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**VILLAGE WATER LIMITED**

(A company limited by guarantee)

Report and Financial Statements  
for the Year Ended  
31 December 2018

Registered charity number: 1117377 (England & Wales) SCO44129 (Scotland)

Company number: 05970344



*Pupils and community members at the Chimbua School pump, Mozambique.*

# VILLAGE WATER LIMITED

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# VILLAGE WATER LIMITED

## General Information

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

Company Registration number 5970344.

Charity Registration number 1117377 (England & Wales) and SCO4412.

### **Principal and Registered Office:**

8a College Hill

Shrewsbury

Shropshire SY1 1LZ

**Telephone:** +44 (0) 1743 241563

**Website:** [www.villagewater.org](http://www.villagewater.org)

**E-mail:** [info@villagewater.org](mailto:info@villagewater.org)

### **Bankers:**

CAF Bank Ltd

25 Kings Hill Avenue

Kings Hill

West Malling

Kent

ME19 4JQ

### **Trustees:**

Mr David Dixon

Mr John Irwin (Chair to 17 April 2018)

Mr Hugh Woodhouse (Secretary)

Mr Christopher Morley

Mr Richard Pither

Mrs Louise Cook

Mr Andrew Picken (Chair from 17 April 2018)

Mr Geoff Houston

Ms Hilary Nithsdale

Mr Mahir Sahin

Ms Trina Chakravarti

Mr Paul Marston (appointed 11 June 2018)

### **Independent Auditor:**

Harmer Slater Limited

Statutory Auditor

Salatin House

19 Cedar Road

Sutton

Surrey SM2 5DA

# VILLAGE WATER LIMITED

## Trustees' Report for the year ending 31 December 2018

The Trustees of Village Water present their annual report and audited financial statements for the year ended 31 December 2018 and confirm that they comply with the requirements of the Companies Act 2006, the Charities Act 2001, and Accounting and Reporting by Charities: Statement of Recommended Practices applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (Charities SORP (FRS 102)).

### **Structure, governance and management**

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

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

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

The staff team is led by the director, responsible for ensuring that the charitable company delivers the services specified and that targets are met. The director manages a team of five full-time equivalent, including fundraising and monitoring and evaluation officers and a part time (80%) finance officer. In May 2018 we took on an Apprentice in Business Administration to support finance, data input and fundraising functions for a one-year period. We continue to enjoy the support of volunteers.

Village Water works through local partners in Zambia and Mozambique, with whom we have Partnership Agreements which define roles, expectations and obligations of all parties.

### Public Benefit

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

### Risk Management

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



# VILLAGE WATER LIMITED

## Trustees' Report for the year ending 31 December 2018 (continued)

### Vision and Mission

Our vision is a world where no-one suffers from diseases caused by poor water and sanitation.

Our mission is to grow as an effective and innovative organisation, supporting provision of WASH in vulnerable communities in Africa, through local partnerships including NGOs, Government organisations and private sector actors.

