

The background image shows an elderly woman in a red sari with gold floral patterns and a yellow headscarf. She is standing on a concrete ledge at a public water tap, filling a metal pot. The tap is mounted on a grey concrete wall. To the right, there is a bamboo fence with colorful clothes hanging on it. In the background, there are green trees and hills under a clear blue sky.

A vision within reach

Annual Report and
Financial Statements
2015–16

We are WaterAid

When our founders created WaterAid in 1981, they could not have foreseen how far the world would come in the following decades. **Globally, 2.6 billion people have been reached with safe water and 2.1 billion with sanitation since 1990.** There were 686,000 fewer child deaths from diarrhoeal diseases in 2015 than there were in 2000.¹

We believe **our vision is within reach**: a world where everyone everywhere has safe water, sanitation and hygiene.

In 2015, the United Nations launched the Global Goals for Sustainable Development: a new set of targets designed to end extreme poverty by 2030. **Your campaigning helped ensure that Goal 6 promises universal access to water, sanitation and hygiene.** Our 2015–2020 Global Strategy is dedicated to achieving it.

Poverty can only be defeated when people have safe water, sanitation and hygiene – the **golden threads** running through health, education, gender equality, nutrition, urban growth and prosperity.

The next 15 years promise to be an incredibly exciting period of progress. These new, integrated Global Goals create an historic opportunity to eradicate extreme poverty once and for all.

With your continuing support, **we can make water, sanitation and hygiene play a critical role** in transforming the lives of the world's most marginalised people.

Thank you for everything you helped achieve in 2015–16. This report shows how your support is helping some of the poorest communities in the world.

¹ Global Health Observatory – World Health Organization

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Explore the digital version of this report at
www.wateraid.org/annualreportUK

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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 in America, Australia, Canada, India, Japan and Sweden. The narrative sections of this report refer to those activities for which WaterAid UK has management responsibility.



Five year old Obse at her village's new water point, Oromia, Ethiopia.



Welcome from Barbara and Tim

If there was ever a year that all of us at WaterAid could call ‘historic’, it was 2015. Thanks to your generosity and commitment, we were able to work alongside our partners from civil society, academia, the private sector and government to make huge strides towards our vision of everyone everywhere having taps, toilets and good hygiene.

Many of you will have campaigned alongside us to ensure there was a dedicated goal for universal access to water, sanitation and hygiene in the UN’s Global Goals for Sustainable Development. In September last year, the hard work paid off.

Goal 6 sets out to ensure water, sanitation and hygiene for all by 2030 and, alongside the other 16 interconnected goals, is aimed at eradicating extreme poverty.

We are proud of what we achieved in what was a dangerous and volatile world last year. Political instability, natural disasters, changing weather patterns and civil unrest continued to threaten the safety of communities, staff and partners. Our teams in Liberia and Sierra Leone were faced with the devastating Ebola outbreak and played a key role in the response. And in Nepal, we were still helping our partners to rebuild facilities in the aftermath of last year’s massive earthquakes.

2015–16 was the first year of delivering our 2015–2020 Global Strategy. Our four new aims are all about working in partnership with governments and other organisations – particularly in health, nutrition and education – towards the provision of sustainable water, sanitation and hygiene services that reach the world’s poorest people.

Your support helped us advocate for change, work alongside governments and service providers to build capacity and to improve systems, and to assist local partners to build and manage water points and toilets and to embed good hygiene practices. Together, we reached millions of people; transforming their lives through access to life’s basics – safe water, sanitation and good hygiene.



This group of schoolgirls in Uganda have learnt how to make sanitary pads from cotton cloth. Their school now has safe water and private toilets, and runs a hygiene club that educates girls about managing their periods safely.

“ You are the driving force behind everything we do. ”

Thank you to all of you who supported WaterAid this year. Your campaigning, volunteering and generosity are the driving force behind everything we do, from the work on the ground to influencing change at the highest level. We have also worked hard to build a strong and effective Board of Trustees and a team of volunteers and staff living our shared values – respect, integrity, accountability, innovation, courage and collaboration.

Last year, we welcomed the introduction of a new fundraising regulator and continue to endorse the formation of best practice standards for the sector. It is of paramount importance for us to earn and keep your trust and confidence, and we are very proud to say our income continued to rise in 2015–16.

As we look to the future, we mourn the passing of Maurice Lowther, a founding father of WaterAid and our Vice President. He had attended Board meetings since 1981 and maintained a keen interest in, and commitment to, WaterAid throughout his life. He will be much missed.

So, thank you for backing WaterAid. With your passion and commitment putting wind in our sails, we are part of the global effort to reach everyone everywhere with the most vital of services. Together, we can and will contribute to the eradication of extreme poverty by delivering long term sustainable change for the most excluded members of society.

Barbara Frost
Chief Executive

Tim Clark
Chair of Trustees

Now that Laxmi Thakur, 18, has a clean toilet in her house, she is proud to welcome people to her home in Safeda Basti slum, Delhi, India. She is earning money for her family by tutoring local children. "I want to show society that girls can really do something if they want to."



Making change happen

Having access to safe water, sanitation and hygiene affects so many aspects of people's lives. We focus solely on these vital services because they bring about huge transformations in people's health, education and livelihoods. The key to our success is working with partners to trigger change in the world beyond.

For instance, the safety of mothers and newborn babies in hospitals is dependent on there being clean drinking water, functioning toilets and good hygiene practices. So, we support medical staff, local organisations, health charities and government to install and maintain those services long into the future.

It's a similar story with schools, workplaces, villages and neighbourhoods: working in partnership to reach the poorest and most marginalised people with taps, toilets and improved hygiene.

The challenge we face remains huge: 650 million people live without safe water, 2.3 billion have nowhere to go to the toilet, and the resulting diseases kill 315,000 children every year.²

Our work with governments and service providers is crucial: helping them develop the skills and systems to deliver water supplies, toilets and hygiene education day in, day out.

At the local level, we support partners to build and maintain facilities, improve hygiene behaviour and mobilise communities to call for their rights.

We use the evidence from our work to influence decision-makers to reach everyone everywhere with safe water, sanitation and hygiene by 2030.

Our 2015–2020 strategy is about working with partners across the world to make change happen in four ways:

1. Equality

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

2. Sustainable services

We support national and local service providers to strengthen the systems and capabilities required to deliver water, sanitation and hygiene services which are sustainable.

3. Integration

We work with others to develop plans and activities that accelerate change by integrating water, sanitation and hygiene into broader sustainable development initiatives in areas such as health and education.

4. Hygiene

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



Watch our short animation about how our strategy is designed to transform people's lives at www.wateraid.org/strategy

² www.washwatch.org

Our priorities for 2015–16

In the first year of our new Global Strategy, we had five priorities.

1

Delivering our new Global Strategy through developing our country, regional and functional strategies.

2

Delivering Healthy Start, our global campaign to integrate water, sanitation and hygiene into child healthcare.

3

Contributing to the best possible result regarding the inclusion of water, sanitation and hygiene in the UN's Global Goals for Sustainable Development.

4

Developing our enabling framework to deliver the Global Strategy – leadership, people, skills, structures, systems, processes and governance.

5

Improving and streamlining our work across the global organisation.



And our fundraising and finance targets were:

- To raise £84–86 million in income – of which restricted income was targeted to make up £29–31 million and unrestricted income £55–57 million.
- To secure 370,000 active regular supporters.
- To spend £86–88 million.

This report shows how we performed against these priorities, which fall under our charitable activities as set out in our Financial Statements: supporting partners to deliver water, sanitation and hygiene; influencing policy in water, sanitation and hygiene; and supporting WaterAid globally.



Teachers and pupils at a primary school in Ankazobe district, Madagascar, celebrate after WaterAid's local partners installed a gravity-flow water system and toilet block.

Canada
Federation member

Sweden
Federation member

UK
Federation member

America
Federation member

Nicaragua

See WaterAid America's Annual Report

Colombia

Senegal
Regional office

Burkina Faso

Mali

Niger

Sierra Leone

Nigeria

Liberia

Ghana

South Africa
Regional office

Our impact in 2015–16

WaterAid is a global organisation: we work beyond the borders of our countries. Our teams in country programmes, federation members and regional offices work with hundreds of partners to trigger change across the world.

Country programmes*: users reached 2015–16

	Water 	Sanitation 	Hygiene 		Water 	Sanitation 	Hygiene 
Mali	72,100	45,060	73,943	Rwanda	10,107	91,744	91,744
Burkina Faso	17,838	141,792	338,962	Tanzania	69,475	65,633	63,078
Niger	22,376	14,185	19,521	Malawi	30,338	97,984	60,774
Sierra Leone	18,625	7,800	28,155	Mozambique	18,640	29,240	86,503
Liberia	8,160	5,700	21,498	Madagascar	83,548	56,514	71,741
Ghana	30,337	33,586	37,113	Swaziland	4,494	3,236	5,184
Nigeria	109,875	187,069	88,997	Lesotho	364	412	651
Zambia	78,130	51,152	55,965	India	703,925	1,123,180	1,887,253
Uganda	27,315	56,173	29,827	Pakistan	229,982	521,269	640,325
Ethiopia	76,381	82,623	69,529	Nepal	45,474	82,455	104,043
Kenya	Country programme still at pilot stage			Bangladesh	293,586	391,246	931,099

* The 21 country programmes WaterAid UK has management responsibility for. India became an associate federation member in March 2016 and is no longer under the management of WaterAid UK.



Totals 2015–16

 **1.9m** people reached with safe water³

 **3m** people reached with sanitation⁴

 **4.7m** reached with hygiene promotion⁵

All-time totals

24.9m people reached with safe water⁶

24m people reached with sanitation⁷

16.7m reached with hygiene promotion⁸

User numbers are gathered from country programmes through our programme management system.

