



# Annual Report and Financial Statements 2014-15



# We are WaterAid

## Our vision

**is a world where everyone everywhere  
has safe water, sanitation and hygiene.**

## Our mission

**is to transform the lives of the poorest and most  
marginalised people by improving access to safe  
water, sanitation and hygiene.**

## Our values

**define our culture and unite us across the many  
countries in which we work. They are at the very heart  
of WaterAid – who we are, what we do and how we do it.**

### Respect

We treat everyone with dignity and respect and champion the rights and contribution of all to achieve a fairer world.

### Collaboration

We work with others to maximise our impact, respecting diversity and difference in the pursuit of common goals.

### Accountability

We are accountable to those whose lives we hope to see transformed, to those we work with and to those who support us.

### Innovation

We are creative and agile, always learning, and prepared to take risks to accelerate change.

### Courage

We are bold and inspiring in our actions and words, and uncompromising in our determination to pursue our mission.

### Integrity

We act with honesty and conviction and our actions are consistent with openness, equality and human rights.

Company number: 1787329

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

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

The work of the WaterAid international secretariat is consolidated, for accounting purposes, by virtue of the ability of WaterAid to control WaterAid international. This is explained in the Structure, governance and management section on page 27.

Cover photo: Solo now has a safe water supply in her village thanks to funds raised as part of the *To Be A Girl* appeal. Vakinankaratra region, Madagascar. WaterAid/Ernest Randriamalala

Photo opposite: Alemnesh, 15, collects clean water from the new waterpoint close to her house in Amhara, Ethiopia. WaterAid/Behailu Shiferaw



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**[www.wateraid.org/  
annualreportUK](http://www.wateraid.org/annualreportUK)**

# Welcome

2014-15 marked a significant turning point in the journey to eradicate extreme poverty. After many years of global campaigning, universal access to safe water, sanitation and hygiene was firmly acknowledged as being fundamental for overcoming poverty and in need of urgent prioritisation.

Last year also marked the completion of our Global Strategy 2009-2015, and we were able to celebrate our achievements. During this time, you helped us reach 9.6 million people with safe water and 13.1 million people with improved sanitation. By working with our partners to deliver services and influence decision makers we transformed millions of lives in some of the world's poorest communities.

In 2014-15, we reached 2 million people with water, 3.1 million with sanitation, and an estimated 8.2 million with hygiene promotion. We were also able to help partners and communities speak out about the need for sustainable and affordable local provision of basic services.

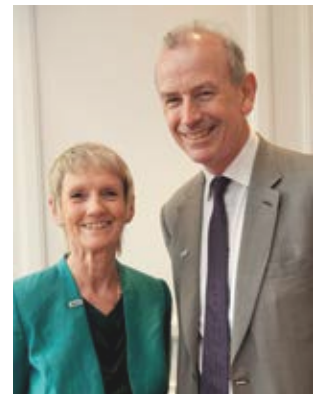
Of course, numbers alone can never tell the individual stories of lives transformed. We have witnessed first-hand the smiles on children's faces on the day that water points and toilets are installed. Girls have told us how they can now stay at school as there are decent latrines and a place to wash, and mothers said how delighted they are that they can now earn a living freed from the burden of carrying water long distances and seeing their loved-ones suffering, and dying, from diarrhoeal diseases.

These tales inspire us to do more and, with change in the air, we know that 2015 is the time to be even more ambitious about what we can achieve together. This year, the UN Member States commit to the Sustainable Development Goals to eradicate extreme poverty by 2030. Universal access to safe water, sanitation and hygiene is critical to this agenda and hence we titled our new Global Strategy *Everyone everywhere 2030*.

Moving forward, our overarching goal remains the same: to accelerate change to end extreme poverty and to transform lives through water, sanitation and hygiene. We will continue to adopt a leadership role; collaborating with partners across continents.

With the help of all our supporters, we will focus on the rights of the poorest and most marginalised people through four new aims on equality, sustainable services, integration, and hygiene.

Thank you so very much to everyone who has supported us. We hope you enjoy reading this report; none of this work would have been possible without you.



Credit: WaterAid/George Scott

**Barbara Frost**  
Chief Executive

**Tim Clark**  
Chair of Trustees



Latifa, six, draws water from the new pump in Zinder, Niger.  
WaterAid/Nyani Quarmyne/Panos









# People reached

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



Neelama, nine, and her classmates are learning the steps involved in handwashing. Tharparkar, Pakistan.

WaterAid/Mustafah Abdulaziz

	Water 	Sanitation 
<b>South Asia</b>		
Bangladesh	451,000	777,000
India	681,000	892,000
Nepal	44,000	108,000
Pakistan	175,000	274,000
<b>East Africa</b>		
Ethiopia	113,000	123,000
Rwanda	4,000	7,000
Tanzania	28,000	247,000
Uganda	23,000	39,000
<b>Southern Africa</b>		
Madagascar	102,000	78,000
Malawi	48,000	127,000
Mozambique	61,000	38,000
Swaziland	900	3,000
Zambia	61,000	62,000
<b>West Africa</b>		
Burkina Faso	19,000	98,000
Ghana	70,000	49,000
Liberia	13,000	11,000
Mali	35,000	53,000
Niger	13,000	7,000
Nigeria	38,000	128,000
Sierra Leone	32,000	15,000

### Totals in 2014-15

 **2m**  
people reached  
with safe water

 **3.1m**  
people reached  
with sanitation

 **8.2m\***  
people reached  
with hygiene promotion

### All-time totals


 **23m**  
people reached  
with safe water

 **21m**  
people reached  
with sanitation

 **12m\***  
people reached with  
hygiene promotion

\* Hygiene promotion numbers are estimates based on local marketing campaigns and our work in schools. To read more about our hygiene work go to [www.wateraid.org/hygiene](http://www.wateraid.org/hygiene)

# Aims and achievements



85-year-old Razanatsoa Lucie now has a tapstand connected to a gravity-flow system near her house in Vakinankaratra, Madagascar.

WaterAid/Ernest Randriarimalala

This was the final year of our Global Strategy 2009-2015. In that time, our reach and influence went from strength to strength.

Our service delivery and advocacy work targeted the poorest and most marginalised people. We developed our focus on a rights-based approach and on equity and inclusion, so that everyone benefits from safe water, sanitation and hygiene services. We also worked on better understanding the factors affecting sustainability, integrated our approach and worked to make change happen far beyond WaterAid's direct interventions.

Our profile as a sector leader based on our programme and policy work increased along with our brand recognition, enhancing our reputation and ability to influence governments, the private sector and multilaterals to prioritise water, sanitation and hygiene.

### **Headlines from our Global Strategy 2009-2015**

- Reached a total of 9.6 million people with safe water and 13.1 million people with sanitation through our local partners.
- Expanded from working in 22 to 37 countries and increased our staff numbers from 620 to 820.
- Grew our supporter community by 300,000 to more than 570,000 people.
- Raised £400 million to help improve poor people's access to water, sanitation and hygiene services.

» For a summary review of our Global Strategy 2009-2015 see our new poster, available at [www.wateraid.org/strategy](http://www.wateraid.org/strategy)

## Achievements from 2014-15

This section highlights our achievements against the aims and objectives we set ourselves for last year.

### ► 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 improve sustainability by conducting post-implementation studies in Bangladesh, Malawi and Mali and ten other countries.
- To promote menstrual hygiene management in 15 of our country programmes.

### Delivering water, sanitation and hygiene

Safe water, sanitation and hygiene have the power to transform people's lives. In the world's poorest communities, these services help unlock better health, education and opportunities to earn a living.

Through our local partners last year, we reached 2 million people with safe water and 3.1 million people with improved sanitation. We also estimate we reached 8.2 million people with hygiene promotion, mainly through local marketing campaigns and our work in schools, helping to maximise the benefits of clean water and toilets.

Our work in small towns did not reach as many people as planned. The process of engaging with the appropriate service providers has been more difficult than expected, and, as many of our local partners have not traditionally worked in small town settings, capacity constraints have also hindered progress.

#### Sustainable services

Improvements to water supply and sanitation services, and good hygiene behaviour, should deliver lasting benefits to people.

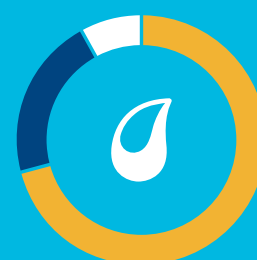
However, we know that sustainability requires more than selecting appropriate technologies and encouraging community ownership. Lasting services depend on the systems that support them, and on good hygiene based on a full understanding of its importance.

Governments, service providers and users themselves all have a role to play in delivering sustainable services. We seek to ensure that services get a strong start, to support those responsible to keep the services running and to ensure the communities and service users are fully engaged.

#### In 2014-15

# 2m

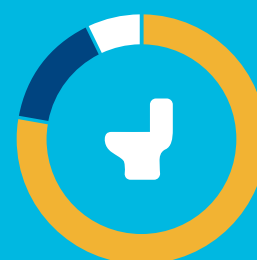
people reached with safe water



- 72% rural
- 23% urban
- 5% small towns

# 3.1m

people reached with sanitation



- 80% rural
- 14% urban
- 6% small towns



Balima Karim, a trained community water monitor, works with his neighbours to map the village's water sources and areas of heaviest usage in Basbedo, Burkina Faso.

WaterAid/Andrew McConnell

Often, the supporting environment is still weak. This is illustrated by some of the results from our periodic post-implementation surveys:

- In Bangladesh, 80% of the water points were functioning well, and of the non-functioning water points, 72% had a mechanical problem. 52% of the communities had eradicated open defecation.
- Madagascar, Malawi and Zambia all had water point functionality rates of 77-80%.
- Households practising open defecation varied greatly, with 41% of Malagasy homes now using latrines, compared to 92% in Malawi and just 15% in Zambia. Handwashing facilities were lacking in 67% of Malagasy households, 8% of Malawian and 38% of Zambian homes.
- Our Ghana team found that only 46% of the community facility-management teams were active.