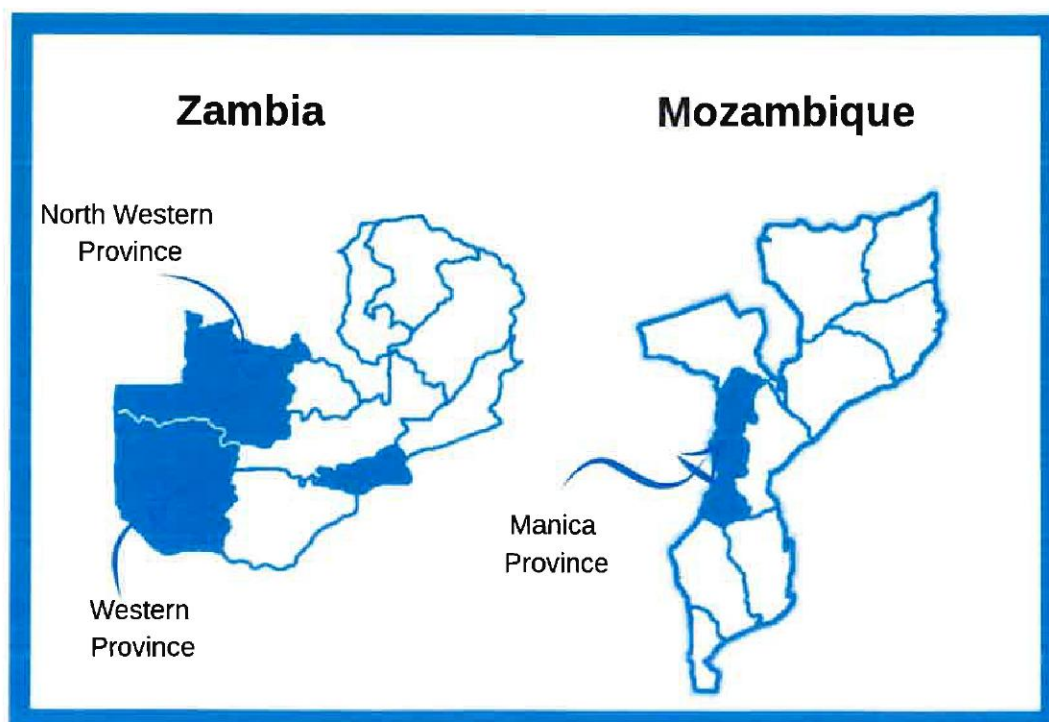
### Principal activities

Since 2004 Village Water has supported the provision of safe water alongside hygiene & sanitation promotion in 1066 villages and schools in rural Africa, thus improving health, which brings opportunities for work and education for over quarter of a million people.

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

Since 2011, we have invested in manual drilling as an alternative to mechanical drilling or hand digging. A well can be completed in one day, the technology is safer and cheaper, and the lightweight kit can be used in remote, cut off areas and unstable soils. We will continue to trial the technology in new locations to advocate for its use with the Governments of Zambia and Mozambique, to reach the Sustainable Development Goal 6: clean water & sanitation for all.

In 2019 we will continue to fill the gap in access to safe water by concentrating our investment to achieve 100% coverage in specific districts in Zambia and Mozambique.



# VILLAGE WATER LIMITED

## Trustees' Report for the year ending 31 December 2018 (continued)

### 2018 activity overview

**Over the year we have changed the lives of 27,267 more people.**

#### **Zambia – Western and North Western Provinces**

##### **Activities supported**

- ◆ 19 new and 20 repaired waterpoints in villages, schools and health centres, reaching 7,769 people with hygiene promotion, improved sanitation and safe water.
- ◆ Solar powered water system in 7 schools reaching 7,814 pupils and 148 staff. Water is pumped to a feeder tank which links to the new sanitation blocks, incorporating flushing toilets, showers and urinals. In addition, the water is distributed through a series of pipes and taps to the key areas on the school site and for use by surrounding villages.
- ◆ Permanent, flushable toilet facilities in Liliachi School where we funded a solar water system in 2017, bringing additional benefits to the 889 pupils.
- ◆ Repair and upgrade of the broken-down water system at Nkeyema District hospital to include solar pump, pipes and taps. Reaching 28,856 beneficiaries indirectly.
- ◆ Self supply pilot: Four teams trained in low cost well construction technologies. This included well protection, manual drilling hydrogeology, marketing and finance. These fledgling enterprises carried out four public demonstrations to showcase the services they can offer clients to start them on the ladder to improve their own water supply. The teams have reached 34 clients helping 244 people in their first 3 months, earning an average of 24,133 kwacha per team. We will train a further eight teams from different districts in 2019 and 2020.
- ◆ Self supply training: one of the Zambia team took part in a week-long training course in Malawi with delegates from across Africa coming together to learn and share.

##### **Mozambique**

- ◆ 22 new waterpoints in villages and schools reaching 10,403 people with hygiene promotion, improved sanitation and safe water.
- ◆ Baseline survey in 100 households to assess volume of wood used to make water safe for consumption. In 2019 we will support hygiene promotion and the rehabilitation of broken-down boreholes to improve access to safe water at household level and measure the reduction in wood use as part of a carbon credit project.
- ◆ Training in manual drilling technologies. One of the Mozambican team was supported to take part in a 3-week training workshop with our Zambian partner in order to share learning and experiences and to showcase the technologies they use in different terrains.