³ 112% of the plan

⁴ 99% of the plan

⁵ 118% of the plan

⁶ Since 1981, when we were established

⁷ Since 2004, when we began recording sanitation interventions

⁸ Since 2014. Hygiene promotion numbers are estimates based on local marketing campaigns and our work in schools



“I don’t have anything else to say apart from thank you so much!” Bebe Razafy, 76, leads the celebrations on the day the gravity-fed water point was turned on in the remote village of Beravina, Analamanga, Madagascar.

WaterAid/ Ernest Randriari malala

Equality

Gender, age, caste, race, disability, poverty and location are among the many reasons why millions of poor people's rights to safe water, sanitation and hygiene are overlooked. We helped tackle this inequality because we want to reach the people in greatest need.

Living in dignity

Having nowhere clean and private to go to the toilet affects women, girls, disabled and older people more than others, leaving them vulnerable to ridicule, abuse and even attack. Across all our programmes, we helped communities to build latrines so people can live a dignified, healthier life.

Liberating communities from disease and squalor

In Pakistan, where we are working to eradicate the practice of open defecation, we provided toilets to the poorest people and households headed by women or disabled people. This targeted help at those most in need, and also meant the most marginalised people were able to lead the rest of the community by good example.

We helped over **5,600** communities – mostly in South Asia – build toilets, learn about good hygiene behaviour and eradicate the practice of defecating in the open.



Campaigning against inequality

Your actions in support of the Everyone Everywhere campaign in 2015 and around World Water Day and World Toilet Day helped to mobilise hundreds of UK parliamentarians to prioritise the delivery of water, sanitation and hygiene to the world's poorest people. Our teams also influenced the outcomes of global and regional policy conferences, such as the declaration from the 2016 South Asian Conference on Sanitation, where eight governments promised to prioritise the needs of the poorest people in the work towards achieving the Global Goals.



Check out the timeline slider map on our website www.WASHwatch.org to see how the world is progressing towards reaching everyone everywhere by 2030.



Sustainable services

When water points and toilets break or simply don't exist, it is usually because the right systems are not in place. We helped governments and communities work together to establish and maintain services because this is the key to reaching everyone everywhere.



WaterAid/James Kyimba

Our partners worked with Olupot Martin, pictured with his two children, to adapt this handpump and his household latrine so that he can use the facilities easily. “I feel my dignity in the community has been restored.” Abibico village, Amuria, Uganda.

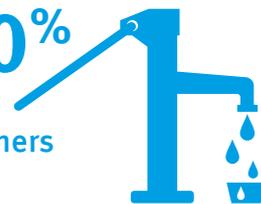
Creating the social contract

The sustainability and fair distribution of services relies on people understanding their rights and being able to hold their government to account, and for national and local institutions to respond effectively. Across all of our country programmes last year, we helped improve services by strengthening local government institutions through leadership and management training. We also motivated citizens to participate in local processes.

Establishing community control

It is vital that communities are fully involved in planning and maintaining local services. In Uganda last year, we helped 17 village committees to manage their boreholes and collect funds for operation and repairs. A similar initiative in Malawi has enabled communities to buy a stock of spare parts. This type of community ownership helps keep facilities running in areas where local government support may be weak.

In Mali and Pakistan, over **90%** of water points rehabilitated or constructed by WaterAid’s partners are functioning well.



Monitoring past projects to shape the future

We use the findings from our surveys of water, sanitation and hygiene facilities to help design better future programmes and influence public policy to reach more people with sustainable services.⁹ For instance, in Rwanda, a general survey of water points and toilets built by a variety of service providers found that only 45% remained functional. The Government acted on our findings, repaired the affected facilities and held community meetings to better understand and tackle the causes of failure.



You can see graphics and introductions to our technologies at www.wateraid.org/technologies

⁹ Priorities 4 and 5 – see page 8



Integration

Children's health, women's empowerment, education, nutrition and urban planning all rely upon safe water, sanitation and hygiene. We worked with partners in health, education, business and government to integrate these vital services into their plans.

Creating a healthy start in life

Through our Healthy Start project, we helped improve the health and nutrition of newborns and infants by integrating water and sanitation facilities and good hygiene practices into health facilities. Ensuring that hospitals like Kiomboi (pictured) have clean drinking water and toilets, and that staff are practising good hygiene techniques, massively reduces fatal infections and diarrhoeal diseases during the first days and months of life.¹⁰

We partnered with **294** organisations working in water, sanitation, hygiene, health, education, livelihoods, food and climate change; disbursing £23.1 million in grants to partners.¹¹



Joining forces to tackle Ebola

The Ebola outbreak in West Africa killed over 11,000 people, 500 of them clinical staff, and stretched weak healthcare systems beyond breaking point. In Sierra Leone and Liberia, we worked with behavioural change experts and the health sector to change attitudes towards safe hygiene, and to equip more clinics and hospitals with safe water supplies and clean toilets, helping to eradicate Ebola and other related diseases.

Targeting the intervention

Boreholes need to be located in areas where they are likely to be both productive and close to people's homes. We collaborated with Rural Water Supply Network, Swiss Resource Centre and Consultancies for Development, and UNICEF to develop and roll out a series of training videos to help NGOs and governments work with engineers and hydro-geologists to choose the right drilling sites and create detailed records to inform other water drilling projects.

Midwife Daniel Paulo holding one of the first babies to be born at Kiomboi hospital, Tanzania, after we had installed a safe water supply, toilets and waste disposal facilities. "All the pregnant women now have water to use here during their stay. Having running water all the time will help us to reduce infections. We will all be healthy. God bless you!"



Our www.waterpointmapper.org is used by many different partners to map the location and functionality of water points to help reach people in greatest need.

¹⁰ Priority 2 – see page 8

¹¹ See note 9 to the Financial Statements – page 57

“Now, our teachers and hygiene promoters talk and teach us about puberty and menstruation. I was a bit anxious when they talked about it for the first time. But now we’re used to it as they tell things in a very funny and easy way. I particularly love and enjoy having safer water and a shower in school because it keeps me in school even during my period time.”

Njara, 13, a secondary school student in southern Madagascar



Hygiene

Handwashing, safely storing water and food, and keeping toilets clean and functional can all reduce the spread of deadly diarrhoeal diseases. We worked with our partners in health and education to run hygiene programmes for millions of people, informing and inspiring them to stay safe.

Making menstruation safe

Adolescent girls like Njara (pictured) often struggle to manage their periods safely without hygienic toilets and washing facilities at school. It can be the difference between getting an education and dropping out altogether. In Bangladesh, we used evidence from a 2014 national hygiene survey to persuade the Ministry of Education to order all educational institutions to install separate toilets for girls with hand basins, soap and waste disposal.

Reaching families in Nepal after the earthquakes

The Clean Family, Happy Family programme in Nepal, which we helped develop with marketing and public health experts, targets new mothers attending baby vaccination clinics. Health workers and hygiene volunteers educate these mothers about breastfeeding, handwashing and safe preparation of food. Last year, we reached 35,000 women through 1,200 health workers and 2,200 hygiene volunteers across Nepal. The next step is to roll out the scheme across the country in 2017 in tandem with the national immunisation programme.

After the Nepal earthquakes, we reached over **160,000** people with hygiene kits and water purification tablets.



Putting hygiene into the Global Goals

Our advocacy teams worked tirelessly to make sure water, sanitation and hygiene were all built into the new Global Goals from the beginning. From now on, governments have to track and report on, and therefore invest in, increasing the numbers of people using 'safely-managed sanitation services, including handwashing with soap and water'.¹²



Watch some of our amazing short films at www.youtube.com/wateraid

¹² Priority 3 – see page 8

The devastating Nepal earthquakes in 2015 forced a rethink of how this water tank should be built. We worked with Dhruba Shrestha's team of masons to design a quake-resilient structure, divided into four chambers. Fed by a spring higher up the hill, it holds 100,000 litres, enough to supply the 250 households in Lele village, Lalitpur, Nepal.



Responding to challenges

In a fast-changing world, WaterAid must be responsive and flexible so we can seize opportunities and overcome challenges. Last year, we allocated extra funds to tackle several key issues while focusing on our goals.

Global insecurity

Conflict, civil unrest, disease outbreaks and natural disasters pose great threats to the safety of communities, partners and staff and to our operations in general. We continued to support country programme teams to respond quickly and effectively when challenging situations arose. We also hired a Global Security Manager who is responsible for supporting the safety and security of all staff.

Ebola outbreak in West Africa

Many of the countries in West Africa were affected by the impact of Ebola; particularly Sierra Leone and Liberia. Staff and partner movement was restricted, having an impact on projects across the two countries. Our work was redirected to support the emergency health response, and continues to help rebuild healthcare services and promote good hygiene to keep the disease at bay.

Earthquakes in Nepal

The devastating earthquakes destroyed houses and facilities in many of the areas where we work, and badly affected our staff teams, some of whom lost their homes. We redesigned our work: distributing hygiene kits and helping rebuild water points and toilets to respond as effectively as we could in such challenging and difficult circumstances.

Ensuring sustainability

The sustainability of services and behaviour change is a perennial challenge. Our 'looking back' surveys continue to show that the main threats are breakdowns in community management, weak institutions and financial capacity. These findings confirm that our strategic aim on strengthening sustainable services is correctly focused.

Many of our new country-level strategies are taking a district-wide approach: working with a range of partners to tackle key financial, institutional, environmental, technical and social issues across a particular district. We assist local governments to hire and manage hydrologists and drilling teams, test different affordable technologies and map the location and functionality of water points and latrines. We also stimulate demand among communities by helping citizens understand their rights.¹³



Hear from our team members themselves as they bring the issues to life at www.wateraid.org/policy-practice-and-advocacy

¹³ Priority 1 – see page 8

Backing a winning team

Your support helps recruit and train expert teams, working together to deliver services, change policy, raise funds and inspire action so that millions of people are reached every year with water, sanitation and hygiene services. With such a big ambition, we have to attract and keep the best talent and empower our people to do a great job.