To help address these situations, our new Global Strategy is designed to strengthen the systems and capacity – governmental, financial, technical – that are required to ensure sustainable services.

We will also enhance our work with partners to stimulate demand for improved sanitation and good hygiene behaviour through local marketing campaigns and our work in schools, and helping to implement national hygiene strategies.

## Challenging taboos for women and girls

On any given day, around 800 million girls and women will have their period<sup>1</sup>. For many, this will be a time of shame and embarrassment caused by the stigma and myths that still surround menstruation. A lack of safe water, sanitation or washing facilities makes matters even worse and can lead to serious health problems.

Menstrual hygiene management is a crucial component of public health and women's dignity. Last year, we organised training for schools, women's groups and government employees across 14 countries: Bangladesh, Ethiopia, Ghana, India, Malawi, Mali, Nepal, Niger, Nigeria, Pakistan, Rwanda, Swaziland, Tanzania and Uganda. Our experience shows that by educating girls, these messages are then taken back to their communities.

➤ **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 city-wide planning for services that reach poor communities as well as the better off; and conduct studies in Maputo, Lagos, Kinshasa and Lusaka.
- To promote better investment for water, sanitation and hygiene by effective influencing work at the African Conference on Sanitation and Hygiene resulting in a specific commitment to accelerate progress.
- To support the work of the Sanitation and Water for All partnership.

<sup>1</sup> *Needs and Trends in Menstrual Management: A Global Analysis*, Ashwini Sebastian and Vivian Hoffmann, University of Maryland and Sarah Adelman, Mount Holyoke College, 2013.

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## Working in urban areas and improving planning

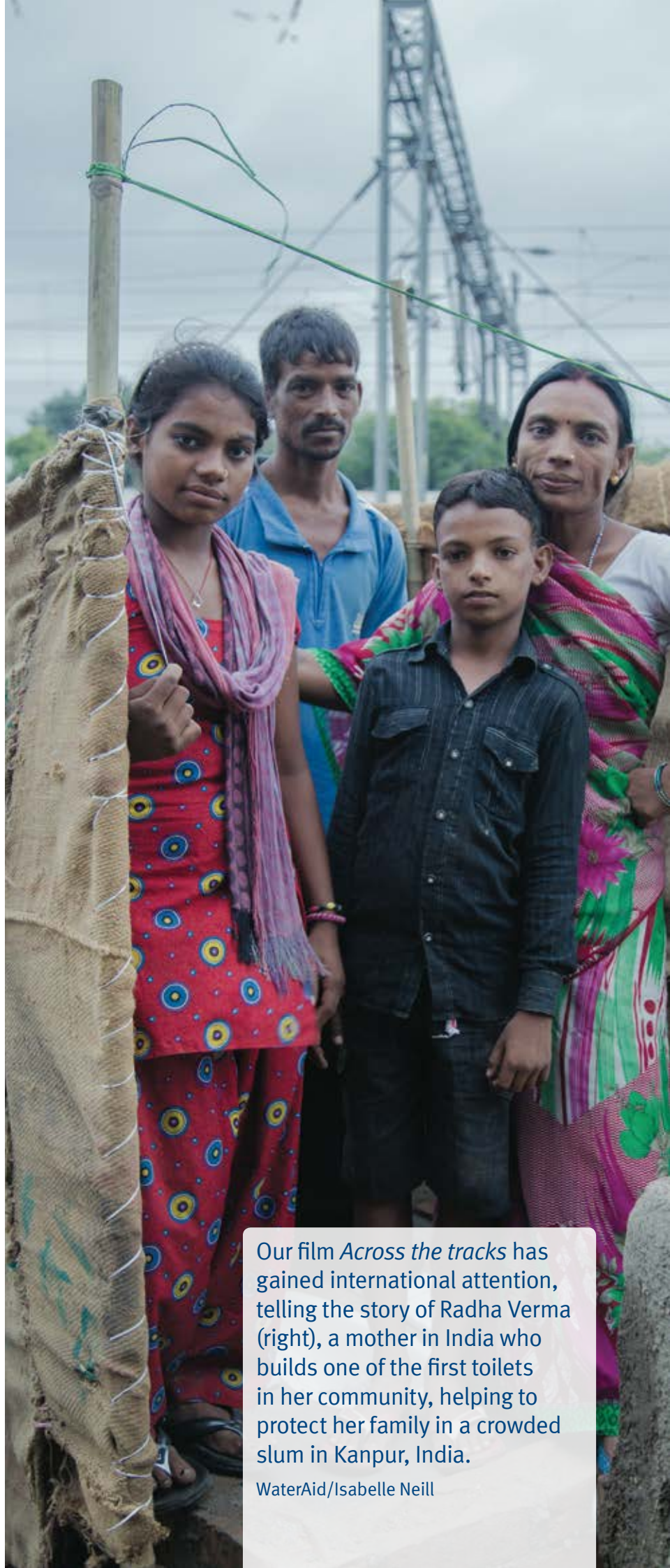
With urban populations set to rise further over the coming decades, the challenge of inadequate sanitation and providing services for the poorest communities will become even greater in crowded, often unplanned, neighbourhoods. Clean water, sanitation and hygiene are essential to help keep disease at bay and make public spaces safe for children.

In Africa, the four studies carried out in Maputo, Lagos, Kinshasa and Lusaka to improve city-wide planning were used to help inform urban water and sanitation policy. The Mozambique national water utility has used our study as they commission a new sanitation master plan for Maputo and our Lagos report was updated in preparation for negotiations with the new Nigeria Government.

With our partners in India, we are supporting the Government's *Clean India* campaign, which was launched during the year with the aim of ensuring every household has a toilet by 2019.

## Accelerating progress

We keep a close watch on progress across the water and sanitation sector to ensure promises are kept and efforts are being targeted where the need is greatest. To support this, we launched WASHwatch.org. This interactive website provides open access to information on policy and financial commitments to allow us and our partners to hold service providers to account.



Our film *Across the tracks* has gained international attention, telling the story of Radha Verma (right), a mother in India who builds one of the first toilets in her community, helping to protect her family in a crowded slum in Kanpur, India.

WaterAid/Isabelle Neill

During Africa Water Week in May 2014, a higher priority for sanitation was secured in the final declaration after some intense influencing activity. This helped strengthen the call for sanitation and water to be a goal in the proposed Sustainable Development Goals (SDGs).

Using WASHwatch.org as a tool, our Africa teams contributed to the national joint sector reviews on water and sanitation coverage, and the data informed the country-level reports presented to the AfricaSan conference held in May 2015 in Senegal. The African ministers present committed to water and sanitation for all by 2030 and an end to open defecation.

### Sanitation and Water for All partnership

The role of the Sanitation and Water for All partnership, which brings together governments and development partners, was more important than ever as we worked together to shape the SDGs. At the same time, we encouraged development partners and donors to deliver aid in ways that supported the strengthening of local systems and respected the internationally-agreed aid effectiveness principles: ownership, alignment, harmonisation, results and mutual accountability<sup>2</sup>.

In more than 20 countries, WaterAid and our partners were involved in discussions to implement over 270 commitments made in 2014 related to the strengthening of operational systems. Our new strategy prioritises systems strengthening – governance, technology, management, resources – as essential to achieving universal access to sustainable services.

### ➤ 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 SDG.
- To position water, sanitation and hygiene as a key determinant of child health, measured by their integration into national health policies and practices.

### Sustainable Development Goals

In September 2015, the UN Member States will sign the SDGs calling for the eradication of extreme poverty by 2030. In preparation for this, we focused and increased our advocacy efforts on securing a goal and targets on universal access to water, sanitation and hygiene.

Alongside civil society, governments and corporate partners, we sought to influence international decision makers. For instance, Unilever and WaterAid worked together with the private sector, NGOs and Members of the European Parliament on a 'European Toilet Declaration' asking the EU to back our call.

We have made inputs into the negotiating documents for the SDGs through meetings with governments and UN missions, spoken at the UN including at the General Assembly and at the UN Climate Change Summit, and made representations at the Financing for Development conference.

We are delighted that a goal to secure universal access to water, sanitation and hygiene by 2030 has been included

We are delighted that a goal to secure universal access to water, sanitation and hygiene by 2030 has been included as SDG 6 and there is no doubt that our work and that of our partners has contributed to this.

<sup>2</sup>Agreed by the OECD in 2005

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### Promoting child health

We launched *Healthy Start*, our new global advocacy campaign focused on improving the health and nutrition of newborn babies and children through improved water, hygiene and sanitation. This is an existing and growing focus for WaterAid, and a key plank of our new Global Strategy.

Across all our country programmes, we increased our engagement with partners in the health and nutrition sectors, and began collaborating with the World Health Organization and UNICEF on a global action plan to ensure water, sanitation and hygiene services in maternity units and other types of healthcare facility.

In Ethiopia, Ghana, India, Nepal and Tanzania, we continued to respond to water, sanitation and hygiene needs in healthcare facilities. In Burkina Faso, Ethiopia, Mozambique and Nepal, we linked our community-based hygiene work to the efforts of the national health sector.

### ◆ 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 and to develop a new supporter relationship management system.

- 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 supporter base of active regular givers to over 330,000.
- Our financial targets: gross income £76-£84 million, expenditure £79-£84 million, operational reserve £12-£15 million, restricted income no greater than 40% of income, central support costs no greater than 10% of expenditure, and fundraising costs no greater than 25p in each £1 spent.

### Managing information

We reviewed our planning, monitoring and reporting processes and made good progress in developing a new programme management information system and a new supporter relationship management system. These systems will be rolled out in the coming year.

