

WaterAid international

Annual Report and Financial Statements

31 March 2023

Contents	Page(s)
Trustees' report	2-5
Independent auditors' report	6-8
Statement of financial activities (incorporating an income and expenditure account)	9
Balance sheet	10
Statement of cash flows	11
Notes to the financial statements	12-16

The Trustees present their Trustees' report and audited financial statements for the year ended 31 March 2023.

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. Our governing document is our Articles of Association, published on our website.

During this financial year, there were five members of the Charity, namely WaterAid America, WaterAid Australia, WaterAid Canada, WaterAid Sweden and WaterAid UK. Each of these member organisations is an independently constituted organisation with its own board, governing document and management body.

Principal objectives and activities

The Charity brings together the international group of WaterAid organisations to develop a global response to the world's WASH (water, sanitation and hygiene) 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 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.

Governance and management

The Trustees

Trustees are appointed by the members of WaterAid; in most cases the Trustees are the chairs of WaterAid national member organisations, who may be appointed from amongst the trustees or may be appointed through open recruitment.

The Trustees met four times during the year, in June, September, December and March. For the first time since the start of the Covid pandemic, meetings were held in person at WaterAid international's London office, the first in June and a second in December. In both cases, attendance was a mixture of virtual and in person.

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 equity, power and inclusion (below) will inform this recruitment process.

Trustees were provided with opportunities during the year for one to one conversations with the Chair to review the board's performance and effectiveness. Seminars and other informal events alongside the face to face meetings in London provided opportunities for relationship building and for focussed learning during the face to face meetings.

The Trustees approved the updated Global Ethical Standards and Policy. This document and process provides a decision-making framework to support all Members in selecting and working with partners – both funders, delivery partners and suppliers. The policy is enacted at the Member level but provision is made for escalation to WaterAid international in more complex cases.

Global Director

The Global Director, Andrew McCracken, leads a small secretariat team who deliver the Charity's work and who support the WAI board, Global Executive, and the member organisations. The Global Director chairs the Global Executive, supporting them to make good decisions on behalf of the global organisation.

Global Executive

Operational decision making and management on federation issues 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 three times in May, November and February to provide scrutiny of the member accreditation processes. The MAC comprises two WaterAid international Trustees and two independent members.

Charity governance code

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

Trustees' report

For the Year Ended 31 March 2023

Review of the financial year

Global strategy

The year was the first year of transition to WaterAid's new Global Strategy to 2032, approved and published by the Charity in February 2022. Through this strategy WaterAid aims to:

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.

Under the leadership of the Global Director and his team, a short-term Change Team has been put in place to support the transition to the new strategy. The team has four staff on secondment from elsewhere in the federation and managed from the WaterAid international secretariat.

Work has progressed well during the year in a number of areas, including:

- development of context specific strategies in most of the federation's country programmes. These strategies articulate the change each wants to contribute to in their respective countries, and the contribution they will make to the achievement of the global strategy. They have also been aggregated to consider the overall achievement of our Global Strategy.
- The phase-out of four country programmes, approved by the WAI board as part of the strategy development process – Myanmar, Eswatini, Sierra Leone and Nicaragua – is expected to be completed by December 2023. The Trustees have delegated this work to the relevant member organisations, to achieve a well-resourced, well-managed and responsible exit from these countries.
- a Performance Measurement Framework has been developed and will be launched in the next financial year. It will enable the Trustees to examine, support and challenge the federation on their progress towards achieving the Global Strategy and the contributions of member organisations.
- the 'One WaterAid' programme, addressing power, equity and inclusion across the federation, is also making progress and we have already seen positive change in representation across the federation at leadership and decision-making levels.

Supporting federation development

During the year, the Charity has worked with its members to build their capacity and effectiveness in delivering the mission.

The Charity completed the process of reissuing Membership and Licence Agreements to all members. The agreements license members to operate under the WaterAid brand;

The Charity carried out accreditation reviews as planned during the year. The Trustees approved the recommendations of the Membership and Accreditation Committee that WaterAid Canada remain as a full member, and WaterAid India and WaterAid Japan as associate members. An indicative assessment of WaterAid Japan against the criteria for full membership was also carried out. Recognising the progress made by WaterAid Japan the Trustees approved the recommendation for a further review in a year against the full membership criteria.

The Charity has continued to work directly with its members to build their capacity and effectiveness in delivering our mission but, as planned, has not invested financially in new or developing member organisations in the year. All members of the Charity continued to contribute to its ongoing costs and administration, including Secretariat staffing.

