

VILLAGE WATER

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good

VILLAGE WATER LIMITED

(A company limited by guarantee)
Report and Financial Statements
for the Year Ended
31 December 2020

Registered charity numbers: 1117377 (England & Wales)
and SC044129 (Scotland)
Company number 05970344



The newly repaired waterpoint in Nhaurunharu, Manica Province, Mozambique

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Covid materials being handed over in Zambia.

VILLAGE WATER LIMITED

Reference and administrative details

Village Water is a charitable company limited by guarantee and a registered charity governed by its Memorandum and Articles of Association.

Company Registration number 05970344.

Charity Registration number 1117377 (England & Wales) and SC044129 (Scotland).

Principal and Registered Office:

Office C, URC, Coleham Head

Shrewsbury

Shropshire SY3 7BJ

Telephone: +44 (0) 1743 241563

Website: www.villagewater.org

E-mail: info@villagewater.org

Bankers:

CAF Bank Ltd

25 Kings Hill Avenue

Kings Hill

West Malling

Kent ME19 4JQ

Trustees:

Mr Hugh Woodhouse (Secretary)

Mr Christopher Morley

Mr Richard Pither (retired 15 October 2020)

Mrs Louise Cook

Mr Andrew Picken (Chair)

Mr Geoff Houston

Ms Hilary Nithsdale

Mr Mahir Sahin (resigned 24 April 2020)

Ms Trina Chakravarti

Mr Paul Marston

Ms Sarah-Jane Docherty

Independent Auditor:

Harmer Slater Limited

Statutory Auditor

Salatin House

19 Cedar Road

Sutton

Surrey SM2 5DA

VILLAGE WATER LIMITED

Trustees' Report for the year ending 31 December 2020

The Trustees of Village Water present their annual report and audited financial statements for the year ended 31 December 2020 and confirm that they comply with the requirements of the Companies' Act 2006, the Charities' Act 2001, and Accounting and Reporting by Charities: Statement of Recommended Practices applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (Charities SORP (FRS 102)).

Structure, governance and management

Village Water is a charitable company limited by guarantee incorporated on 18 October 2006 and registered with the Charity Commission on 22 December 2006. The Memorandum and Articles of Association were revised and approved by the Board on 14 April 2016.

The charitable company's Board of Trustees currently comprises nine volunteer members who are responsible for the strategic direction and policy of the charitable company. The Board meets four times a year.

Trustees are appointed as required. When considering new Trustees, the position is advertised on specialist sites. Board members make recommendations on applicants and selection is by interview. Newly appointed Trustees receive induction in Village Water's background, strategic goals, and financial history. Each Trustee is encouraged to join one of the sub-committees and given the opportunity to visit the projects in Africa to better understand the work.

The staff team is led by the director, to whom the Trustees delegate responsibility for ensuring that the charitable company delivers the services specified and that strategic targets are met. The director manages a team of seven, six full-time equivalent, staff including fundraising, monitoring and evaluation and finance functions.

Vision: Better health, education, and opportunity for everyone, through safe water and sanitation.

Ambition: To be a catalyst in supporting the systems needed to achieve 100% water, sanitation and hygiene (WASH) coverage district by district.¹

Principal activities

Since 2004 Village Water has supported the provision of safe water alongside hygiene and sanitation promotion in villages, schools, and clinics in rural Africa, thus improving health, work, and education opportunities for more than 850,000 people.

We work in partnership with local organisations - registered charities and District Councils to deliver our integrated hygiene, sanitation, and safe water programme, encouraging long-term behaviour change. Training local people to service the growing demand for water means technically skilled teams are in the area, reducing the dependency on external agencies, and ensuring that if a pump breaks, it can be fixed quickly.

¹ Systems Change aims to create sustainable WASH coverage at district, provincial & national levels. This comprises research into current WASH coverage, identifying local structures including councils, public & private companies, supply chains, funders, construction teams, pump minders & communities & donors, & assessing how they interact, who can support which elements & where the gaps remain.

Trustees' Report for the year ending 31 December 2020 (continued)

Principal activities (continued)

Since 2011, we have invested in manual well construction as an alternative to mechanical drilling or hand digging. A well can be completed in one day, the technology is safer and cheaper, and the lightweight kit can be used in remote, cut off areas and unstable soils. In 2020 we successfully trialled the technology in North Western Province, Zambia, and there is much interest at both government and private client level for the services of the teams trained.