### Financing our work


For every £1 invested in raising funds, we received £5. Our numbers of active regular givers increased to 331,000 and our retention rate of supporters stayed high at 93%.

Of the £83.6 million income we raised, 63% was unrestricted, achieving our target of no more than 40% of our income being restricted. We spent £77.2 million, a little lower than targeted, with central support costs being 6% of total spend, well within the target of no greater than 10% being spent on central support. Our fundraising cost was 21p in each £1 spent, again comfortably within the upper limit of 25p set. The operational reserve was £15.7 million which is above target, mainly due to favourable exchange rates making our overseas activities less expensive than budgeted.

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# Financial review

Our supporters have helped us raise £83.6 million in 2014-15, a 13% increase on the previous year, which helped us become one of the fastest growing charities<sup>3</sup> and allowed us to deliver our planned work and to transform lives. Thank you.

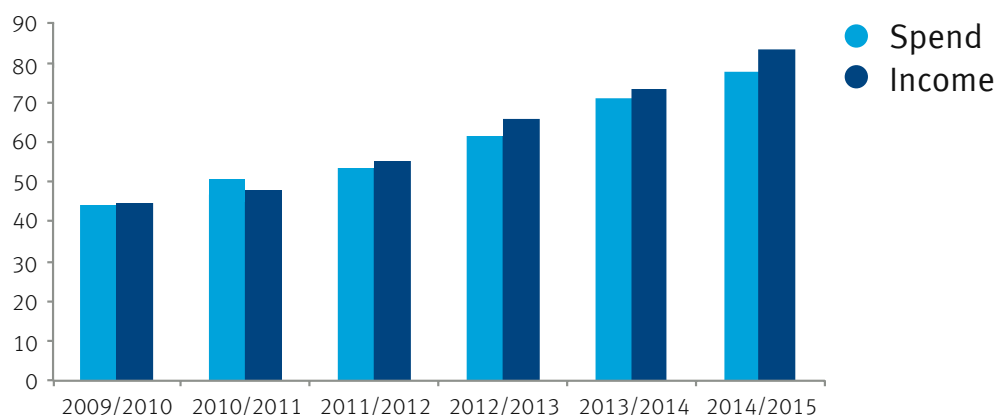
A close-up photograph of a woman, Etenesh Garumsa, wearing a red patterned top and a dark headscarf with a gold band. She is smiling slightly and looking towards the camera while operating a black sewing machine. The background is a plain, light-colored wall.

Etenesh Garumsa, 38, has been trained by one of our partners to make affordable and reusable sanitary towels for schoolgirls in Dilela, Ethiopia, helping them to manage their menstrual periods and stay in education.

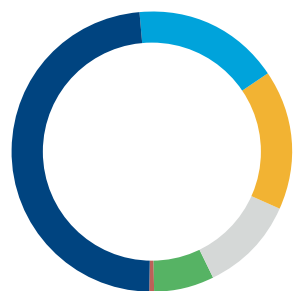
WaterAid/Behailu Shiferaw

## Our income and expenditure 2009-2015

With the significant rise in income during this strategy period, our supporters have allowed WaterAid to increase expenditure to reach millions of people with water, sanitation and hygiene.



## Where did we receive funds from?



- Individual supporters £40.7m
- Corporate and trust supporters £14m
- Other WaterAid member countries £13.2m
- Institutions £9.5m
- Fundraising in our other countries £6.1
- Interest £0.1m

Our diverse portfolio of 'unrestricted' and 'restricted' funding provided certainty of income to allow us to finance our long term plans and to deliver our work. Our high balance of unrestricted income gave us the flexibility to respond to where the need is greatest and to cope with financial shocks and disasters.

## What did we spend your money on?

Of our total spend, over £60 million went on our charitable activities: working with partners to deliver services and influence decision makers. Over £16 million was put back into raising more funds and under £5 million, 6% of our spending, was invested in the effective running of the organisation.

Expenditure in more than half of our country programmes grew from the previous year by between 20% to 60%.

While these accounts are presented in pounds sterling, expenditure is also incurred in local currencies, and is carefully monitored given the volatile exchange rates. Overall, the strength of sterling helped us to lower the cost of buying the local currencies we needed so we were able to achieve our activities for less than budgeted, building our operational reserve a little higher than planned.

## In every £1 we spent

- 78p was spent on delivering services and making change happen
- 21p on fundraising
- 1p on governance



For every  
**£1**  
we spent on fundraising,  
we raised  
**£5**



<sup>3</sup> WaterAid was one of the biggest risers within the Top 100 list of charities published by Charity Finance, moving 14 places to position 72.

# Communications and fundraising

Our supporters are a community of passionate and engaged individuals, groups, schools, trusts, companies and governments.

## Engaging people

Last year, we interacted with our supporters through a wide range of channels: from traditional and social media, to direct marketing, campaigning and partnerships.

- We reached a huge global audience during the year through more than 7,000 pieces of media coverage<sup>4</sup>.
- Brand awareness is important for generating support for our cause and for campaigning. 7% of the UK public are aware of WaterAid even when 'unprompted', while 71% are aware when 'prompted'<sup>5</sup>.
- Facebook 'likes' have doubled this year to over 50,000, and we now have over 55,000 Twitter followers.
- We launched a new specialist policy, practice and advocacy website and went live with a mobile version of our platform to improve the experience of smartphone and tablet users.

## Generating support

Every year, we are humbled by the generosity of our supporters who raise the funds that allow us to keep our commitments to the world's poorest people.

- The total number of individual supporters rose from 442,000 to 577,000. Over 331,000 people gave

regular monthly gifts, 21,000 more people than last year.

- Our *To Be A Girl* appeal was 'aid-matched' pound-for-pound by the UK Department for International Development (DFID), helping raise £4.25 million to transform the lives of over 130,000 girls worldwide. DFID remains our largest institutional supporter and we fully support the UK Government's commitment to spending 0.7% of GNI on international development, now enshrined in law.
- The UK water industry continued to provide vital support of our work through their voluntary activities, fundraising events and sending out leaflets as part of water bills. Last year £323,000 was raised by members of the public donating through their water bills. Since the water companies started the leaflet initiative in 1990, an amazing £141 million has been donated to WaterAid through this channel.
- HSBC gave £520,000 of additional funding to our Bangladesh programme for work in disaster-prone regions. The HSBC Water Programme has already helped us bring safe water to 966,000 people and improved sanitation to 1.4 million people across six countries since it began in 2012.



# 7,000

pieces of media coverage generated across the world



# 71%

of the UK public are aware of WaterAid when prompted

<sup>4</sup> Precise: media monitoring service

<sup>5</sup> nfpSynergy: Charity Awareness Monitor

### World Toilet Day 2014

In an open letter to the UN Secretary General Ban Ki-moon, we promoted our *Child of mine* report, highlighting sanitation as one of the most neglected issues in international development.

» Search for our *It's No Joke* stand-up comedy competition that got the nation talking toilets.

### World Water Day 2015

We kicked off *Healthy Start*, our four-year campaign to improve the health and nutrition of newborns and children through safe water, sanitation and hygiene.

Together with Unilever, Oxfam and Next Drop, we published the *Water for women* report to spark action to liberate women and girls from the time wasted collecting dirty water.

» Search for our *sH2Orts 2015* film competition and see the short movies people made about the water and sanitation crisis.

### Our public fundraising approach

WaterAid raises a significant percentage of our funds from the public and our aim is to ensure we do this in both a respectful and compelling way that is consistent with our values. We are a member of the Institute of Fundraising, the Public Fundraising Regulatory Authority and of the Fundraising Standards Board and we aim to uphold the standards they promote.

WaterAid occasionally contacts our supporters by telephone. External agencies who conduct this work on our behalf are required to do so in a respectful manner. We involve ourselves in their training and the materials used and have developed guidelines with respect to people in vulnerable situations and how calls with them are managed. We closely monitor agencies' compliance and performance. We do not allow cold calling.

Nor do we share supporters' details with anyone else.

Details regarding our approach to fundraising are on our website and we actively encourage supporters to contact us with any suggestions. Following media coverage regarding telephone fundraising in the UK, the Government has announced that it will be strengthening the regulations that govern this activity. We welcome measures that will improve public support for our work and we will ensure we fully comply with any changes to regulations or good practice guidance.



# 577,000

The total number of individual supporters rose from 442,000 to 577,000



# 331,000

people gave regular monthly gifts, 21,000 more people than last year.

# Our people



Ernest Randriarimilala from our Madagascar office joined the WaterAid staff and volunteer team at Glastonbury Festival to generate support for the *Make It Happen* campaign and raise awareness of the water and sanitation crisis.

WaterAid/Ben Roberts

## Your support helps us develop a global team capable of achieving success in some of the most challenging situations.

In the last strategic period 2009-2015, we invested in maximising the skills and potential of our people, including developing influential leaders across the organisation. We also focused on ensuring high levels of employee engagement so that everyone feels motivated to give their very best.

Last year, we continued to develop a highly effective workforce to deliver our new Global Strategy. In increasingly unstable areas such as Pakistan and Nigeria, we made sure our security management practices were strengthened to protect our staff and partners.

### Equal opportunities and diversity

We believe in the value of a diverse team and have policies in place to ensure we give candidates and existing staff and volunteers equal opportunities to succeed. In the UK, WaterAid is a member of the Government's Two Ticks scheme, which requires us to adhere to a number of commitments relating to the recruitment of disabled people and support to disabled employees.

### Employee engagement

96% of our global staff participated in our 2014 Employee Survey, giving incredibly helpful feedback on what it is like to work at WaterAid. All staff who took part said that they have a good understanding of our vision and overall aims and 83% reported as being highly

engaged. 77% felt they had been able to take part in developing our 2015-2020 Global Strategy. A staff engagement group meets quarterly to discuss ideas and provide feedback on particular topics.