The Charity has continued an agreed programme of trade mark registrations in global markets to protect the WaterAid brand.

Equity, power and inclusion

Following the publication of an internal framework for action on anti-racism, power and diversity and the development of a map of internal changes to support the Global Strategy. The federation is committed to ensuring that authority to make decisions sits at the appropriate level and to improve inclusion in strategic decision making. The WAI board will continue its focus on holding members to account for ensuring boards, leadership teams and global functions are diverse and representative of the contexts that we work in. It will also review its Equity, Diversity and Inclusion policy.

Climate crisis

The Charity has approved a high-level focus on developing climate mitigation and resilience work in its current strategy. Across the federation, member organisations are continuing their efforts to place WASH at the forefront of climate change activities and have lobbied hard at global fora, including the UN Water Conference in New York in March 2023. The federation has carried out an environmental assessment into its work and developed an environmental statement, led by WaterAid Sweden. A Global Sustainability Lead has been appointed.

Safeguarding

The Charity is committed to the safeguarding and wellbeing of all individuals, including the people in communities in which we work, staff, volunteers, contractors, and partners. We have zero tolerance for the abuse of power, privilege or trust, or any form of inappropriate behaviour, discrimination, abuse, harassment, or exploitation of any kind. All representatives of WaterAid – including staff, volunteers, external contractors and partners – are required to commit to our Global Code of Conduct.

A federation-wide safeguarding audit this year confirmed that safeguarding is adequately controlled. The audit found the whole federation has taken a robust and effective approach to safeguarding, supported by senior management and the WaterAid boards.

A new organisational Global Safeguarding Framework is in place and a working group of trustees from each member organisation has been set up for oversight of safeguarding culture and practice at a federation governance level.

Plans for future periods

The Charity will continue to support members as the organisation transitions to new strategic objectives and plans to:

- support the federation to deliver the final year of the transition plan to the new global strategy;
- carry out scheduled accreditations with members;
- establish and roll out the new membership criteria against which the health of each member can be assessed;
- continue to develop and implement plans to address power imbalances that are obstacles to our mission;

Trustees' report

For the Year Ended 31 March 2023

- lead a project to improve global collaboration (as reported in our biennial Global Employee Satisfaction Survey), enabling people across the global organisation to work together effectively;
- explore options for Global Executive and federation structures that better enable us to deliver our strategy;
- embed the new performance reporting framework across all members;
- 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
- support the WAI Board, Global Executive and Global Leads to fulfil their responsibilities and functions, working effectively across the member organisations.

Financial review

To carry out its work in FY22-23, the Charity raised £894k in contribution from its members, including £664k 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. The policy remains appropriate in FY22-23. 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 £140k and £210k, being 2-3 months operating costs. As at 31 March 2023, the Charity held unrestricted funds of £206k.

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 financial statements. The Charity is mindful of the global economic situation, high inflation and volatility in funding and fundraising and has revised down the WaterAid international budget in FY24 (a 8% decrease in total expenditure) and will continue to carefully monitor expenditure levels in FY25, to reduce contribution due from most members to acknowledge and account for the financial challenges federation members are facing.

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 March 2023 and have given consideration to the major risks to which the charity is exposed. They noted considerable progress in developing the Charity's financial procedures to mitigate risks, in particular from late or withheld payment from member organisations. They noted the responsibility of the Charity in relation to intellectual property management and the risks associated with global brand licencing. The Trustees are mindful of the health, safety and wellbeing risks to its staff, specifically as a globally dispersed team, and the wider risk to continuity of work from its being a small team. They have also noted the operational risks and challenges arising from changing donor priorities and expectations, political volatility, the federation's dependence on UK income, and from ongoing financial markets fluctuations.

The Charity has internal controls which allow it to monitor its risks and take steps to mitigate these as necessary. For example, 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.

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:

Maureen O'Neil (Chair)	Independent
Tobias Krantz (Deputy Chair) (resigned 12 June 2023)	WaterAid Sweden
Marc Robert (resigned 31 December 2022)	WaterAid America
Andrew Towle (appointed 1 January 2023)	WaterAid America
Karlene Maywald	WaterAid Australia
Annette Nicholson (resigned on 21 June 2022)	WaterAid Canada
Martin Munro (appointed on 21 June 2022)	WaterAid Canada
Michael Arthursson (appointed 12 June 2023)	WaterAid Sweden
Mala Rao	WaterAid UK
Andrew Green	WaterAid UK

No Director held any interests in the company during the year or at the year-end (2022: none).