An award-winning organisation

We are only as effective as our staff, and so we were delighted that in the Sunday Times list of '100 best not-for-profit organisations to work for' we were ranked number six, up 35 places from our previous placing. The ranking is based on the response to our regular staff survey, and 91% of our colleagues say they feel proud to work for WaterAid.¹⁴

Meanwhile, Barbara Frost, our Chief Executive, won the Daniel Phelan Award for Outstanding Achievement at the 2016 Charity Awards and was named one of the '100 Faces of a Vibrant Economy' by Grant Thornton UK.

Voices from the field

There is a constant demand for our work to be brought to life through film, photography and storytelling. We now have dedicated staff in eight key countries as part of our award-winning Voices from the Field programme (see picture), creating bespoke content that is used to report back to supporters, bringing you closer to the projects you make possible.

Being equipped for success

Becoming more agile, innovative and effective is essential to achieving our ambitious goals and being a leader in our field. We are continually improving the ways we develop our people, manage information and create the most efficient and effective working practices.¹⁶

860 staff across **25** countries¹⁵

52%
of staff are men



48%
are women



546 volunteers – whose time and energy is vital to our success

¹⁴ Priorities 4 and 5 – see page 8

¹⁵ At 31 March 2016. This includes the UK, plus 21 country programmes and two regional offices managed by the UK office, plus WaterAid India, whose staff contracts were with WaterAid UK until 31 March 2016

¹⁶ Priorities 4 and 5 – see page 8



Find out more about who we are and how we work at www.wateraid.org/who-we-are

“My job title summarises what it’s all about: getting the voices of communities from the field and connecting them with the people that support them. When I explain to people that WaterAid raises funds from thousands of individual supporters and companies who are concerned about their welfare, it almost confuses them to know that people from so far away care about others they have never met or seen.”

Behailu Shiferaw is our Voices from the Field Officer in Ethiopia, seen here with Birhane Araya, 80, on the day safe water came to her village.



Our wonderful supporters

The amazing WaterAid supporter community is now over 720,000 people strong in the UK, with over 340,000¹⁷ people giving through direct debit. Your generosity inspires us year after year: campaigning for change, running marathons, giving talks, donating money and sharing your passion through every possible medium. Thank you for everything you do!

Parallel lives

The experiences of expectant mothers like Joanna (pictured), from the UK, contrast dramatically with those of millions of pregnant women in the developing world. As part of the Deliver Life campaign, we worked with mothers in in the UK, USA, Australia and several developing countries on the Parallel Lives photo project to show how different preparations are for childbirth depending on whether your clinic has safe water, toilets and a hygienic environment.

WaterAid/Anna Kari



Joanna said: “My sister suggested bringing something to make it easier to drink water during the labour, so I have packed a water bottle. I will bring it empty – I’m assuming the hospital will have somewhere I can fill it.”



WaterAid



Local action

Volunteers Amira and Asia from our London Local Group raised vital funds over Christmas for our Deliver Life appeal. Through bucket collecting, cake sales, dinner dances, music nights and many other events, local groups in the UK raised over £50,000 for safe water, sanitation and hygiene projects around the world.

¹⁷ Target: 370,000 people – see page 9

You donated **£4.9m** to our Deliver Life appeal, with the UK Government matching £4 million of it pound-for-pound, to help hundreds of thousands of mothers bring their babies safely into the world.¹⁸ This Aid Match scheme is helping to engage new supporters in our mission.



Going the extra few thousand miles

Jamie Ramsay – hailed as Britain’s answer to Forrest Gump – is both extraordinary and typical of our incredible supporters. Last year, he ran from Vancouver to Buenos Aires, covering 10,500 miles across 14 countries, raising over £17,000 to be split between WaterAid and two other charities.

Jamie Ramsay



Changing attitudes

Our award-winning¹⁹ spoof TV advert campaign #IfMenHadPeriods, showing men bragging about their ‘time of the month’, had over 2 million YouTube views and prompted worldwide media interest. We were making the point that attitudes to menstruation would be very different if it happened to men. In reality, millions of girls and women suffer discrimination and ill-health due to ignorance about periods.

Getting the message out

We received huge global media coverage for our reports on the state of the world’s toilets and the high cost of water for the world’s poorest people. And on World Water Day, thousands of supporters and 100 UK MPs turned their online profiles #Blue4Water to call for clean water and toilets for everyone everywhere.

The UK water industry

Water companies across the country provided huge amounts of support last year, with customers donating over £210,000 through their water bills and the companies, their staff and contractors giving more than £3 million. Since 1990, supporters who originally signed up to WaterAid via their water bill have given over £158 million.

There are more and more ways to link up with other supporters and get involved at www.wateraid.org/getinvolved

¹⁸ This matching income from the UK Government will be recognised in the 2016–17 financial year

¹⁹ Chartered Institute of Public Relations Not-For-Profit Campaign Award 2016

Financial review

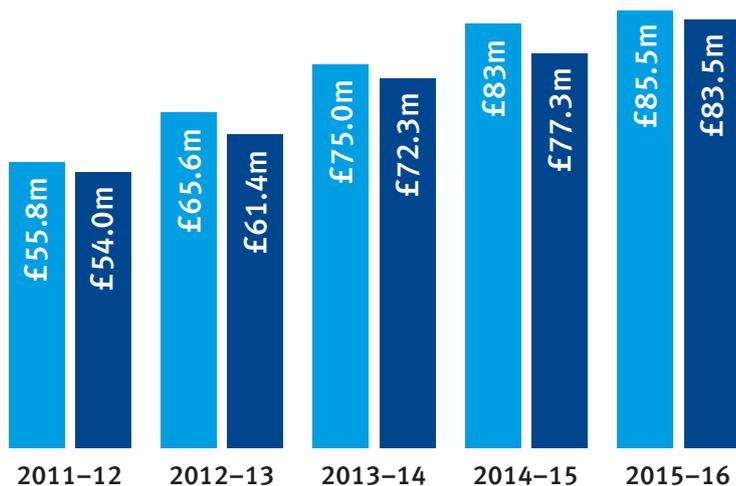
Everything we did in 2015–16 was only possible because of the generosity and commitment of our supporters. You donated £85.5 million – a 3% increase on the previous year – enabling us to reach millions of people with safe water, sanitation and hygiene, and to influence others to reach everyone everywhere with these services by 2030.



Chanda Chalis is a caretaker at her community's toilet block in the Dalit Ekta Camp, Delhi, India, helping to collect fees and keep the facilities clean and functional.

WaterAid/Eliza Powell

Five-year snapshot

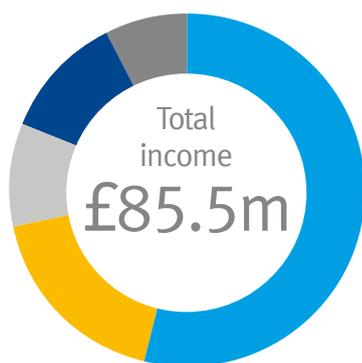


- Income
- Expenditure

This snapshot of our income and expenditure over the past five years shows a story of continuous growth, enabling us to reach millions of people year after year – thank you.²⁰

²⁰ In 2015–16 we adopted the new financial reporting standard for charities (Charities SORP (FRS102)). This required our income and expenditure reported in previous years to be restated. See note 1 to the Financial Statements – page 47

Who we received funds from

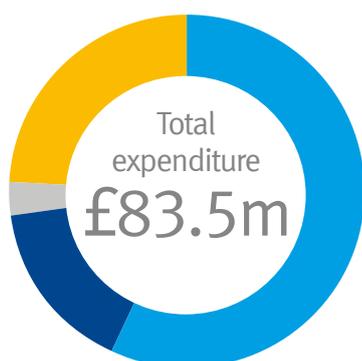


● Individual supporters	£46.1m
● Corporate and trust supporters	£15.3m
● Other WaterAid member countries	£8.1m
● Institutions	£9.6m
● Fundraising in our other countries	£6.4m

More than half of our total income was donated by hundreds of thousands of individual supporters. We are fortunate that 67%²¹ of our funds, received from a range of sources, are given without restrictions being placed on how

and where we use them. This means we are able to react quickly to unforeseen events, such as the Nepal earthquake and West Africa's Ebola outbreak, and maintain support to local partners and communities.

How we used your money²²



● Fundraising	24%
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Delivering services and making change happen:

● Supporting partners to deliver water, sanitation and hygiene	57%
● Influencing policy in water, sanitation and hygiene	16%
● Supporting WaterAid globally	3%

Our total expenditure for the year was £83.5m, of which £48m was spent on directly supporting partners to deliver safe water, sanitation and hygiene services to poor communities and £13.1m on influencing decision makers to reach many millions more. In total, we spent 76% of supporters' money on our charitable activities. This included our support and governance costs.

We focused our advocacy efforts on campaigning globally to integrate water, sanitation and hygiene into child healthcare and ensure that water, sanitation and hygiene were included in the UN Global Goals for Sustainable Development. The increase in expenditure on influencing policy, which significantly extends our reach and capacity to ensure vital services are provided, was critical to achieving this success.

We have invested in systems, people and processes during the year and will continue to do so in the coming year. This will provide the enabling environment required for us to be successful in achieving our 2030 vision, and is reflected in our increased support costs.²³

The efficient return on investment in fundraising was the reason why 24% of our total expenditure in 2015–16 went into raising more money for our vital work. We raised £4.30 for every £1 we spent on fundraising.

We use these funds to implement and demonstrate good fundraising practice, communicate regularly with our supporters and reach out to the wider public to show them the critical nature of WaterAid's contribution to eradicating extreme poverty.

²¹ Target: restricted income £29–31 million and unrestricted income £55–57 million – see page 9

²² See note 6 to the Financial Statements – page 54

²³ Priority 4 – see page 8. And see note 6 to the Financial Statements – page 54.