### Remuneration

We aim to remunerate all our staff fairly and to benchmark ourselves against other non-governmental organisations. The Board of Trustees has a Remuneration Committee that reviews our people policies and considers the pay and benefits of the Chief Executive and the Directors. Salaries for all staff are benchmarked against similar roles in similar sized organisations. Salaries of 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.

## 820 staff



two thirds of our people are based in Africa and Asia.



Gender balance is fairly equal, with 54% of our team male and 46% female.

## 590 volunteers

whose time and energy is vital to our success – thank you

# The year ahead

We will continue to do everything we can to tackle the water and sanitation crisis and will be adapting our organisation to meet the demands of our new strategy.

## Global Strategy 2015-2020

Our new strategy is designed to build on a leadership role for WaterAid as we work with others to drive transformational change towards everyone everywhere having safe water, sanitation and hygiene by 2030.

We aim to be a learning organisation and our new strategy draws on our evaluations, sustainability studies, reviews and audits to ensure we are constantly improving our practice and value for money.

Our approach:

- We work with a wide range of government, civil society and private sector partners.
- We analyse the context of the countries and regions where we operate and develop responsive programmes of service delivery, capacity development, research, policy analysis and campaigning.
- We raise awareness and stimulate demand for water, sanitation and hygiene services from communities and civil society organisations.
- We work with governments and service providers to meet demand affordably and sustainably.

## Our strategic aims

These are interconnected and complementary, and will be prioritised and resourced according to the context of the country and locality in which we are working:

- **Equality:** We will tackle and challenge the inequalities that prevent the poorest and most marginalised people from realising their right to water, sanitation and hygiene.
- **Sustainable services:** We will support service providers to strengthen the systems and capabilities required to deliver sustainable water, sanitation and hygiene services.
- **Integration:** We will work with others to develop plans and activities that accelerate change by integrating water, sanitation and hygiene into sustainable development.
- **Hygiene:** We will positively influence hygiene behaviour to maximise the benefits of access to safe water and sanitation.

## Our priorities for 2015-16

We have set ourselves five priorities for the year:

- Delivering our new Global Strategy through developing our country, regional and functional strategies
- Delivering *Healthy Start*, the global advocacy priority on water, sanitation, hygiene and child health.
- Contributing to the best possible result regarding water, sanitation and hygiene from the Sustainable Development Goals and their implementation.
- Developing our enabling framework to deliver the Global Strategy – leadership, people, skills, structures, systems, processes and governance.
- Improving and streamlining our work across the global organisation.

## Fundraising and finance targets for 2015-16

During the coming year we are planning:

- To raise £84-86 million in income – of which restricted income will make up £29-31 million and unrestricted income £55-57 million.
- To have secured 370,000 active regular supporters.
- To spend £86-88 million.
- To reduce our operational reserve below £14 million.



“I am getting really involved and learning to understand the system to make sure it is maintained and functioning in the long run.” Elysé Ramandimboisa, 38, a trained local technician, inside the new water tank that feeds a gravity-flow system that supplies the village of Tsaratanàna, Madagascar.

WaterAid/Ernest Randriarimalala

## Managing risk

The nature of WaterAid's work in developing countries means a level of risk is inevitable. We have a risk management process in place to make sure appropriate steps are taken to manage and mitigate risk across the organisation.

With heightened insecurity in many of the countries we work in, it is vital we carefully monitor and adapt to challenging situations and this is an ongoing priority for us.

The Board of Trustees has overall responsibility for ensuring that WaterAid has a system of internal control, management and audit to mitigate risk. Managing risk effectively is core to the organisation's decision-making, planning and monitoring.

### Processes include:

- **Risk appraisals** conducted from Board through to country team level, with regular training sessions to identify, evaluate and manage risks.
- **Risk registers** that capture risks identified across the organisation, including material risks, controls and actions.
- **An annual risk management plan** that is reviewed and approved by our Trustees, who receive regular progress reports.
- **A comprehensive risk management review** that is carried out by the Audit Committee twice a year.
- **Multi-year planning and budgeting** that focuses on milestones linked to delivery of the Global Strategy. Financial reporting compares results with the budget on a monthly, quarterly and yearly basis.
- **Regular risk audits** that are carried out by our Internal Audit Team. Results are reported to the Audit Committee.
- **Value for money** principles that guide when and where we source goods and services, how we benchmark salaries, and our policies on borrowing and reserves.

### The most significant risks last year were:

- Ensuring we delivered the last year of our Global Strategy 2009-2015 while developing our new five year strategy. We managed this risk by maintaining focus and allocating sufficient time and resource to the development of the new Global Strategy
- Two large-scale system updates happening at the same time: a replacement database for supporter relationship management and a programme management information system. We managed these projects carefully and are currently on track for both projects.
- Having the right numbers of staff with the right skills when working in environments where skills are not plentiful and the market is highly competitive is an ongoing risk. However, good progress has been made in filling vacancies and in developing staff capacity building.
- Ensuring the security of staff in increasingly insecure environments is a significant and growing risk. We commissioned an external security review, with recommendations being carried forward in 2015. Throughout the year, we faced many challenges in the countries where we work, including the Ebola crisis and insecurity in South Asia and West Africa. In response to Ebola in West Africa, we re-planned our work, with the long-term impact factored into future plans. Since the end of the year, we have also supported work to deal with the aftermath of the Nepal earthquake.

### The main risks to be managed in the year ahead:

- Converting the Global Strategy into country strategies that have clear outcomes to facilitate performance delivery and management.
- Developing our new supporter relationship management system and programme management information system and improving our information technology environment.
- Managing increased insecurity and risk to the health and welfare of our colleagues in the countries where we work
- Operating within changing legislative requirements for civil society and non-governmental operations.

## Key financial management policies

### Reserves policy

WaterAid has an approved reserves policy to mitigate risk with a planned operational reserve (i.e. an unrestricted reserve). The range for the operational reserve is reviewed on an annual basis and in 2014-15 was set at £12-15 million. The year finished with the operational reserve at £15.7 million. Our operational reserve is above that planned as a result of the lower cost of buying local currencies, allowing us to deliver planned work at a lower cost in pounds sterling. This gain will help to finance work next year and beyond.

The restricted fund balance is not part of the reserves policy as the Trustees have no discretion over this. Restricted funds are carried forward into the current year to comply with our donors' specific requirements. This includes funding received in advance to finance ongoing programmes planned for the current and future years.

### Investment policy and performance

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

Due to low interest rates investment income was low at £89,000 in 2014-15. This level of return is projected to continue throughout the financial year 2015-16

### 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 global standards and coordinates the activities of WaterAid member countries, including WaterAid UK, in developing and delivering our Global Strategies.

In 2014-15, the WaterAid federation had five member countries: the UK, America, Australia, Canada and Sweden which are all independently constituted organisations with their own Boards and Chief Executives. WaterAid has been supporting the creation of an independently-governed organisation in India called Jal Seva which is in transition to become WaterAid India. WaterAid also has a presence in Japan, with a small office in Tokyo, a board of trustees and three staff members.

Last year, WaterAid UK continued to invest directly in other member countries and in WaterAid international to support the growth of the federation and the shared delivery of our Global Strategy. We funded part of the running costs of WaterAid international, and made grants to support fundraising, programmes and policy and organisational development of WaterAid America, WaterAid Australia and WaterAid Canada. WaterAid international made an investment grant to WaterAid Japan to support its development from an associate member to a full member of the WaterAid federation.

## 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<sup>6</sup>. 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 also a company limited by guarantee and the members undertake to contribute £1 in the event of the company being wound up. In 2014-15 there were 47 company members.

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

## Trading company

WaterAid Trading Ltd made a net profit of £0.56 million on £0.65 million gross income. This trading company is wholly owned by WaterAid, sells goods and operates the sub-licensing agreements that WaterAid enters into.

## Organisation structure

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

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

WaterAid has functional offices registered as branches of the UK Company 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 civil society networks and other organisations in countries where there is no WaterAid presence.

The Chief Executive spends 75% of her time managing WaterAid UK and 25% of her time on WaterAid international business. The secretariat for WaterAid international has a small team of staff including a Strategic Planning Manager and Head of Organisational Development for WaterAid international.

The accounts of WaterAid international (i.e. the secretariat and investment costs – not the accounts of the other member countries) are consolidated into WaterAid in the UK as shown in note 14 to the accounts.

## WaterAid's UK Board of Trustees

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

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.

<sup>6</sup> WaterAid raised £2,760,926 in Scotland through fundraising activities organised both in Scotland and the rest of the UK. Scottish Water continues to donate office space for WaterAid Scotland to operate from and is very supportive of the fundraising activities in Scotland.

Greg Hodgkinson stood down from the Board at the AGM in October 2014 at the end of his second term. His significant contribution to the Board of Trustees and to the development of WaterAid and WaterAid international was noted with great thanks and much appreciation.

#### The Board of Trustees has three committees:

- 1. The Audit Committee that promotes and safeguards the highest standards of integrity, financial reporting and internal control. It also oversees the organisation's risk management processes.**
- 2. The Nominations Committee ensures that Trustees of the highest calibre with an appropriate and diverse mix of skills and experience are put forward for selection to the Board of Trustees.**
- 3. 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 these committees have terms of reference published in the Governance Manual, which is on our website. An induction programme is held for Trustees joining the Board. Trustees are invited to participate in seminars with staff as well as being expected to visit WaterAid's work to familiarise themselves with our operations.

As part of the development of the Board, performance assessment processes are used for both the Board as a whole and for individual Trustees. The members of the Board of Trustees who have served during the year are listed in the Trustees and advisors section on page 29, together with the President, Vice Presidents and the Directors Team.