No dividend was paid or proposed during the year (2022: none paid or proposed).

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

Company registration number: 07238796

Registered charity number: 1137900

Trustees' report

For the Year Ended 31 March 2023

Independent auditors

PricewaterhouseCoopers LLP were appointed external auditors of the Charity by the Board for FY22-23.

Advisors

Principal bankers

Barclays Bank plc
50 Pall Mall
London SW1A 1QB

Independent auditors

PricewaterhouseCoopers LLP
1 Embankment Place
London
WC2N 6RH

Principal solicitor

Bates, Wells and Braithwaite
10 Queen Street Place
London EC4R 1BE

Statement of Trustees' Responsibilities

The Trustees (who are also directors of WaterAid International for the purposes of company law) 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. Under that law the trustees have prepared the financial statements in accordance with United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice). Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the affairs of the charitable company and of the incoming resources and application of resources, including 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;
- observe the methods and principles in the Statement of Recommended Practice: Accounting and Reporting by Charities (2019);
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, comprising FRS 102, 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 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.

The Trustees are responsible for the maintenance and integrity of the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Disclosure of information to auditors

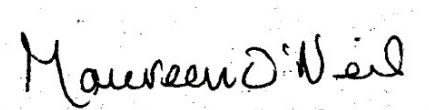
In accordance with Section 418, Trustees' report shall include a statement, in the case of each director in office at the date the Trustees' report is approved, that:

- (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 20 September 2023 and signed on their behalf by:



Maureen O'Neil, Chair

Report on the audit of the financial statements

Opinion

In our opinion, WaterAid international's financial statements (the "financial statements"):

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2023 and of its incoming resources and application of resources, including its income and expenditure, and cash flows, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance sheet as at 31 March 2023; the Statement of financial activities (incorporating an income and expenditure account) and the Statement of cash flows for the year then ended; and the notes to the financial statements, which include a description of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' 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 remained independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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 the date on which the financial statements are authorised for issue.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the charitable company's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion on, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Trustees' Report, we also considered whether the disclosures required by the UK Companies Act 2006 and Charities Act 2011 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Trustees' Report

In our opinion, based on the work undertaken in the course of the audit the information given in the Trustees' Report for the period ended 31 March 2023 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Trustees' Report.

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

Responsibilities for the financial statements and the audit

Responsibilities of the trustees for the financial statements

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 in accordance with the applicable framework and for being satisfied that they give a true and fair view. The trustees are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

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

Based on our understanding of the charitable company and its industry/environment, we identified that the principal risks of non-compliance with laws and regulations related to Charities Act 2011, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the posting of inappropriate journal entries and the manipulation of key accounting judgements and estimates. Audit procedures performed by the engagement team included:

- enquiring of management and the Board of Trustees, including consideration of known or suspected instances of fraud, and non-compliance with laws and regulations;
- reading minutes of meetings of the Board of Trustees;
- reviewing the terms and conditions of significant contracts;
- reviewing correspondence with regulators including the Charity Commission for England and Wales;
- understanding and evaluating the control environment;
- identifying and testing journal entries, including journal entries posted with unusual account combinations to income or expenditure accounts;
- assessing the reasonableness of key accounting judgements and estimates; and
- assessing financial statements disclosures, and testing to supporting documentation, for compliance with applicable laws and regulations.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in financial statements. Also, 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 or intentional misrepresentations or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the charitable company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

WaterAid international - Company registered number 07238796, Charity number 1137900

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

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the charitable company or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- the charitable company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the trustees were not entitled to: prepare financial statements in accordance with the small companies' regime; take advantage of the small companies' exemption in preparing the Trustees' Annual Report; and take advantage of the small companies' exemption from preparing a Strategic Report. We have no exceptions to report arising from this responsibility.