A further 12,777 people were able to benefit from the newly installed pumps in 4 market places as part of the self supply project. Communities living around the market places were invited to take part in the hygiene promotion sessions and now take water from the taps provided on the market places. They also shared their learning back at home.

# VILLAGE WATER LIMITED

## Trustees' Report for the year ending 31 December 2018 (continued)

### Reserves policy

It is the Trustees' policy to ensure that Village Water maintains a readily realisable unrestricted reserve sufficient to cover 3 months of overhead costs.

Bearing in mind the changing nature of funding patterns and cash flow, and in order not to jeopardise programme activities in Africa, from time to time this reserve may be used when pending funding is certain in the form of committed grants and monthly regular giving.

### Investment policy

Given the level of funds currently held, the trustees agreed to retain surplus funds in a deposit account at the best rate possible whilst retaining instant access to the deposits as required. This will be reviewed annually.

### Financial summary

Our income in 2018 grew to £635,221 an increase of 25% on 2017. We continue to attract funding from a wide range of supporters, new and long term.

Key successes include securing our 9th annual grant from Guernsey Overseas Aid and Development Committee, and our second UK Aid Match from the Department for International Development, funding a 30 month project in a peri-urban compound in Lusaka, Zambia, which will start in 2019.

We thank all our supporters for their generous gifts during the year. We acknowledge the on-going assistance of The Christadelphian Meal A Day Fund, The Waterloo Foundation, Peter Stebbings Memorial Charity, and Wilmslow Wells for Africa, among others, too many to mention.

### Expenditure

Expenditure on charitable activities (including governance) was £532,750 (a 21% increase on 2017). Unrestricted funds made up 45% of this income, allowing us to react to unexpected calls for support and to invest the funds into activities of the highest priority.

Expenditure on charitable activities in 2018 was 85p in every pound.

Every £1 invested in fundraising brought in £9.

## VILLAGE WATER LIMITED

### **Trustees' Report for the year ending 31 December 2018 (continued)** **Statement of Trustees' responsibilities**

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

Company law requires the Trustees to prepare accounts for each financial year which give a true and fair view of the state of affairs of the charitable company as at the balance sheet date and of its incoming resources and application of resources, including income and expenditure, for the financial period. In preparing those financial statements, the Trustees are required to:

- Select suitable accounting policies and then apply them consistently.
- Observe the methods and principles in the Charities' SORP.
- Make judgements and estimates that are reasonable and prudent.
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- Prepare the financial statements on a going-concern basis unless it is inappropriate to assume that the company will continue on that basis.

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

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

#### Statement as to disclosure to auditors

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


#### Auditors

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

#### Small company provisions

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

Approved by the Board on 3 April 2019 and signed on their behalf by:



**Andrew Picken – Chair of Trustees**



# VILLAGE WATER LIMITED

## Statement of Financial Activities (incorporating an Income and Expenditure account) for the year to 31 December 2018

	Note	Unrestricted 2018 £	Restricted 2018 £	Total 2018 £	Total 2017 £
<b>Incoming Resources</b>					
<b>Incoming resources from generated Funds:</b>					
Donations	2	288,141	347,080	635,221	506,699
<b>Investment Income:</b>					
Bank and Other Interest	3	827	-	827	298
<b>Total Incoming Resources</b>		<u>288,968</u>	<u>347,080</u>	<u>636,048</u>	<u>506,997</u>
<b>Resources Expended</b>					
Charitable Activities Zambia		57,899	315,971	373,870	326,132
Charitable Activities Mozambique		44,825	94,730	139,555	98,603
Fund raising expenses		70,984	-	70,984	53,733
Governance		<u>19,325</u>	<u>-</u>	<u>19,325</u>	<u>16,814</u>
<b>Total resources expended</b>	4	<u>193,033</u>	<u>410,701</u>	<u>603,734</u>	<u>495,282</u>
<b>Net income/(expenditure) for the year before transfers</b>		95,935	(63,621)	32,314	11,715
<b>Transfers between funds</b>	6	<u>(73,787)</u>	<u>73,787</u>	<u>-</u>	<u>-</u>
<b>Net income/(expenditure) for the year after transfers</b>		22,148	10,166	32,314	11,715
<b>Reserves at 1 January 2018</b>		<u>149,798</u>	<u>36,743</u>	<u>186,541</u>	<u>174,826</u>
<b>Reserves at 31 December 2018</b>		<u>171,946</u>	<u>46,909</u>	<u>218,855</u>	<u>186,541</u>

