

WaterAid international

Annual Report and Financial Statements

31 March 2021

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The Trustees present their Trustees' report and audited financial statements for the year ended 31 March 2021.

Principal objectives and activities

WaterAid international (WAI) is a charitable company limited by guarantee. It was incorporated on 29 April 2010 and registered as a charity on 8 September 2010. Its charitable objects are to relieve poverty and suffering in any part of the world through the improvement of water supplies, sanitation and advice on related health matters, and to educate the public concerning the nature, cause and effects of such poverty and suffering.

WaterAid international brings together the international group of WaterAid organisations to develop a global response to the world's water and sanitation crisis. WAI works to consolidate relationships between WaterAid organisations and ensure that these organisations share a common vision, mission and values, and work effectively together in matters of strategy, policy and delivery. The Charity:

- monitors progress of existing members; It approves criteria and choices for engagement with new countries;
- agrees core global principles and monitors outcomes of core global processes;
- agrees membership criteria and standards and decides on membership status. It agrees changes to brand identity and licensing; and
- shapes and agrees core WAI governance roles and processes, manages global risks and ensures appropriate global accountability to external and internal stakeholders.

Four principles underpin the relationship between the Charity and the national member organisations:

1. Achieving WaterAid's mission as effectively as possible is fundamental to all we do, and global interest is paramount;
2. WaterAid international will only undertake activities that it can and will deliver more effectively than WaterAid member countries;
3. WaterAid will only have one organisation delivering our work in each of the countries where we operate; and
4. The members of the WaterAid federation will be organisations that are, or are expected to become within a reasonable time-frame, self-sustaining and able to contribute significant resources to the delivery of WaterAid's strategy.

Public benefit

The Trustees have taken into account the Charity Commission's general guidance on public benefit when reviewing the charity's aims and objectives and in planning our future activities.

Achievements and performance

The Trustees met four times during the year, in July, October, December and March. In all cases meetings were virtual due to the ongoing COVID-19 pandemic and necessary travel restrictions. This reduced the time available for Trustees owing to the range of time zones represented, spanning Ottawa to Melbourne. The Board was Chaired by Rob Skinner until July 2020 and thereafter by Maureen O'Neil. The Membership and Accreditation Committee (MAC) met twice as planned (in May and November 2020) to provide scrutiny of our member accreditation processes. The MAC comprises two WaterAid international Trustees and two independent members.

At the start of 2020-21, four priority areas of work for all national member organisations were agreed: to step up our global response to climate change, protecting and investing in clean water to enhance climate resilience; to capture and exploit political opportunities in globally significant countries to drive investment in and planning for WASH services; to develop new funding streams for both restricted and unrestricted income to finance the mission; and to build the capacity and ability of the Charity's teams around the world to accelerate the achievement of our mission. As the global COVID-19 pandemic took hold, the federation re-prioritised response, mitigation and adaptation in this context.

Global strategy and performance reporting

In the year the Charity has led the process and planning for the development of a new global strategy for the WaterAid federation to run from 2022. The Charity worked closely with members to complete two phases in preparation for the development and drafting of the strategy: i) a full review of the current strategy, and ii) thorough exploration of themes and scenarios that will inform and drive our mission and work in the future. The Charity is leading an federation wide consultation on these emerging themes and work will be consolidated into a new global strategy during the next financial year.

The Charity has monitored work across the federation members in each of the four priority areas identified above, captured and shared successes and learnings, and ensured that our national member organisations are delivering programmes of work aligned to and achieving our mission.

Global governance

Building on diversity and inclusion discussions that took place in 2019, the Charity appointed an independent Chair following an open recruitment process. Induction and training were provided for the new Chair and a smooth transition to new leadership was facilitated during 2020.

Trustees' report

For the Year Ended 31 March 2021

Reviews, both internal and external, of global roles, power and leadership within the federation were carried out in 2020; findings informed the successful recruitment and appointment of a new Global Director for WaterAid international (this role was previously titled Executive Director) who commenced in February 2021 and are also providing valuable input to ongoing discussions around anti-racism, diversity and inclusion.

