7,682	

9. Fixed assets

The group and charity

	Intangible assets		Tangible assets	
	Software	Motor vehicles	Equipment and furniture	Totals
	£000	£000	£000	£000
At 1 April 2013	1,118	2,273	3,540	6,931
Additions in year	541	526	346	1,413
Disposals in year	-	(180)	(195)	(375)
At 31 March 2014	1,659	2,619	3,691	7,969
Accumulated depreciation/amortisation				
At 1 April 2013	499	1,942	2,678	5,119
Charge for the year	370	407	463	1,240
Disposals in year	-	(180)	(191)	(371)
At 31 March 2014	869	2,169	2,950	5,988
Net book value				
At 31 March 2014	790	450	741	1,981
At 1 April 2013	619	331	862	1,812

10. Debtors

Amounts due within one year:

	The group		The charity	
	2014	2013	2014	2013
	£000	£000	£000	£000
Amount owed by WaterAid Trading Ltd and WaterAid international	-	-	295	315
Grant debtors	1,608	2,088	1,608	2,088
Other debtors	596	586	473	424
Gift Aid tax recoverable	935	794	935	794
Prepayments	601	641	601	641
Accrued income	312	581	312	581
	4,052	4,690	4,224	4,843

11. Investments

	The group		The charity	
	2014	2013	2014	2013
	£000	£000	£000	£000
Funds held on short-term deposits	15,019	14,956	15,019	14,956
	15,019	14,956	15,019	14,956

Additionally, WaterAid holds shares which are considered illequid and have a historical cost of £172.

12. Fixed asset investments

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

13. WaterAid Trading Ltd

a) Profit and loss account

	2014 £000	2013 £000
Turnover	473	338
Cost of sales	(46)	(80)
Gross profit	427	258
Administrative expenses	(46)	(52)
Operating profit	381	206
Interest payable	(2)	(2)
Profit on ordinary activities	379	204
Deed of covenant to WaterAid	(379)	(204)
Retained earnings	-	-

b) Balance sheet

Current assets

Debtors	123	161
Cash at bank and in hand	169	217
	292	378

Creditors

Amounts due within one year	(292)	(378)
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Net assets

Represented by:

Share capital	-	-
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WaterAid Trading Ltd has a share capital of two £1 ordinary shares.

14. WaterAid international Ltd

a) Income and expenditure account	2014 £000	2013 £000
Incoming resources		
Grants	216	314
Gifts in kind	170	127
Total incoming resources	386	441
Resources expended		
Charitable activities	(485)	(425)
Governance costs	(71)	(38)
Total resources expended	(556)	(463)
Net deficit for the year	(170)	(22)
b) Balance sheet	2014 £000	2013 £000
Current assets		
Debtors	15	2
Cash at bank and in hand	76	209
	91	211
Creditors	(87)	(37)
Net assets	4	174
The funds of the charity		
Unrestricted funds	8	24
Restricted funds	(4)	150
Total charity funds	4	174

15. Cash at bank and in hand

	The group		The charity	
	2014 £000	2013 £000	2014 £000	2013 £000
Cash and bank balances in UK	6,023	4,688	5,777	4,262
Cash and bank balances overseas	1,806	2,851	1,806	2,851
	7,829	7,539	7,583	7,113

16. Creditors: amounts falling due within one year

	The group		The charity	
	2014 £000	2013 £000	2014 £000	2013 £000
Trade creditors	1,931	2,925	1,931	2,925
Taxation and social security	433	374	409	343
Other creditor	29	268	29	268
Accruals	1,406	1,552	1,371	1,541
Deferred income	459	978	426	921
	4,258	6,097	4,166	5,998

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

The movements in deferred income are analysed as follows:

Group	2014 £000	2013 £000
Deferred income at 1 April	978	610
Amounts released from previous years	(978)	(610)
Incoming resources deferred in the year	459	978
	459	978

17. Provisions for liabilities and charges

	The group		The charity	
	2014 £000	2013 £000	2014 £000	2013 £000
Provisions at 1 April	1,248	495	1,248	495
Amount released to statement of financial activities	(2,024)	(170)	(2,024)	(170)
Amount charged to statement of financial activities	1,975	923	1,975	923
Provisions at 31 March	1,199	1,248	1,199	1,248

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.

A provision for the liability payable for withdrawal from the Pensions Trust scheme has been included for WaterAid above. Details of this pension scheme can be found in more detail at Note 27.

18. Contingent liability

During 2008-09, Tanzania Revenue Authority carried out a tax audit on WaterAid Tanzania Financial Statements for 2004-05 to 2007-08. WaterAid Tanzania has been served notices for payment of back taxes. WaterAid Tanzania has had legal advice that they should be exempt from these payments and has requested that the amount claimed of £200,000 be waived. It is considered likely the waiver will be obtained and therefore no provision for payment is made in these Financial Statements; however, no decision has yet been made by the Commissioner for Domestic Revenue and the contingent liability remains.