In 2020 we began to measure the reduction in carbon emissions once communities no longer need wood to boil their water to make it safe. We repaired 1104 broken down pumps in Mozambique and Zambia, reducing CO2 emissions by an estimated 413,257 tonnes per year.

We will continue to fill the gap in access to safe water by concentrating our investment to achieve 100% coverage in specific areas of Zambia and Mozambique over the coming years.

Public benefit

Working towards achieving the Sustainable Development Goals' 'Leave no-one behind' concept, the Trustees confirm that they have complied with the duty in the Charities' Act 2011 and consider that the objects of the charitable company, the activities outlined in this report and the charitable company's future plans have a demonstrable benefit to the public.

Risk Management

The Trustees have overall responsibility for ensuring that the charitable company has an appropriate system of controls to identify financial and other risks and to take appropriate measures to manage them. At each quarterly meeting, the Board reviews its risk matrix, which sets out organisational and programme risks and actions to mitigate these if appropriate.

2020 overview

Over the year we have reached more than 558,547 people with our work.

Zambia – Western, North Western, Lusaka and Central Provinces

- 💧 5 new and 304 repaired waterpoints in villages, schools and health centres, reaching 142,036 people with hygiene promotion, improved sanitation and safe water.
- 💧 Self-supply project: Four more teams trained in low cost well construction technologies. This included well protection, manual drilling, hydrogeology, marketing and finance. The teams carried out seven public demonstrations to showcase the services they can offer clients to start them on the ladder to improve their own water supply. The teams have now reached 1,569 households helping 13,860 people, with a turnover of 378,125 kwacha (approximately £18,906) for all teams.
- 💧 A further 16,300 people were able to benefit from the newly installed pumps in 9 marketplaces as part of the self-supply project.

VILLAGE WATER LIMITED

Trustees' Report for the year ending 31 December 2020 (continued)

Zambia – Western, North Western, Lusaka and Central Provinces (continued)

- 2020 was the second year of our UKAid Match funded project In George Compound of peri-urban Lusaka with a focus on repeat door-to-door hygiene promotion carried out by volunteer community health workers. Work has begun for the two faecal sludge management teams who are offering latrine emptying services to residents and landlords. Covid 19 restrictions have made things difficult but we have continued support throughout and prepared schools for a safe reopening, with hygiene education. To date the project has reached 71,287 people.
- Estimated reduction in CO2 emissions of 76,600 tonnes.

Mozambique

- Solar water system and permanent latrine blocks in one school, alongside hygiene promotion and girls' clubs, reaching 9,087 pupils and staff.
- Hygiene promotion and the rehabilitation of 800 broken-down pumps to improve access to safe water at household level.
- Estimated reduction in CO2 emissions of 336,657 tonnes.

Income

Our 2020 income increased by 32% on 2019. We continue to attract funding from a wide range of supporters, new and long term.

Income streams

Individuals (including gift aid)	£35,760
Community groups	£30,018
Trusts	£193,531
Businesses	£725,169
Statutory – Guernsey OA&DC	£49,929
Statutory – FCDO formerly DFID	£102,633
Total	£1,137,040

Key successes include our strengthened partnership with CO2 Balance. We will be working with them for the next five years on a carbon emissions reduction programme in Mozambique and Zambia. We also secured our ninth consecutive grant from Guernsey Overseas Aid and Development Committee (OA&DC).

We thank all our supporters for their generous gifts during the year. We acknowledge the on-going assistance of The Waterloo Foundation, The Randal Charitable Foundation, Millichope Foundation and Wilmslow Wells for Africa, among others, too many to mention.

Expenditure

Expenditure on charitable activities (including governance) was £1,193,205 (a 59% increase on 2019). Unrestricted funds made up 15% (2019: 32%) of income from donations. This drop reflects the impact of Covid 19 on traditionally unrestricted income streams including individuals and community groups. These streams will be a focus for improvement in 2021.

Expenditure on charitable activities in 2020 was 93p (2019: 88p) in every pound.

Every £1 invested in fund raising brought in £19 (2019: £11).