The year ahead

Our priorities for 2016–17

- Delivery of our Global Strategy and four strategic aims (equality, sustainable services, integration and hygiene) to help achieve Global Goal 6 of the Global Goals for Sustainable Development.
- Encouraging innovation in our work.
- Developing new partnerships.
- Effective security management.
- Effective global working.

Fundraising and finance targets

- To raise between £85–90 million, with 67% being unrestricted income.
- To spend between £84–90 million.
- To recruit 39,000 new supporters.



Fatawu Imoru's school in Ghana now has clean, functioning toilets and a rainwater harvesting system.

WaterAid /Nyani Quarumyne/Panos

Thank you

To our community of 720,000 individual supporters and to the many other groups from whom we have received such generous backing, we would like to say a huge heartfelt thank you for being part of an amazing effort in 2015–16. We hope we can count on your commitment and generosity as we work towards the 2030 goal. Here we acknowledge some of the organisations and people whose vital contributions helped transform millions of lives last year.

@oneAlliance	Environment Agency
Aesseal PLC	Esh Group
Affinity Water	Essex and Suffolk Water
Allan and Nesta Ferguson Charitable Trust	European Commission
Allegra Foundation	Faversham House
Amey	Fhi360
Anglian Water Services Ltd	FUJIFILM Europe GmbH
Association of Inner Wheel Clubs in Great Britain and Ireland	Galliford Try Plc
Aveda UK and Ireland	GBM
Balfour Beatty Utility Solutions	Georg and Emily von Opel Foundation
Barhale Construction Plc	Glastonbury Festivals Ltd
be UK Ltd	Gowland and Dawson Ltd
Belu Water Ltd	Guernsey Overseas Aid Commission
BHP Billiton Sustainable Communities	H&M Conscious Foundation
Big Lottery Fund	H50
Bill Thomas	HSBC Holdings Plc
Black and Veatch Ltd	Ian Taylor
Bournemouth Water	Institute of Water
Bridges Electrical	Irish Aid
Bristol Water Plc	Jersey Overseas Aid Commission
British Water	Kelda Group Ltd
Cambridge Water	Kier Group
CH2M HILL	Laing O'Rourke
Chris Rea	Liberty Specialty Markets
Clancy Docwra	Lions Clubs International British Isles and Ireland
CML Family Foundation	Martin Currie Investment Management Ltd
Comic Relief	MDNX Ltd
Costain Group Plc	Medicor Foundation
Decanter	MGF
Diageo Plc	Mildren Construction
Dŵr Cymru Welsh Water	Mitsubishi Corporation Fund for Europe and Africa
Easynet	Morrison Utility Services
	Mott MacDonald

Mott MacDonald Bentley
 MWH Global
 MWH Treatment
 Natural Environment Research Council
 Natural Resources Wales
 New English School of Kuwait
 NMC Nomenca Ltd
 Northern Ireland Water
 Northumbrian Water Ltd
 Ofwat
 Palintest Ltd
 Players of People's Postcode Lottery
 Portsmouth Water
 Primayer Limited
 Prince Albert II of Monaco Foundation
 Rotary International in Great Britain and Ireland
 Rotork Plc
 Scottish Water
 Selwoods
 Severn Trent Water
 ShareGift
 Shree Prajapati Association UK
 Skanska
 Soroptimist International Great Britain
 and Ireland
 South East Water
 South Staffs Water
 South West Water
 Southern Water
 Stonbury Ltd
 Sutton and East Surrey Water
 Sweco

Swedish International Development
 Cooperation Agency
 Swiss Agency for Development and Cooperation
 Thames Water
 The Alchemy Foundation
 The Body Shop International Plc
 The Christina Goodall Charitable Trust
 The Dinswade Trust
 The Foster Wood Foundation
 The Lotus Foundation
 The Northwick Trust
 The Shanley Charitable Trust
 The Swedish Postcode Lottery
 The Waterloo Foundation
 Trant Engineering
 UK Aid from the Department for
 International Development
 UNICEF
 United Utilities
 USAID
 Vitol Foundation
 Water and Sanitation for the Urban Poor
 Water UK
 WaterAid's local group network volunteers
 WaterAid's speaker network volunteers
 WaterAid's student societies
 Wessex Water
 Wild and Wolf Ltd
 Woodmansterne Publications Ltd
 World Health Organization
 Yorkshire Water
 YTL

www.wateraid.org/getinvolved



Key policies and processes

Our people

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, under which we adhere to a number of commitments relating to the recruitment of disabled people and to supporting disabled employees.

Employee engagement

Our global staff participate in biennial employee engagement surveys, giving incredibly helpful feedback on what it is like to work at WaterAid. All staff who take part say they have a good understanding of our vision and overall aims and 80% would wholeheartedly recommend WaterAid as a great place to work. In the UK, 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.

Key policies and processes

Managing risk

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

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

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

Processes include:

- Risk appraisals conducted from Board through to country team level, with regular training sessions to identify, evaluate and manage risks.
- Risk registers that capture risks identified across WaterAid, including material risks, controls and actions.
- An annual risk management plan which is produced by the Directors Team for review and approval by our Trustees, who receive regular progress reports.
- A comprehensive risk management review which is carried out by the Audit Committee twice a year.

- Regular risk audits which are carried out by our Internal Audit Team and reported to the Audit Committee.
- Multi-year planning and budgeting which focuses on milestones linked to delivery of the Global Strategy.
- Financial reporting which compares results with the budget on a monthly, quarterly and yearly basis.
- Value for money principles which guide when and where we source goods and services, how we benchmark salaries and our policies on borrowing and reserves.

The most significant risks last year were:

- **Converting the Global Strategy into country strategies which have clear outcomes to facilitate effective delivery and management.** It was critical that local strategies were developed and owned by those delivering them, while also adopting the four global aims and organisational requirements. The shift within WaterAid to better integrating service delivery and advocacy to contribute to long-term sustainable change has taken time to embed in local programmes.
- **Developing our new supporter relationship management system, programme management information system and improving our information technology environment.** The supporter relationship management system was rolled out in June 2016 on time and within budget, an excellent achievement given the scale and significance of this system. The programme management information system is on track to be rolled out by March 2017; this is a system which is critical to supporting continued improvement in the efficiency and effectiveness of our work. Investment in our systems is a key aspect of developing an enabling environment.²⁴

²⁴ Priority 4 – see page 8

- **Managing increased insecurity and risk to the health and welfare of our colleagues and visitors.** There was heightened insecurity in many of the countries we work in. Managing this risk was prioritised and we monitored and adapted our plans to respond to challenging security situations. We undertook an audit of security across WaterAid, recruited a permanent Global Security Manager and reviewed and improved country security plans.
- **Responding to emergencies.** The aftermath of the Nepal earthquake, followed by political disputes, border closures and fuel and supply shortages restricted the Nepal country programme's ability to operate effectively. We gave support to the team and amended plans accordingly. Our unrestricted reserves enabled us to respond quickly to this emergency.
- **Operating within changing legislative requirements for civil society and NGO operations.** WaterAid took steps to adapt these in the countries where we work; changing our approach in Ethiopia and delaying plans for establishment in Kenya, which affected growth in both countries.²⁵ Changes in tax regulations in the UK required some unplanned expenditure on digital fundraising development.²⁶
- **Fundraising environment.** Media coverage of a few charities' fundraising practices affected public trust of the charity sector as a whole. Please see the box (page 35) outlining our public fundraising approach.

The main risks to be managed in the year ahead:

- Financing the Global Strategy given the uncertain economic climate in which there is more economic pressure on individuals and a number of institutional and corporate supporters are reviewing their priorities.
- Adapting to the continuing changing legislative and operating environment for NGOs in countries where we work.
- Civil unrest and insecurity increasing in many of the countries where we work.
- Delivering a complex global portfolio of systems projects on time and within budget.

²⁵ See note 8 to the Financial Statements – page 56

²⁶ See note 6 to the Financial Statements – page 54

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. In all of our fundraising, we work diligently to comply with the Fundraising Code of Practice and to champion the standards they promote.

We contact a number of our supporters by telephone each year. External agencies who conduct this work on our behalf are required to do so in a respectful manner and in accordance with our standards and sector regulation. We closely monitor agencies' compliance and performance. 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 do not contact people from cold lists, nor do we give or sell supporters' details to anyone else. Details regarding our approach to fundraising are on our website, along with our 'fundraising promise', and we actively encourage supporters to contact us with any feedback. It is vital that we communicate with our supporters in the manner they prefer, and we are very keen to respect their privacy and preferences.

We support measures that will improve public trust and support for the sector. We welcomed the introduction of the new Fundraising Regulator and contributed to its set-up costs. We endorse the formation of best practice standards and guidelines for the sector, which we helped define.

We are members of the Institute of Fundraising, the Fundraising Standards Board, the Direct Marketing Association and the Public Fundraising Regulatory Association. We abide by their codes of conduct.

We monitor complaints and take on board feedback to help us improve our fundraising approach. During 2015–16 we made 4,245,093 contacts using email, mail and telephone. We received 925 complaints, 0.02% of the total contacts we made.

Our Supporter Care Team looks into each and every complaint, responding within three working days. We do all we can to resolve complaints and ensure that supporters are happy to be part of our work.

Key policies and processes

Financial management

Reserves policy

WaterAid has an approved reserves policy, retaining a level of funds within an operational reserve of unrestricted monies to mitigate financial risks identified in the risk management plan. The target range for the operational reserve is reviewed on an annual basis and, in 2015–16, was set as a range of £13–14 million. The Board of Trustees have designated £3 million for a capital investment reserve, essential investment for the enabling environment required to deliver the Global Strategy priorities 4 and 5 for 2015–16 outlined on page 8. The operational reserve is below the target range at £11.8 million and expected to be within the range in 2016–17.

The excellent work of our fundraising teams ensures we have a great diversity of income streams and restricted funding forms part of that income.