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

#### Statement of Trustees' responsibilities

The Trustees (who are also directors of WaterAid for the purposes of company law) are responsible for preparing the Trustees' Annual Report (including the Strategic Report) and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Trustees to prepare Financial Statements for each financial year. Under that law, the Trustees prepare the Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law, the Trustees must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the

state of the affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing these Financial Statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Financial Statements; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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 company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Trustee in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

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

Approved by the Board of Trustees on 9 September 2015 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 Batchelor<sup>1</sup>

Clarissa Brocklehurst

Tim Clark, Chair of the Board of Trustees<sup>2, 3</sup>

Rosemary Carr<sup>2</sup>

Richard Flint

Sandeep Katwala<sup>2</sup>

Chris Loughlin<sup>1</sup>

Peter Millward, Chair of Audit Committee<sup>1,3</sup>

Peter Newman, Treasurer<sup>1,3</sup>

Anna Segall

Christiane Wuillamie<sup>1,3</sup>

<sup>1</sup> Audit Committee member

<sup>2</sup> Nominations Committee member

<sup>3</sup> Remuneration Committee member

## Chief Executive and Company Secretary

Barbara Frost

## Directors Team

Margaret Batty, Global Director of Policy and Campaigns

Paula Laird, Director of Finance and Information Services

Girish Menon, Director of International Programmes and Deputy Chief Executive (resigned August 2015 to become Chief Executive of ActionAid UK)

Marcus Missen, Director of Communications and Fundraising

Rachel Westcott, Director of People and Organisational Development

## Principal bankers

Barclays Bank plc  
50 Pall Mall  
London SW1A 1QB

## Auditors

PricewaterhouseCoopers LLP  
1 Embankment Place  
London WC2N 6RH

## Principal solicitors

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

## Company number

1787329

## Charity numbers

288701 (England and Wales)  
SC039479 (Scotland)

## Registered office and operational address

47-49 Durham Street, London SE11 5JD

# Independent auditors' report to the Members and Trustees of WaterAid

## 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 2015 and of the group's and parent charitable company's incoming resources and application of resources, including its income and expenditure and the group's and parent charitable company'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 regulations 6 and 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 company Financial Statements (the "Financial Statements"), which are prepared by WaterAid, comprise:

- the group and parent charitable company balance sheet as at 31 March 2015;
- the group and parent charitable company statement of financial activities and the group and parent charitable company summary income and expenditure account for the year then ended;
- the group and parent charitable company cash flow statements for the year then ended; and
- the accounting policies; 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  
Embankment Place, London, WC2N 6RH

# Consolidated statement of financial activities

(incorporating an income and expenditure account)

For the year ended 31 March 2015

	Note	Unrestricted £000	Restricted £000	2015 Total £000	2014 Total £000
<b>Incoming resources</b>					
<i>Incoming resources from generated funds:</i>					
Voluntary income:					
Donations	2	43,918	3,231	<b>47,149</b>	44,550
Grants	2	7,308	124	<b>7,432</b>	5,395
Gifts in kind	2	157	-	<b>157</b>	197
Activities for generating funds	3	1,297	45	<b>1,342</b>	1,196
Investment income		89	-	<b>89</b>	74
<i>Incoming resources from charitable activities:</i>					
Grant funding for specific activities	4	-	27,431	<b>27,431</b>	22,283
<b>Total incoming resources</b>		<b>52,769</b>	<b>30,831</b>	<b>83,600</b>	<b>73,695</b>
<b>Resources expended</b>					
<i>Costs of generating funds:</i>					
Costs of generating voluntary income and grant funding	5	16,429	-	<b>16,429</b>	15,797
Fundraising trading: Costs of goods sold and other costs	5	83	-	<b>83</b>	69
		<b>16,512</b>	<b>-</b>	<b>16,512</b>	<b>15,866</b>
<i>Charitable activities</i>					
Supporting partners to deliver water, sanitation and hygiene	5	22,510	26,549	<b>49,059</b>	45,716
Influencing policy in water, sanitation and hygiene	5	9,334	306	<b>9,640</b>	7,854
Supporting WaterAid globally	5	1,414	44	<b>1,458</b>	2,008
		<b>33,258</b>	<b>26,899</b>	<b>60,157</b>	<b>55,578</b>
<i>Governance costs</i>	1f/5	567	-	<b>567</b>	479
<b>Total resources expended</b>		<b>50,337</b>	<b>26,899</b>	<b>77,236</b>	<b>71,923</b>
Net incoming resources before transfers	24	2,432	3,932	<b>6,364</b>	1,772
Transfers	19	(31)	31	<b>-</b>	-
<b>Net movement in funds / net income for the year</b>	24	<b>2,401</b>	<b>3,963</b>	<b>6,364</b>	<b>1,772</b>
Fund balances brought forward at 1 April		15,494	7,930	<b>23,424</b>	21,652
<b>Fund balances carried forward at 31 March</b>	19	<b>17,895</b>	<b>11,893</b>	<b>29,788</b>	<b>23,424</b>

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 35-51

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 Limited) gross income for the year was £82.9m (2014 gross income: £73.5m). WaterAid's net income for the year was £5.7m (2014 net income: £1.6m).

# Consolidated and charity balance sheets

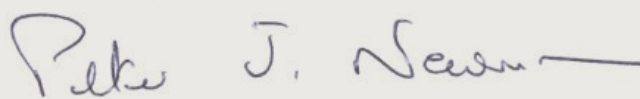
At 31 March 2015

		Group		Charity	
	Note	2015 £000	2014 £000	2015 £000	2014 £000
<b>Fixed assets</b>					
Intangible assets	9	956	790	956	790
Tangible assets	9	1,224	1,191	1,224	1,191
Total fixed assets		2,180	1,981	2,180	1,981
<b>Current assets</b>					
Debtors	10	7,796	4,052	8,466	4,224
Investments	11	15,602	15,019	15,602	15,019
Cash at bank and in hand	15	10,709	7,829	9,908	7,583
Total current assets		34,107	26,900	33,976	26,826
Creditors: Amounts falling due within one year	16	(5,506)	(4,258)	(5,472)	(4,166)
Provisions for liabilities and charges	17	(993)	(1,199)	(993)	(1,199)
		(6,499)	(5,457)	(6,465)	(5,365)
<b>Net current assets</b>		27,608	21,443	27,511	21,461
<b>Net assets</b>		29,788	23,424	29,691	23,442
<b>The funds of the charity</b>					
<b>Unrestricted income funds</b>					
Designated funds	19	2,180	1,981	2,180	1,981
General income funds	19	15,715	13,513	15,618	13,535
<b>Total unrestricted income funds</b>		17,895	15,494	17,798	15,516
<b>Restricted income funds</b>	19	11,893	7,930	11,893	7,926
<b>Total charity funds</b>		29,788	23,424	29,691	23,442

The Financial Statements on pages 32 to 51 were approved by the Board of Trustees on 9 September 2015 and signed on its behalf by:



Tim Clark, Chair



Peter Newman, Treasurer

# Consolidated cash flow statement

For the year ended 31 March 2015

	2015 £000	2014 £000
Net income for the year	6,364	1,772
Interest receivable	(89)	(74)
Amortisation and depreciation of fixed assets	1,348	1,240
(Loss)/result on disposal of fixed assets	(7)	-
Increase/(decrease) in debtors	(3,744)	638
Increase/(decrease) in creditors	1,248	(1,839)
(decrease) in provisions	(206)	(49)
<b>Net cash inflow from operations</b>	<b>4,914</b>	<b>1,688</b>
<b>Returns on investment</b>		
Bank interest received	89	71
<b>Capital expenditure and financial investment</b>		
Payments to acquire fixed assets	(1,552)	(1,413)
Proceeds from sales of fixed assets	12	7
	<b>(1,540)</b>	<b>(1,406)</b>
<b>Cash inflow before increase in liquid resources</b>	<b>3,463</b>	<b>353</b>
<b>Management of liquid resources</b>		
Increase in short-term deposits	(583)	(63)
<b>Increase in cash in the year</b>	<b>2,880</b>	<b>290</b>
<b>Analysis of cash as shown in the balance sheet</b>		
	2015 £000	2014 £000
Balance at beginning of year	7,829	7,539
Net cash inflow	2,880	290
<b>Balance at the end of the year</b>	<b>10,709</b>	<b>7,829</b>

## Analysis of liquid resources

	As at 1 April 2013 £000	Cash flow £000	As at 31 March and 1 April 2014 £000	Cash flow £000	As at 31 March 2015 £000
Cash at bank and in hand	7,539	290	7,829	2,880	10,709
Short-term deposits	14,956	63	15,019	583	15,602
	<u>22,495</u>	<u>353</u>	<u>22,848</u>	<u>3,463</u>	<u>26,311</u>

The cash balances were held in the following locations:

	2015 £000	2014 £000
UK	6,765	6,023
Overseas	3,944	1,806
<b>Balance at 31 March</b>	<b>10,709</b>	<b>7,829</b>

# Notes to the Financial Statements

For the year ended 31 March 2015

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

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

### c) Related party transactions

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

### d) Foreign exchange

Transactions denominated in foreign currencies are translated at the rate of exchange at the end of the month 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 person's 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, Information Services, People 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 considered 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.