### Notes:

All of the above results are derived from continuing activities.

All gains and losses in the year are included above.

The notes on pages 12 to 20 form part of the Financial Statements.


# VILLAGE WATER LIMITED

## Balance Sheet (Company no. 05970344) As at 31 December 2018

	Note	Total Funds	
		2018 £	2017 £
<b>Non-current Assets</b>			
Property, plant and equipment	10	<u>220</u>	<u>243</u>
<b>Current Assets</b>			
Receivables	11	28,464	49,876
Cash and cash equivalents	12	<u>196,836</u>	<u>141,821</u>
		225,300	191,697
<b>Payables: Amounts falling due within one year</b>	13	( 6,665)	( 5,399)
<b>Net current assets</b>		<u>218,635</u>	<u>186,298</u>
<b>Net Assets</b>	15	<u>218,855</u>	<u>186,541</u>
<b>Funds</b>			
Unrestricted	16	171,946	149,798
Restricted			
Zambia	16	46,909	13,800
Mozambique	16	<u>-</u>	<u>22,943</u>
		<u>218,855</u>	<u>186,541</u>

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

These financial statements were approved and authorised for issue by the Board on 3 April 2019 and signed on its behalf by:



**Andrew Picken – Chair of Trustees**

The notes on pages 12 to 20 form part of the Financial Statements

# VILLAGE WATER LIMITED

## Statement of Cashflows for the year to 31 December 2018

	Note	2018 £	2017 £
<b>Net cash flows from operating activities</b>			
Net income for the year		32,314	11,715
Adjustments for items not affecting cash flows:			
Depreciation of equipment		353	243
Bank interest received		( 827)	( 298)
Net operating cash flows before reinvestment in working capital		31,840	11,660
Decrease/(increase) in receivables		21,412	(752)
Increase in payables		<u>1,266</u>	<u>543</u>
<b>Net cash flows from operating activities</b>		<u>54,518</u>	<u>11,451</u>
<b>Net cash flows from investing activities</b>			
Purchase of non-current assets		( 330)	-
Bank interest received		<u>827</u>	<u>298</u>
<b>Cash generated from investing activities</b>		<u>497</u>	<u>298</u>
Increase in cash and cash equivalents		<u>55,015</u>	<u>11,749</u>
Cash and cash equivalents at the beginning of the year		<u>141,821</u>	<u>130,072</u>
<b>Cash and cash equivalents at the end of the year</b>		<u>196,836</u>	<u>141,821</u>

# VILLAGE WATER LIMITED

## Notes to the financial statements for the year to 31 December 2018

### 1.Accounting Policies

#### General information

Village Water is a private charitable company limited by guarantee, incorporated in England and Wales under Companies Act and registered as a charity in England and Wales (1117377) and Scotland (SCO44129).

The charitable company's registered office address is shown on page 3. The nature of the charitable company's operations and its principal activities are set out in the Trustees' Report on pages 4 -8.

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

#### Going Concern

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

#### Statement of compliance

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

#### Basis of preparation

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

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

#### Incoming resources

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

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



# VILLAGE WATER LIMITED

## Notes to the financial statements for the year to 31 December 2018 (continued)

### Resources expended

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

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

### Fund structure

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

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

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

### Property, plant and equipment

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

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

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

Furniture & equipment	33% per annum on straight line
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### Receivables

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

### Cash and cash equivalents

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

### Payables

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

# VILLAGE WATER LIMITED

## Notes to the financial statements for the year to 31 December 2018 (continued)

### Financial instruments

The charitable company only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

### Foreign exchange

Transactions in foreign currencies are recorded at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the closing rates at the balance sheet date. All exchange differences are included in the Statement of Financial Activities.