Total funds at 31 March 2016 were £32.2 million, £13.9 million of these were restricted. The balance of restricted funds held at any time is not part of the reserves policy. These monies are dedicated to specific programmes and the Trustees have no discretion to reallocate them to other uses. Restricted funds are carried forward into future years where the criteria have yet to be met for compliance with the funder's conditions. Restricted funds are received from governments, trusts, foundations, corporations and individuals and the restrictions that these partners place on the funds they give us can range from a focus on a region, theme or country to a high degree of restriction, such as a specific project in a particular country.

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

Investment policy and performance

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

Due to continuing very low interest rates, investment income was just £112,000 in 2015–16. This level of return is anticipated to continue throughout the financial year 2016–17.

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 federation member countries, including WaterAid UK, in developing and delivering our Global Strategy.

At the beginning of the year, WaterAid international had five federation members: the UK, America, Australia, Canada and Sweden. WaterAid India joined as an associate federation member in March 2016. WaterAid Japan is working towards associate membership of the federation. All federation members are independently-constituted organisations with their own boards.

Last year, WaterAid UK increased its investment in WaterAid international and other member countries by 41% to support the growth of the global federation and the shared delivery of our Global Strategy.²⁷ 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 to an associate 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 in England on 22 February 1984. WaterAid registered as a charity in Scotland on 3 April 2008.²⁸ WaterAid has a Memorandum which sets out the objects and powers of the organisation and is governed in accordance with the Articles of Association.

WaterAid is a company limited by guarantee, under which the members each undertake to contribute £1 in the event of the company being wound up. At 31 March 2016, there were 48 company members.

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

²⁷ Priority 5 – see page 8

²⁸ WaterAid raised £2,744,518 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.

Trading company

WaterAid Trading Ltd made a net profit of £0.78 million on £0.87 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.

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

As at 31 March 2016, WaterAid has offices registered as branches of the UK company in 21 countries in South Asia and Africa. In March 2016, India became an associate member of the WaterAid federation, no longer under the management of WaterAid UK. Kenya is at pilot stage and is not yet registered as a branch office of WaterAid UK. Country Directors and Team Leaders in each branch report into the Head of Region. All are appointed by and accountable to the Director of International Programmes. Country Heads of Finance report to the Country Directors and have a dotted line to the UK-based Director of Finance and Information Services.

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

The Chief Executive spent 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.

The accounts of WaterAid international comprise secretariat and investment costs – not the accounts of the other Members and are consolidated into WaterAid in the UK as shown in note 15 to the Financial Statements.

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 a three-year term which may be renewed for another term of three years. In occasional circumstances, this period may be further extended in order to retain specific skills.

Sandeep Katwala and Paul Batchelor stood down from the Board at the AGM in October 2015 at the end of their second terms. Their significant contributions to the Board of Trustees and to the development of WaterAid and WaterAid international were noted with great thanks and much appreciation.

The Board of Trustees has three committees:

- 1. The Audit Committee promotes and safeguards the highest standards of integrity, financial reporting and internal control. It also oversees the organisation's risk management processes.**
- 2. The Nominations Committee ensures that candidates of the highest calibre are put forward for election to the Board of Trustees, so as to achieve an appropriate and diverse mix of skills and experience across the Board as a whole.**
- 3. The 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, advisors and key details section on page 41, 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 have prepared the Financial Statements in accordance with United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice). Under company law the Trustees must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of the affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing these Financial Statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state whether FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" has been followed, subject to any material departures disclosed and explained in the Financial Statements; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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 7 September 2016 and signed on its behalf by

A handwritten signature in blue ink, appearing to read 'Tim Clark'.

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
(deceased May 2016)

Board of Trustees

Sylvia Anie² (joined October 2015)

Paul Batchelor (stood down October 2015)

Clarissa Brocklehurst²

Tim Clark, Chair of the Board of Trustees^{2,3}

Rosemary Carr²

Richard Flint²

Sandeep Katwala (stood down October 2015)

Chris Loughlin¹

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

Peter Newman, Treasurer^{1,3}

Anna Segall¹

Myriam Sidibe (joined October 2015)

Christiane Wuillamie^{1,3}

Steve Vaid¹ (joined October 2015)

¹ Audit Committee member

² Nominations Committee member

³ Remuneration Committee member

Chief Executive and Company Secretary

Barbara Frost

Directors Team

Margaret Batty

Director of Policy and Campaigns

Paula Laird

Director of Finance and Information Services

Marcus Missen

Director of Communications and Fundraising

Rachel Westcott

Director of People and
Organisational Development

Tom Palakudiyil

Interim Director of International Programmes
(Olga Ghazaryan took over as Director in
July 2016)

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, WaterAid's group Financial Statements and parent charitable company Financial Statements (the "Financial Statements"):

- give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 31 March 2016 and of the group's and parent charitable company's incoming resources and application of resources, including its income and expenditure and of 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).

What we have audited

The Financial Statements, included within the Annual Report and Financial Statements (the "Annual Report"), comprise:

- the consolidated and charity balance sheets as at 31 March 2016;
- the consolidated statement of financial activities (including consolidated income and expenditure account) for the year then ended;
- the consolidated cash flow statement for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the Financial Statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

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.

Opinion on other matter 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 Statement of Trustees' Responsibilities set out on page 39, 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 International Standards on Auditing (UK and Ireland) ("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.

What an audit of Financial Statements involves

We conducted our audit in accordance with 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.

We primarily focus our work in these areas by assessing the Trustees' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the Financial Statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

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.



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

19 September 2016

Consolidated statement of financial activities

(including consolidated income and expenditure account)

For the year ended 31 March 2016

	Note	Unrestricted £000	Restricted £000	2016 Total £000	2015 Total £000
Income from:					
<i>Donations and legacies</i>					
Donations	3	50,323	3,630	53,953	47,224
Grants	3	5,690	4	5,694	7,432
Gifts in kind	3	143	—	143	157
<i>Charitable activities</i>					
Grant funding for specific activities	5	—	23,974	23,974	26,786
<i>Other trading activities</i>	4	1,342	257	1,599	1,342
<i>Investment income</i>		112	—	112	89
Total income		57,610	27,865	85,475	83,030
Expenditure on:					
<i>Raising funds</i>					
Expenditure on raising grants, donations and legacies	6	19,373	562	19,935	16,978
Expenditure on other trading activities	6	51	—	51	83
<i>Charitable activities</i>					
Supporting partners to deliver water, sanitation and hygiene	6	25,754	22,316	48,070	49,053
Influencing policy in water, sanitation and hygiene	6	9,587	3,513	13,100	9,680
Supporting WaterAid globally	6	2,152	177	2,329	1,458
Total expenditure		56,917	26,568	83,485	77,252
Net incoming resources before transfers		693	1,297	1,990	5,778
Transfers	20	(71)	71	—	—
Reconciliation of funds					
Net movement in funds or net income for the prior year		2,460	3,318	5,778	
Funds brought forward at 1 April 2014	2	15,207	9,208	24,415	
Total funds carried forward at 31 March 2015	2	17,667	12,526	30,193	
Net movement in funds or net income for the year	25	622	1,368	1,990	5,778
Funds brought forward at 1 April 2015	20	17,667	12,526	30,193	24,415
Total funds carried forward at 31 March 2016	20	18,289	13,894	32,183	30,193

The accounts have been prepared in line with FRS 102. Transition detail is disclosed in note 1 to the accounts.

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 44–67.

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 £84.6m (2015 gross income: £82.3m). WaterAid's net income for the year was £2.0m (2015 net income: £5.7m).

Consolidated and charity balance sheets

At 31 March 2016

	Note	Group		Charity	
		2016 £000	2015 £000	2016 £000	2015 £000
Fixed assets					
Intangible assets	10	2,356	956	2,356	956
Tangible assets	10	1,169	1,224	1,169	1,224
Total fixed assets		3,525	2,180	3,525	2,180
Current assets					
Debtors	11	10,091	8,513	11,120	9,182
Cash at bank and in hand	16	26,667	26,311	25,404	25,510
Total current assets		36,758	34,824	36,524	34,692
Liabilities					
Creditors: falling due within one year	17	(7,339)	(5,944)	(7,180)	(5,910)
Provision for liabilities and charges	18	(761)	(867)	(761)	(867)
		(8,100)	(6,811)	(7,941)	(6,777)
Net current assets		28,658	28,013	28,583	27,915
Net assets		32,183	30,193	32,108	30,095
The funds of the charity					
Unrestricted income funds					
Designated funds	20	6,525	2,180	6,525	2,180
General income funds	20	11,764	15,487	11,689	15,389
Total unrestricted income funds		18,289	17,667	18,214	17,569
Restricted income funds	20	13,894	12,526	13,894	12,526
Total charity funds		32,183	30,193	32,108	30,095

The Financial Statements on pages 44–67 were approved by the Board of Trustees on 7 September 2016 and signed on its behalf by:



Tim Clark, Chair



Peter Newman, Treasurer

Consolidated cash flow statement

For the year ended 31 March 2016

	2016 £000	2015 £000
Net income for the year	1,990	5,778
Interest receivable	(112)	(89)
Amortisation and depreciation of fixed assets	1,499	1,348
(Result)/loss on disposal of fixed assets	(50)	(7)
Increase in debtors	(1,578)	(3,173)
Increase in creditors	1,395	1,389
Decrease in provisions	(106)	(332)
	<hr/>	<hr/>
Cash generated from operating activities	3,038	4,914
	<hr/>	<hr/>
Bank interest received	112	89
Payments to acquire fixed assets	(2,844)	(1,552)
Proceeds from sales of fixed assets	50	12
	<hr/>	<hr/>
Cash flows expended in investing activities	(2,682)	(1,451)
	<hr/>	<hr/>
Increase in cash in the year	356	3,463
	<hr/>	<hr/>
Analysis of cash as shown in the balance sheet	2016	2015
	£000	£000
Balance at beginning of the year	26,311	22,848
Net cash inflow	356	3,463
	<hr/>	<hr/>
Balance at the end of the year	26,667	26,311
	<hr/>	<hr/>
The cash balances were held in the following locations:	2016	2015
	£000	£000
UK	23,357	22,367
Overseas	3,310	3,944
	<hr/>	<hr/>
Balance at 31 March	26,667	26,311
	<hr/>	<hr/>

Notes to the Financial Statements

For the year ended 31 March 2016

1. Accounting policies

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

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

a) Basis of preparation

The Financial Statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) – (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006, the Charities Accounts (Scotland) regulations 2006 and Charities and Trustee Investment (Scotland) Act 2005, and under the historical cost accounting rules, except for investments which have been included at fair value or the value considered appropriate by the Board of Trustees.

