

REGISTERED COMPANY NUMBER: SC353570 (Scotland)
REGISTERED CHARITY NUMBER: SC041072

**REPORT OF THE TRUSTEES AND
UNAUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED
31ST JANUARY 2012
FOR**

WATER WITNESS INTERNATIONAL



JRW
Chartered Accountants
Riverside House
Ladhope Vale
Galashiels
Selkirkshire
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WATER WITNESS INTERNATIONAL
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FOR THE YEAR ENDED 31ST JANUARY 2012

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WATER WITNESS INTERNATIONAL

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31ST JANUARY 2012

The trustees who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31st January 2012. The trustees have adopted the provisions of the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities' issued in March 2005.

Every member undertakes to contribute such an amount as may be required towards the debts and liabilities of the company in the event of its being wound up, but not exceeding the sum of £1.

Two Trustees, Alana Lowe-Petreske and Helen Robison stepped down during this financial year due to changes in personal circumstances. One new Trustee, Mr Morgan Rogers has been appointed, and two additional Trusteeships are being sought with appointments planned in 2012. Meab Mdimi of Tanzania was made an honorary Trustee without voting rights.

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number

SC353570 (Scotland)

Registered Charity number

SC041072

Registered office

The Melting Pot
5 Rose Street
Edinburgh
EH2 2PR

Trustees

A N Brown	
Ms H Triviais	
Ms A B Lowe-Petraske	- resigned 15.8.11
Mrs H F Robison	- resigned 1.4.11
M Rogers	- appointed 15.6.11

Independent Examiner

JRW
Chartered Accountants
Riverside House
Ladhope Vale
Galashiels
Selkirkshire
TD1 1BT

Bankers

The Royal Bank of Scotland
36 St Andrew Square
Edinburgh
EH2 2YB

WATER WITNESS INTERNATIONAL

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31ST JANUARY 2012

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

The organisation is a company limited by guarantee, as defined by the Companies Act 2006, and is governed by its Memorandum and Articles of Association. Every member undertakes to contribute such an amount as may be required towards the debts and liabilities of the company in the event of its being wound up, but not exceeding the sum of £1.

Risk management

The trustees have a duty to identify and review the risks to which the charity is exposed and to ensure appropriate controls are in place to provide reasonable assurance against fraud and error.

OBJECTIVES AND ACTIVITIES

1.1 to promote sustainable development through the equitable and effective management of water resources for the benefit of the public by:

1.1.1 the preservation, conservation and protection of the environment and the prudent use of resources;

1.1.2 the relief of poverty and the improvement of the conditions of life in socially and economically disadvantaged communities;

1.1.3 the promotion of sustainable means of achieving economic growth and equitable water resource use;

1.2 to advance the education of the public in subjects relating to sustainable development and the protection, enhancement and rehabilitation of the water environment, and the sustainable management of water resources in any part of the world, and to promote study and research in such subjects in any part of the world;

1.3 to relieve poverty, ill health and human suffering, reduce conflict and promote sustainable development and the conservation of bio-diversity through the promotion of equitable and effective water resource management;

1.4 to advance understanding and education concerning the effects and causes of poverty, ill health, human suffering, conflict and the loss of bio-diversity, particularly in relation to the management and regulation of water resources in any part of the world;

1.5 research, development, investigations and analysis in connection with water resources and the management, regulation or performance of such resources in any part of the world, including the socio economic impacts of water resources and their uses;

1.6 the development, identification and promotion of best practice and effective tools for water resource regulation, dialogue and conflict resolution;

1.7 research and development in connection with certifiable standards for sustainable water resource management;

1.8 advocacy, communication and campaigning to promote the interests of the poor, the powerless and the environment, and to provide an objective commentary and critical analysis of water resource management in any part of the world;

WATER WITNESS INTERNATIONAL

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31ST JANUARY 2012

OBJECTIVES AND ACTIVITIES

1.9 the provision of sources of information and education together with training services in respect of water resource management in any part of the world;

1.10 the provision of strategic and operational support to other organisations in order to achieve improved performance and accountability in water resource management and to engage in relevant strategic collaborations in any part of the world;

1.11 the provision of mediation and broker services in respect of conflicts involving water resources;

1.12 to engage in other charitable purposes.

Against these objectives and in line with our Strategic and Business Plan the following activities were carried out between February 2011 and January 2012 and are organised below by activity area.

a) Research and development

Department for International Development - Systematic Review of Water institution performance

On 16th June 2011, WWI entered into a contract with the University of East Anglia to lead the delivery of a global 'systematic review' of evidence for the UK Department for International Development which addresses the question:

"What factors determine the performance of institutional mechanisms for water resources management in developing countries in terms of delivering pro-poor outcomes, and supporting sustainable economic growth?"

