

VILLAGE WATER LIMITED

VILLAGE WATER

Changing
lives for
good

VILLAGE WATER LIMITED

(A company limited by guarantee)

Report and Financial Statements for the Year
Ended 31 December 2021

Registered charity numbers: 1117377 (England & Wales)
and SCO44129 (Scotland)
Company number: 05970344



Women from Nhandiro Cruzamento, Mozambique, try out the water at their rehabilitated pump.

VILLAGE WATER LIMITED

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Eunice, in pink, a volunteer community health worker in George Compound, Lusaka, Zambia, shows handwashing techniques as part of the FCDO project under our UK Aid Match project which closed this year.

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:

Room C, URC Offices

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

Mrs Louise Cook

Mr Andrew Picken (Chair)

Mr Geoff Houston

Ms Hilary Nithsdale

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 2021

The Trustees of Village Water present their annual report and audited financial statements for the year ended 31 December 2021 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 compliance activities of the charitable company. The Board meets four times a year. Board Management and Finance and Risk Committees meet regularly.

Trustees are appointed as required. When considering new Trustees, the Board will carry out a gap analysis before advertising the position on specialist sites. The Board Management Committee will make recommendations on applicants and selection is by interview. Newly appointed Trustees receive induction in Village Water's background, strategic goals, and financial history. Trustees are expected 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 staff including fundraising, monitoring and finance functions.

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

Principal activities

Since our foundation in 2004, we have focused on water, sanitation and hygiene (WASH) support in villages, schools and clinics in Zambia and Mozambique, reaching more than 1 million people through installation or rehabilitation of water points. This work has directly led to improvements in health through significant reductions in cases of diarrhoea and other water borne disease, in turn providing families greater chances to earn a living, and for their children to stay in school.

One of the key ways we do this is to invest in, support and build the resilience of our local partners who are independent, specialist WASH organisations.

Our developmental model is System' Strengthening. Rather than supporting WASH across a scattered geographical area, we have moved towards a more focussed approach investing in a smaller number of districts, supporting the building blocks to work towards sustainable 100% WASH coverage.

This involves working closely with district staff to map existing services, identify local structures such as companies, supply chains, funders and trainers to assess the gaps in services and to develop a realistic budget to reach full coverage, including on-going maintenance, monitoring and support.

VILLAGE WATER LIMITED

Trustees' Report for the year ending 31 December 2021

Principal activities (continued)

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. On average, across our projects in Mozambique and Zambia, CO2 emissions fall by an estimated 395 tonnes per village each 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.

2021 overview

Over the year we have reached more than 145,458 people with our work in three provinces of Zambia - Western, Lusaka and Central and in Manica Province in Mozambique.

Village Water took the difficult decision to end its partnership with Village Water Zambia (VWZ) as of 31 December 2021. In recent years we have mainly funded VWZ from restricted project grants for self-supply and from the UK government, which came to an end in 2021. With no secured funding, we have decided to invest in our two remaining partners - ECHO in Zambia and WATSAN in Mozambique, both new organisations at the start of their development. We hope that in the coming years they will move on to directly run projects funded by institutional donors like the EU and UNICEF, just as VWZ has done.

We want to acknowledge the hard work of the VWZ team members and the Trustee Board we have worked with over the years and wish them the very best for their future direction.

Income

Our 2021 income increased by 5.6% on 2020. We continue to attract funding from a wide range of supporters, new and long term.