The Financial Statements are drawn up on the going concern basis which assumes WaterAid will continue in operational existence for the foreseeable future. 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, a separate income and expenditure account dealing with the results of the charitable company only has not been presented.

b) Reconciliation with previously Generally Accepted Accounting Practice

In preparing the accounts, the trustees have considered whether in applying the accounting policies required by FRS102 and the Charities SORP FRS102 the restatement of comparative items was required.

At the date of transition in applying the requirement to recognise liabilities arising from employee benefits, a liability was recognised for holiday pay. The initial liability recognised at the date of transition was for holiday entitlement arising in the year which was due but not taken. The initial liability was for £298,000 and this has been adjusted in subsequent years based upon the number of Full Time Equivalents.

The revised income recognition criteria require income to be recognised when receipt is 'probable' as opposed to 'virtually certain'. This has resulted in some legacy and grant income being recognised earlier and the comparatives have been restated accordingly.

No other restatements were required. in accordance with the requirements of FRS102 a reconciliation of opening balances is provided.

The charity's cash flow statement reflects the presentation requirements of FRS102 which is different from that prepared under FRS1. Under FRS102 this includes cash on hand and demand deposits and short term highly liquid investments that are readily convertible to known amounts of cash.

	31 March 2015	31 March 2014
	£000	£000
Reconciliation of group funds and balances		
Fund balances as previously stated	29,788	23,424
Grant income	634	1,279
Legacy income	85	10
Holiday pay	(314)	(298)
Fund balances as restated	30,193	24,415
Net income as previously stated	6,364	1,772
Grant income	(645)	1,279
Legacy income	75	10
Holiday pay	(16)	(298)
Net income as restated	5,778	2,763

c) 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 is considered to have 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 federation 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.

d) Related party transactions

The charity has taken advantage of the exemption set out in Section 33 of FRS 102 not to disclose any transactions between the charity and the subsidiary.

e) Foreign exchange

Transactions denominated in foreign currencies are translated at the rate of exchange at the beginning of the month as an approximation to actual transaction dates. Foreign currency balances are translated at the rate of exchange prevailing at the balance sheet date. Realised foreign exchange gains and losses incurred are included in the Statement of Financial Activities (SOFA) within charitable activity expenditure for the period in which they are incurred. Unrealised foreign exchange gains and losses are included in support costs.

f) Incoming resources

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

Grant income

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

Donations and legacies

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

Restricted income

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

Gifts in kind

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

In memoria

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

Fundraising events

Income from fundraising events 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.

g) 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 include direct expenditure incurred through grants to partners and operational activities together with associated support costs. Charitable expenditure is reported as a functional analysis of the work undertaken by the Charity, being supporting partners to deliver 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.

Resources expended are allocated to the particular activity where the cost relates directly to that activity.

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

h) 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 20.

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

i) 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.

j) Financial instruments

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

k) 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.

l) Cash at bank and in hand

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

m) 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 from the charity's unrestricted funds to the pension schemes.

n) 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.

o) 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.

p) Critical accounting judgements and estimation uncertainty

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

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

2. Prior year consolidated statement of financial activities

	Unrestricted £000	Restricted £000	2015 Total £000
Income from:			
<i>Donations and legacies</i>			
Donations	43,993	3,231	47,224
Grants	7,308	124	7,432
Gifts in kind	157	—	157
<i>Charitable activities</i>			
Grant funding for specific activities	—	26,786	26,786
<i>Other trading activities</i>	1,297	45	1,342
<i>Investment income</i>	89	—	89
Total income	52,844	30,186	83,030
Expenditure on:			
<i>Raising funds</i>			
Expenditure on raising grants, donations and legacies	16,978	—	16,978
Expenditure on other trading activities	83	—	83
<i>Charitable activities</i>			
Supporting partners to deliver water, sanitation and hygiene	22,504	26,549	49,053
Influencing policy in water, sanitation and hygiene	9,374	306	9,680
Supporting WaterAid globally	1,414	44	1,458
Total expenditure	50,353	26,899	77,252
Net incoming resources before transfers	2,491	3,287	5,778
Transfers	(31)	31	—
Net movement in funds or net income for the year	2,460	3,318	5,778
Reconciliation of funds			
Total funds brought forward	15,207	9,208	24,415
Total funds carried forward	17,667	12,526	30,193

3. Income from donations and legacies

	Unrestricted £000	Restricted £000	2016 Total £000	2015 Total £000
Donations				
Regular giving, donations and appeals	38,908	2,440	41,348	37,655
Legacies and In Memoria donations	7,518	175	7,693	4,763
Fundraising events	3,897	1,015	4,912	4,806
Total	50,323	3,630	53,953	47,224

Grants of a general nature

UK Aid from the Department for International Development – Programme Partnership Agreement	4,202	—	4,202	4,202
Other WaterAid member countries	1,188	4	1,192	2,910
The Waterloo Foundation	300	—	300	320
	5,690	4	5,694	7,432

Gifts in kind

Customer appeal	102	—	102	93
Audit fee	25	—	25	25
Rent	6	—	6	17
Events (prizes, venues)	—	—	—	16
Other	10	—	10	6
	143	—	143	157
Total	56,156	3,634	59,790	54,813

4. Other trading activities

	Unrestricted £000	Restricted £000	2016 Total £000	2015 Total £000
Lottery	690	37	727	693
Trading company	652	220	872	649
Total	1,342	257	1,599	1,342

5. Income from charitable activities

Grant funding for specific activities	2016 Total £000	2015 Total £000
Band Aid	—	50
BHP Billiton	1,185	341
Big Lottery Fund	768	510
Comic Relief	658	426
Crown Agents	537	13
Dutch Wash Alliance	31	57
European Commission	1,923	1,537
European Investment Bank	—	10
Guernsey Overseas Aid Commission	40	40
Hivos	55	30
HSBC Holdings plc	3,323	4,151
Irish Aid	215	243
Jersey Overseas Aid Commission	177	—
London School of Hygiene and Tropical Medicine (SHARE)	16	459
Medicor Foundation	131	131
Orbis International	—	45
Other WaterAid member countries	6,946	10,313
Plan International	2,445	2,073
SIMAVI	87	58
Swedish International Development Cooperation Agency (Bangladesh)	652	786
Swiss Agency for Development and Cooperation	304	533
Terre Nouvelle	72	100
UK aid from the Department for International Development		
India MPWASH	1,277	1,536
Match Funding – To Be A Girl	140	445
Match Funding – Big Dig	140	99
Strategic Grant Arrangement – Tanzania	507	304
Other	238	305
Total for UK aid from the Department for International Development	2,302	2,689
Unicef	570	411
Water and Sanitation for the Urban Poor	49	171
Water Supply and Sanitation Collaborative Council	1	39
Other grants	1,487	1,570
Total	23,974	26,786

Additional information on transactions with WaterAid member countries can be found in note 27.

6. Expenditure

	Note	Staff costs £000	Other direct costs £000	Allocation of support and governance Depreciation £000	costs £000	2016 Total £000	2015 Total £000
<i>Raising funds</i>							
Expenditure on raising grants, donations and legacies		5,349	13,117	401	1,068	19,935	16,978
Expenditure on other trading activities		38	13	—	—	51	83
		5,387	13,130	401	1,068	19,986	17,061
<i>Charitable activities</i>							
Supporting partners to deliver water, sanitation and hygiene	8	10,240	32,836	657	4,337	48,070	49,053
Influencing policy in water, sanitation and hygiene		3,943	8,083	257	817	13,100	9,680
Supporting WaterAid globally		219	1,928	8	174	2,329	1,458
		14,402	42,847	922	5,328	63,499	60,191
<i>Governance</i>		390	269	17	(676)	—	—
<i>Support costs</i>		2,301	3,260	159	(5,720)	—	—
		22,480	59,506	1,499	—	83,485	77,252

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

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

	2016 Total £000	2015 Total £000
Finance, People and Information Services	4,443	3,255
Chief Executive Office, internal audit and governance	675	711
Premises and facilities	1,570	1,176
Support costs	6,688	5,142
Realised and unrealised exchange (gains)/losses	(292)	(438)
Total of governance and support costs and losses/(gains)	6,396	4,704

7. Staff costs and numbers

Staff costs for the charity and group were as follows:

	2016	2015
	£000	£000
Wages and salaries	19,762	17,992
Social security costs	1,088	1,002
Other pension costs	1,630	1,336
	22,480	20,330

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

	2016	2015
	No.	No.
Fundraising staff (cost of generating funds)	125	111
Staff delivering charitable activities	587	568
Support staff	50	59
Governance	6	5
	768	743

The increase in staff costs is 7.0% (2015: 1.7%) per full time equivalent employee. The average monthly headcount was 818 staff. The total number of WaterAid employees at 31 March 2016 was 860 (2015: 806).