The Charity's Membership & Accreditation Committee scrutinised the regular periodic accreditation reviews against our membership criteria for WaterAid Sweden and WaterAid America, and reviewed updates from WaterAid Canada and WaterAid Japan. The Committee reviewed accreditation phasing with a recommendation accepted by the Trustees that accreditation reviews should remain on a three-year phasing to enable early identification of any issues which might affect the mission.

Continuing their work on building strong systems and policies which ensure an aligned WaterAid, the Charity's Trustees approved an update of our global standards on health, safety and security, on safeguarding and on finance.

Global travel restrictions have curtailed the Charity's efforts to deliver valuable knowledge-building programme visits for board members from across the federation members. Instead the Charity has focussed its efforts on creating opportunities for Trustees to engage with programmatic work through digital channels, so-called 'virtual visits'. This approach will better serve the Charity's approach on inclusion and climate change mitigation and is likely to extend beyond the end of present travel restrictions.

Work to develop and embed our 'dual citizenship' concept and practices has progressed through improving induction programmes.

Principal objectives and activities

During 2020-21 the Charity has undertaken a number of approaches and activities to build the capacity and effectiveness of the federation national member organisations. The Charity has:

- provided support to WaterAid India as they have sought to comply with the amendment to the Foreign Contributions Registration Act in September 2020, and to introduce necessary changes to management and organisation, whilst continuing to deliver WaterAid's mission;
- constituted a cross-member steering group and multi-disciplinary review team to steer and report on a strategic and business review of WaterAid Canada. This sought to answer questions about optimising contribution to WaterAid's mission, about organisational structure, strategies and plans, and aims to provide better information to support future investment decisions;
- provided ongoing support to WaterAid America on the establishment and embedding of a high-level multi-year business plan; and
- worked with WaterAid Japan to build capacity and to support them on their journey to financial sustainability. The Charity invested financially in WaterAid Japan's ongoing development on behalf of the global organisation.

Due to the COVID-19 pandemic and the consequent changes in priorities and workload a number of the Charity's 2020-21 goals have been deferred to 2021-22 and beyond, including work to revise membership criteria, accreditation and member contribution.

Charity governance code

WaterAid international is working to apply the principles and recommended practices set out in the Charity Governance Code 2017 and as amended in 2020.

By virtue of its composition, as set out in the Articles of Association, WaterAid international is not in a position to fully apply all of the recommended practice relating to open recruitment of Trustees, as they are appointed by the national member organisations. The federation's approach to equality, diversity and inclusion across the organisation has been a focus of work and attention during the year. Revisions to the Code implemented in 2020 are welcomed, in particular the broader definitions and requirements under Principle 6, Equality, diversity and inclusion. These will inform the work to embed best practice across the federation.

COVID-19 pandemic

COVID-19 has reshaped the economic and operational context for our work. In the financial year 2020-21, the federation has prioritised staff welfare and safeguarding in the face of the global threat; we have also made significant adjustments to our ways of working as a result of travel restrictions, local lockdowns and social distancing. However, the pandemic has highlighted the importance of WASH and particularly of hygiene behaviour change which is welcome for our mission.

Anti-racism, power and diversity

In 2020-21, an internal framework for action on anti-racism, power and diversity across WaterAid was published and restated the obligation on all national member boards to have, apply and report on diversity objectives. The Trustees have approved in principle the appointment of additional independent board members to support diverse voices and discussions continued during year on the timing and context for these future appointments. Arising from these discussions, the federation has also agreed to recruit a Global Head of Diversity and Inclusion to work across all members.