Trustees' Report for the year ending 31 December 2020 (continued)

Fundraising Statement

Village Water complies with the regulatory standards for fundraising. We are registered with the Fundraising Regulator and are committed to the Fundraising Promise and adherence to the Code of Fundraising Practice. Village Water is an Organisational Member of the Institute of Fundraising. We are also signed up to the Fundraising Preference Service to enable individuals to opt out from receiving fundraising communications from us. We actioned zero requests from this service last year.

All our income came from fundraising. In 2020 we spent £61,468 (2019: £77,700) to run our projects.

Our fundraising activities include applications to Trusts, encouraging private donations, and participation in events – either run by us or by supporters on our behalf.

We employ a small fundraising team which supports all income generating initiatives. Village Water does not use third-party suppliers for any activities.

Our complaints' policy is publicly available on our website, giving individuals clear means to complain, even anonymously, about something they are unhappy with. There were no complaints made in 2020 (2019: none). Our safeguarding policy is available on demand. All staff are familiar with the procedures and have signed the organisation's Code of Conduct.

Grant making statement

Village Water works through local partners in Zambia and Mozambique, with whom we have Partnership Agreements which define roles, expectations, and obligations of all parties. Each partner signs a Memorandum of Understanding which details the specific activities, activity timeline and budget.

When we identify new partners to work with in-country we carry out due diligence checks including organisational, governance, policies, and financial processes. For project progress we use a mobile to web monitoring system following activity timeline milestones. Financial reports are required by an agreed deadline which, once approved, triggers further transfers made in line with the annual budget. Directors meet bi-monthly and team members from each partner, including VW, take part in 'hubs' focussing on, but not limited to communications & marketing, safeguarding, finance and stock control, monitoring, and board support. Staff, Trustees and occasionally volunteers visit the projects to support local partners to develop new projects, gather data, marketing materials, and to carry out 'follow the money' finance checks.

Events after the year end

The COVID 19 virus continues to affect our work and income both in the UK and in Africa where activities have had to be adapted or cancelled due to government restrictions, limiting what could safely take place. The Village Water team and Trustees are continually monitoring developments and assessing the risks arising as a result of the continuing pandemic in the UK and the growing prevalence in Africa.

Trustees' Report for the year ending 31 December 2020 (continued)

Events after the year end (continued)

These include:

- Health and safety of UK staff and our partner staff in Africa
- Cash flow revisions based on assumptions that UK income will fall and activities in Africa may be adapted/curtailed in line with national government measures.
- Supporting local partners in Africa with their own COVID 19 risk management

As the situation is developing, it is difficult to fully assess the final impact of Covid 19 on the organisation. However, both the team and the Trustees remain confident that they will be able to raise funds and deliver much-needed support to the communities in Africa for the foreseeable future.

VILLAGE WATER LIMITED

Trustees' Report for the year ending 31 December 2020 **Statement of Trustees' responsibilities**

The Trustees (who are also directors of Village Water Limited for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare accounts for each financial year which give a true and fair view of the state of affairs of the charitable company as at the balance sheet date and of its incoming resources and application of resources, including income and expenditure, for the financial period. In preparing those 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 judgements and estimates that are reasonable and prudent.
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- Prepare the financial statements on a going-concern basis unless it is inappropriate to assume that the company will continue on that basis.

The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of Village Water and enable them to ensure that the accounts comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This report has been prepared in accordance with the Statement of Recommended Practice-Accounting and Reporting by Charities (SORP (FRS 102)) and in accordance with the special provisions of Part VII of the Companies Act 2006 relating to small companies.

Statement as to disclosure to auditors

The Trustees confirm that they have taken all the required steps to acquaint themselves with any relevant audit information, as defined by Section 418 of the Companies Act 2006 and to ensure that Village Water's auditors are aware of that information.

Going concern

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

Auditors

Harmer Slater Limited are Village Water's auditors. A resolution will be put to the AGM that they be reappointed.

VILLAGE WATER LIMITED

Trustees' Report for the year ending 31 December 2020 (continued)
Statement of Trustees' responsibilities

Small company provisions

The Trustees' Report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

Approved by the Board on 8 April 2021 and signed on their behalf by:

A handwritten signature in black ink, appearing to read 'Andrew Picken', is written over a horizontal line.