### Pensions

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

## 2. Donations

	Unrestricted 2018 £	Restricted 2018 £	Total 2018 £	Total 2017 £
Community	8,178	10,445	18,623	29,729
Corporate	12,544	4,058	16,602	89,959
Individuals	124,989	4,625	129,614	117,134
Statutory (GOADC & DFID)	-	59,651	59,651	25,000
Trusts/Foundations	<u>142,430</u>	<u>268,301</u>	<u>410,731</u>	<u>244,877</u>
Total Donations	<u>288,141</u>	<u>347,080</u>	<u>635,221</u>	<u>506,699</u>

Income from donations in 2017 was made up of £328,439 in unrestricted funds and £178,260 in restricted funds.

## 3. Interest income

	Unrestricted 2018 £	Restricted 2018 £	Total 2018 £	Total 2017 £
Bank interest receivable	<u>827</u>	<u>-</u>	<u>827</u>	<u>298</u>

In 2017 investment income was all unrestricted.

# VILLAGE WATER LIMITED

## Notes to the financial statements for the year to 31 December 2018 (continued)

### 4. Analysis of Resources Expended

#### a) Restricted Resources Expended

Village Water raises donations in the UK to support water, sanitation and hygiene (WASH) activities in Zambia and Mozambique. The monies are remitted to Village Water Zambia, and to Solidar, both independent NGOs, which carry out our fieldwork programme.

	2018 £	2017 £
Remittances to Zambia		
Supporting partners to deliver water, sanitation & hygiene	<u>311,457</u>	<u>272,441</u>
	<u>311,457</u>	<u>272,441</u>
Direct Expenditure in UK on work in Zambia		
Capacity Development	3,999	1,874
Vehicles	-	2,864
IT, Equipment and Materials	<u>515</u>	<u>2,066</u>
	<u>4,514</u>	<u>6,804</u>
Direct Expenditure in UK and Mozambique		
Supporting partners to deliver water, sanitation & hygiene	<u>94,730</u>	<u>60,311</u>
Total Expenditure	<u>410,701</u>	<u>339,556</u>

#### b) Unrestricted Resources Expended

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

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

# VILLAGE WATER LIMITED

## Notes to the financial statements for the year to 31 December 2018 (continued)

### 4. Analysis of Resources Expended (continued)

#### b) Unrestricted Resources Expended (continued)

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

	Charitable Activities Zambia	Charitable Activities Mozambique	Fund Raising Expenses	Governance	Total 2018	Total 2017
	£	£	£	£	£	£
Salaries	53,497	41,907	62,627	16,180	174,211	137,960
Recruitment	-	-	-	-	-	395
Training	157	102	168	43	470	473
Travel	805	523	866	221	2,415	3,114
Volunteers	20	13	22	6	61	639
Events & fundraising	-	-	2,451	-	2,451	1,957
Office costs	2,588	1,682	3,307	712	8,289	6,935
Insurance	245	159	263	67	734	716
IT expenses	413	268	711	113	1,505	710
Other governance costs	174	171	569	144	1,058	731
Audit fees	-	-	-	1,680	1,680	1,920
Bank charges	-	-	-	159	159	176
	<u>57,899</u>	<u>44,825</u>	<u>70,984</u>	<u>19,325</u>	<u>193,033</u>	<u>155,726</u>

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

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

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

### 5. Employees and Trustees

The aggregate payroll costs were as follows:

	2018 £	2017 £
Salaries	154,320	121,994
Social security costs	10,715	8,214
Pension costs	<u>9,176</u>	<u>7,752</u>
	<u>174,211</u>	<u>137,960</u>

No employee received emoluments above £60,000.