Trustees' report

For the Year Ended 31 March 2021

Plans for future periods

WaterAid international has agreed five priorities for the federation for the coming year:

- a) in the aftermath of COVID-19, increase political leadership and prioritisation to deliver sustainable & effective nation-wide hygiene behaviour change;
- b) in the face of climate change, work with governments to increase prioritisation of sustainable WASH as central to resilient and thriving communities;
- c) maximise fundraising opportunities to ensure stability, growth and diversification of funding portfolio;
- d) support the wellbeing of WaterAiders; and continue to develop and draw on the diverse talents and perspectives of WaterAiders across the world, creating opportunities to work more effectively together; and
- e) complete and begin implementation of a new global strategy that enhances our ability to deliver the mission.

In support of these priorities, the focus of the Charity's work will be on completing the development and launch of the new global strategy. The strategy will run to 2030, bringing together the expertise, the experience and the voices of people from across the federation, building on past successes and learning to enable us to achieve our mission of clean water, decent toilets and good hygiene for all. This will include developing an implementation / change plan and ensuring that definitions and measures of success are incorporated into the strategy and into our global planning and reporting processes. We will also support members and country programmes to develop country strategies and business plans.

Our work on performance reporting and evaluation will evolve in line with the new strategy to become more insightful in support of better global decision-making. We will also lead work to consider the federation related implications for global structures, power and decision making, including developing and embedding effective processes to support cross-member investment and reviewing our membership criteria to ensure the continued health of the global federation.

We will also carry out scheduled accreditations with members, and complete work on the development and enactment of global standards in critical areas of the business to ensure that WaterAid speaks and acts with one voice anywhere in the world.

We will work with members of the federation to ensure effective alignment and to strengthen collaborative working across our federation, for example working to support our approach to global influencing as well as providing support to each member on their development as required.

Together, we will continue our focus on addressing inequality and on embedding anti-racism, diversity and equality principles and practices across the federation, including in regard to recruitment of the Charity's trustees and those of member organisations.

Financial review

To carry out its work in 2020-21, the Charity raised £1,180k in contribution from its members, including £671k gifts in kind (primarily staff costs); £293k was invested in developing members and £828k was expended as operational costs.

Reserves policy

In 2020 the Trustees approved a reserves policy which requires the Charity to maintain reserves to meet minimum working capital requirements for 2 – 3 months operating costs. Reserves would be required in the event that the Charity is wound up. Funds remaining in the reserve after the Charity is wound up would be redistributed between the members.

The amount of reserves the Charity will hold is between £130k and £220k, being 2-3 months operating costs. As at 31 March 2021, the Charity held unrestricted funds of £200k.

Going concern

The COVID-19 crisis has created a greater environment of global uncertainty. Our going concern statement is an important disclosure to give our stakeholders confidence in how the Charity navigates through this financially. The Trustees are of the opinion the Charity's financial position is strong and has adequate resources to continue in operational existence for the foreseeable future, a minimum of 12 months from the date of signing these accounts.

The Charity will have sufficient cash throughout the year to meet its liabilities as the cashflow profile involves receiving funds, based on total annual expenditure, on a quarterly basis from the Charity's national member organisations. The Charity will not go below a manageable working capital cash base at any time of the year.

The Charity has flexibility with its expenditure and is able to phase and potentially cancel activities. To illustrate, in early 2020-21, the Charity decided to stop all international travel and reduced local travel.

In conclusion, the Trustees are confident the right processes are in place to monitor the financial position of the Charity to ensure it remains a going concern.

Principle sources of funds

To carry out our work in 2020-21 the Charity's national member organisations invested £509k in grants and £671k in gifts in kind (primarily staff costs).

Trustees' report

For the Year Ended 31 March 2021

Principal risks

The Trustees have given consideration to the major risks to which the charity is exposed and satisfied themselves that systems or procedures are established in order to manage those risks.

The principal risks facing the Charity are those that affect our ability to work effectively as a global organisation, across member boundaries. The Trustees identified and have prioritised work to address and mitigate the following principal risks in 2020-21: the health, safety and security of staff; organisational members failing to meet their obligations under the Membership & Licence Agreement; failure to meet contractual obligations to donors; failure to properly address anti-racism within the organisation; safeguarding; unethical conduct bringing the Charity into disrepute.