Income streams

Individuals (including gift aid)	£130,955
Community groups	£26,165
Trusts	£247,726
Businesses	£646,915
Statutory - Guernsey OA&DC	£48,543
Statutory - FCDO formerly DFID	£101,335
Total	£1,201,639

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Trustees' Report for the year ending 31 December 2021

Key successes include our strengthened partnership with CO2 Balance. We will be working with them for at least the next six years on a carbon emissions reduction programme in Mozambique and Zambia

We thank those who make regular gifts - your support gives us the security to plan ahead. We could not continue to grow our impact without the many generous donations from individuals, community groups and Trusts during the year. Advolly Richmond delivered our Radio 4 Appeal beautifully and is keen to be more involved in our work. We acknowledge among others, too numerous to mention, The Waterloo Foundation, Guernsey Overseas Aid and Development Committee (OA&DC) The Randal Charitable Foundation, Christadelphian Meal a Day Fund, and The Volant Trust.

Expenditure

Expenditure on charitable activities (including governance) was £1,111,046. Unrestricted funds made up 68% (2020: 15%) of our income. This very welcome increase is due to the flexibility of our major partners who are happy to offer unrestricted funding. Income from individuals and trusts bounced back after challenges in 2020 due to the global pandemic, with highlights being the Radio 4 Appeal and successful applications to a number of new grant making trusts.

Expenditure on charitable activities in 2021 was 91p (2020: 93p) in every pound. Every £1 invested in fund raising brought in £20 (2020: £19).

Fundraising statement

Village Water complies with the regulatory standards for fundraising. We are registered with the Fundraising Regulator and adhere to the Fundraising Promise and 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 2021 we spent £61,713 (2020: £61,468) in support costs for our projects.

Our fundraising activities include applications to Trusts, encouraging private donations, and digital appeals. Our income from corporate sectors has grown over the years alongside our profile. 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 2021 (2020: 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 specific activities, timeline and budget.

When we identify new partners to work with in-country we carry out due diligence checks including organisational, governance, policies, and

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Trustees' Report for the year ending 31 December 2021

financial processes. Partnerships are reviewed biennially.

For project progress and impact monitoring we use a mobile to web monitoring system following activity timeline milestones. Financial reports are required by an agreed deadline which, once approved, trigger further transfers made in line with the annual budget. Directors meet bi-monthly and team members from each partner, including Village Water, take part in 'hubs' focussing on, but not limited to communications and 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 global COVID 19 pandemic continued to affect our work and income both in the UK and in Africa where activities were adapted or cancelled due to government restrictions, limiting what could safely take place. Rates of Covid infection have dropped dramatically in 2022 in both Zambia and Mozambique, as the vaccine programme is rolled out. We have completed a risk assessment, guiding us as to when it is safe to resume project visits from the UK.

VILLAGE WATER LIMITED

Trustees' Report for the year ending 31 December 2021 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 is Village Water's auditors. A resolution to reappoint will be put to the AGM.

VILLAGE WATER LIMITED

**Trustees' Report for the year ending 31 December 2021 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 7 April 2022 and signed on its behalf by:

Paul Marston - Trustee

 P. MARSTON

VILLAGE WATER LIMITED

Statement of Financial Activities (incorporating an Income and Expenditure account) for the year to 31 December 2021

	Note	Unrestricted 2021 £	Restricted 2021 £	Total 2021 £	Total 2020 £
Incoming Resources					
Incoming resources from generated Funds:					
Donations	2	823,093	378,546	1,201,639	1,137,040
Investment Income:					
Bank and Other Interest	3	121	-	121	529
Total Incoming Resources		823,214	378,546	1,201,760	1,137,569
Resources Expended					
Charitable Activities Zambia		95,343	457,670	553,013	584,540
Charitable Activities Mozambique		65,907	393,798	459,705	577,991
Fund raising expenses		60,713	-	60,713	61,468
Governance		37,615	-	37,615	30,675
Total resources expended	4	259,578	851,468	1,111,046	1,254,674
Net income/(expenditure) for the year before transfers		563,636	(472,922)	90,714	(117,105)
Transfers between funds	6	(455,922)	455,922	-	-
Net income/(expenditure) for the year after transfers		107,714	(17,000)	90,714	(117,105)
Reserves at 1 January 2021		117,010	17,000	134,010	251,115
Reserves at 31 December 2021		224,724	-	224,724	134,010

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 13 to 22 form part of the Financial Statements.