The average number of employees during the year calculated as full-time equivalents was 6 (2017: 5)

The Trustees were not paid any remuneration or received any other benefits from employment with the charitable company in the year (2017: £nil).



# VILLAGE WATER LIMITED

## Notes to the financial statements for the year to 31 December 2018 (continued)

### 5. Employees and Trustees (continued)

1 Trustee was paid expenses of £138 (2017: 2 Trustees £246) for travelling to UK Trustees' meetings. No charity Trustee received payment for professional or other services supplied to the charity (2017: £nil).

### 6. Transfers

In accordance with a standing Board resolution to support expenditure in Africa with unrestricted funds and maintain a positive balance on restricted funds, unrestricted funds of £73,787 (2017: £148,243) were transferred to restricted funds.

### 7. Movement in funds

Net movement in funds is stated after charging:

	2018 £	2017 £
Depreciation	<u>353</u>	<u>243</u>

### 8. Auditor's remuneration

	2018 £	2017 £
Auditor's remuneration – the audit of charitable company's accounts	<u>1,680</u>	<u>1,920</u>

### 9. Taxation and charitable status

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

### 10. Non-current assets

	Furniture & Equipment £
<b>Cost</b>	
At 1 January 2018	3,962
Additions	<u>330</u>
At 31 December 2018	4,292
<b>Depreciation</b>	
At 1 January 2018	3,719
Charge in the year	<u>353</u>
At 31 December 2018	<u>4,072</u>
<b>Net book value at 31 December 2018</b>	<u>220</u>
<b>Net book value at 31 December 2017</b>	<u>243</u>

# VILLAGE WATER LIMITED

## Notes to the financial statements for the year to 31 December 2018 (continued)

### 11. Receivables

	2018 £	2017 £
Gift Aid Recoverable	6,880	11,078
Pledged Donations	20,735	37,668
Other Receivables	-	283
Prepayments	849	847
	<u>28,464</u>	<u>49,876</u>

The pledged donations at 31 December 2018 satisfied the recognition criteria stipulated by SORP FRS 102.

### 12. Cash and cash equivalents

	2018 £	2017 £
Cash at bank	196,633	141,591
Petty cash	203	230
	<u>196,836</u>	<u>141,821</u>

### 13. Payables: amounts falling due within one year

	2018 £	2017 £
Other taxes and social security	3,765	2,902
Other payables	<u>2,900</u>	<u>2,497</u>
	<u>6,665</u>	<u>5,399</u>

### 14. Pensions scheme

The charitable company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the charitable company to the scheme and amounted to £9,176 (2017: £7,752).

Contributions totalling £1,100 (2017: £530) were payable to the scheme at the end of the year and are included in payables.

# VILLAGE WATER LIMITED

## Notes to the financial statements for the year to 31 December 2018 (continued)

### 15. Analysis of net assets between funds

Year ended 31 December 2018	Unrestricted	Restricted		Total
	Funds	Zambia	Mozambique	
	£	£	£	£
Property, plant & equipment	220	-	-	220
Receivables	28,464			28,464
Cash at Bank	149,927	-	46,909	196,836
Payables	( 6,665)	-	-	( 6,665)
	<u>171,946</u>	<u>-</u>	<u>46,909</u>	<u>218,855</u>

Year ended 31 December 2017	Unrestricted	Restricted		Total
	Funds	Zambia	Mozambique	
	£	£	£	£
Property, plant & equipment	243	-	-	243
Receivables	36,076	13,800	-	49,876
Cash at Bank	118,878	-	22,943	141,821
Payables	( 5,399)	-	-	( 5,399)
	<u>149,798</u>	<u>13,800</u>	<u>22,943</u>	<u>186,541</u>