### 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

			2015	2014
	Unrestricted £000	Restricted £000	Total £000	Total £000
<b>Donations</b>				
Regular giving, donations and appeals	35,545	2,110	<b>37,655</b>	35,181
Legacies and In Memoria donations	4,677	11	<b>4,688</b>	5,608
Fundraising events	3,696	1,110	<b>4,806</b>	3,761
	<u>43,918</u>	<u>3,231</u>	<u><b>47,149</b></u>	<u>44,550</u>
<b>Grants</b>				
UK aid from the Department for International Development – Programme Partnership Arrangement	4,202	-	<b>4,202</b>	4,202
WaterAid member countries	2,786	124	<b>2,910</b>	-
The Waterloo Foundation	320	-	<b>320</b>	300
Other grants	-	-	<b>-</b>	893
	<u>7,308</u>	<u>124</u>	<u><b>7,432</b></u>	<u>5,395</u>
<b>Gifts in kind</b>				
Customer appeal	93	-	<b>93</b>	83
Audit fee	25	-	<b>25</b>	25
Rent	17	-	<b>17</b>	13
Events (prizes, venues)	16	-	<b>16</b>	12
Software licences	-	-	<b>-</b>	45
Professional services (UK)	-	-	<b>-</b>	10
Other	6	-	<b>6</b>	9
	<u>157</u>	<u>-</u>	<u><b>157</b></u>	<u>197</u>
<b>Total</b>	<u>51,383</u>	<u>3,355</u>	<u><b>54,738</b></u>	<u>50,142</u>

## 3. Activities for generating funds

			2015	2014
	Unrestricted £000	Restricted £000	Total £000	Total £000
Lottery	693	-	<b>693</b>	724
Trading company	604	45	<b>649</b>	472
<b>Total</b>	<u>1,297</u>	<u>45</u>	<u><b>1,342</b></u>	<u>1,196</u>

## 4. Incoming resources from charitable activities

Grant funding for specific activities	2015 Total £000	2014 Total £000
<b>Supporting partners to deliver water, sanitation and hygiene</b>		
Adam Smith International	-	59
Band Aid	50	-
BHP Billiton	341	-
Big Lottery Fund	510	437
Comic Relief	426	473
Dubai Cares	-	137
Dutch Wash Alliance	57	90
European Commission	2,255	1,207
European Investment Bank	10	100
Guernsey Overseas Aid Commission	40	40
Hivos	30	-
HSBC Holdings plc	4,151	3,762
Irish Aid	243	124
Jersey Overseas Aid Commission	-	219
London School of Hygiene and Tropical Medicine (SHARE)	459	259
Medicor Foundation	131	171
Orbis International	45	-
Other WaterAid member countries	10,313	9,273
Plan International	2,073	-
Save the Children - Finland	-	24
SIMAVI	58	-
Swedish International Development Cooperation Agency (Bangladesh)	786	814
Swiss Agency for Development and Cooperation	533	627
Terre Nouvelle	100	64
<b>UK aid from the Department for International Development</b>		
Capacity Building Ethiopia	-	63
India IPAP	-	441
India MPWASH	1,265	38
Malawi Partnership Grant Arrangement	-	301
Match Funding Big Dig	445	450
Strategic Grant Arrangement Tanzania	304	590
Other	305	71
<b>Total for UK aid from the Department for International Development</b>	<b>2,319</b>	<b>1,954</b>
Unicef	708	314
Unilever	-	309
Water and Sanitation for the Urban Poor	171	226
Water Supply and Sanitation Collaborative Council	39	-
Other grants	1,583	1,044
	<b>27,431</b>	<b>21,727</b>
<b>Influencing policy in water, sanitation and hygiene</b>		
UK aid from the Department for International Development – Governance and Transparency Fund	-	556
<b>Total</b>	<b>27,431</b>	<b>22,283</b>

Additional information on transactions with WaterAid member countries can be found in note 26 and on The Big Lottery Fund and HSBC in note 19.

## 5. Resources expended

	Note	Staff costs £000	Other direct costs £000	Depreciation £000	Allocation of support costs £000	2015 Total £000	2014 Total £000
<i>Cost of generating funds</i>							
Costs of generating voluntary income		4,110	11,529	183	607	<b>16,429</b>	15,797
and grant funding		<u>36</u>	<u>47</u>	<u>-</u>	<u>-</u>	<b>83</b>	69
		<u>4,146</u>	<u>11,576</u>	<u>183</u>	<u>607</u>	<b>16,512</b>	<u>15,866</u>
<i>Charitable activities</i>							
Supporting partners to deliver water, sanitation and hygiene	7	10,612	34,145	1,110	3,192	<b>49,059</b>	45,716
Influencing policy in water, sanitation and hygiene		3,168	6,126	53	293	<b>9,640</b>	7,854
Supporting WaterAid globally		<u>74</u>	<u>1,384</u>	<u>-</u>	<u>-</u>	<b>1,458</b>	2,008
		13,854	41,655	1,163	3,485	<b>60,157</b>	55,578
Governance		415	99	8	45	<b>567</b>	479
Support costs and losses/(gains)		<u>1,899</u>	<u>2,238</u>	<u>-</u>	<u>(4,137)</u>	<b>-</b>	-
		<u>20,314</u>	<u>55,568</u>	<u>1,354</u>	<u>-</u>	<b>77,236</b>	<u>71,923</u>

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 losses/(gains) on exchange rates and pension scheme were allocated as follows:

	2015 Total £000	2014 Total £000
Finance, People and Information Services	<b>3,255</b>	3,761
Chief Executive Office and internal audit	<b>144</b>	128
Premises and facilities	<b>1,176</b>	1,062
Support costs	<b>4,575</b>	4,951
Realised and unrealised exchange (gains)/losses	<b>(438)</b>	671
(Gains) for pension scheme or losses	<b>-</b>	(105)
<b>Total of support costs and losses/(Gains)</b>	<b>4,137</b>	5,517

## 6. Staff costs and numbers

Staff costs for the charity and group were as follows:

	2015 £000	2014 £000
Wages and salaries	17,976	16,357
Social security costs	1,002	894
Other pension costs	1,336	1,132
	<b>20,314</b>	<b>18,383</b>

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

	2015 No.	2014 No.
Fundraising staff (cost of generating funds)	100	98
International Programmes staff (supporting partners to deliver water, sanitation and hygiene)	528	493
Policy and Campaigns staff (influencing policy and practice in water, sanitation and hygiene)	48	40
Support staff	59	48
Governance	8	5
	<b>743</b>	<b>684</b>

The increase in staff costs is 1.7% (2014: 4.7%) per full-time equivalent employee.

The total number of WaterAid employees at 31 March 2015 was 806 (2014: 719)

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

Emoluments £	2015 No.	2015 Total pension contribution £	2014 No.	2014 Total pension contribution £
£60,000 - £69,999	13	75,088	11	70,485
£70,000 - £79,999	2	17,662	1	7,032
£80,000 - £89,999	4	37,326	6	49,810
£90,000 - £99,999	2	18,342	-	-
£120,000 - £129,999	1	16,415	1	12,449
	<b>22</b>	<b>164,833</b>	<b>19</b>	<b>139,776</b>

The emoluments paid to the Chief Executive were £128,223 (2014: £124,488). Emoluments include salary and taxable benefits in kind. The remuneration package for the Chief Executive includes pension contributions of £16,415 (2014: £16,713). The Chief Executive's time was approximately spent 75% on WaterAid and 25% on WaterAid international. Page 21 of the Trustees' Annual Report provides information on how remuneration is set.

In the UK, WaterAid makes contributions for its employees to 2 defined contribution schemes operated by Aegon and Scottish Equitable. Pension contributions due to the Scottish Equitable and Aegon schemes as at 31st March 2015 were £107,398 (2014: £100,660).

## 7. Charitable activities expenditure by location

	Unrestricted £000	Restricted £000	2015 Total £000	2014 Total £000
<b>West Africa</b>				
Ghana	443	1,013	<b>1,456</b>	1,738
Nigeria	1,448	915	<b>2,363</b>	3,172
Mali	1,221	783	<b>2,004</b>	1,852
Burkina Faso	1,004	1,054	<b>2,058</b>	1,892
Liberia	584	233	<b>817</b>	548
Niger	473	70	<b>543</b>	496
Sierra Leone	283	341	<b>624</b>	503
Regional management and support costs	744	105	<b>849</b>	806
	<u>6,200</u>	<u>4,514</u>	<u><b>10,714</b></u>	<u>11,007</u>
<b>East Africa</b>				
Ethiopia	1,858	1,868	<b>3,726</b>	4,058
Uganda	1,287	993	<b>2,280</b>	1,636
Tanzania	997	1,473	<b>2,470</b>	3,387
Kenya	88	-	<b>88</b>	83
Rwanda	465	-	<b>465</b>	385
Regional management and support costs	500	1	<b>501</b>	432
	<u>5,195</u>	<u>4,335</u>	<u><b>9,530</b></u>	<u>9,981</u>
<b>Southern Africa</b>				
Angola	-	-	-	5
Zambia	1,096	824	<b>1,920</b>	1,709
Malawi	791	2,140	<b>2,931</b>	2,475
Madagascar	1,451	1,014	<b>2,465</b>	2,445
Mozambique	1,307	1,445	<b>2,752</b>	2,342
Lesotho	145	-	<b>145</b>	13
Swaziland	164	-	<b>164</b>	115
Regional management and support costs	666	39	<b>705</b>	608
	<u>5,620</u>	<u>5,462</u>	<u><b>11,082</b></u>	<u>9,712</u>
<b>Asia</b>				
India	1,601	3,377	<b>4,978</b>	2,689
Bangladesh	1,957	5,122	<b>7,079</b>	5,050
Pakistan	708	1,938	<b>2,646</b>	1,517
Nepal	1,066	1,016	<b>2,082</b>	2,197
Regional management and support costs	475	36	<b>511</b>	362
	<u>5,807</u>	<u>11,489</u>	<u><b>17,296</b></u>	<u>11,815</u>
Supporting WaterAid globally	1,414	44	<b>1,458</b>	2,008
Other UK direct international programme support costs (including technical and programme effectiveness)	4,256	749	<b>5,005</b>	4,678
UK-based policy, campaigns and education costs	1,776	306	<b>2,082</b>	1,811
Allocated UK support costs to charitable activities	3,428	-	<b>3,428</b>	3,894
Exchange (gains)/losses	(438)	-	<b>(438)</b>	671
<b>Total</b>	<u><b>33,258</b></u>	<u>26,899</u>	<u><b>60,157</b></u>	<u>55,578</u>

The total costs of supporting partners to deliver water, sanitation and hygiene was £49.1m (2014: £45.7m), the costs of influencing policy in water, sanitation and hygiene was £9.6m (2014: £7.9m) and the costs of supporting the development of WaterAid globally was £1.5m (2014: £2m) - see note 5 for further details.

