

# **WaterAid international**

## **Annual Report and Financial Statements**

### **31 March 2022**

Contents	Page(s)
Trustees' report	2-6
Independent auditors' report	7-9
Statement of financial activities (incorporating an income and expenditure account)	10
Balance sheet	11
Statement of cash flows	12
Notes to the financial statements	13-18

The Trustees present their Trustees' report and audited financial statements for the year ended 31 March 2022.

### Legal structure and governance

WaterAid international ("the Charity" or "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.

### Principal objectives and activities

The Charity brings together the international group of WaterAid organisations to develop a global response to the world's water and sanitation crisis. The Charity 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, 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. the Charity 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 due regard for the Charity Commission's general guidance on public benefit when reviewing the Charity's aims and objectives and in planning our future activities.

### Governance and management

#### *The Trustees*

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 Maureen O'Neil.

In December 2021, the WAI Board voted to extend Tobias Krantz's tenure as Deputy Chair of the Board of Trustees until the end of his term of office as a WAI trustee, in June 2023.

Discussions on the appointment of independent Board members, as provided for in the Charity's Articles of Association, have continued, in the light of the strategic focus on power and representation within WaterAid, but we have not yet reached consensus on an approach.

#### *Global Director*

FY21-22 was the first full year under the leadership of Global Director, Andrew McCracken, appointed in February 2021. During the year, Andrew has prioritised: supporting and enabling the Global Executive, as the primary operational decision-making body for the WaterAid federation; supporting the global strategy development, decision making and implementation processes; enabling proactive conversations on funding and programming across the WaterAid federation; and creating clarity on the change required at federation level to deliver the mission.

#### *Global Executive*

Operational decision making and management is delegated by the Trustees to formally constituted executive groups, chiefly to the Global Executive which is formed of Chief Executives of member organisations and global leads on primary business functions, including finance, people management, programmatic work and communications and fundraising. The Global Executive met monthly during the year, for the most part digitally, with meetings chaired by the Global Director.

#### *Membership and Accreditation Committee*

The Membership and Accreditation Committee (MAC) met twice as planned (in May and November 2021) to provide scrutiny of the member accreditation processes. The MAC comprises two WaterAid international Trustees and two independent members.

### Review of the financial year

#### *Global strategy*

WaterAid's Global Strategy was formally approved by the Charity's Board in December 2021 and launched in February 2022. It is a transformational strategy taking us through the next ten years to 2032 and enabling WaterAid to have a significant influence on progress towards achieving the UN's Sustainable Development Goal 6 – universal access to WASH (Water, Sanitation & Hygiene) by 2030.

The process of strategy development was led and managed by the Charity, with full engagement and consultation at each stage, internally across the WaterAid federation, and externally in the WASH and other sectors. A senior Director from a member organisation was seconded to work alongside the Charity's staff to lead this work.

Through a series of defined stages, with clear reporting at the conclusion of each, the process:

- explored and analysed data, investigated issues and trends, developed possible directions and future scenarios and surfaced the key questions;
- synthesised our analysis and assumptions, identified areas of convergence and divergence, and agreed a vision for the future context of the Charity's work; and
- debated and reached consensus on the Charity's targets and ambitions, identified enablers and contingencies.

In the process of developing the strategy, we actively challenged the current thinking and working practices to find the best approaches to drive the Charity towards the goal. It was decided that the vision, values and ethics would remain. WaterAid is and will remain a specialised WASH agency focussing on WASH poverty and inequality in the developing world, with a human rights focus. It was agreed to hold on to the 'do some, build capacity and influence the rest' approach.

The strategy is long-term, to 2032, and encompasses a significant degree of flexibility with regular reviews during its lifespan. It includes defined outcomes for shorter times scales, and the Charity is prepared for course changes in the future in response to significant external events. It prioritises four overarching aims:

1. achieve universal, sustainable and safe services in focused geographic areas to influence wider change;
2. prioritise WASH across the health sector to improve public health;
3. strengthen the resilience of WASH to climate change; and
4. increase the quantity and quality of financing – with recognition that finance is a first order barrier to WASH access.

#### *Strategy implementation*

In the final quarter of FY21-22, the Charity began implementing a change management plan, under the leadership of the Global Director and his team. A Change Team has been formed within the WaterAid international secretariat and staff are being recruited to guide, enable, and support all parts of the organisation in adopting the new strategy and developing and implementing the specific local and national strategies and business plans needed to deliver the mission.