Water Witness International has contracted Dr Nick Hepworth to work as Principle Investigator on this prestigious research won through a highly competitive bidding process. Nick leads a team of six at the University of East Anglia and the work progresses well, appraising over 28,000 articles to generate evidence and insights which will guide policy and research over the coming decade. This work generates £15,112 income for Water Witness, will be completed in 2012 and will be presented at Stockholm Water Week 2012

This activity helps deliver our charitable objectives 1.1 - 1.6 and 1.8 to 1.10

Alliance for Water Stewardship - development of certifiable standards for global water stewardship

Throughout 2011, WWI continued to serve as a Board member organisation of the Alliance for Water Stewardship, a not for profit corporation registered in Delaware, USA which is guiding the development of a global standard for water stewardship over the coming years. On behalf of WWI, Nick Hepworth in a voluntary capacity sits as a board member for the organisation, meeting twice physically (Washington DC and Stockholm) and eight times by telephone to guide and steer the organisation. The AWS recruited an Executive Director in 2011, Adrian Sym. Adrian takes over much of the operational leadership of the organisation and receives advice from WWI on a regular basis.

WWI continues to ensure that developing country priorities and realities are reflected in the development of the standard and nominated two members of the International Standard Development Committee from Africa.

WATER WITNESS INTERNATIONAL

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31ST JANUARY 2012

OBJECTIVES AND ACTIVITIES

In 2011 WWI concluded leadership and reporting of the AWS Kenya Field testing under its contract with AWS with funding from GIZ and Marks and Spencers. Our report, which shows proof of concept and identifies areas for improvement has been well received and has been presented in Frankfurt (GIZ February 2011), London (Marks and Spencers, Sainsbury's March 2011), Washington DC (USAID, IWMI, World Bank February 2011), Stockholm (August 2011) and in Kenya (December 2011). Our work has formed the basis of the draft international standard and WWI is in discussions with partners to lead the final phase of piloting in 2012-13. A copy of the report is available on our website. Importantly we received feedback that our testing in Kenya is already leading to improved water management and new investment locally.

In 2011 WWI submitted a funding application Concept Note to DFID's Global Poverty Action Fund Innovation window for work to develop the standard across Africa. Although the concept note was accepted for full proposal development, we withdrew on this occasion to avoid overloading internal capacity and instead, resubmitted in 2012.

This activity delivers on objectives 1.3 to 1.7

b) Advocacy and communication

UK House of Commons Environmental Audit Committee

On March 9th 2011, Nick Hepworth on behalf of WWI gave oral evidence to the UK Government's Environmental Audit Committee's enquiry into 'The impact of UK overseas aid on environmental protection and climate change adaptation and mitigation'. Having submitted written evidence in January 2011, WWI were selected alongside Greenpeace and WWF to face cross-examination by the committee to aid their understanding of international needs and UK government performance. A transcript of our evidence is available in the audit report, which also clearly reflects several of our key recommendations.

This activity helps deliver our charitable objectives 1.1 - 1.8

Follow-up to Water footprint study, Peru

The work lead by WWI in 2009 on the water impacts of the UK's water footprint using the case study of asparagus grown in Peru continues to have impact. In 2011 we learnt from discussions with ex-International Finance Corporation staff that our study played a leading role in reshaping the IFC's internal and external handling of water and sustainability issues across their portfolio. The Compliance Assessment Ombudsman investigation of the World Bank which followed our study generates findings consistent with our own. WWI advised M&S and Sainsbury's and the vegetable trader Barfoot's in connection with the sustainability of the asparagus trade in Peru.

This activity helps deliver our charitable objectives 1.1 - 1.8

Water Alternatives Journal Special edition

In April 2011 WWI put out a call for papers for a special edition of the journal Water Alternatives on corporate engagement in water policy having secured financial support from GIZ, TNC and WWF. This special edition is on-going and due for release in October 2012.

WWI is also providing lead authorship of a book chapter on the same issue under development by UEA.

This activity helps deliver our charitable objectives 1.1 - 1.8

WATER WITNESS INTERNATIONAL
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31ST JANUARY 2012

OBJECTIVES AND ACTIVITIES

Website development and media coverage

In 2011 our website was redesigned and re-launched with support from Common Futures Consulting.

This activity helps deliver objective 1.8

CEO Water Mandate

In 2011 WWI was invited by the CEO Water Mandate to serve on two advisory panels, for the UN CEO Water Mandate Water Action Hub, and Corporate Water Disclosure Guidelines Advisory Groups.