## 8. Payments to partner organisations

WaterAid has made grants to 315 partners with a total value of £24.6m for the year ended 31 March 2015. For the year ended 31 March 2014, payments were made to 306 partners with a total value of £21.7m.

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

	2015 No.	2014 No.
£0 - £49,000	187	169
£50,000 - £99,999	62	74
£100,000 - £149,999	21	28
£150,000 - £199,000	11	12
£200,000 - £249,999	15	9
£250,000 and over	19	14
	<b>315</b>	<b>306</b>

The top 20 financial grant recipients in 2014/15 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	857	Nepal
2 National Rural Support Program	706	Pakistan
3 Sustainable Environmental Management Action	565	Tanzania
4 Dushtha Shasthya Kendra (DSK)	484	Bangladesh
5 Ethiopia Orthodox Church	466	Ethiopia
6 Association DAKUPA (DAKUPA)	452	Burkina Faso
7 SKS Foundation	449	Bangladesh
8 Eco Social Development Organization (ESDO)	422	Bangladesh
9 Muslim Aid	417	Pakistan
10 Association for Gender Awareness & Human Empowerment	412	Pakistan
11 Dhaka Ahsania Mission - DAM	369	Bangladesh
12 Ethiopian Evangelical Church Mekane Yesus	354	Ethiopia
13 Water Action- Burie Scale-up project	336	Ethiopia
14 ONG pour la Valorisation des Ressources Naturelles (VARENA ASSO)	330	Burkina Faso
15 Mineral and Appropriate Technology Applicable in Malawi	312	Malawi
16 Health & Nutritionist Development Society	312	Pakistan
17 Participatory Development Initiatives (Namikomia)	311	Malawi
18 Village Education Resource Center - VERC	297	Bangladesh
19 Development Organisation of the Rural Poor-DORP	259	Bangladesh
20 NABOLOK	246	Bangladesh
<b>Total of top 20 recipients' grants</b>	<b>8,356</b>	

## 9. Fixed assets

### The group and charity

	Intangible assets		Tangible assets	
	Software	Motor vehicles	Equipment and furniture	Totals
	£000	£000	£000	£000
<b>Cost</b>				
At 1 April 2014	1,659	2,619	3,691	<b>7,969</b>
Additions in year	605	234	713	<b>1,552</b>
Disposals in year	-	(24)	(44)	<b>(68)</b>
<b>At 31 March 2015</b>	<b>2,264</b>	<b>2,829</b>	<b>4,360</b>	<b>9,453</b>
<b>Accumulated amortisation/depreciation</b>				
At 1 April 2014	869	2,169	2,950	<b>5,988</b>
Charge for the year	439	370	539	<b>1,348</b>
Disposals in year	-	(25)	(38)	<b>(63)</b>
<b>At 31 March 2015</b>	<b>1,308</b>	<b>2,514</b>	<b>3,451</b>	<b>7,273</b>
<b>Net book value</b>				
<b>At 31 March 2015</b>	<b>956</b>	<b>315</b>	<b>909</b>	<b>2,180</b>
At 31 March 2014	790	450	741	1,981

Included in fixed assets is an investment in intangible software of £250,255. This is for development of a Supporter Relationship Management System. The asset is expected to be brought into use by March 2016 when amortisation will commence.

## 10. Debtors

### Amounts due within one year:

	The group		The charity	
	2015	2014	2015	2014
	£000	£000	£000	£000
Amount owed by WaterAid Trading Ltd and WaterAid international	-	-	<b>726</b>	295
Grant debtors	<b>4,760</b>	1,608	<b>4,760</b>	1,608
Other debtors	<b>933</b>	596	<b>879</b>	473
Gift Aid tax recoverable	<b>993</b>	935	<b>993</b>	935
Prepayments	<b>611</b>	601	<b>611</b>	601
Accrued income	<b>499</b>	312	<b>497</b>	312
	<b>7,796</b>	4,052	<b>8,466</b>	4,224

## 11. Investments

	The group		The charity	
	2015	2014	2015	2014
	£000	£000	£000	£000
Funds held on short-term deposits	<b>15,602</b>	15,019	<b>15,602</b>	15,019
	<b>15,602</b>	15,019	<b>15,602</b>	15,019

Additionally, WaterAid holds shares which are considered illiquid and have a historical cost of £172 (2014: £172).

## 12. Fixed asset investments

The company has an unlisted investment with a historical cost of £2 representing its 100% shareholding in WaterAid Trading Limited. WaterAid Trading Limited 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 Limited

### a) Profit and loss account

	2015 £000	2014 £000
Turnover	648	473
Cost of sales	(33)	(46)
Gross profit	615	427
Administrative expenses	(56)	(46)
Operating profit	559	381
Interest receivable/(payable)	2	(2)
Profit on ordinary activities	561	379
Deed of covenant to WaterAid	(561)	(379)
Retained earnings	-	-

### b) Balance sheet

	2015 £000	2014 £000
<b>Current assets</b>		
Debtors	70	123
Cash at bank and in hand	758	169
	828	292
<b>Creditors</b>		
Amounts due within one year	(828)	(292)
	-	-
<b>Represented by:</b>		
Share capital	-	-

WaterAid Trading Limited has a share capital of two £1 ordinary shares (2014 two £1 ordinary shares).

A deed of covenant is in place whereby all profits generated by the Company are distributed to the parent charity in the form of a 'Gift Aid' payment.

## 14. WaterAid international

### a) Income and expenditure account

	2015 £000	2014 £000
<b>Incoming resources</b>		
Grants	364	216
Gifts in kind	124	170
<b>Total incoming resources</b>	<b>488</b>	<b>386</b>
<b>Resources expended</b>		
Charitable activities	(190)	(485)
Governance costs	(226)	(71)
<b>Total resources expended</b>	<b>(416)</b>	<b>(556)</b>
<b>Surplus (net deficit) for the year</b>	<b>72</b>	<b>(170)</b>

### b) Balance sheet

	2015 £000	2014 £000
<b>Current assets</b>		
Debtors	54	15
Cash at bank and in hand	41	76
	<b>95</b>	<b>91</b>
<b>Creditors</b>		
Amounts due within one year	(19)	(87)
	<b>76</b>	<b>4</b>
<b>The funds of the charity</b>		
Unrestricted funds	-	8
Restricted funds	76	(4)
<b>Total charity funds</b>	<b>76</b>	<b>4</b>

## 15. Cash at bank and in hand

	The group		The charity	
	2015 £000	2014 £000	2015 £000	2014 £000
Cash and bank balances in UK	6,765	6,023	5,964	5,777
Cash and bank balances overseas	3,944	1,806	3,944	1,806
	<b>10,709</b>	<b>7,829</b>	<b>9,908</b>	<b>7,583</b>

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

	The group		The charity	
	2015 £000	2014 £000	2015 £000	2014 £000
Trade creditors	2,365	1,931	2,386	1,931
Taxation and social security	533	433	442	409
Other creditors	33	29	33	29
Accruals	2,012	1,406	2,056	1,371
Deferred income	563	459	555	426
	<b>5,506</b>	<b>4,258</b>	<b>5,472</b>	<b>4,166</b>

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

The movements in deferred income are analysed as follows:

Group and Charity	2015 £000	2014 £000
Deferred income at the beginning of the year	459	978
Amounts released from previous years	(459)	(978)
Incoming resources deferred in the year	563	459
<b>Deferred income at the end of the year</b>	<b>563</b>	<b>459</b>

## 17. Provisions for liabilities and charges

	The group		The charity	
	2015 £000	2014 £000	2015 £000	2014 £000
Provisions at beginning of the year	1,199	1,248	1,199	1,248
Amount released to statement of financial activities	(1,404)	(2,024)	(1,404)	(2,024)
Amount charged to statement of financial activities	1,198	1,975	1,198	1,975
<b>Provisions at the end of the year</b>	<b>993</b>	<b>1,199</b>	<b>993</b>	<b>1,199</b>

Provisions include end of contract provisions for staff on non-UK contracts. These end of contract provisions include lump sums paid at the end of their contract in lieu of WaterAid paying monthly amounts into a formal pension scheme and/or loyalty payments which are paid on full completion of their service. Other provisions at country level include retentions on building works.

## 18. Contingent liability

During 2008-09, Tanzania Revenue Authority carried out a tax audit on WaterAid's Tanzania country office for 2004-05 to 2007-08. WaterAid Tanzania has been served notices for payment of back taxes of £200,000 but has had legal advice that it should be exempt from these payments and has requested the amount 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 in Tanzania and the contingent liability remains.

Local tax inspections were undertaken in Madagascar 2014. A contingent liability has been identified as findings show there could be an underpayment of PAYE tax for national and international staff in country. Initial estimates are around £11,000 but discussions and calculations are ongoing.