The Trustees, during the process of strategy development, considered the difficulties and challenges faced in delivering the mission. They took the difficult decision to phase out WaterAid's presence in four countries where the operating environment has become increasingly challenging. The Charity is committed to supporting members to achieve a well-resourced, well managed and responsible exit over the next three years, and to providing full support to the excellent staff in those countries as we do so.

#### *Supporting federation development*

During FY21-22, the Charity has worked with its members to build their capacity and effectiveness in delivering the mission:

- the Charity has provided support and guidance to the board and leadership of WaterAid India, as they continue to navigate a path through the changing legislative background in India to build a sustainable business model that capitalises on the strong backing nationally for WASH;
- the Charity has continued to work with the team in WaterAid Canada to build and deploy a sustainable business model;
- WaterAid Japan, whilst continuing to benefit from the Charity's oversight and support, has successfully secured government funding and was a net contributor to the WaterAid federation in FY21-22, for the first time since it was formed; and
- the Charity has worked with members in Sweden, Canada and the United States to establish and to maintain trust and credibility with national government and other major funders to secure significant and sustainable funding from these sources.

Due to success and growth in funding, the Charity has, as planned, not invested financially in new or developing member organisations in the year but has supporting bilateral investments between Members, particularly from WaterAid UK to WaterAid America. All members of the Charity continue to contribute to its ongoing costs and administration, including Secretariat staffing.

The Charity's Membership & Accreditation Committee scrutinised the regular accreditation reviews against the membership criteria for WaterAid Australia and WaterAid UK. The Board approved the recommendations in each case, recognising that each of the members fully meet the criteria set by the organisation for full membership. They also scrutinised an interim review of WaterAid America following up on findings from their last accreditation.

In FY21-22, the Trustees commissioned a review of the Charity's membership criteria and constituted a Steering Group to consider changes to the criteria by which members are assessed and accredited, with specific regard to expectations around organisational sustainability and members' financial contribution to the Charity. This work commenced in the last quarter of FY21-22 and will conclude in FY22-23.

The Charity has been mindful of the changing political context in many countries, of the narrowing of civil society space and the tightening of national legislative controls and have worked with members to provide support to navigate these issues.

Continuing global travel restrictions have curtailed plans for knowledge-building programme visits for Board members from across the WaterAid federation members. Instead, opportunities have been provided throughout the year to the Charity's Trustees to engage with its staff, partners and work through online meetings and 'visits' arranged by the Charity's member organisations. These have enabled the WaterAid federation leadership to support and challenge country-based and member-based teams.

By virtue of its composition, as set out in the Articles of Association, WaterAid international is not in a position to fully apply all the recommended practice relating to open recruitment of Trustees, as they are appointed by the national member organisations. Our work on racial equality, power and inclusion (below) will inform this recruitment process.

#### **COVID-19 pandemic**

COVID-19 has reshaped the economic and operational context for our work. In FY21-22, the WaterAid federation has continued to prioritise staff welfare and safeguarding, and adjustments made to ways of working in the previous financial year have been maintained. Across the WaterAid federation, COVID-19 has required us to prioritise new and different workstreams, and to make necessary adjustments where our ability to work has been impacted, all of which have been ably managed by resilient and resourceful in-country staff and partners.

#### **Racial equality, power and inclusion**

As an organisation, we are committed to tackling the power imbalances that act as obstacles to the achievement of our mission, both within our own organisation and our relationships with partners and communities. We are committed to ensure that the authority to make decisions sits with those closest to the action. We will improve the representation of staff from all parts of our organisation in strategic decision making for maximum impact. We are also committed to making our boards, leadership teams and global functions significantly more diverse and representative of the contexts that we work in. The achievement of our mission depends on us making these changes.

#### **Safeguarding**

The Charity's Global Code of Conduct and associated Safeguarding Standards and Policies underwent routine review during the year and were reissued.

The Charity's Trustees received training from the Global Safeguarding Team with each of their own boards; six members have appointed safeguarding leads who will ensure that reports of safeguarding issues or breaches of the Code of Conduct within their jurisdiction are handled appropriately and reported to the relevant regulators and donors. In FY21-22, one safeguarding matter was reported to the UK Charity Commission by the Charity under their statutory reporting requirements and was fully resolved with no action required. Safeguarding reporting levels are increasing - this is seen as a positive sign. A new five-year Safeguarding Strategy will be developed this year to sit under the Global Strategy.