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

Emoluments	2016	2016	2015	2015
	No.	Total pension contribution £		
£60,000 – £69,999	9	56,897	13	75,088
£70,000 – £79,999	6	42,111	2	17,662
£80,000 – £89,999	2	18,482	4	37,326
£90,000 – £99,999	2	18,923	2	18,342
£100,000 – £109,999	1	10,772	—	—
£110,000 – £119,999	—	—	—	—
£120,000 – £129,999	—	—	1	16,415
£130,000 – £140,000	1	16,737	—	—
	21	163,922	22	164,833

The emoluments paid to the Chief Executive were £132,080 (2015: £128,223). Emoluments include salary and taxable benefits in kind. The remuneration package for the Chief Executive includes pension contributions of £16,737 (2015: £16,415). The Chief Executive's time was approximately spent 75% on WaterAid and 25% on WaterAid international. Section 5 of the Trustees' Annual Report provides information on how remuneration is set. 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 31 March 2016 were £132,124 (2015: £107,398).

The key management personnel of the Charity comprise the trustees, the Chief Executive and the Directors Team. The total employee benefits of the key management personnel of the Charity were £638,473 (2015: £630,059). The key management roles in WaterAid Trading Limited and WaterAid International are fulfilled by members of the key management personnel of the Charity. The employee benefits of key management personnel for the group was therefore £638,473 (2015: £630,059).

During the year, the Charity paid termination payments totalling £34,344 (2015: £18,987).

8. Charitable activities expenditure by location

	Unrestricted £000	Restricted £000	2016 Total £000	2015 Total £000
West Africa				
Ghana	501	1,260	1,761	1,456
Nigeria	957	1,616	2,573	2,363
Mali	1,206	930	2,136	2,004
Burkina Faso	818	1,651	2,469	2,058
Liberia	626	103	729	817
Niger	458	159	617	543
Sierra Leone	1,088	—	1,088	624
Regional management and support costs	844	136	980	849
	6,498	5,855	12,353	10,714
East Africa				
Ethiopia	1,547	1,466	3,013	3,726
Uganda	1,013	867	1,880	2,280
Tanzania	1,083	892	1,975	2,470
Kenya	97	—	97	88
Rwanda	725	40	765	465
Regional management and support costs	543	15	558	501
	5,008	3,280	8,288	9,530
Southern Africa				
Zambia	790	794	1,584	1,920
Malawi	1,082	1,007	2,089	2,931
Madagascar	1,630	749	2,379	2,465
Mozambique	1,495	942	2,437	2,752
Lesotho	150	—	150	145
Swaziland	123	—	123	164
Regional management and support costs	503	8	511	705
	5,773	3,500	9,273	11,082
Asia				
India	2,504	2,805	5,309	4,978
Bangladesh	2,191	4,888	7,079	7,079
Pakistan	746	2,667	3,413	2,646
Nepal	561	1,994	2,555	2,082
Regional management and support costs	532	284	816	511
	6,534	12,638	19,172	17,296
UK				
Supporting WaterAid globally	1,978	177	2,155	1,458
Other UK direct international programme support costs (including technical and programme effectiveness)	2,998	311	3,309	4,555
UK based policy, campaigns and education costs	3,376	244	3,620	2,082
Allocated UK support costs to charitable activities	5,621	—	5,621	3,912
Exchange (gains)/losses	(292)	—	(292)	(438)
Total	37,494	26,005	63,499	60,191

The total costs of supporting partners to deliver water, sanitation and hygiene was £48.1m (2015: £49.1m), the costs of influencing policy in water, sanitation and hygiene was £13.1m (2015: £9.7m) and the costs of supporting the development of WaterAid globally was £2.3m (2015: £1.5m) – see note 6 for further details.

9. Payments to partner organisations

WaterAid has made grants to 294 partners with a total value of £23.1m for the year ended 31 March 2016. For the year ended 31 March 2015, payments were made to 315 partners with a total value of £24.6m.

	2016	2015
	No.	No.
£0 – £49,999	174	187
£50,000 – £99,999	51	62
£100,000 – £149,999	29	21
£150,000 – £199,999	11	11
£200,000 – £249,999	6	15
£250,000 and over	23	19
	294	315

The top 20 financial grant recipients in 2015–16 are listed below. These grants are included in the charitable expenditure outlined in notes 6 and 8.

	Name of partner	£000	Country
1	National Rural Support Program	785	Pakistan
2	Nepal Water For Health	740	Nepal
3	Dushtha Shasthya Kendra (DSK)	602	Bangladesh
4	Eco-Social Development Organization (ESDO)	557	Bangladesh
5	SKS Foundation	511	Bangladesh
6	Sustainable Environmental Management Action	461	Tanzania
7	Voluntary Services Overseas International	436	Sierra Leone
8	ONG pour la Valorisation des Ressources Naturelles (VARENA ASSO)	417	Burkina Faso
9	Association for gender awareness and human empowerment	386	Pakistan
10	Muslim Aid	349	Pakistan
11	Association DAKUPA (DAKUPA)	346	Burkina Faso
12	Health and Nutrition Development Society	336	Pakistan
13	RUPANTAR	329	Bangladesh
14	Catholic Church of Gamogofa and South Omo	309	Ethiopia
15	Ethiopian Orthodox Church	291	Ethiopia
16	NABOLOK	288	Bangladesh
17	Sukaar Foundation	285	Pakistan
18	Jerusalem Children and Community Development Organisation	280	Ethiopia
19	Ethiopian Evangelical Church Mekane Yesus (EECMY)	277	Ethiopia
20	Association les Mains Unies du Sahel (AMUS)	275	Burkina Faso
	Total of top 20 recipients' grants	8,260	

10. Fixed assets

The group and charity	Intangible Assets		Tangible Assets		Total £000
	Software £000	Motor Vehicles £000	Equipment and Furniture £000		
Cost					
At 1 April 2015	2,264	2,829	4,360		9,453
Additions in year	1,836	441	567		2,844
Disposals in year	—	(111)	(7)		(118)
At 31 March 2015	4,100	3,159	4,920		12,179
Accumulated amortisation/depreciation					
At 1 April 2015	1,308	2,514	3,451		7,273
Charge for the year	436	402	661		1,499
Disposals in year	—	(111)	(7)		(118)
At 31 March 2016	1,744	2,805	4,105		8,654
Net book value					
At 31 March 2016	2,356	354	815		3,525
At 31 March 2015	956	315	909		2,180

Included in fixed assets is an investment in intangible software of £1.6m. This is for development of a Supporter Relationship Management System. The system was brought into use in June 2016.

11. Debtors

Amounts due within one year:	The group		The charity	
	2016 £000	2015 £000	2016 £000	2015 £000
Amount owed by WaterAid Trading Limited and WaterAid international	—	—	1,267	726
Grant debtors	5,835	5,394	5,837	5,391
Other debtors	2,008	1,016	1,900	964
Gift Aid tax recoverable	592	993	592	993
Prepayments	921	611	921	611
Accrued income	735	499	603	497
	10,091	8,513	11,120	9,182

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

12. Investments

WaterAid holds shares which are considered illiquid and have a historical cost of £172 (2015: £172).

13. Fixed asset investments

The company has an unlisted investment with a historical cost of £2 representing its 100% shareholding in WaterAid Trading Limited. WaterAid Trading Limited 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 14.

14. WaterAid Trading Limited

WaterAid Trading is incorporated in the United Kingdom (company number: 2362892). WaterAid Trading's registered office and operational address is: WaterAid, 47–49 Durham Street, London SE11 5JD

a) Profit and loss account	2016	2015
	£000	£000
Turnover	868	647
Cost of sales	(43)	(32)
Gross profit	825	615
Administrative expenses	(51)	(56)
Operating profit	774	559
Interest receivable	4	2
Profit on ordinary activities	778	561
Deed of covenant to WaterAid	(778)	(561)
Retained earnings	—	—
b) Balance sheet	2016	2015
	£000	£000
Current assets		
Debtors	108	70
Cash at bank and in hand	1,219	758
	1,327	828
Creditors		
Amounts due within one year	(1,327)	(828)
Net assets	—	—
Represented by:		
Share capital	—	—

WaterAid Trading Limited has a share capital of two £1 ordinary shares (2015 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.

15. WaterAid international

WaterAid International is incorporated in the United Kingdom (company number: 7238796). WaterAid International's registered office and operational address is: WaterAid, 47–49 Durham Street, London SE11 5JD. The accounts of WaterAid international are consolidated as part of the group for 2016 based on the judgement that WaterAid has potential control over WaterAid international through its ability to direct and benefit from the entity's activities.

a) Income and expenditure account	2016	2015
	£000	£000
Incoming resources		
Grants	188	241
Gifts in kind	300	247
Total incoming resources	488	488
Resources expended		
Charitable activities	(489)	(416)
Total resources expended	(489)	(416)
Net surplus/(deficit) for the year	(1)	72
b) Balance sheet	2016	2016
	£000	£000
Current assets		
Debtors	35	38
Cash at bank and in hand	44	41
	79	79
Creditors		
Amounts due within one year	(4)	(3)
Net assets	75	76
The funds of the charity		
Unrestricted funds	(4)	—
Restricted funds	79	76
Total charity funds	75	76

16. Cash at bank and in hand

	The group		The charity	
	2016 £000	2015 £000	2016 £000	2015 £000
Cash and bank balances in UK	23,357	22,367	22,094	21,566
Cash and bank balances overseas	3,310	3,944	3,310	3,944
	26,667	26,311	25,404	25,510

£15.6m of the investments reported at the 31 March 2015 have been reclassified as cash at bank and in hand since they comprise short-term highly liquid investments with a maturity of three months or less from acquisition.