VILLAGE WATER LIMITED

Balance Sheet (Company no. 05970344) As at 31 December 2021

		Total Funds	
	Note	2021 £	2020 £
Non-current Assets			
Property, plant and equipment	10	633	915
Current Assets			
Receivables	11	14,666	3,883
Cash and cash equivalents	12	224,091	141,463
		238,757	145,346
Payables: Amounts falling due within one year	13	(14,666)	(12,251)
Net current assets		224,091	133,095
Net Assets	15	224,724	134,010
Funds			
Unrestricted	16	224,724	117,010
Restricted			
Zambia	16	-	17,000
		224,724	134,010

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 accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland - (Charities SORP (FRS 102)).

These financial statements were approved and authorised for issue by the Board on 7 April 2022 and signed on its behalf by:

Paul Marston - Trustee



The notes on pages 13 to 22 form part of the Financial Statements.

VILLAGE WATER LIMITED

Statement of Cashflows for the year to 31 December 2021

	2021 £	2020 £
Net cash flows from operating activities		
Net income/(expenditure) for the year	90,714	(117,105)
Adjustments for items not affecting cash flows:		
Depreciation of equipment	981	865
Bank interest received	(121)	(529)
	<hr/>	<hr/>
Net operating cash flows before reinvestment in working capital	91,574	(116,769)
(Increase)/decrease in receivables	(10,783)	68,756
Increase in payables	2,415	3,656
	<hr/>	<hr/>
Net cash flows from operating activities	83,206	(44,357)
	<hr/>	<hr/>
Net cash flows from investing activities		
Purchase of non-current assets	(699)	(499)
Bank interest received	121	529
	<hr/>	<hr/>
Cash (utilised in)/generated from investing activities	(578)	30
	<hr/>	<hr/>
Increase/(decrease) in cash and cash equivalents	82,628	(44,327)
	<hr/>	<hr/>
Cash and cash equivalents at the beginning of the year	141,463	185,790
	<hr/>	<hr/>
Cash and cash equivalents at the end of the year	224,091	141,463
	<hr/>	<hr/>

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Notes to the financial statements for the year to 31 December 2021

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 (SCO44129).

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 4-7.

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 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 - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and 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.

VILLAGE WATER LIMITED

Notes to the financial statements for the year to 31 December 2021

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.

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Notes to the financial statements for the year to 31 December 2021

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 2021 £	Restricted 2021 £	Total 2021 £	Unrestricted 2020 £	Restricted 2020 £	Total 2020 £
Community	21,986	4,179	26,165	17,374	12,644	30,018
Corporate	532,126	114,789	646,915	72,143	653,026	725,169
Individuals	125,669	5,286	130,995	32,821	2,939	35,760
Statutory	-	48,543	48,543	-	49,929	49,929
FCDO	-	101,335	101,335	-	102,633	102,633
Trusts/Foundations	143,312	104,414	247,726	45,893	147,638	193,531
Total Donations	823,093	378,546	1,201,639	168,231	968,809	1,137,040

3. Interest income

	Unrestricted 2021 £	Restricted 2021 £	Total 2021 £	Unrestricted 2020 £	Restricted 2020 £	Total 2020 £
Bank interest receivable	121	-	121	529	-	529

VILLAGE WATER LIMITED

Notes to the financial statements for the year to 31 December 2021 (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.

	2021 £	2020 £
<i>Remittances to Zambia</i>		
Supporting partners to deliver water, sanitation & hygiene	343,682	423,733
FCDO (formerly DFID)	78,921	75,290
	<u>422,603</u>	<u>499,023</u>
<i>Direct Expenditure in UK on work in Zambia</i>		
Capacity Development	(325)	325
IT, Equipment and Materials	29,193	1,988
FCDO (formerly DFID)	6,199	18,373
	<u>35,067</u>	<u>20,686</u>
<i>Remittances to Mozambique</i>		
Supporting partners to deliver water, sanitation & hygiene	371,230	511,602
<i>Direct Expenditure in UK on work in Mozambique</i>		
	<u>22,568</u>	<u>345</u>
Total Expenditure	<u>851,468</u>	<u>1,031,656</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.