### 16. Movements in funds

	At 1 Jan 2018	Incoming Resources	Outgoing Resources	At 31 Dec 2018
	£	£	£	£
<b>Unrestricted</b>				
Property, plant & equipment	243	330	( 353)	220
Receivables	36,076	28,464	( 36,076)	28,464
Cash at Bank	118,878	297,869	(266,820)	149,927
Payables	( 5,399)	( 6,665)	5,399	( 6,665)
<b>Total Unrestricted Funds</b>	<u>149,798</u>	<u>319,998</u>	<u>(297,850)</u>	<u>171,946</u>
<b>Restricted</b>				
Village Water Zambia	13,800	349,080	(315,971)	46,909
Mozambique	<u>22,943</u>	<u>71,787</u>	<u>( 94,730)</u>	<u>-</u>
<b>Total Restricted Funds</b>	<u>36,743</u>	<u>420,867</u>	<u>(410,701)</u>	<u>46,909</u>
<b>Total Funds</b>	<u>186,541</u>	<u>684,619</u>	<u>(653,153)</u>	<u>218,855</u>

# VILLAGE WATER LIMITED

## Notes to the financial statements for the year to 31 December 2018 (continued)

### 16. Movements in funds (continued)

	At 1 Jan 2017 £	Incoming Resources £	Outgoing Resources £	At 31 Dec 2017 £
<b>Unrestricted</b>				
Property, plant & equipment	486		(243)	243
Receivables	39,937	36,076	(39,937)	36,076
Cash at Bank	89,463	194,018	(164,603)	118,878
Payables	(4,856)	( 5,399)	4,856	( 5,399)
<b>Total Unrestricted Funds</b>	<u>125,030</u>	<u>224,695</u>	<u>(199,927)</u>	<u>149,798</u>
<b>Restricted</b>				
Village Water Zambia	20,853	281,379	(288,432)	13,800
Mozambique	<u>28,943</u>	<u>54,900</u>	<u>( 60,900)</u>	<u>22,943</u>
<b>Total Restricted Funds</b>	<u>49,796</u>	<u>336,278</u>	<u>(349,332)</u>	<u>36,743</u>
<b>Total Funds</b>	<u>174,826</u>	<u>560,974</u>	<u>(549,259)</u>	<u>186,541</u>

### 17. Company limited by guarantee

The company is a charitable company limited by guarantee and consequently does not have share capital. Each of the 12 (2017: 11) members of the charitable company is liable to contribute £10 towards the assets of the charitable company in the event of liquidation.

### 18. Related party transactions

The charitable company works in partnership with independent local charities in Zambia and Mozambique who share a common purpose. All partners receive funding for their charitable objectives from Village Water and from other donors.

During the year, the charitable company remitted £311,457 (2017: £272,441) to these partners.

### 19. Events after the financial period

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



# VILLAGE WATER LIMITED

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

### **Opinion on financial statements**

We have audited the financial statements of Village Water Limited for the year ended 31 December 2018 which comprise the Statement of Financial Activities (including income and expenditure account), the Balance Sheet, the Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2018 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

### **Basis for opinion**

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

### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' (who are also directors of the charitable company for the purpose of the company law) use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### **Other information**

The other information comprises the information included in the Trustee's Report, other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

# VILLAGE WATER LIMITED

## **Report of the Independent Auditors to the Members and Trustees of Village Water Limited (continued)**

### **Opinion on other matters prescribed by the Companies Act 2006**

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

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

### **Matters on which we are required to report by exception**

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

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

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

### **Responsibilities of Trustees**

As explained more fully in the Statement of Trustees' Responsibilities (set out on page 8), the Trustees, who are Directors for the purpose of the company law, are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the Trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

We have been appointed as auditors under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under Companies Act 2006 and report in accordance with the Acts 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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

# VILLAGE WATER LIMITED

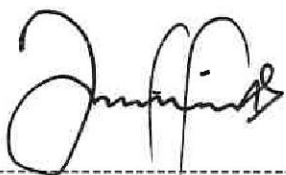
## **Report of the Independent Auditors to the Members and Trustees of Village Water Limited (continued)**

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the charitable company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charitable company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the charitable company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### **Use of the audit report**

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



Ransford Agyei-Boamah  
**Senior Statutory Auditor**

for and on behalf of:  
HARMER SLATER LIMITED  
Chartered Accountants and Statutory Auditors  
3 April 2019

Salatin House  
19 Cedar Road  
Sutton, Surrey  
SM2 5DA