The Charity has internal controls which allow it to monitor its financial risks and take steps to mitigate these as necessary. The Charity does not currently use debt finance or derivative financial instruments. The Charity has delegated financial management to WaterAid UK's finance department – on behalf of the Charity they implement their own procedures to manage interest rate risk, credit risk and circumstances where it would be appropriate to use financial instruments to manage these.

Legal structure, governance and management

WaterAid international is a charitable company limited by guarantee. Our governing document is our Articles of Association, published on our website.

Trustees are appointed by the company law members of WaterAid; in most cases trustees are WaterAid member chairs. WaterAid UK may appoint two trustees. The chair may be appointed from amongst the trustees, or may be appointed through open recruitment.

The Charity sets out its expectations, policies and procedures for trustee induction and ongoing training in its governance manual, published on its website.

During 2020-21 there were five company law members of the Charity, namely WaterAid America, WaterAid Australia, WaterAid Canada, WaterAid Sweden and WaterAid UK. Each of these member organisations is independently constituted organisation with its own board, governing document and management body. The Charity's Board was chaired by Robert Skinner, Chair of the WaterAid Australia Board (to 1st August 2020) and Maureen O'Neill, an independent appointment (from August 1st 2020).

The Charity was managed by an appointed Global Director (previously titled Executive Director). Ken Caldwell retired from this role in April 2020. Andrew McCracken was appointed in 2020 and took up his post on 15 February 2021. The Charity was managed through interim appointments between April 2020 and February 2021, namely, by Cecilia Chatterjee Martinsen, Chief Executive of WaterAid Sweden from April to September 2020, and jointly by Adam Furse, Head of Governance & Membership, and William Garrood, Head of Global Strategic Planning & Performance, from October 2020 to February 2021.

Administrative details for the charity, trustees and advisors

Directors

The Trustees and Directors of WaterAid international who were in office during the year and up to the date of signing the financial statements were:

Robert Skinner (resigned as Chair on 1 August 2020 and as Director on 19 August 2021)	WaterAid Australia
Karlene Maywald (appointed on 19 August 2021)	WaterAid Australia
Maureen O'Neil (Chair) (appointed on 1 August 2020)	Independent
Tobias Krantz (Deputy Chair)	WaterAid Sweden
Mala Rao	WaterAid UK
Marc Robert	WaterAid America
Timothy Clark (resigned on 9 October 2020)	WaterAid UK
Annette Nicholson	WaterAid Canada
Andrew Green (appointed on 9 October 2020)	WaterAid UK

No Director held any interests in the company during the year or at the year end (2020: none).

No dividend was paid or proposed during the year (2020: none paid or proposed).

Registered office: 6th Floor
20 Canada Square
London
E14 5NN

Company registration number: 07238796
Registered charity number: 1137900

Independent auditor

BDO LLP were reappointed external auditor of the Charity by the board for the 2020-21 financial year.

Trustees' report

For the Year Ended 31 March 2021

Advisors

Principal bankers

Barclays Bank plc
50 Pall Mall
London SW1A 1QB

Independent auditor

BDO LLP
55 Baker Street
London
W1U 7EU

Principal solicitor

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

Name of Global Director

Andrew McCracken, Global Director (appointed on 15 February 2021)

Statement of Trustees' Responsibilities

The Trustees (who are also directors of WaterAid international for the purposes of company law) are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law and charity law requires the Trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law and charity law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the Trustees are required to:

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

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements 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.