17. Creditors: amounts falling due within one year

	The group		The charity	
	2016 £000	2015 £000	2016 £000	2015 £000
Trade creditors	4,596	2,365	4,633	2,386
Taxation and social security	448	658	407	567
Other creditors	423	33	288	33
Accruals	1,603	2,325	1,592	2,369
Deferred income	269	563	260	555
	7,339	5,944	7,180	5,910

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	2016 £000	2015 £000
Deferred income at the beginning of the year	563	459
Amounts released from previous years	(563)	(459)
Incoming resources deferred in the year	269	563
Deferred income at the end of the year	269	563

18. Provision for liabilities and charges

	The group		The charity	
	2016 £000	2015 £000	2016 £000	2015 £000
Provisions at beginning of the year	867	1,098	867	1,098
Amount charged to statement of financial activities	1,204	1,173	1,204	1,173
Amount released to statement of financial activities	(1,310)	(1,404)	(1,310)	(1,404)
Provisions at the end of the year	761	867	761	867

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.

19. 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 that 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 in 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.

20. Movements in funds

	At 31 March 2015 £000	Transition adjustments £000	Adjusted at 1 April 2015 £000	Incoming resources £000	Outgoing resources £000	Transfers £000	At 31 March 2016 £000
Unrestricted funds:							
Designated funds:							
Fixed assets	2,180	—	2,180	2,726	(1,381)	—	3,525
Systems projects	—	—	—	—	—	3,000	3,000
Total designated funds	2,180	—	2,180	2,726	(1,381)	3,000	6,525
General funds	15,715	(228)	15,487	54,884	(55,536)	(3,071)	11,764
Total unrestricted funds	17,895	(228)	17,667	57,610	(56,917)	(71)	18,289
Restricted funds:							
Bangladesh	1,252	—	1,252	4,261	(4,883)	—	630
Burkina Faso	900	—	900	1,611	(1,651)	—	860
East Africa Region	11	—	11	5	(15)	—	1
Ethiopia	672	—	672	1,405	(1,471)	—	606
Ghana	762	—	762	1,382	(1,259)	—	885
India	623	534	1,157	2,624	(2,818)	—	963
Kenya	—	—	—	—	—	—	—
Liberia	15	—	15	128	(103)	—	40
Madagascar	280	—	280	1,233	(752)	—	761
Malawi	306	99	405	960	(1,006)	—	359
Mali	483	—	483	1,126	(930)	—	679
Mozambique	294	—	294	1,998	(938)	—	1,354
Nepal	306	—	306	2,111	(1,994)	—	423
Niger	84	—	84	290	(159)	—	215
Nigeria	1,439	—	1,439	1,047	(1,616)	—	870
Pakistan	182	—	182	2,621	(2,667)	—	136
Rwanda	—	—	—	40	(40)	—	—
Sierra Leone	—	—	—	(2)	—	—	(2)
Southern Africa Region	45	—	45	—	(8)	—	37
South Asia	166	—	166	394	(287)	—	273
Tanzania	413	—	413	1,207	(891)	—	729
Uganda	182	—	182	977	(867)	—	292
West Africa Region	155	—	155	170	(136)	—	189
Zambia	1,328	—	1,328	708	(794)	—	1,242
UK	1,995	—	1,995	1,565	(1,208)	—	2,352
WaterAid international	—	—	—	4	(75)	71	—
Total restricted funds	11,893	633	12,526	27,865	(26,568)	71	13,894
Total funds	29,788	405	30,193	85,475	(83,485)	—	32,183

The table above is presented at an aggregate country programme level. In 2016, all country programmes apart from Sierre Leone have a net surplus or neutral position at year end. However, included in these balances are funds in deficit which total £1.8m (2015: £3m). 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.

20. Movements in funds (continued)

Within the restricted funds, Big Lottery Fund income has been recognised for Mali £158,652 (2015: £141,347), Zambia £142,711 (2015: £121,123), Pakistan £187,309 (2015: £124,004), Madagascar £101,690 (2015: £145,702) and Nepal £177,713 (2015: £nil).

The US\$25m HSBC Water Programme has completed the fourth year of the five year project working in Pakistan, Nepal, India, Bangladesh, Ghana and Nigeria. £2.9m was received in the year ended 31 March 2016 (2015: £3.9m).

On 31 March 2016, India's restricted fund balance was £963,000. These funds will be transferred to India under their new status as a WaterAid member in 2016–17.

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 £3.5m (2015: £2.2m) represents the net book value of WaterAid's intangible and tangible fixed assets. The fund balance will reduce as depreciation is charged and increase with the acquisition of new fixed assets.

A number of change projects are planned under the enabling framework of the new Global Strategy. £3m of unrestricted funds have been designated for this purpose.

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 median of the operational reserve range targeted for 2016–17 is £11m. The balance at 31 March 2016 was £11.8m (2015: £15.7m).

Restricted funds

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

Negative balances carried forward

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

21. Analysis of group net assets between funds

	Fixed assets £000	Net current assets £000	Total funds £000
Restricted funds	—	13,894	13,894
Designated funds	3,525	3,000	6,525
General funds	—	11,764	11,764
Total funds as at 31 March 2016	3,525	28,658	32,183

22. 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 (2015: nil).

23. Company limited by guarantee

The liability of 48 members of the charity is limited by guarantee to £1 each (2015: 47).

24. Operating lease commitments

The company had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

	Land and buildings	
	2016	2015
	£000	£000
Within one year	1,263	521
1 – 2 years	1,263	521
2 – 5 years	3,209	1,563
More than 5 years	–	260
	5,735	2,865

25. Net movement in funds/Net income for the year

This is stated after charging:

	2016	2015
	£000	£000
Amortisation and depreciation	1,499	1,348
Trustees' indemnity insurance	7	7
Trustees' reimbursed expenses	15	5
Auditors' remuneration:		
Audit – company	36	30
Audit – subsidiary company	7	7
Audit – WaterAid international	4	4
Audit – gift in kind	25	25
Audit – country programmes	174	147
Exchange (gain)/loss	(292)	(438)
UK operating lease rentals – buildings	521	317

Trustees of WaterAid do not receive remuneration for their services but are reimbursed for travel and accommodation expenses. 9 Trustees were reimbursed for expenses incurred during the year (2015: 5 Trustees).

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

WaterAid has paid £221,000 in audit fees in the year ended 31 March 2016 (2015: £188,000). This figure includes £47,000 for the consolidated statutory audit provided by PricewaterhouseCoopers LLP (2015: £41,000). £5,000 of this fee in 2016 was for the audit of the transition to FRS102. PricewaterhouseCoopers LLP provide audit services as a gift in kind with a value of £25,000 (2015: £25,000). Other audit fees relate to overseas country office external audits, project audits and donor grant audits as required by conditions of contracts.

26. Holding company

There is no ultimate holding company of WaterAid.

27. Related party transactions

WaterAid, WaterAid America, WaterAid Australia, WaterAid Canada and WaterAid Sweden are federation member countries of WaterAid international, operating under licence from WaterAid international to use the name WaterAid. WaterAid Japan is not a federation 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. WaterAid international gives grants to support WaterAid Japan.

The Chairs of all WaterAid members sit on the board of WaterAid international together with Rosemary Carr (since December 2015), a Trustee of WaterAid, and Jeremy Pelczer (previously Chair of WaterAid) who has sat on the board as an independent Trustee since October 2013. Sandeep Katwala stood down as board member in October 2015.

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

	2016	2015
	£000	£000
Received from:		
WaterAid America	3,147	6,005
WaterAid Australia	1,059	1,419
WaterAid Canada	96	—
WaterAid Japan	33	16
WaterAid Sweden	3,741	5,582
	8,076	13,022
Paid to:		
WaterAid America	374	613
WaterAid Australia	1,333	426
WaterAid Canada	139	181
WaterAid Japan (paid by WaterAid international)	75	44
WaterAid Sweden	—	—
	1,921	1,264

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

	2016	2015
	£000	£000
Received from:		
WaterAid	432	399
WaterAid America	11	28
WaterAid Australia	24	43
WaterAid Canada	4	11
WaterAid Sweden	17	9
	488	490

Rachel Westcott, the current Director of People and Organisational Development, is a director of Water & Sanitation for the Urban Poor (WSUP). Girish Menon, the former Director of International Programmes, was a director of WSUP and People in Aid during 2015–16. During 2015–16, WaterAid paid £10,000 to WSUP (2015: £10,000) and WaterAid received £167,547 in funding from WSUP (2015: £170,791) and at the year end there was £26,659 (2015: £44,038) included in grant debtors. WaterAid also paid People in Aid £945 during 2015–16 (2015: £1,570).

Paul Batchelor, a former Trustee of WaterAid, is Chair of Crown Agent Bank through whom WaterAid has purchased foreign currency at competitive rates. WaterAid Bangladesh received grant funding from Crown Agents Limited during the year totalling £664,180 (2015: £nil) and at the year end there was £9,655 (2015: £nil) included in grant debtors.

Tim Clark, Chairman of the Board of Trustees, is a member of the Audit Committee of the Wellcome Trust. During 2015–16, WaterAid paid £17 (2014–15: £nil) to the Wellcome Trust.

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.

During the year, the group received donations without conditions from related parties totalling £11,148 (2015: £8,776).

28. Events after the balance sheet date

On 1 April 2016, WaterAid India initiated the transfer of its business and operations to Jal Seva Charitable Foundation, a not for profit company registered in India, that is also an associate member of the WaterAid international federation. It is the exclusive holder of the WaterAid brand in India and will continue to operate in India under the name WaterAid.

29. Financial instruments

	2016	2015
	£000	£000
Financial assets		
Cash and bank	26,667	26,311
Grant receivables	5,835	5,394
Other receivables	3,521	2,620
Accrued income	735	499
	36,758	34,824
Financial liabilities		
Trade creditors	4,596	2,365
Other creditors	871	691
Accruals	1,603	2,325
Deferred income	269	563
	7,339	5,944

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

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

This water point means long and treacherous walks for water are a thing of the past for Gangamaya Karki, 70, and her grandson in Sankhuwasabha, Nepal.

WaterAid
47-49 Durham Street
London SE11 5JD

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

 **WaterAid**

Find out more at: wateraid.org/annualreportUK

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