This activity helps deliver objective 1.8

Project WET, Water Equity in Tourism Project

In 2011 WWI continued to serve on the Advisory Panel and steering committee of this international initiative. We facilitated and advised on a major study of water use in the tourism sector in Zanzibar which contributes to the initiative's launch report due in 2012.

c) Capacity building and service delivery

Social Accountability Monitoring on Water Resources in East Africa

In 2011 WWI submitted a funding application Concept Note to DFIDs Global Poverty Action Fund Innovation window for the project 'Fair Water Futures' to undertake globally pioneering work in accountability for equitable WRM with communities in East Africa and partners: the Freshwater Action Network, the African Network for Environment and Water and Tanzania Water and Sanitation Network. The concept note was accepted for full proposal which was subsequently approved with work to begin in 2012.

This activity helps deliver objectives 1.2, 1.6 and 1.10.

Professional Development training at the UEA Water Security Centre

In May 2011 WWI provided training services to University of East Anglia's 'Water security for policy makers course' which included delegates from DFID, UN Agencies, National governments and NGOs including WaterAid and WWF.

WATER WITNESS INTERNATIONAL
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31ST JANUARY 2012

OBJECTIVES AND ACTIVITIES

d) Resourcing our work

Despite the economic downturn, WWI was able to increase its income on last year to almost £22000, largely as professional fees, of which WWI retains 10 to 15% in order to fund administration and development.

Several large funding bids were submitted in 2011, including two to GPAF (of which one for £250K is successful subject to due diligence, and a second under continued development). In October 2011 WWI submitted a funding bid to the EU with FARM Africa and Save the Children for a project on 'Water equity for fisher folk in Africa', though this was unsuccessful.

Securing long term core funding for the Charity's work has been the focus of a pro-bono study carried out by Dr Kate Studd and this work will be acted on further in 2012.

ACHIEVEMENT AND PERFORMANCE

Given the limited resources available to the organisation in its third year, its achievements and impact are again considered to be significant. Through our work on the ground in Peru, Tanzania and Kenya and our global initiatives through the AWS, the CEO Water Mandate, and DFID Systematic Review our impact, profile and reach have grown steadily - and this is demonstrated through outputs and qualitative, anecdotal evidence. An outstanding challenge is to establish and resource organisational impact monitoring and evaluation which will allow us to objectively demonstrate our contribution.

FINANCIAL REVIEW

WWI ended the financial year in the black, with £1,926 in the account having cleared the amounts committed to at the end of last year.

Planning and research is on-going in relation to long-term funding strategies and this will be presented early in 2012.

FUTURE DEVELOPMENTS

Through 2011 there has been steady growth in our workload, and interest in our work and we can begin to point to definite achievements and change brought by our work. In 2012 the finalisation of our work on DFID's Systematic Review, publication of the Water Alternatives special edition and commencement of the GPAF Fair Water Futures project will be major priorities which will significantly boost our profile, impact and reach.

In addition to successful delivery of these initiatives our priorities will lie in consolidating internal management, governance, policy and procedures, and in attracting additional resources to bolster the foundations of our steady growth and attainment of our charitable objectives.

ON BEHALF OF THE BOARD:



A N Brown - Trustee

Date: 10 September 2012

INDEPENDENT EXAMINER'S REPORT TO THE TRUSTEES OF WATER WITNESS INTERNATIONAL

I report on the accounts for the year ended 31st January 2012 set out on pages eight to twelve.

Respective responsibilities of trustees and examiner

The charity's trustees are responsible for the preparation of the accounts in accordance with the terms of the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006. The charity's trustees consider that the audit requirement of Regulation 10(1)(a) to (c) of the Accounts Regulations does not apply. It is my responsibility to examine the accounts as required under Section 44(1)(c) of the Act and to state whether particular matters have come to my attention.

Basis of the independent examiner's report

My examination was carried out in accordance with Regulation 11 of the Charities Accounts (Scotland) Regulations 2006. An examination includes a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeking explanations from you as trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit, and consequently I do not express an audit opinion on the view given by the accounts.

Independent examiner's statement

In connection with my examination, no matter has come to my attention:

- (1) which gives me reasonable cause to believe that, in any material respect, the requirements
 - to keep accounting records in accordance with Section 44(1)(a) of the 2005 Act and Regulation 4 of the 2006 Accounts Regulations; and
 - to prepare accounts which accord with the accounting records and to comply with Regulation 8 of the 2006 Accounts Regulationshave not been met; or
- (2) to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.