#### **Plans for future periods**

The Charity will continue with its ongoing work on supporting members and membership and plans to:

- carry out scheduled accreditations with members;
- establish and roll out the new membership criteria against which the health of each member can be assessed;
- 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; and
- complete the reissue of Membership and Licence Agreements.

The Charity will work with members to ensure effective alignment and to strengthen collaborative working across the WaterAid federation in the implementation of the strategy and in pursuit of the mission:

- champion and communicate the new global strategy;
- support the WAI Board, Global Executive and Global Leads to fulfil their responsibilities and functions, working effectively across the member organisations;
- our change team will work with members and country programmes to ensure that global programming is aligned with the aims and approaches of the new strategy, and that the right capacity and capability is available to deliver them;
- agree and adopt an effective global measurement framework which informs prioritisation and decisions across the organisation and meets key stakeholders' requirements; and
- continue to identify opportunities to share learning and knowledge.

**Trustees' report**

**For the Year Ended 31 March 2022**

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The Charity will look at its structures and governance models to ensure accountability to those we serve:

- develop and implement plans to address power imbalances that are obstacles to the mission;
- review and adjust the structures, culture, and practices of the WaterAid federation to reflect the strategy of the organisation and optimise for delivery of the mission; and
- continue the Charity's focus on addressing inequality and on embedding anti-racism, diversity and equality principles and practices across the WaterAid federation, including in regard to recruitment of the Charity's trustees and those of member organisations.

**Financial review**

To carry out its work in FY21-22, the Charity raised £955k in contribution from its members, including £712k gifts in kind (primarily staff costs); which were 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 if 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 2022, the Charity held unrestricted funds of £205k.

**Going concern**

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.

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.

**Principal risks**

The Trustees considered an updated risk register for the Charity in December 2021 and have given consideration to the major risks to which the charity is exposed. They noted considerable progress over the last 2 years in developing WAI's financial procedures to mitigate risks. They also noted a reduced risk rating relating to staffing capacity, which was increased in FY20-21 due to the pressures arising from the COVID-19 pandemic and by the vacancy for a permanent Global Director. The recruitment to the Global Director post has provided stability and whilst the team continues to work primarily from home, the arrangements are working well. The Trustees were satisfied that systems or procedures are established to manage those risks.

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.

In July 2021, and in the aftermath of the military coup in Myanmar, the Trustees approved a health, safety and security risk appetite statement for the WaterAid federation.

**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 on 19 August 2021)  
Karlene Maywald (appointed on 19 August 2021)  
Maureen O'Neil (Chair)  
Tobias Krantz (Deputy Chair)  
Mala Rao  
Marc Robert  
Annette Nicholson (resigned on 21 June 2022)  
Martin Munro (appointed on 21 June 2022)  
Andrew Green

WaterAid Australia  
WaterAid Australia  
Independent  
WaterAid Sweden  
WaterAid UK  
WaterAid America  
WaterAid Canada  
WaterAid Canada  
WaterAid UK

No Director held any interests in the company during the year or at the year-end (2021: none).

No dividend was paid or proposed during the year (2021: none paid or proposed).

**Trustees' report**

**For the Year Ended 31 March 2022**

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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 FY21-22.

**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

**Statement of Trustees' Responsibilities**

The Trustees are responsible for preparing the Trustees' Annual report and the financial statements in accordance with applicable law and regulations.

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

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Charity's transactions and disclose with reasonable accuracy at any time the financial position of the Charity 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 Charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Disclosure of information to auditors**

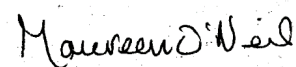
In accordance with Section 418, Trustees' report shall include a statement, in the case of each director in office at the date the Trustees' report is approved, that:

- (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 28 September 2022 and signed on their behalf by:



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 2022 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 2022 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 Standard, 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.

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 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.