Daniel Chan (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
20 September 2023

Statement of financial activities

(incorporating an income and expenditure account)

For the Year Ended 31 March 2023

				2023	2022
	Note	Unrestricted funds £000	Restricted funds £000	Total £000	Total £000
Income:					
<i>Donations</i>					
Grants of a general nature	3	893	-	893	955
<i>Investment income</i>		<u>1</u>	<u>-</u>	<u>1</u>	<u>-</u>
Total income		<u>894</u>	<u>-</u>	<u>894</u>	<u>955</u>
Expenditure:					
<i>Expenditure on charitable activities</i>					
Development of the WaterAid international network of Members	4	<u>893</u>	<u>-</u>	<u>893</u>	<u>950</u>
Total expenditure		<u>893</u>	<u>-</u>	<u>893</u>	<u>950</u>
Net movement in funds		1	-	1	5
Fund balances brought forward at beginning of the financial year	8	<u>205</u>	<u>-</u>	<u>205</u>	<u>200</u>
Fund balances carried forward at end of the financial year	8	<u><u>206</u></u>	<u><u>-</u></u>	<u><u>206</u></u>	<u><u>205</u></u>

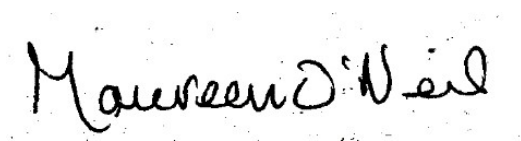
The statement of financial activities includes all gains and losses recognised during the year. All income and expenditure derive from continuing activities. There is no material difference between the net income stated above and their historical cost equivalents. The notes supporting the financial statements are on pages 12 to 16.

Balance sheet

As at 31 March 2023

		2023	2022
	Note	Total £000	Total £000
Current assets			
Debtors: amounts falling due within one year	5	54	66
Cash at bank and in hand	6	352	306
Total current assets		406	372
 Creditors: amounts falling due within one year	7	(200)	(167)
		(200)	(167)
Net current assets		206	205
Net assets		206	205
 The funds of the charity			
Unrestricted income funds			
General funds	14	206	205
Total charity funds	14	206	205

The financial statements on pages 9 - 16 were approved by the Board of Trustees on 20 September 2023 and signed on its behalf by:



Maureen O'Neil, Chair



Mala Rao, Director

Statement of cash flows

For the Year Ended 31 March 2023

	2023	2022
	Total £000	Total £000
Cash generated from operating activities		
Net surplus for the year	1	5
Decrease in debtors	12	264
Increase / (Decrease) in creditors	33	(584)
Net cash generated from / (used in) operating activities	<u>46</u>	<u>(315)</u>
Increase / (Decrease) in cash and cash equivalents in the year	<u>46</u>	<u>(315)</u>
Cash and cash equivalents at the beginning of the year	306	621
Total cash and cash equivalents at the end of the year	<u>352</u>	<u>306</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 from the date of approval of the financial statements.

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) Income

All income is included in the SOFA when the Charity is legally entitled to it, 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. Income is 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, income is 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. Grants that have specific restrictions placed upon their use are included within income from charitable activities. Grants are receivable from Members for the running costs of WaterAid international.

e) Donations

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) Expenditure

Expenditure is recognised in the period in which it is incurred on an accrual basis. Expenditure includes 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 Charity. 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.

Notes to the financial statements

For the Year Ended 31 March 2023

h) Fund accounting

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

2. Prior year statement of financial activities

			2022
	Unrestricted funds £000	Restricted funds £000	Total £000
Income:			
<i>Donations</i>			
Grants of a general nature	955	-	955
<i>Income from charitable activities</i>			
Grant funding for specific activities	-	-	-
Total income	955	-	955
Expenditure:			
<i>Expenditure on charitable activities</i>			
Development of the WaterAid international network of Members	950	-	950
Total expenditure	950	-	950
Net movement in funds for the year	5	-	5
Fund balances brought forward at the beginning of the financial year	200	-	200
Fund balances carried forward at the end of the financial year	205	-	205

3. Donations

Grants of a general nature			2023	2022
	Unrestricted £000	Restricted £000	Total £000	Total £000
Grants from Members				
WaterAid America	75	-	75	81
WaterAid Australia	57	-	57	45
WaterAid Canada	15	-	15	20
WaterAid India	15	-	15	27
WaterAid Japan	7	-	7	4
WaterAid Sweden	60	-	60	66
WaterAid UK	664	-	664	712
	893	-	893	955

All income is borne solely through charitable activities.

Gift in Kind donations of £664,112 (2022: £712,443), comprising £60,404 (2022: £62,356) in office costs and £603,708 (2022: £650,087) in staff costs are included in the grants from WaterAid UK.

Donations in the prior year (£955,000) were all unrestricted.