Kevin D Ferguson, CA
JRW
Chartered Accountants
Riverside House
Ladhope Vale
Galashiels
Selkirkshire
TD1 1BT

Date: 10 September 2012

WATER WITNESS INTERNATIONAL

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31ST JANUARY 2012

	Notes	2012 Unrestricted funds £	2011 Total funds £
INCOMING RESOURCES			
Incoming resources from charitable activities			
Commissioned studies and research		21,911	12,923
RESOURCES EXPENDED			
Charitable activities			
Commissioned studies and research		19,774	11,673
Governance costs		<u>862</u>	<u>615</u>
Total resources expended		20,636	12,288
NET INCOMING RESOURCES		<u>1,275</u>	<u>635</u>
RECONCILIATION OF FUNDS			
Total funds brought forward		<u>157</u>	<u>(478)</u>
TOTAL FUNDS CARRIED FORWARD		<u><u>1,432</u></u>	<u><u>157</u></u>

The notes form part of these financial statements

WATER WITNESS INTERNATIONAL

BALANCE SHEET AT 31ST JANUARY 2012

	Notes	2012 Unrestricted funds £	2011 Total funds £
CURRENT ASSETS			
Cash at bank		1,926	12,324
CREDITORS			
Amounts falling due within one year	3	(494)	(12,167)
NET CURRENT ASSETS		<u>1,432</u>	<u>157</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,432</u>	<u>157</u>
NET ASSETS		<u>1,432</u>	<u>157</u>
FUNDS	4		
Unrestricted funds		<u>1,432</u>	<u>157</u>
TOTAL FUNDS		<u>1,432</u>	<u>157</u>

The notes form part of these financial statements

WATER WITNESS INTERNATIONAL

**BALANCE SHEET - CONTINUED
AT 31ST JANUARY 2012**

The charitable company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 31st January 2012.

The members have not required the charitable company to obtain an audit of its financial statements for the year ended 31st January 2012 in accordance with Section 476 of the Companies Act 2006.

The trustees acknowledge their responsibilities for

- (a) ensuring that the charitable company keeps accounting records that comply with Sections 386 and 387 of the Companies Act 2006 and
- (b) preparing financial statements which give a true and fair view of the state of affairs of the charitable company as at the end of each financial year and of its surplus or deficit for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the charitable company.

These financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small charitable companies and with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The financial statements were approved by the Board of Trustees on 10 September 2012 and were signed on its behalf by:



.....
A N Brown -Trustee

The notes form part of these financial statements

WATER WITNESS INTERNATIONAL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST JANUARY 2012

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008), the Companies Act 2006 and the requirements of the Statement of Recommended Practice, Accounting and Reporting by Charities.

Incoming resources

All incoming resources are included on the Statement of Financial Activities when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy.

Resources expended

Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

Charitable activities include expenditure associated with one of the charity's objectives and principle activities.

Governance costs include those incurred in the governance of the charity and its assets and are primarily associated with constitutional and statutory requirements.

Taxation

The charity is exempt from corporation tax on its charitable activities.

Fund accounting

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

2. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31st January 2012 nor for the year ended 31st January 2011.

Trustees' Expenses

There were no trustees' expenses paid for the year ended 31st January 2012 nor for the year ended 31st January 2011.

3. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2012	2011
	£	£
Trade creditors	<u>494</u>	<u>12,167</u>

WATER WITNESS INTERNATIONAL

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED **FOR THE YEAR ENDED 31ST JANUARY 2012**

4. MOVEMENT IN FUNDS

	At 1.2.11 £	Net movement in funds £	At 31.1.12 £
Unrestricted funds			
General fund	157	1,275	1,432
	<hr/>	<hr/>	<hr/>
TOTAL FUNDS	<u>157</u>	<u>1,275</u>	<u>1,432</u>

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	21,911	(20,636)	1,275
	<hr/>	<hr/>	<hr/>
TOTAL FUNDS	<u>21,911</u>	<u>(20,636)</u>	<u>1,275</u>

5. RELATED PARTY DISCLOSURES

The company had no transactions with related parties during the year (2011 - purchases of £7,723) and had no outstanding balances at the year end (2011 - creditor of £7,723)

WATER WITNESS INTERNATIONAL
DETAILED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31ST JANUARY 2012

	2012 £	2011 £
INCOMING RESOURCES		
Incoming resources from charitable activities		
Commissioned research	<u>21,911</u>	<u>12,923</u>
Total incoming resources	21,911	12,923
RESOURCES EXPENDED		
Charitable activities		
Commissioned research	19,774	11,673
Governance costs		
Independent examination	750	541
Sundry expenses	37	14
Bank charges and interest	<u>75</u>	<u>60</u>
	<u>862</u>	<u>615</u>
Total resources expended	20,636	12,288
	<u> </u>	<u> </u>
Net income	<u><u>1,275</u></u>	<u><u>635</u></u>

This page does not form part of the statutory financial statements