### 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.

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

**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 returns adequate for our audit have not been received from branches not visited by us; 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 auditors' 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:  
  
73DB18FE9AC4C9  
Jill Halford (Senior Statutory Auditor)  
for and on behalf of BDO LLP, Statutory Auditor  
London, UK

**29 September 2022**

**WaterAid international - Company registered number 07238796****Statement of financial activities***(incorporating an income and expenditure account)***For the Year Ended 31 March 2022**

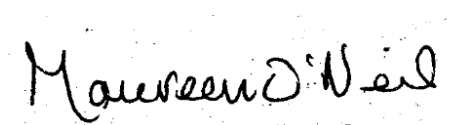
				<b>2022</b>	2021
		Unrestricted funds	Restricted funds	<b>Total</b>	Total
	Note	£000	£000	<b>£000</b>	£000
<b>Income:</b>					
<i>Donations and legacies</i>					
Grants of a general nature	3	955	-	<b>955</b>	893
<i>Income from charitable activities</i>					
Grant funding for specific activities	4	-	-	-	287
<b>Total income</b>		<b>955</b>	-	<b>955</b>	1,180
<b>Expenditure:</b>					
<i>Expenditure on charitable activities</i>					
Development of the WaterAid international network of members	5	950	-	<b>950</b>	1,121
<b>Total expenditure</b>		<b>950</b>	-	<b>950</b>	1,121
<b>Net movement in funds or net income for the year</b>		<b>5</b>	-	<b>5</b>	59
Fund balances brought forward at 1 April	9	200	-	<b>200</b>	141
<b>Fund balances carried forward at 31 March</b>	<b>9</b>	<b>205</b>	-	<b>205</b>	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.

**WaterAid international - Company registered number****Balance sheet****As at 31 March 2022**

		<b>2022</b>	2021
	Note	<b>Total £000</b>	Total £000
<b>Current assets</b>			
Debtors: amounts falling due within one year	6	<b>66</b>	330
Cash at bank and in hand	7	<b>306</b>	621
<b>Total current assets</b>		<b>372</b>	951
Creditors: amounts falling due within one year	8	<b>(167)</b>	(751)
		<b>(167)</b>	(751)
<b>Net current assets</b>		<b>205</b>	200
<b>Net assets</b>		<b>205</b>	200
<b>The funds of the charity</b>			
<b>Restricted income funds</b>	15	-	-
<b>Unrestricted income funds</b>			
General funds	15	<b>205</b>	200
<b>Total charity funds</b>	15	<b>205</b>	200

The financial statements on pages 10 - 18 were approved by the Board of Trustees on 28 September 2022 and signed on its behalf by:

**Maureen O'Neil, Chair****Mala Rao, Director**

Statement of cash flows

For the Year Ended 31 March 2022

	2022	2021
	Total £000	Total £000
<b>Cash generated from operating activities</b>		
Net surplus for the year	5	59
Decrease / (Increase) in debtors	264	(81)
(Decrease) / Increase in creditors	(584)	115
<b>Net cash (used in) / generated from operating activities</b>	<u>(315)</u>	<u>93</u>
(Decrease) / Increase in cash and cash equivalents in the year	<u>(315)</u>	<u>93</u>
Cash and cash equivalents at the beginning of the year	621	528
<b>Total cash and cash equivalents at the end of the year</b>	<u>306</u>	<u>621</u>

## **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. 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, which includes the impact of inflation, 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 beginning of the month as an approximation to actual transaction dates. Foreign currency balances are translated at the rate of exchange prevailing at the balance sheet date. Realised and unrealised foreign exchange gains & losses 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 Full Members or 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**

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

### 3. Donations and legacies

			2022	2021
	Unrestricted £000	Restricted £000	Total £000	Total £000
<b>Grants from members</b>				
WaterAid America	81	-	81	78
WaterAid Australia	45	-	45	46
WaterAid Canada	20	-	20	27
WaterAid India	27	-	27	28
WaterAid Japan	4	-	4	2
WaterAid Sweden	66	-	66	71
WaterAid UK	712	-	712	641
	<u>955</u>	<u>-</u>	<u>955</u>	<u>893</u>

All income is borne solely through charitable activities.

Gift in Kind donations of £712,443 (2021: £640,957), comprising £62,396 (2021: £60,724) in office costs and £650,087 (2021: £580,233) in staff costs are included in the grants from WaterAid UK.

Gift in Kind donations of £nil (2021: £30,522), comprising fully of staff costs are included in the grants from WaterAid Sweden.

Donations and legacies in the prior year (£893,000) were all unrestricted.

### 4. Income from charitable activities

<b>Grant funding for specific charitable activities</b>			2022	2021
	Unrestricted £000	Restricted £000	Total £000	Total £000
<b>Grants from members for the Investment Fund</b>				
WaterAid America	-	-	-	6
WaterAid Australia	-	-	-	14
WaterAid Canada	-	-	-	3
WaterAid Sweden	-	-	-	26
WaterAid UK	-	-	-	238
	<u>-</u>	<u>-</u>	<u>-</u>	<u>287</u>

Grant funding for specific charitable activities in the prior year (£287,000) were all restricted.