Disclosure of information to auditors

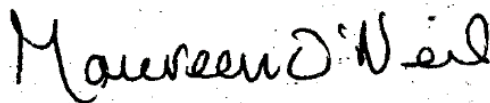
In accordance with Section 418, Trustees' report shall include a statement, in the case of each director in office at the date the Trustees' report is approved, that

- (a) so far as the Trustee is aware, there is no relevant audit information of which the charitable company's auditors are unaware; and
- (b) he/she have taken all the steps that he/she ought to have taken as a Trustee in order to make himself/herself aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

Small company provisions

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 & 16 of the Companies Act 2006 and WaterAid international is therefore exempt from the requirement to prepare a Strategic Report.

Approved by the Trustees on 8 October 2021 and signed on their behalf by:



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Maureen O'Neil, Chair

Report on the financial statements

Opinion

In our opinion, the financial statements:

- give a true and fair view of the state of the Charitable Company's affairs as at 31 March 2021 and of the 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.

We have audited the financial statements of WaterAid international ("the Charitable Company") for the year ended 31 March 2021 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and 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 Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain independent of the Charitable Company in accordance with the ethical requirements relevant to our audit of the financial statements in the UK, including the FRC's Ethical, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Trustees' 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 Trustees with respect to going concern are described in the relevant sections of this report.

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. The other information comprises: trustees' report.

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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Other Companies Act 2006 reporting

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, which is included in 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 Strategic report or the Trustee's report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion;

- adequate accounting records have not been kept; or
- the Charitable Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' 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 directors' report and from the requirement to prepare a strategic report.

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' Responsibilities, the Trustees (who are also the directors of the charitable company for the purposes of 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 determines 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

We have been appointed as auditor under the Companies Act 2006 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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.

Extent to which the audit was capable of detecting irregularities, including fraud

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.

Based on our understanding of the Charitable Company and the industry in which it operates, we identified that the principal laws and regulations that directly affect the financial statements to be the Companies Act 2006, Charities Act 2011 and relevant tax legislation. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

In addition the Charitable Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: Employment Law, Health & Safety Legislation and Data Protection. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence if any.

There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

Independent auditors' report to the Members of WaterAid international (continued)

Audit procedures capable of detecting irregularities including fraud performed by the engagement team included:

- performing analytical procedures to identify unusual or unexpected relationships that may indicate risks of material misstatement due to fraud. Areas of identified risk are then tested substantively;
- discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- assessing the design and implementation of the control environment to identify areas of material weakness to focus the design of our audit testing;
- reading minutes of meetings of those charged with governance, and reviewing correspondence with HMRC and the various charity regulators;
- reviewing items included in the Group's fraud and theft register;
- reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- challenging assumptions made by management in their significant accounting estimates;
- in addressing the risk of fraud through management override of controls; testing the appropriateness of journal entries and other adjustments; and
- carrying out detailed testing, on a sample basis, of transactions and balances agreeing to appropriate documentary evidence to verify the completeness, existence and accuracy of the reported financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's ("FRC's") website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of this 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. Our audit work has been undertaken so that we might state to the Charitable Company's members those matters we are required to state to them in an auditor's 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 and the Charitable Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:



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Jill Halford (Senior Statutory Auditor)
for and on behalf of BDO LLP, statutory auditor
London, UK
8 October 2021

WaterAid international - Company registered number 7238796

Statement of financial activities

(incorporating an income and expenditure account)

For the Year Ended 31 March 2021

			2021	2020
		Unrestricted funds	Restricted funds	Total
	Note	£000	£000	£000
Income:				
<i>Donations and legacies</i>				
Grants of a general nature	3	893	-	893
<i>Income from charitable activities</i>				
Grant funding for specific activities	4	-	287	287
Total income		893	287	1,180
Expenditure:				
<i>Expenditure on charitable activities</i>				
Development of the WaterAid international network of members	5	828	293	1,121
Total expenditure		828	293	1,121
		65	(6)	59
Net movement in funds or net income for the year				
Fund balances brought forward at 1 April	9	135	6	141
Fund balances carried forward at 31 March	9	200	-	200

The statement of financial activities includes all gains and losses recognised during the year. All incoming resources and resources expended derive from continuing activities. There is no material difference between the net incoming resources stated above and their historical cost equivalents. The notes supporting the financial statements are on pages 13 to 18.