Local tax inspections have also been undertaken in other country offices in the financial year ended 31 March 2014. Contingent liabilities are recognised for Nigeria and Madagascar where initial findings show there has been possible underpayment of PAYE tax for national and international staff in country. Initial estimates for these two countries are around £27,000 but discussions and calculations are ongoing.

There are ongoing employment cases in Zambia and Mozambique which could result in costs of £19,000 if successful by the claimants.

At as 31 March 2014, a European Commission audit is being undertaken in Nigeria for the Non State Actors project. Initial calculations predict there could be a repayment of around £110,000 although the final value and timing are currently unknown until the report is finalised.

19. Movements in funds

	At 1 April 2013	Incoming resources £000	Outgoing resources £000	Transfers £000	At 31 March 2014 £000
Unrestricted funds:					
<i>Designated funds:</i>					
Fixed assets	1,812	1,038	(869)	-	1,981
Total designated funds	1,812	1,038	(869)	-	1,981
General funds	13,988	44,476	(44,777)	(174)	13,513
Total unrestricted funds	15,800	45,514	(45,646)	(174)	15,494
Restricted funds:					
Angola	47	-	(47)	-	-
Bangladesh	1,388	4,735	(4,678)	7	1,452
Burkina Faso	(38)	629	(680)	-	(89)
Ethiopia	557	3,449	(3,364)	6	648
Ghana	294	1,353	(1,018)	-	629
India	711	2,780	(2,108)	-	1,383
Kenya	28	(3)	(25)	-	-
Liberia	-	100	(100)	-	-
Madagascar	48	1,892	(1,439)	6	507
Malawi	1,063	1,251	(1,900)	-	414
Mali	52	911	(784)	-	179
Mozambique	(355)	1,096	(851)	-	(110)
Nepal	472	1,577	(1,623)	-	426
Niger	6	109	(115)	-	-
Nigeria	511	1,295	(1,595)	6	217
Pakistan	229	881	(510)	-	600
Rwanda	-	-	-	-	-
Sierra Leone	61	369	(461)	-	(31)
South Africa	-	94	(10)	-	84
Tanzania	(25)	2,042	(1,711)	-	306
Uganda	116	1,031	(694)	-	453
West Africa	1	233	(135)	-	99
Zambia	72	844	(721)	-	195
UK	440	1,445	(1,321)	-	564
WaterAid international	174	43	(387)	174	4
SH2OP for Life	-	25	-	(25)	-
Total restricted funds	5,852	28,181	(26,277)	-	7,930
Total funds	21,652	73,695	(71,923)	-	23,424

Included in the restricted funds are programme funds in deficit at year end on specific contracts which total £200,000 (2013: £400,000). This is due to the timing differences between the income due under individual donor contracts still to be claimed and the actual project expenditure already incurred.

Within the restricted funds, Big Lottery Fund income has been recognised for Bangladesh £194,182 (2013: £179,000) and new projects which have commenced in Mali £141,152 and Zambia £101,299 during the year. For the year ended 31 March 2013, Big Lottery Fund income was also recognised for Ethiopia (2013: £27,818).

The \$25m HSBC Water Programme has completed the second of the five year project working in Pakistan, Nepal, India, Bangladesh, Ghana and Nigeria. £3.8m was received in the year ended 31 March 2014 (2013: £3.2m).

Included in the restricted funds there has been income and expenditure relating to the UK aid from the Department for International Development’s Governance and Transparency Fund. The total income received was £600,000 (2013: £1.5m) and the total expenditure in the UK and country programmes was £500,000 (2013: £1.4m). The project was completed in the financial year ended 31 March 2014.

19. Movements in funds (continued)

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

Designated funds

The Fixed Asset Fund of £2.0m (2013: £1.8m) represents the net book value of WaterAid’s intangible and tangible fixed assets.

General funds

The Board of Trustees has set a target operational reserve within the general funds to enable WaterAid to meet the potential costs related to any corporate risks materialising. The rationale for these reserves is discussed in the Trustees’ Report and the operational reserve required for 2014/15 is £12m - £15m against an actual balance, at 31 March 2014, of £13.7m.

Restricted funds

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

Negative balances carried forward

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

20. Analysis of group net assets between funds

	Fixed assets £000	Net current assets £000	Total funds £000
Restricted funds	-	7,930	7,930
Designated funds	1,981	-	1,981
General funds	-	13,513	13,513
Total funds at 31 March 2014	1,981	21,443	23,424

21. Taxation and charitable status

The charity is exempt from corporation tax as all its income is charitable and is applied for charitable purposes. The charity’s trading subsidiary WaterAid Trading Ltd pays available profits to the charity under deed of covenant. Its charge to corporation tax in the year was nil (2013: nil).