Andrew Picken - Chair of Trustees

VILLAGE WATER LIMITED

Statement of Financial Activities
(incorporating an Income and Expenditure account)
for the year to 31 December 2020

	Note	Unrestricted 2020 £	Restricted 2020 £	Total 2020 £	Unrestricted 2019 £	Restricted 2019 £	Total 2019 £
Incoming Resources							
Incoming resources from generated Funds:							
Donations	2	168,231	968,809	1,137,040	277,464	583,114	860,578
Investment Income:							
Bank and Other Interest	3	529	-	529	1,848	-	1,848
Total Incoming Resources		168,760	968,809	1,137,569	279,312	583,114	862,426
Resources Expended							
Charitable Activities Zambia		64,831	519,709	584,540	69,226	230,153	299,379
Charitable Activities Mozambique		66,044	511,947	577,991	52,612	375,952	428,564
Fund raising expenses		61,468	-	61,468	77,700	-	77,700
Governance		30,675	-	30,675	24,523	-	24,523
Total resources expended	4	223,018	1,031,656	1,254,674	224,061	606,105	830,166
Net income/(expenditure) for the year before transfers		(54,258)	(62,847)	(117,105)	55,251	(22,991)	32,260
Transfers between funds	6	(48,405)	48,405	-	(7,525)	7,525	-
Net income/(expenditure) for the year after transfers		(102,663)	(14,442)	(117,105)	47,726	(15,466)	32,260
Reserves at 1 January 2020		219,673	31,442	251,115	171,947	46,908	218,855
Reserves at 31 December 2020		117,010	17,000	134,010	219,673	31,442	251,115

Notes:

All of the above results are derived from continuing activities.

All gains and losses in the year are included above.

The notes on pages 14 to 22 form part of the Financial Statements.


VILLAGE WATER LIMITED

Balance Sheet (Company no. 05970344) As at 31 December 2020

	Note	Total Funds	
		2020 £	2019 £
Non-current Assets			
Property, plant and equipment	10	915	1,281
Current Assets			
Receivables	11	3,883	72,639
Cash and cash equivalents	12	141,463	185,790
		145,346	258,429
Payables: Amounts falling due within one year	13	(12,251)	(8,595)
Net current assets		133,095	249,834
Net Assets	15	134,010	251,115
Funds			
Unrestricted	16	117,010	219,673
Restricted			
Zambia	16	17,000	31,442
Mozambique	16	-	-
		134,010	251,115

The financial statements have been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

These financial statements were approved and authorised for issue by the Board on 8 April 2021 and signed on its behalf by:



Andrew Picken - Chair of Trustees

The notes on pages 14 to 22 form part of the Financial Statements

VILLAGE WATER LIMITED

Statement of Cashflows
for the year to 31 December 2020

	2020 £	2019 £
Net cash flows from operating activities		
Net (expenditure)/income for the year	(117,105)	32,260
Adjustments for items not affecting cash flows:		
Depreciation of equipment	865	695
Bank interest received	(529)	(1,848)
	<hr/>	<hr/>
Net operating cash flows before reinvestment in working capital	(116,769)	31,107
Decrease/(increase) in receivables	68,756	(44,175)
Increase in payables	3,656	1,930
	<hr/>	<hr/>
Net cash flows from operating activities	(44,357)	(11,138)
	<hr/>	<hr/>
Net cash flows from investing activities		
Purchase of non-current assets	(499)	(1,756)
Bank interest received	529	1,848
	<hr/>	<hr/>
Cash generated from investing activities	30	92
	<hr/>	<hr/>
Decrease in cash and cash equivalents	(44,327)	(11,046)
	<hr/>	<hr/>
Cash and cash equivalents at the beginning of the year	185,790	196,836
	<hr/>	<hr/>
Cash and cash equivalents at the end of the year	141,463	185,790
	<hr/>	<hr/>

Notes to the financial statements for the year to 31 December 2020

1. Accounting Policies

General information

Village Water is a private charitable company limited by guarantee, incorporated in England and Wales under Companies' Act and registered as a charity in England and Wales (1117377) and Scotland (SC044129).

The charitable company's registered office address is shown on page 3. The nature of the charitable company's operations and its principal activities are set out in the Trustees' Report on pages 4-10.