## 5. Expenditure

	Staff costs £000	Other direct costs £000	Allocation of support and governance costs £000	2022 Total £000	2021 Total £000
<b>Expenditure on charitable activities</b>					
<b>Development of the WaterAid international network of members</b>					
Grants to WaterAid Japan	-	-	-	-	293
Donation to WaterAid UK	-	110	-	110	-
International network support and development costs	468	-	372	840	828
	<u>468</u>	<u>110</u>	<u>372</u>	<u>950</u>	<u>1,121</u>
Governance costs	87	128	(215)	-	-
Support costs	95	62	(157)	-	-
	<u>650</u>	<u>300</u>	<u>-</u>	<u>950</u>	<u>1,121</u>

There was no grant to WaterAid Japan during the financial year (2021: 1). The grant to WaterAid Japan in the prior year (£293,000) was all restricted and international support and development costs (£828,000) were all unrestricted.

The key management personnel of the charity comprise the Trustees and Global Director. The total benefits of the key management personnel (inclusive of employer's national insurance and pension contributions) was £104,848 (2021: £20,879). The key management personnel were in post for 12 months in FY21-22 (2021: a combined total of 2.5 months).

WaterAid international staff costs relate to 7.5 full time equivalent staff (2021: 6.2 FTE). Pension contributions were made during the year of £44,631 (2021: £32,582). No termination payments were made during the year (2021: £nil).

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

	2022 No.	2021 No.
<b>Employee benefits</b>		
£60,000 - £69,999	-	2
£70,000 - £79,999	3	1
£80,000 - £89,999	1	-
	<u>4</u>	<u>3</u>

## 6. Debtors: amounts falling due within one year

	2022 £000	2021 £000
Amounts due from members	<u>66</u>	<u>330</u>

## 7. Cash at bank and in hand

	2022 £000	2021 £000
Cash and bank balances in UK	<u>306</u>	<u>621</u>

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

	2022 £000	2021 £000
Amounts due to members	164	737
Accruals and deferred income	3	14
	<u>167</u>	<u>751</u>

## 9. Movements in funds

	At 1 April 2021 £000	Incoming resources £000	Outgoing resources £000	Transfers £000	At 31 March 2022 £000
<b>Unrestricted funds:</b>					
General funds	200	955	(950)	-	205
<b>Total unrestricted funds</b>	<u>200</u>	<u>955</u>	<u>(950)</u>	<u>-</u>	<u>205</u>
<b>Total restricted funds</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total funds</b>	<u>200</u>	<u>955</u>	<u>(950)</u>	<u>-</u>	<u>205</u>



9. Movements in funds (continued)

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

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 2022 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 (2021: £1).

12. Net income for the year

This is stated after charging:

	2022 £000	2021 £000
Auditors' remuneration:		
▪ External audit	<u>3</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 (2021: £nil) neither were they reimbursed expenses during the year (2021: £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.

**14. Related party transactions (continued)**

Transactions between WaterAid international and members of WaterAid international were as follows:

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Received from:		
WaterAid UK	712	879
WaterAid America	81	84
WaterAid Australia	45	60
WaterAid Sweden	66	97
WaterAid Canada	20	30
WaterAid India	27	28
WaterAid Japan	4	2
	<b>955</b>	<b>1,180</b>

Contributions of services valued at £nil (2021: £30,522) and £712,443 (2021: £640,957) were received from WaterAid Sweden and WaterAid UK respectively during the year to fund core operational costs within WaterAid

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Paid to:		
WaterAid Japan	-	293
	<b>-</b>	<b>293</b>

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

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
WaterAid UK	164	737
	<b>164</b>	<b>737</b>

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

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
WaterAid America	13	220
WaterAid Australia	8	22
WaterAid Canada	3	11
WaterAid India	27	51
WaterAid Japan	4	2
WaterAid Sweden	11	24
	<b>66</b>	<b>330</b>

**15. Analysis of net assets between funds**

	Fixed assets £000	Net current assets £000	Total funds 2022 £000	Total funds 2021 £000
Restricted funds	-	-	-	-
General funds	-	205	205	200
	<b>-</b>	<b>205</b>	<b>205</b>	<b>200</b>

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	621	(315)	-	306