Balance sheet

As at 31 March 2021

		2021	2020
	Note	Total £000	Total £000
Current assets			
Debtors: amounts falling due within one year	6	330	249
Cash at bank and in hand	7	621	528
Total current assets		951	777
Creditors: amounts falling due within one year	8	(751)	(636)
	-	(751)	(636)
Net current assets		200	141
Net assets		200	141
The funds of the charity			
Restricted income funds	15	-	6
Unrestricted income funds			
General funds	15	200	135
Total charity funds	15	200	141

The financial statements on pages 10 - 18 were approved by the Board of Trustees on 8 October 2021 and signed on its behalf by:

Maureen O'Neil, Chair



Mala Rao, Director



WaterAid international - Company registered number 7238796

Statement of cash flows

For the Year Ended 31 March 2021

	2021	2020
	Total £000	Total £000
Cash generated from operating activities		
Net surplus for the year	59	64
Increase in debtors	(81)	(142)
Increase in creditors	115	236
Net cash generated from operating activities	93	158
Increase in cash and cash equivalents in the year	93	158
Cash and cash equivalents at the beginning of the year	528	370
Total cash and cash equivalents at the end of the year	621	528
	-	-

1. Accounting policies

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

a) Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The financial statements are drawn up on the going concern basis which assumes WaterAid international will continue in operational existence for the foreseeable future. As referenced in the Trustees' report, whilst there is uncertainty related to the outbreak of Covid-19, the Trustees do not consider there to be material uncertainty. The Board have given due consideration to the working capital and cash flow requirements of WaterAid international. The Board consider WaterAid international's current and forecast cash resources to be sufficient to cover the working capital requirements of WaterAid international for at least 12 months.

b) Foreign exchange

Transactions denominated in foreign currencies are translated at the rate of exchange at the end of the month. Foreign currency balances are translated at the rate of exchange prevailing at the balance sheet date. Foreign exchange losses incurred in respect of our overseas operations are included in the statement of financial activities (SOFA) within charitable activity expenditure for the period in which they are incurred.

c) Incoming resources

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

d) Grant income

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

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

Grants supporting the core activities of WaterAid international and with no specific restrictions placed upon their use are included within donations and legacies. Grants that have specific restrictions placed upon their use are included within incoming resources from charitable activities. Grants are receivable from Members for the running costs of WaterAid international.

e) Donations and legacies

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

f) Gifts in kind

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

g) Resources expended

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

Costs of charitable activities includes direct expenditure incurred through grants to Associate Members. Grants are recognised in the period in which they are payable. Grants payable in furtherance of the charity's objects are attributed to the related classification heading in the SOFA.

Governance costs are those associated with the governance arrangements relating to the strategic operations of the charity as opposed to those costs associated with general running of the charity, fundraising or charitable activity. These governance costs include internal and external audit costs, legal and tax advice, trustee costs and directors' time in governance of the organisation. Governance costs and other support costs incurred in the development of the WaterAid international network of members and potential new members have been allocated to expenditure on charitable activities.

h) Fund accounting

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

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

2. Prior year statement of financial activities

	2020		
	Unrestricted £000	Restricted £000	Total £000
Income:			
<i>Donations and legacies</i>			
Grants of a general nature	751	-	751
<i>Income from charitable activities</i>			
Grant funding for specific activities	-	561	561
Total income	751	561	1,312
Expenditure:			
<i>Expenditure on charitable activities</i>			
Development of the WaterAid international network of members	687	561	1,248
Total expenditure	687	561	1,248
Net income/(expenditure) and net movement in funds for the year	64	-	64
Fund balances brought forward at 1 April	71	6	77
Fund balances carried forward at 31 March	135	6	141

3. Donations and legacies

			2021	2020
	Unrestricted £000	Restricted £000	Total £000	Total £000
Grants from members				
WaterAid UK	641	-	641	547
WaterAid America	78	-	78	58
WaterAid Australia	46	-	46	41
WaterAid Sweden	71	-	71	60
WaterAid Canada	27	-	27	27
WaterAid India	28	-	28	17
WaterAid Japan	2	-	2	1
	<u>893</u>	<u>-</u>	<u>893</u>	<u>751</u>

All income is borne solely through charitable activities.