22. Company limited by guarantee

The liability of the 48 members of the charity is limited by guarantee to £1 each (2013: 49).

23. Operating lease commitments

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

	Land and buildings	
	2014	2013
	£000	£000
1 - 2 Years	375	-
2 - 5 Years	-	375
	<u>375</u>	<u>375</u>

24. Net movement in funds (net (outgoing)/incoming resources)

This is charged after:

	2014	2013
	£000	£000
Depreciation	1,240	1,055
Trustees’ indemnity insurance	7	7
Trustees’ reimbursed expenses	11	1
Auditors’ remuneration:		
• Audit – company	30	29
• Audit – subsidiary company	6	6
• Audit – WaterAid international	4	4
• Audit – gift in kind	25	38
Exchange loss/(gain)	1,563	(30)
UK operating lease rentals – building	<u>375</u>	<u>375</u>

Trustees of WaterAid do not receive remuneration for their services but are reimbursed for travel and accommodation expenses. Eight Trustees were reimbursed for expenses incurred during the year (2013: one).

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

25. Holding company

There is no ultimate holding company of WaterAid.

26. Related party transactions

WaterAid, WaterAid America, WaterAid Australia, WaterAid Canada and WaterAid Sweden are member countries of WaterAid international operating under licence from WaterAid international to use the name WaterAid. WaterAid Japan is not a member country but also operates under licence from WaterAid international to use the name WaterAid. It is expected that WaterAid Japan will become a member country in the future. All these organisations share the same objectives and vision. WaterAid receives funding for its charitable objectives from WaterAid America, WaterAid Australia, WaterAid Japan and WaterAid Sweden and will receive funding from next year from WaterAid Canada. WaterAid gives grants to support WaterAid America, WaterAid Australia and WaterAid Canada in their programmatic and organisational development. WaterAid international gives grants to support WaterAid Japan and WaterAid Sweden.

The Chairs of all WaterAid member countries sit on the board of WaterAid international together with Sandeep Katwala, a Trustee of WaterAid, and Jeremy Pelczer (previously Chair of WaterAid) who has sat on the board as an independent Trustee since October 2013.

Transactions between WaterAid and other member countries of WaterAid international and WaterAid Japan (which is not yet a member country) were as follows:

	2014	2013
	£000	£000
Received from:		
WaterAid America	2,809	2,698
WaterAid Australia	1,858	3,237
WaterAid Canada	-	-
WaterAid Japan	5	-
WaterAid Sweden	<u>4,352</u>	<u>1,371</u>
	<u>9,024</u>	<u>7,306</u>
Paid to:		
WaterAid America	692	547
WaterAid Australia	481	711
WaterAid Canada (of which £12,653 was paid by WaterAid international)	299	-
WaterAid Japan (paid by WaterAid international)	72	-
WaterAid Sweden (paid by WaterAid international)	<u>250</u>	<u>250</u>
	<u>1,794</u>	<u>1,508</u>

Income received by WaterAid international from member countries of WaterAid international was as follows:

	2014	2013
	£000	£000
Received from:		
WaterAid	332	387
WaterAid America	12	10
WaterAid Australia	27	30
WaterAid Sweden	<u>5</u>	<u>4</u>
	<u>376</u>	<u>431</u>

Paula Laird, the Director of Finance and IT is a Trustee of Mango. Transactions between WaterAid and Mango in 2013-14 were £1,060 (2013: £9,940). Girish Menon, the Director of International Programmes, is a Director of Water and Sanitation for the Urban Poor (WSUP) and People in Aid. During 2013-14, WaterAid paid £23,479 to WSUP (2013: £10,000) and WaterAid received £60,626 in funding from WSUP (2013: £59,091). WaterAid also paid People in Aid £900 during 2013-14 (2013: £5,800). Tom Palakudiyil, Head of South Asia Region, is Chair of Jal Seva Charitable Foundation. During 2013/14 WaterAid paid £nil (2013: £21,000) to Jal Seva.

Full declarations of interest are obtained from Trustees and Directors for their own activities outside of WaterAid governance, and also those of their spouses and offspring. Upon completion of the exercise in March 2014, there are no additional disclosures to be made.

27. Pension costs

As at 31 March 2014, WaterAid operated one defined contribution scheme in the UK, provided by Scottish Equitable. There are also five country programmes and two regional offices with defined contribution pension schemes. Other country programmes offer a gratuity scheme in line with local legislation and employee benefits.

WaterAid paid contributions at rates of 5-10% of employee salary during the accounting period. Member countries paid contributions at rates of 0-5% of employee salary during the accounting period. The pension cost included in the Statement of Finance Activities for UK employees was £742,849 (2013: £636,259).

