

**Water Witness International**  
(a company limited by guarantee)

Directors' report and unaudited  
financial statements

Registered number SC353570

Charity number SC041072

31 January 2010

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## **Company information**

<b>Directors</b>	Ms Alana Lowe-Petraske Mr Andrew Brown Mrs Heather Robison Ms Helen Trivais
<b>Bankers</b>	The Royal Bank of Scotland 36 St Andrew Square Edinburgh EH2 2YB
<b>Independent examiners</b>	Henderson Loggie 34 Melville Street Edinburgh EH3 7HA
<b>Registered office</b>	C/o LTS International Ltd Pentlands Science Park Bush Loan Penicuik EH26 0PL
<b>Scottish charity number</b>	SC041072
<b>Registered number</b>	SC353570

## Directors' report

The directors, who are also the trustees for the purposes of charity law, present their report with the financial statements for the period beginning 15 January 2009 and ended 31 January 2010.

### Structure, governance and management

The organisation is a company limited by guarantee and a charity registered with the Office of the Scottish Charity Regulator, incorporated on 15 January 2009. It 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.

### Objectives and activities

The objects of the organisation are set out in its Memorandum and Articles of Association and are:

- 1 to promote sustainable development through the equitable and effective management of water resources for the benefit of the public by:
  - 1.1 the preservation, conservation and protection of the environment and the prudent use of resources;
  - 1.2 the relief of poverty and the improvement of the conditions of life in socially and economically disadvantaged communities;
  - 1.3 the promotion of sustainable means of achieving economic growth and equitable water resource use;
- 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;
- 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;
- 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;
- 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;
- 6 the development, identification and promotion of best practice and effective tools for water resource regulation, dialogue and conflict resolution;
- 7 research and development in connection with certifiable standards for sustainable water resource management;
- 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;
- 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;

## **Directors' report** *(continued)*

### **Objectives and activities** *(continued)*

- 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;
- 11 the provision of mediation and broker services in respect of conflicts involving water resources;
- 12 to engage in other charitable purposes.

Against these objectives and in line with our Strategic and Year 1 Business Plan the following activities were carried out between January 2009 and January 2010 organised by Activity area.

#### **a) Research and development**

##### *Water footprint study, Peru*

From April to June 2009, the Charity led a study into the water impacts of the UK's water footprint using the case study of asparagus grown in Peru. The Research has since been presented at World Water Week in Stockholm in August 2009 and published in the report Drop-by-Drop, and featured in a two-page (p 4-5) feature in the Guardian in September 2010. Based on this work, Channel 4 are targeting the issue in a documentary; the Charity has been approached by UK retailers to advise on appropriate responses and the International Finance Corporation have reviewed their Safeguard Measures. This Charity was engaged to undertake this research by Progressio, a charity registered in England and Wales. This activity helps deliver objectives 1 – 8.

##### *Alliance for Water Stewardship - development of certifiable standards*

In January 2009, the Charity became a member organisation of the Alliance for Water Stewardship, a collaborative project aimed at guiding the development of a global standard for water stewardship over the next three years. The Charity has nominated Dr. Nick Hepworth to represent it on the board of the Alliance for Water Stewardship, which meets frequently throughout the year. The current successful focus of the Alliance for Water Stewardship is ensuring that the development of the global standard is relevant to and has ownership in developing countries. This activity helps deliver objective 7.

#### **b) Advocacy and communication**

##### *Website development and media coverage*

In this first reporting period, the Charity has begun to raise awareness through the establishment of its website and through raising visibility in the mainstream press of water resource management issues. In addition to the Guardian Article discussed above, in September 2009 the Charity featured in a Wall Street Journal article on water footprinting. This activity helps deliver objective 8.

##### *CEO Water Mandate*

The Charity has been invited to participate at events and contribute to the work of the UN Global Compact's CEO Water Mandate, a global initiative working with the world's leading companies to improve the implementation of public water policy. This included speaking at events in Istanbul in April 2009 and in Stockholm in August 2009. This activity helps deliver objective 8.