Gift in Kind donations of £640,957 (2020: £546,921), comprising £60,724 (2020: £51,591) in office costs and £580,233 (2020: £495,330) in staff costs are included in the grants from WaterAid UK.

Gift in Kind donations of £30,522 (2020: £nil), comprising fully of staff costs are included in the grants from WaterAid Sweden.

Donations and legacies in the prior year (£751,000) were all unrestricted.

4. Income from charitable activities

Grant funding for specific charitable activities			2021	2020
	Unrestricted £000	Restricted £000	Total £000	Total £000
Grants from members for the Investment Fund				
WaterAid UK	-	238	238	465
WaterAid America	-	6	6	17
WaterAid Australia	-	14	14	28
WaterAid Sweden	-	26	26	45
WaterAid Canada	-	3	3	6
Total	<u>-</u>	<u>287</u>	<u>287</u>	<u>561</u>

Grant funding for specific charitable activities in the prior year (£561,000) were all restricted.

5. Expenditure

	Staff costs £000	Other direct costs £000	Allocation of support and governance costs £000	2021 Total £000	2020 Total £000
Expenditure on charitable activities					
Development of the WaterAid international network of members					
Grants to WaterAid Japan	-	293	-	293	561
International network support and development costs	457	-	371	828	687
	<u>457</u>	<u>293</u>	<u>371</u>	<u>1,121</u>	<u>1,248</u>
Governance costs	68	156	(224)	-	-
Support costs	86	61	(147)	-	-
	<u>611</u>	<u>510</u>	<u>-</u>	<u>1,121</u>	<u>1,248</u>

There was one grant to WaterAid Japan during the financial year (2020: 1). The grant to WaterAid Japan in the prior year (£561,000) was all restricted and international support and development costs (£687,000) were all unrestricted.

The key management personnel of the charity comprise the Trustees and Global Director, who was appointed in February 2021. The total benefits of the key management personnel (inclusive of employer's national insurance and pension contributions) was £20,879 (2020: £104,575).

WaterAid international staff costs relate to 6.2 full time equivalent staff (2020: 5.8 FTE). Pension contributions were made during the year of £32,582 (2020: £31,990). No termination payments were made during the year (2020: £nil).

The number of employees whose total benefits excluding employer pension costs amounted to over £60,000 in the year was as follows:

Employee benefits	2021 No.	2020 No.
£60,000 - £69,999	2	1
£70,000 - £79,999	1	1
£90,000 - £99,999	-	1
	<u>3</u>	<u>3</u>

6. Debtors: amounts falling due within one year

	2021 £000	2020 £000
Amounts due from members	<u>330</u>	<u>249</u>

7. Cash at bank and in hand

	2021 £000	2020 £000
Cash and bank balances in UK	<u>621</u>	<u>528</u>

8. Creditors: amounts falling due within one year

	2021 £000	2020 £000
Amounts due to members	737	627
Accruals and deferred income	<u>14</u>	<u>9</u>
	<u>751</u>	<u>636</u>

9. Movements in funds

	At 1 April 2020 £000	Incoming resources £000	Outgoing resources £000	Transfers £000	At 31 March 2021 £000
Unrestricted funds:					
General funds	135	893	(828)	-	200
Total unrestricted funds	<u>135</u>	<u>893</u>	<u>(828)</u>	<u>-</u>	<u>200</u>
Restricted funds:					
Investment fund	6	287	(293)	-	-
Total restricted funds	<u>6</u>	<u>287</u>	<u>(293)</u>	<u>-</u>	<u>-</u>
Total funds	<u>141</u>	<u>1,180</u>	<u>(1,121)</u>	<u>-</u>	<u>200</u>

9. Movements in funds (continued)

The Trustees' report explains the main reasons why WaterAid international holds unrestricted funds and the adequacy of these funds at the year end. The Trustees approved a reserves policy in April 2020 and the reserves balance as at 31 March 2021 are in line with the policy.