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

## 19. Movements in funds

	At 1 April 2014 £000	Incoming resources £000	Outgoing resources £000	Transfers £000	At 31 March 2015 £000
<b>Unrestricted funds:</b>					
Designated funds:					
Fixed assets	1,981	1,484	(1,285)	-	2,180
Total designated funds	1,981	1,484	(1,285)	-	2,180
General funds	13,513	51,285	(49,052)	(31)	15,715
<b>Total unrestricted funds</b>	<b>15,494</b>	<b>52,769</b>	<b>(50,337)</b>	<b>(31)</b>	<b>17,895</b>
<b>Restricted funds:</b>					
Bangladesh	1,452	4,922	(5,122)	-	1,252
Burkina Faso	(89)	2,043	(1,054)	-	900
East Africa	-	12	(1)	-	11
Ethiopia	648	1,892	(1,868)	-	672
Ghana	629	1,146	(1,013)	-	762
India	1,383	2,617	(3,377)	-	623
Liberia	-	248	(233)	-	15
Madagascar	507	787	(1,014)	-	280
Malawi	414	2,032	(2,140)	-	306
Mali	179	1,087	(783)	-	483
Mozambique	(110)	1,849	(1,445)	-	294
Nepal	426	896	(1,016)	-	306
Niger	-	154	(70)	-	84
Nigeria	217	2,137	(915)	-	1,439
Pakistan	600	1,520	(1,938)	-	182
Sierra Leone	(31)	372	(341)	-	-
Southern Africa	84	-	(39)	-	45
South Asia	-	202	(36)	-	166
Tanzania	306	1,580	(1,473)	-	413
Uganda	453	722	(993)	-	182
West Africa	99	161	(105)	-	155
Zambia	195	1,957	(824)	-	1,328
UK	564	2,486	(1,055)	-	1,995
WaterAid international	4	9	(44)	31	-
<b>Total restricted funds</b>	<b>7,930</b>	<b>30,831</b>	<b>(26,899)</b>	<b>31</b>	<b>11,893</b>
<b>Total funds</b>	<b>23,424</b>	<b>83,600</b>	<b>(77,236)</b>	<b>-</b>	<b>29,788</b>

The table above is presented at an aggregate country programme level. In 2015, all country programmes have a net surplus or neutral position at year end. However, included in these balances are funds in deficit which total £3m (2014: £2.4m). These arise due to the timing differences between the income due under individual funding contracts still to be claimed and the actual project expenditure already incurred.

Within the restricted funds, Big Lottery Fund income has been recognised for Bangladesh (£22,598) (2014: £194,182), Mali £141,347 (2014: £141,152) and Zambia £121,123 (2014: £101,299) during the year and new projects which have commenced in Pakistan £124,004 and Madagascar £145,702.

The US\$25m HSBC Water Programme has completed the second year of the five year project working in Pakistan, Nepal, India, Bangladesh, Ghana and Nigeria. £3.9m was received in the year ended 31st March 2015 (2014: £3.8m).

## 19. Movements in funds (continued)

The 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 £2.2m (2014: £2.0m) 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 targeted for 2015/16 is to be below £14m. The balance at 31 March 2015 was £15.7m (2014: £13.5m).

### 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 carried forward on funds only where there is a reasonable expectation that monies will be received in a future period from a 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	-	11,893	<b>11,893</b>
Designated funds	2,180	-	<b>2,180</b>
General funds	-	15,715	<b>15,715</b>
<b>Total funds at 31 March 2015</b>	<b>2,180</b>	<b>27,608</b>	<b>29,788</b>

## 21. Taxation and charitable status

The charity is exempt from corporation tax as all its income is charitable and is applied for charitable purposes. The charity's trading subsidiary WaterAid Trading Limited pays available profits to the charity under deed of covenant. Its charge to corporation tax in the year was nil (2014: nil).

## 22. Company limited by guarantee

The liability of the 47 members of the charity is limited by guarantee to £1 each (2014: 48).

## 23. Operating lease commitments

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

	Land and buildings	
	2015 £000	2014 £000
within one year	68	-
1 - 2 Years	-	375
2 - 5 Years	249	-
	<u>317</u>	<u>375</u>

## 24. Net movement in funds / Net income for the year

This is (credited)/charged after:

	2015 £000	2014 £000
Amortisation and depreciation	1,348	1,240
Trustees' indemnity insurance	7	7
Trustees' reimbursed expenses	5	11
Auditors' remuneration:		
• Audit – company	30	30
• Audit – subsidiary company	7	6
• Audit – WaterAid international	4	4
• Audit – gift in kind	25	25
Exchange (gain)/loss	(438)	1,563
UK operating lease rentals – building	<u>317</u>	<u>375</u>

Trustees of WaterAid do not receive remuneration for their services but are reimbursed for travel and accommodation expenses. 5 Trustees were reimbursed for expenses incurred during the year (2014: 8 trustees).

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

WaterAid has paid £188k in audit fees in the year ended 31st March 2015 (2014: £151k). This figure includes £41k for the consolidated statutory audit provided by PricewaterhouseCoopers LLP (2014: £40k). PricewaterhouseCoopers LLP provide audit services as a gift in kind with a value of £25k (2014: £25k). Other audit fees relate to overseas country office external audits, project audits and donor grant audits as required by conditions of contracts

## 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. WaterAid gives grants to support WaterAid America, WaterAid Australia and WaterAid Canada in their programmatic, fundraising and organisational development.

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:

	2015 £000	2014 £000
Received from:		
WaterAid America	6,005	2,809
WaterAid Australia	1,419	1,858
WaterAid Canada	-	-
WaterAid Japan	16	5
WaterAid Sweden	5,582	4,352
	<b>13,022</b>	<b>9,024</b>
Paid to:		
WaterAid America	613	692
WaterAid Australia	426	481
WaterAid Canada (£175,418 paid by WaterAid; £5,666 paid by WaterAid international)	181	299
WaterAid Japan (paid by WaterAid international)	44	72
WaterAid Sweden (paid by WaterAid international)	-	250
	<b>1,264</b>	<b>1,794</b>

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

	2015 £000	2014 £000
Received from:		
WaterAid	399	332
WaterAid America	28	12
WaterAid Australia	43	27
WaterAid Canada	11	-
WaterAid Sweden	9	5
	<b>490</b>	<b>376</b>

Girish Menon, the former Director of International Programmes, was a director of Water & Sanitation for the Urban Poor (WSUP) and People in Aid during 2014-15. During 2014-15, WaterAid paid £10,000 to WSUP (2014: £23,479) and WaterAid received £170,791 in funding from WSUP (2014: £60,626). WaterAid also paid People in Aid £1,570 during 2014/15 (2014: £900).

Trustee Paul Batchelor is Chair of Crown Agent Bank from whom WaterAid have purchased foreign currency at competitive rates.

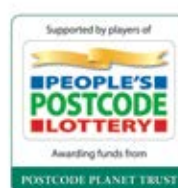
Full declarations of interest are obtained from Trustees and Directors for their own activities outside of WaterAid governance as well as those of their spouses and offspring.

# Thank you

Your commitment and generosity drives everything we do. To the 577,000 individual supporters, we would like to say an enormous thank you. Here we list some of the groups, organisations and people whose vital support helped us transform millions of lives last year.

@oneAlliance	Bournemouth Water	Galliford Try Plc	Lions Clubs International, British Isles and Ireland
Adam Smith International	Bridges Electrical	GBM	Martin Currie Investment Management Ltd
Aesseal PLC	Bristol Water Plc	Georg and Emily von Opel Foundation	MDNX Ltd
Affinity Water	British Water	Glastonbury Festivals Ltd	Medicor Foundation
Allan and Nesta Ferguson Charitable Trust	Cambridge Water	Gowland and Dawson Ltd	MGF
Allegra Foundation	CH2M HILL	Grontmij	Mildren Construction Ltd
Amey	Chris Rokos	Guernsey Overseas Aid Commission	Mitsubishi Corporation Fund for Europe and Africa
Anglian Water Services Ltd	Clancy Docwra	H&M Conscious Foundation	Morrison Utility Services
Association of Inner Wheel Clubs in Great Britain and Ireland	Comic Relief	H50	Mott MacDonald
Aveda UK & Ireland	Costain Group Plc	HSBC Holdings Plc	MWH Global
Balfour Beatty Utility Solutions	Decanter	Institute of Water	MWH Treatment
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be UK Ltd	Dutch WASH Alliance	J.P. Morgan	Natural Resources Wales
Belu Water Ltd	Dŵr Cymru Welsh Water	Jacobs Babtie	New English School of Kuwait
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Ofwat	Swiss Agency for Development and Cooperation	UK Aid from the Department for International Development
Players of People's Postcode Lottery	Terre Nouvelle	UNICEF
Portsmouth Water	Thames Water	United Utilities
Prince Albert II of Monaco Foundation	The Alchemy Foundation	USAID
Rotary International in Great Britain and Ireland	The Band Aid Charitable Trust	Vitol Foundation
Rotork Plc	The Christina Goodall Charitable Trust	Water and Sanitation for the Urban Poor
Scottish Water	The Foster Wood Foundation	Water UK
Selwoods	The Lotus Foundation	WaterAid's local group network volunteers
Severn Trent Water	The Met Office	WaterAid's speaker network volunteers
Skanska	The Northwick Trust	WaterAid's student societies
South East Water	The Peter Vardy Charitable Fund	Wessex Water
South Staffs Water	The Stone Family Foundation	Wild and Wolf Ltd
South West Water	The Swedish Postcode Lottery	Woodmansterne Publications Ltd
Southern Water	The Waterloo Foundation	World Health Organization
Stanley Thomas Johnson Foundation	Trant Engineering Ltd	Yorkshire Water
Stonbury Ltd		
Sutton and East Surrey Water		
Swedish International Development Cooperation Agency		







Margaret Among uses a 'tippy-tap' to wash her hands outside her wheelchair-accessable latrine in Bobol village, Amuria, Uganda.

WaterAid/Eliza Deacon

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# Last year we reached

 **2m**

people with  
safe water

 **3.1m**

people with  
sanitation

 **8.2m**

people with  
hygiene promotion

## Our mission

To transform the lives of the poorest and most marginalised people by improving access to safe water, sanitation and hygiene.

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### Find out more at...

[wateraid.org/annualreportUK](http://wateraid.org/annualreportUK)



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 **WaterAid**

Registered charity numbers 288701  
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