Village Water meets the definition of a public benefit entity as defined by FRS 102. The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Going Concern

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

Statement of compliance

The financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and Charities Statement of Recommended Practice issued by the Financial Reporting Council and in accordance with the Companies Act 2006.

Basis of preparation

The financial statements have been prepared using the historical cost convention.

The functional currency of the charity is considered to be pounds sterling (£) because that is the currency of the primary economic environment in which it operates. The financial statements are presented in pounds sterling (£).

Incoming resources

All incoming resources are included in the statement of financial activities when the charitable company is entitled to the income, it is probable that the income will be received, and the amount can be measured reliably.

Incoming resources from donations represent voluntary income, which is credited in the year in which they are received; and investment income, including bank interest, which is credited in the year in which it is received.

Reserves policy

The trustees acknowledge the need to hold unrestricted reserves equal to a minimum three month's UK operating costs in order to:

1. Fulfil any legal obligations should the organisation be obliged to cease activities.
2. Offer short-term security to local partners in Zambia and Mozambique to continue activities in the unlikely event of point 1 happening.
3. Take advantage of such opportunities which may arise requiring rapid and flexible decision making and funding.

Notes to the financial statements for the year to 31 December 2020

Reserves policy (continued)

The Board remains focussed on the need to balance the level of reserves in the charity with the effective delivery of the organisation's strategic objectives.

Resources expended

Expenditure is included on an accrual's basis inclusive of VAT, which is not recoverable. Expenditure directly attributable to specific activities has been allocated to those activities.

- Costs of charitable activities in Zambia and Mozambique represent direct expenditure incurred through grants to local partners for their operational activities together with associated support costs to deliver safe water, sanitation and hygiene.
- Fund raising expenses relate to the costs incurred by the charitable company in raising funds for the charitable work.
- Governance costs are those associated with the arrangements relating to the strategic operations of the charitable company as opposed to those costs associated with general running of the charitable company, fundraising or charitable activity. These governance costs include external audit costs, staff and Trustee costs in governance of the organisation.

Fund structure

The funds held by the charitable company fall into the following categories:

Unrestricted funds - represents donations and other incoming resources receivable for the object of the charitable company without further specified purpose and are available as general funds.

Restricted funds - represents funds subject to restrictions on their expenditure as imposed by the donor.

Property, plant and equipment

Property, plant and equipment is stated in the balance sheet at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of property, plant and equipment comprises the purchase price together with all expenses directly incurred in bringing the asset to its location and condition ready for use.

Depreciation is charged by annual instalments estimated to write off their cost less any residual value over the expected useful lives which equate to the following rates:

Furniture & equipment	33% per annum on straight line
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Receivables

Receivables are recognised at settlement amount due. Prepayments are valued at the amount prepaid net of any discounts due.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and bank current account balances and are subject to insignificant risk of change in value.

VILLAGE WATER LIMITED

Notes to the financial statements for the year to 31 December 2020

Payables

Payables are recognised where the charitable company has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Payables are normally recognised at their settlement amount.

Financial instruments

The charitable company 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.

Pensions

The charitable company operates a defined contribution pension scheme. Contributions are recognised in the Statement of Financial Activities in the period in which they become payable.

2. Donations

	Unrestricted 2020 £	Restricted 2020 £	Total 2020 £	Unrestricted 2019 £	Restricted 2019 £	Total 2019 £
Community	17,374	12,644	30,018	6,587	17,048	23,635
Corporate	72,143	653,026	725,169	15,926	199,680	215,606
Individuals	32,821	2,939	35,760	176,697	17,644	194,341
Statutory	-	49,929	49,929	-	39,338	39,338
FCDO	-	102,633	102,633	-	61,699	61,699
Trusts/Foundations	45,893	147,638	193,531	78,254	247,705	325,959
Total Donations	168,231	968,809	1,137,040	277,464	583,114	860,578

3. Interest income

	Unrestricted 2020 £	Restricted 2020 £	Total 2020 £	Unrestricted 2019 £	Restricted 2019 £	Total 2019 £
Bank interest receivable	529	-	529	1,848	-	1,848

VILLAGE WATER LIMITED

Notes to the financial statements for the year to 31 December 2020 (continued)

4. Analysis of Resources Expended

a) Restricted Resources Expended

Village Water raises donations in the UK to support water, sanitation and hygiene (WASH) activities in Zambia and Mozambique. The monies are remitted to Village Water Zambia, Empowered Communities Helping Others and WATSAN Mozambique, all independent NGOs, who carry out our fieldwork programme.