Restricted funds

Restricted funds are used for specified purposes as laid down by the members. Expenditure which meets these criteria is identified to the fund, together with a fair allocation of support costs. A restricted fund has been established for the investment in new WaterAid members.

10. Taxation and charitable status

WaterAid international is exempt from corporation tax as all its income is charitable and is applied for charitable purposes.

11. Company limited by guarantee and not having share capital

The liability of the 5 full members of WaterAid international, who are also company members, is limited by guarantee to £1 each (2020: £1).

12. Net income for the year

This is stated after charging:

	2021 £000	2020 £000
Auditors' remuneration:		
▪ External audit	<u>2</u>	<u>2</u>

13. Trustee remuneration and expenses

WaterAid international's trustees were not paid or received any other benefits of employment with WaterAid international in the year (2020: £nil) neither were they reimbursed expenses during the year (2020: £nil).

14. Related party transactions

WaterAid UK, WaterAid America, WaterAid Australia, WaterAid Canada and WaterAid Sweden are all full members of WaterAid international operating under license to use the name WaterAid. WaterAid Japan and WaterAid India are not full members but also operates under license from WaterAid international to use the name WaterAid. It is expected that WaterAid India and WaterAid Japan will become a full member in the future. WaterAid international receives funding for its charitable objectives from WaterAid UK, WaterAid America, WaterAid Australia, WaterAid Canada, WaterAid India, WaterAid Japan and WaterAid Sweden. Currently the chairs of all the full members sit on the Board of WaterAid international. Transactions between WaterAid international and members of WaterAid international were as follows:

	2021 £000	2020 £000
Received from:		
WaterAid UK	879	1,012
WaterAid America	84	75
WaterAid Australia	60	69
WaterAid Sweden	97	105
WaterAid Canada	30	33
WaterAid India	28	17
WaterAid Japan	2	1
	<u>1,180</u>	<u>1,312</u>

Contributions of services valued at £30,522 (2020: £nil) and £640,957 (2020: £546,921) were received from WaterAid Sweden and WaterAid UK respectively during the year to fund core operational costs within WaterAid International. In addition, WaterAid UK paid the full investment fund amount owed directly to WaterAid Japan on behalf of WaterAid international.

Paid to:	2021	2020
	£000	£000
WaterAid Japan	293	464
	293	464

The following balances are due to related parties at year end:

	2021	2020
	£000	£000
WaterAid UK	737	627
	737	627

The following balances are from related parties at year end:

	2021	2020
	£000	£000
WaterAid America	220	137
WaterAid Australia	22	14
WaterAid Sweden	24	27
WaterAid Canada	11	47
WaterAid India	51	23
WaterAid Japan	2	1
	330	249

15. Analysis of net assets between funds

	Fixed assets £000	Net current assets £000	Total funds 2021 £000	Total funds 2020 £000
Restricted funds	-	-	-	6
General funds	-	200	200	135
	-	200	200	141

The restricted expenditure of WaterAid international is funded by each of the full members of the organisation. The required contributions that each member must make to the restricted fund are calculated at the start of the financial year based on budgeted restricted expenditure. During the year adjustments are made to the required contributions to try and match actual restricted expenditure and restricted income as closely as possible and avoid surpluses or deficits arising at the end of the year. Where differences do arise, leading to a restricted fund surplus or deficit at year-end, adjustments are made to member contributions in the following financial year to refund excess contributions or to recoup under contributions.

16. Analysis of changes in net debt

	At start of year £000	Cash-flows £000	Other changes £000	At end of year £000
Cash	528	93	-	621