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Notes to the financial statements for the year to 31 December 2021 (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 2021	Charitable Activities Zambia	Charitable Activities Mozambique	Fund Raising Expenses	Governance	Total 2021
	£	£	£	£	£
Salaries	91,535	61,809	51,326	31,860	236,530
Training	9	11	13	5	38
Travel	198	213	251	99	761
Volunteers	-	-	-	-	-
Events & fundraising	-	-	4,557	-	4,557
Office costs	2,052	2,209	2,604	1,026	7,891
Insurance	219	236	279	110	844
IT expenses	1,074	1,154	1,360	536	4,124
Other governance costs	-	-	-	1,404	1,404
Audit fees	-	-	-	2,328	2,328
Depreciation	256	275	323	127	981
Bank charges	-	-	-	120	120
	95,343	65,907	60,713	37,615	259,578

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

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 2021 (continued)

5. Employees and Trustees

The aggregate payroll costs were as follows:

	2021 £	2020 £
Salaries	204,409	196,912
Social security costs	12,522	14,438
Pension costs	19,600	12,294
	<u>236,531</u>	<u>233,644</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 (2020: 6)

The Trustees were not paid any remuneration or received any other benefits from employment with the charitable company in the year (2020: £nil).

Six Trustees were paid expenses of £930 (2020: £nil) for travelling to UK Trustees' meetings. No charity Trustee received payment for professional or other services supplied to the charity (2020: £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 £455,922 (2020: £48,405) were transferred to restricted funds.

7. Movement in funds

Net movement in funds is stated after charging:

	2021 £	2020 £
Depreciation	981	865

8. Auditor's remuneration

	2021 £	2020 £
Auditor's remuneration - the audit of charitable company's accounts	1,628	1,300
Auditor's remuneration - other services	700	600
	<u>2,328</u>	<u>1,900</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.

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Notes to the financial statements for the year to 31 December 2021 (continued)

10. Non-current assets

Furniture & Equipment	2021 £	2020 £
Cost		
At 1 January	6,547	6,048
Additions	699	499
Disposals	(3,743)	-
At 31 December	<u>3,503</u>	<u>6,547</u>
Depreciation		
At 1 January	5,632	4,767
Charge in the year	981	865
Released on disposal	(3,743)	-
At 31 December	<u>2,870</u>	<u>5,632</u>
Net book value at 31 December	<u>633</u>	<u>915</u>

11. Receivables

	2021 £	2020 £
Gift Aid Recoverable	9,172	3,529
Other receivables	4,855	-
Prepayments	639	354
	<u>14,666</u>	<u>3,883</u>

12. Cash and cash equivalents

	2021 £	2020 £
Cash at bank	223,999	141,416
Petty cash	92	47
	<u>224,091</u>	<u>141,463</u>

13. Payables: amounts falling due within one year

	2021 £	2020 £
Other taxes and social security	4,022	5,766
Other payables	10,644	6,485
	<u>14,666</u>	<u>12,251</u>

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 £19,600 (2020: £12,294).