	2020 £	2019 £
<i>Remittances to Zambia</i>		
Supporting partners to deliver water, sanitation & hygiene	423,733	145,994
FCDO (formerly DFID)	75,290	65,789
	<u>499,023</u>	<u>211,783</u>
<i>Direct Expenditure in UK on work in Zambia</i>		
Capacity Development	325	3,350
IT, Equipment and Materials	1,988	3,645
FCDO (formerly DFID)	18,373	11,375
	<u>20,686</u>	<u>18,370</u>
<i>Remittances to Mozambique</i>		
Supporting partners to deliver water, sanitation & hygiene	511,602	369,059
	<u>511,602</u>	<u>369,059</u>
<i>Direct Expenditure in UK on work in Mozambique</i>		
	345	6,893
	<u>345</u>	<u>6,893</u>
Total Expenditure	<u>1,031,656</u>	<u>606,105</u>

b) Unrestricted Resources Expended

The charitable company initially identifies all unrestricted expenditure and then apportions the cost between four major expenditure categories:

- Charitable expenditure Zambia - relates to support costs incurred to raise funds for activities in Zambia;
- Charitable expenditure Mozambique - relates to support costs incurred to raise funds for activities in Mozambique;
- Fund raising expenses - relate to the costs incurred by the charitable company in raising funds for the charitable work; and
- Governance - costs are those associated with the governance arrangements relating to the strategic operations of the charitable company.

Notes to the financial statements for the year to 31 December 2020 (continued)

4. Analysis of Resources Expended (continued)

b) Unrestricted Resources Expended (continued)

The table below outlines unrestricted expenditure, as apportioned between the four expenditure categories.

Year ended 31 December 2020	Charitable Activities Zambia £	Charitable Activities Mozambique £	Fund Raising Expenses £	Governance £	Total 2020 £
Salaries	61,235	62,171	53,296	26,666	203,368
Training	101	109	129	51	390
Travel	180	194	229	90	693
Volunteers	10	10	12	5	37
Events & fundraising	-	-	3,607	-	3,607
Office costs	1,939	2,089	2,461	970	7,459
Insurance	198	213	252	99	762
IT expenses	943	1,016	1,197	471	3,627
Other governance costs	-	-	-	251	251
Audit fees	-	-	-	1,900	1,900
Depreciation	225	242	285	112	864
Bank charges	-	-	-	60	60
	64,831	66,044	61,468	30,675	223,018

Year ended 31 December 2019	Charitable Activities Zambia £	Charitable Activities Mozambique £	Fund Raising Expenses £	Governance £	Total 2019 £
Salaries	67,402	50,745	71,233	19,123	208,503
Training	130	130	226	79	565
Travel	698	698	1,214	425	3,035
Volunteers	10	10	18	7	45
Events & fundraising	-	-	3,294	-	3,294
Office costs	749	784	1,305	424	3,262
Insurance	146	152	254	82	634
IT expenses	91	93	156	50	390
Other governance costs	-	-	-	1,778	1,778
Audit fees	-	-	-	1,800	1,800
Depreciation	-	-	-	695	695
Bank charges	-	-	-	60	60
	69,226	52,612	77,700	24,523	224,061

Salaries, recruitment, training, travel and volunteers' costs are apportioned per capita - i.e. on the number of people employed within an activity.

Events and fundraising, other governance costs, audit fees and bank charges apportionment is based on usage.

Office costs, insurance and IT expenses apportionment is based on floor area occupied by an activity.

VILLAGE WATER LIMITED

Notes to the financial statements for the year to 31 December 2020 (continued)

5. Employees and Trustees

The aggregate payroll costs were as follows:

	2020 £	2019 £
Salaries	196,912	186,893
Social security costs	14,438	13,534
Pension costs	12,294	11,102
	<u>223,644</u>	<u>211,529</u>

No employee received emoluments above £60,000.

Employee salaries by band: £40,000 to 50,000: 1. £30,000 - £40,000: 3.

£20,000-£30,000: 3.