Notes to the financial statements

For the Year Ended 31 March 2023

4. Expenditure

	Staff costs £000	Other direct costs £000	Allocation of support and governance costs £000	2023 Total £000	2022 Total £000
Expenditure on charitable activities					
Development of the WaterAid international network of Members					
Donation to WaterAid UK	-	115	-	115	110
International network support and development costs	418	-	360	778	840
	<u>418</u>	<u>115</u>	<u>360</u>	<u>893</u>	<u>950</u>
Governance costs	88	114	(202)	-	-
Support costs	98	60	(158)	-	-
	<u>604</u>	<u>289</u>	<u>-</u>	<u>893</u>	<u>950</u>

In the prior year, both the donation to WaterAid UK (£110,000) and international network support and development costs (£840,000) were 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 £116,376 (2022: £104,848).

WaterAid international staff costs relate to 6.7 full time equivalent staff (2022: 7.5 FTE). Pension contributions were made during the year of £38,305 (2022: £44,631). No termination payments were made during the year (2022: £nil).

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

	2023 No.	2022 No.
Employee benefits		
£70,000 - £79,999	1	3
£80,000 - £89,999	1	1
£90,000 - £99,999	1	-
	<u>1</u>	<u>-</u>

5. Debtors: amounts falling due within one year

	2023 £000	2022 £000
Trade debtors	50	66
Prepayments and accrued income	4	-
	<u>54</u>	<u>66</u>

6. Cash at bank and in hand

	2023 £000	2022 £000
Cash and bank balances in UK	352	306

7. Creditors: amounts falling due within one year

	2023 £000	2022 £000
Trade creditors	117	110
Accruals and deferred income	83	57
	<u>200</u>	<u>167</u>

8. Movements in funds

	At 1 April 2022 £000	Income £000	Expenditure £000	Transfers £000	At 31 March 2023 £000
Unrestricted funds:					
General funds	205	894	(893)	-	206
Total unrestricted funds	<u>205</u>	<u>894</u>	<u>(893)</u>	<u>-</u>	<u>206</u>
Total restricted funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total funds	<u>205</u>	<u>894</u>	<u>(893)</u>	<u>-</u>	<u>206</u>

Notes to the financial statements

For the Year Ended 31 March 2023

8. Movements in funds (continued)

	At 1 April 2021 £000	Income £000	Expenditure £000	Transfers £000	At 31 March 2022 £000
Unrestricted funds:					
General funds	200	955	(950)	-	205
Total	<u>200</u>	<u>955</u>	<u>(950)</u>	<u>-</u>	<u>205</u>
Total restricted funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total funds	<u>200</u>	<u>955</u>	<u>(950)</u>	<u>-</u>	<u>205</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 2023 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.

9. Taxation and charitable status

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

10. 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 (2022: £1).

11. Net income for the year

This is stated after charging:

	2023 £000	2022 £000
Auditors' remuneration:		
▪ External audit	<u>3</u>	<u>3</u>

12. Trustee remuneration and expenses

WaterAid international's trustees were not paid or received any other benefits of employment with WaterAid international in the year (2022: £nil). One Trustee was reimbursed for expenses or had their expenses paid directly to third parties. The total amount was £10,934 (2022: £2,747) and the nature of the expenses was travel and accommodation.

13. 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.

Notes to the financial statements

For the Year Ended 31 March 2023

13. Related party transactions (continued)

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

	2023 £000	2022 £000
Received from:		
WaterAid America	75	81
WaterAid Australia	57	45
WaterAid Canada	15	20
WaterAid India	15	27
WaterAid Japan	7	4
WaterAid Sweden	60	66
WaterAid UK	664	712
	893	955

Contributions of services valued at £664,112 (2022: £712,443) were received from WaterAid UK during the year to fund core operational costs within WaterAid international.

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

	2023 £000	2022 £000
WaterAid America	11	13
WaterAid Australia	3	8
WaterAid Canada	1	3
WaterAid India	27	27
WaterAid Japan	7	4
WaterAid Sweden	1	11
	50	66

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

	2023 £000	2022 £000
WaterAid UK	196	164
	196	164

14. Analysis of net assets between funds

	Fixed assets £000	Net current assets £000	Total funds 2023 £000	Total funds 2022 £000
Restricted funds	-	-	-	-
General funds	-	206	206	205
	-	206	206	205

15. Analysis of changes in net debt

	At start of year £000	Cash-flows £000	Other changes £000	At end of year £000
Cash	306	46	-	352

No guarantees or commitments were given or received during the financial year (2022: none).