Contributions totalling £8,509 (2020: £2,782) 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 2021 (continued)

15. Analysis of net assets between funds

Year ended 31 December 2021	Unrestricted		Restricted		Total
	Funds	Zambia	Mozambique		
	£	£	£	£	£
Property, plant & equipment	633	-	-	-	633
Receivables	14,666	-	-	-	14,666
Cash at Bank	224,091	-	-	-	224,091
Payables	(14,666)	-	-	-	(14,666)
	<u>224,724</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>224,724</u>

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)
	<u>117,010</u>	<u>17,000</u>	<u>-</u>	<u>-</u>	<u>134,010</u>

16. Movements in funds

	At 1 Jan 2021	Incoming Resources	Outgoing Resources	At 31 Dec 2021
	£	£	£	£
Unrestricted				
Property, plant & equipment	915	699	(981)	633
Receivables	3,883	14,666	(3,883)	14,666
Cash at Bank	124,463	822,515	(722,887)	224,091
Payables	(12,251)	(14,666)	12,251	(14,666)
Total Unrestricted Funds	<u>117,010</u>	<u>823,214</u>	<u>(715,500)</u>	<u>224,724</u>
Restricted				
Village Water Zambia	17,000	440,670	(457,670)	-
Mozambique	-	393,798	(393,798)	-
Total Restricted Funds	<u>17,000</u>	<u>834,468</u>	<u>(851,468)</u>	<u>-</u>
Total Funds	<u>134,010</u>	<u>1,657,682</u>	<u>(1,566,968)</u>	<u>224,724</u>

	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	<u>219,673</u>	<u>155,038</u>	<u>(257,701)</u>	<u>117,010</u>
Restricted				
Village Water Zambia	31,442	505,267	(519,709)	17,000
Mozambique	-	375,952	(375,952)	-
Total Restricted Funds	<u>31,442</u>	<u>881,219</u>	<u>(895,661)</u>	<u>17,000</u>
Total Funds	<u>251,115</u>	<u>1,036,257</u>	<u>(1,153,362)</u>	<u>134,010</u>

VILLAGE WATER LIMITED

Notes to the financial statements for the year to 31 December 2021 (continued)

17. Comparatives for Statement of Financial Activities

	Note	Unrestricted 2020 £	Restricted 2020 £	Total 2020 £
Incoming Resources				
Incoming resources from generated Funds:				
Donations	2	168,231	968,809	1,137,040
Investment Income:				
Bank and Other Interest	3	529	–	529
Total Incoming Resources		168,760	968,809	1,137,569
Resources Expended				
Charitable Activities Zambia		64,831	519,709	584,540
Charitable Activities Mozambique		66,044	511,947	577,991
Fund raising expenses		61,468	–	61,468
Governance		30,675	–	30,675
Total resources expended	4	223,018	1,031,656	1,254,674
Net income/(expenditure) for the year before transfers		(54,258)	(62,847)	(117,105)
Transfers between funds	6	(48,405)	48,405	–
Net income/(expenditure) for the year after transfers		(102,663)	(14,442)	(117,105)
Reserves at 1 January 2021		219,673	31,442	251,115
Reserves at 31 December 2021		117,010	17,000	134,010

18. Lease commitments

Operating Leases

The total of future minimum lease payments is as follows:

	Office premises	
	2021	2020
	£	£
No later than one year	4,200	4,200
Between two and five years	8,050	12,250
	<u>12,250</u>	<u>16,450</u>

19. Company limited by guarantee

The company is a charitable company limited by guarantee and consequently does not have share capital. Each of the 9 (2020: 9) members of the charitable company is liable to contribute £10 towards the assets of the charitable company in the event of liquidation.

20. 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 £793,833 (2020: £1,010,625) to these partners.

VILLAGE WATER LIMITED

Notes to the financial statements for the year to 31 December 2021 (continued)

21. Events after the financial period

There have been no significant events between the year end and the date of approval of these financial statements which would require a change to, or disclosure in, the financial statements.

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 2021 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 2021 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.

VILLAGE WATER LIMITED

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 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.

VILLAGE WATER LIMITED

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 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 and employment 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

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:

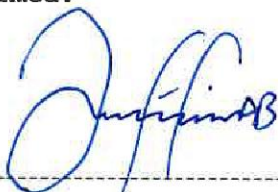
www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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
7 April 2022

Salatin House
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