The average number of employees during the year calculated as full-time equivalents was 6 (2019: 6)

The Trustees were not paid any remuneration or received any other benefits from employment with the charitable company in the year (2019: £nil).

No Trustees were paid expenses (2019: 4 Trustees £1,194) for travelling to UK Trustees' meetings. No charity Trustee received payment for professional or other services supplied to the charity (2019: £nil).

6. Transfers

In accordance with a standing Board resolution to support expenditure in Africa with unrestricted funds and maintain a positive balance on restricted funds, unrestricted funds of £48,405 (2019: £7,525) were transferred to restricted funds.

7. Movement in funds

Net movement in funds is stated after charging:

	2020 £	2019 £
Depreciation	<u>865</u>	<u>695</u>

8. Auditor's remuneration

	2020 £	2019 £
Auditor's remuneration - the audit of charitable company's accounts	1,300	1,200
Auditor's remuneration - other services	600	600
	<u>1,900</u>	<u>1,800</u>

9. Taxation and charitable status

The Trust is a charitable company within the definition of Section 467 Corporation Tax Act 2010 and is, therefore, able to take advantage of the exemption given by Section 486 of that Act. Accordingly, there is no Corporation Tax charge in these financial statements.

VILLAGE WATER LIMITED

Notes to the financial statements for the year to 31 December 2020 (continued)

10. Non-current assets

Furniture & Equipment	2020	2019
	£	£
Cost		
At 1 January	6,048	4,292
Additions	499	1,756
At 31 December	6,547	6,048
Depreciation		
At 1 January	4,767	4,072
Charge in the year	865	695
At 31 December	5,632	4,767
Net book value at 31 December	915	1,281

11. Receivables

	2020	2019
	£	£
Gift Aid Recoverable	3,529	5,800
Pledged Donations	-	65,847
Prepayments	354	992
	3,883	72,639

There were no pledged donation at 31 December 2020; the pledged donations at 31 December 2019 satisfied the recognition criteria stipulated by SORP FRS 102.

12. Cash and cash equivalents

	2020	2019
	£	£
Cash at bank	141,416	185,765
Petty cash	47	25
	141,463	185,790

13. Payables: amounts falling due within one year

	2020	2019
	£	£
Other taxes and social security	5,766	4,214
Other payables	6,485	4,381
	12,251	8,595

14. Pensions scheme

The charitable company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the charitable company to the scheme and amounted to £12,294 (2019: £11,102).

Contributions totalling £2,782 (2019: £2,045) were payable to the scheme at the end of the year and are included in other payables.

VILLAGE WATER LIMITED

Notes to the financial statements for the year to 31 December 2020 (continued)

15. Analysis of net assets between funds

Year ended 31 December 2020	Unrestricted	Restricted		Total
	Funds	Zambia	Mozambique	
	£	£	£	£
Property, plant & equipment	915	-	-	915
Receivables	3,883			3,883
Cash at Bank	124,463	17,000	-	141,463
Payables	(12,251)	-	-	(12,251)
	117,010	17,000	-	134,010

Year ended 31 December 2019	Unrestricted	Restricted		Total
	Funds	Zambia	Mozambique	
	£	£	£	£
Property, plant & equipment	1,281	-	-	1,281
Receivables	72,639			72,639
Cash at Bank	154,348	31,442	-	185,790
Payables	(8,595)	-	-	(8,595)
	219,673	31,442	-	251,115

16. Movements in funds

	At 1 Jan 2020 £	Incoming Resources £	Outgoing Resources £	At 31 Dec 2020 £
Unrestricted				
Property, plant & equipment	1,281	499	(865)	915
Receivables	72,659	3,883	(72,659)	3,883
Cash at Bank	154,328	162,907	(192,772)	124,463
Payables	(8,595)	(12,251)	8,595	(12,251)
Total Unrestricted Funds	219,673	155,038	(257,701)	117,010
Restricted				
Village Water Zambia	31,442	505,267	(519,709)	17,000
Mozambique	-	375,952	(375,952)	-
Total Restricted Funds	31,442	881,219	(895,661)	17,000
Total Funds	251,115	1,036,257	(1,153,362)	134,010
	At 1 Jan 2019 £	Incoming Resources £	Outgoing Resources £	At 31 Dec 2019 £
Unrestricted				
Property, plant & equipment	220	1,756	(695)	1,281
Receivables	28,464	72,659	(28,464)	72,659
Cash at Bank	149,927	271,786	(267,385)	154,328
Payables	(6,665)	(8,595)	6,665	(8,595)
Total Unrestricted Funds	171,946	337,606	(289,879)	219,673
Restricted				
Village Water Zambia	46,909	214,686	(230,153)	31,442
Mozambique		375,952	(375,952)	-
Total Restricted Funds	46,909	590,638	(606,105)	31,442
Total Funds	218,855	928,244	(895,984)	251,115