Pension obligation – Growth plan

The Pensions Trust defined benefit scheme was previously closed to new entrants and was formally closed to all member countries in the financial year ended 31 March 2014. WaterAid (the charity) formally communicated its exit from the Pension Trust within the financial year and there is a liability payable of £430,577 which has been included in creditors (and was paid subsequent to year end). There are no other outstanding assets or liabilities relating to the scheme. The actual cost for the Pensions Trust plan in the year charged to the Statement of Financial Activities was £9,067 (2013: £13,750). At the year end, there were no outstanding contributions to the scheme as all member countries had formally exited the scheme (2013: £1,052).

Thank you

We are extremely grateful to the ongoing generosity of our 442,000 individual supporters – thank you. Here we list some of the groups, organisations and people whose vital support helped us reach millions of people last year.

@oneAlliance	British Water	GBM	Kentz Engineers and Constructors
Adam Smith International	Cambridge Water	General Panel Systems	Kier
Affinity Water Ltd	CH2M HILL	Georg and Emily von Opel Foundation	Lions Clubs International British Isles and Ireland
Allegra Foundation	Chris Rokos	George Rosenfeld, family and friends	Martin Currie Investment Management Ltd
Alliance Disposables	City of London School	Glastonbury Festivals Ltd	Matki Plc
Andy Hinton	CIWEM	Gowland and Dawson Ltd	MDNX Ltd
Anglian Water Services Ltd	Clancy Docwra	Grontmij	Medicor Foundation
Anglo American Group Foundation	Comic Relief	Guernsey Overseas Aid Commission	MGF
<i>aquilaheywood</i>	Dampneys	H&M Conscious Foundation	Miele Company Ltd
Association of Inner Wheel Clubs in Great Britain and Ireland	Decanter	Hennes & Mauritz AB	Mildren Construction Ltd
ATASS Foundation	Diageo Plc	HSBC Holdings Plc	Mitsubishi Corporation Fund for Europe and Africa
AVEDA Ltd	Dubai Cares	ICAP Plc	Mott MacDonald
Balfour Beatty Utility Solutions	Dutch WASH Alliance	Indiska	MWH Global
Barhale Construction Plc	Dŵr Cymru Welsh Water	Institute of Water	Natural Environment Research Council
Belu Water Ltd	Ecover UK	Irish Aid	Natural Resources Wales
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Bristol Water Plc	European Investment Bank	Kelda Group Ltd	
	Fritidsresor		
	FUJIFILM Europe GmbH		
	Galliford Try Plc		
	Imtech UK Ltd		

Nomenca Ltd	SEPA	The Australian Department of Foreign Affairs and Trade	UNICEF
Northern Ireland Water	Severn Trent Water	The Christina Goodall Charitable Trust	Unilever Plc
Northumbrian Water Ltd	Simavi	The Foster Wood Foundation	United Utilities
Office of the Archbishop of York	Skanska	The Grimmitt Trust	USAID
Ofwat	Soroptimist International Great Britain and Ireland	The Horne Foundation	Vitol Foundation
Penny Sanders	South East Water	The John and Sally Reeve Charitable Trust	Water and Sanitation for the Urban Poor
Players of People's Postcode Lottery	South Staffordshire Water	The Lotus Foundation	Water Supply and Sanitation Collaborative Council
Portsmouth Water	South West Water	The Northwick Trust	WaterAid's local group network volunteers
Prince Albert II of Monaco Foundation	Southern Water	The Ranworth Trust 1985	WaterAid's speaker network volunteers
Radiohjälpen (The Swedish Radio Appeal Board)	Stanley Thomas Johnson Foundation	The Shanley Charitable Trust	WaterAid's student societies
Rotary International in Great Britain and Ireland	Sutton and East Surrey Water	The Stone Family Foundation	WaterUK
Rotork Plc	Swedish International Development Cooperation Agency	The Swedish Postcode Lottery	Wessex Water
Salsa4Water – Glasgow University	Swiss Agency for Development and Cooperation	The Waterloo Foundation	Whitbread Hotels and Restaurants
Save the Children Finland	Tamesis	Trant Engineering Ltd	Wild & Wolf Ltd
Scottish Water	Terre Nouvelle	UK aid from the Department for International Development	Woodmansterne Publications Ltd
Selwoods	Thames Water Utilities Ltd		World Health Organization
Sembcorp	The Alchemy Foundation		Yorkshire Water
Bournemouth Water			





Tika Gharti, a waterpoint caretaker, repairs a tap in Lamidamar, Nepal.

Last year we reached

 **1.9m**

million people
with safe water

 **2.9m**

million people
with sanitation

Our vision

A world where everyone has access to safe water and sanitation.

Our mission

To transform lives by improving access to safe water, hygiene and sanitation in the world's poorest communities. We work with partners and influence decision-makers to maximise our impact.

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WaterAid transforms lives by improving access to safe water, hygiene and sanitation in the world's poorest communities.

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