VILLAGE WATER LIMITED

Notes to the financial statements for the year to 31 December 2020 (continued)

17. Lease Commitments

Operating Leases

The total of future minimum lease payments is as follows:

	Office premises	
	2020	2019
	£	£
No later than one year	4,200	-
Between two and five years	12,250	-
	<u>16,450</u>	<u>-</u>

18. Company limited by guarantee

The company is a charitable company limited by guarantee and consequently does not have share capital. Each of the 9 (2019: 12) members of the charitable company is liable to contribute £10 towards the assets of the charitable company in the event of liquidation.

19. Related party transactions

The charitable company works in partnership with independent local charities: Village Water Zambia and Empowered Communities Helping Others in Zambia -and WATSAN Mozambique in Mozambique, who share a common purpose. All partners receive funding for their charitable objectives from Village Water and from other donors

During the year, the charitable company remitted £1,010,625 (2019: £580,842) to these partners.

2022. Events after the financial period

In March 2020, the UK, along with many other countries, entered into forced restrictions related to the spread of Covid 19. The current global situation continues to bring uncertainties for businesses and individuals as the economy suffers significant slowdown. The Trustees will continue to review the situation and its impact on the charitable company's ability to raise funds and deliver projects both in the short and long term. The Trustees are of the opinion that at the time of approval of these financial statements there were no indications suggesting that the charitable company would not be able to continue as a going concern in the foreseeable future and have therefore prepared these financial statements on a going concern basis.

VILLAGE WATER LIMITED

Report of the Independent Auditors to the Members and Trustees of Village Water Limited

Opinion on financial statements

We have audited the financial statements of Village Water Limited for the year ended 31 December 2020 which comprise the Statement of Financial Activities (including income and expenditure account), the Balance Sheet, the Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2020 and of its incoming resources and application of resources 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 and the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Trustees' (who are also directors of the charitable company for the purpose of the company law) use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Trustee's Report, other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the

VILLAGE WATER LIMITED

Report of the Independent Auditors to the Members and Trustees of Village Water Limited

extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Report, which includes the Directors' Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report included within the Trustees' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report included within the Trustees' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 require us to report to you if, in our opinion:

- adequate and proper accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the Trustees' Report and from the requirement to prepare a strategic report.

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' Responsibilities (set out on page 9), the Trustees, who are Directors for the purpose of the company law, are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as

**Report of the Independent Auditors
to the Members and Trustees of Village Water Limited**

the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the Trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

The extent to which the audit was considered capable of detecting irregularities including fraud

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the charitable company through discussions with management, and from our cumulative audit knowledge and experience of the charitable company and the knowledge of the charitable sector.
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the charitable company, including the Companies Act 2006, Charities Act 2011, The Charities (Accounts and Reports) Regulations 2008 as well as data protection, money laundering and anti-bribery, employment and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- we identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

VILLAGE WATER LIMITED

**Report of the Independent Auditors
to the Members and Trustees of Village Water Limited**

We assessed the susceptibility of the charitable company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statements to disclosures and underlying supporting documentation;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with Charities Commission, HMRC and other government bodies, analysing professional services/legal costs to ascertain if there have been instances of non-compliance with laws and regulations.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at:

www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

VILLAGE WATER LIMITED

**Report of the Independent Auditors
to the Members and Trustees of Village Water Limited**

Use of the audit report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charitable company's Trustees, as a body, in accordance with Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charitable company's members and Trustees those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company, the charitable company's members as a body and the charitable company's Trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Ransford Agyei-Boamah
Senior Statutory Auditor

for and on behalf of:
HARMER SLATER LIMITED
Chartered Accountants and Statutory Auditors
8 April 2021

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