## **Directors' report** *(continued)*

### **Objectives and activities** *(continued)*

#### **c) Capacity building and service delivery**

##### *Social Accountability Monitoring of Water Resource Management in Tanzania*

In August 2009, the Charity provided direct voluntary support and technical advice to Shahidi wa Maji and the Tanzanian Water and Sanitation Network to conduct the world's first ever social audit of water resource management performance in collaboration with WaterAid. The work was presented at the Joint Water Sector Review in Dar es Salaam in October 2009 and has led to formal commitments by government and donors to improve performance (In particular through timely disbursement of operational budgets to basin offices and more equitable representation in basin water boards.) This activity helps deliver objectives 2, 6 and 10.

#### **d) Resourcing our work**

This is the first reporting period of the Charity and began with limited resources. Progress in securing long term core funding has been limited by limits on voluntary staff time. However, the Charity is committed to prioritising long term funding going forward and the successful initial projects (though operated at a loss) will assist the Charity in obtaining funding.

### **Achievements and performance**

Given the limited resources available to the organisation in its first year, its achievements and impact are considered to be significant. Through the work in Peru, Tanzania, with the AWS and the CEO Water Mandate, the name Water Witness International is now known within water management and international development circles. There is also significant interest in and support for our work to date and under development from a wide range of potential funders and collaborators, including the World Bank, Department for International Development (DfID), World Wildlife Fund (WWF), International Union for the Conservation of Nature (IUCN) and the International Water Management Institute (IWMI).

The challenge for the Charity in its next phase of operations is to convert these early successes and track record into funding for future projects in order to achieve a sustainable voice of influence within and beyond the water sector.

### **Financial review**

In the Charity's first financial reporting period, expenditure slightly exceeded income by slightly less than £500. This reflects the necessary initial expense of registering the Charity's water standard trade mark, 'WaterMark'. As the prospective name of the new global water standard under development by the AWS, this move has potential to generate long term income for the Charity through future licensing agreements, so the board considers this initial expenditure appropriate despite the cost.

Two imminent charitable projects will generate much needed income for the Charity, so the position of deficit will be remedied shortly. In addition, the board is in the process of finalising plans to implement a long-term funding strategy with dedicated personnel time starting in early in 2011.

### **Reserves policy**

The Charity does not at present have a reserves policy. In its first operational period the Charity held zero reserves and applied all its income to its operations. However, the board will adopt an appropriate reserves policy in the next accounting period.

## Directors' report *(continued)*

### Plans for the future

The Charity has made substantial achievements in its first operating period, particularly bearing in mind the limitations on funding. The Board is in the process of determining the Charity's strategic approach for the immediate and longer-term future and is in particular planning to focus on the generation of funding streams in order to fund both charitable projects and core costs involved in developing the Charity's capacity with a dedicated executive director and fundraiser.

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

By order of the board

*Heather F. Robison*

*Director*

12 October 2010



# HENDERSON LOGGIE

Chartered Accountants  
34 Melville Street  
Edinburgh  
EH3 7HA  
United Kingdom

## Independent Examiner's Report to the Directors of the Water Witness International

I report on the financial statements of the charity for the period ended 31 January 2010 which are set out on pages 6 to 9.

### Respective responsibilities of directors and examiner

The charity's directors are responsible for the preparation of the financial statements in accordance with the terms of the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006. The charity 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 financial statements as required under section 44(1) (c) of the Act and to state whether particular matters have come to my attention.

### Basis of independent examiner's report

My examination is 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 financial statements with those records. It also includes consideration of any unusual items or disclosures in the financial statements, and seeks explanations from the 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 financial statements.

### Independent examiner's statement

In the course of 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 with accord with the accounting records and comply with Regulation 8 of the 2006 Accounts Regulations;

have not been met, or

2. to which, in my opinion, attention should be drawn in order to enable a proper understanding of the financial statements to be reached.

*Andrew Niblock*

Andrew Niblock  
Chartered Accountant

12 October 2010



**Statement of financial activity (incorporating the income and expenditure account)**  
*for the period ended 31 January 2010*

	<i>Notes</i>	<b>Unrestricted Funds £</b>	<b>Total 2010 £</b>
<b>Incoming resources</b>			
<i>Incoming resources from charitable activities</i>			
Commissioned studies and research		10,619	10,619
<b>Total incoming resources</b>		<u>10,619</u>	<u>10,619</u>
<b>Resources expended</b>			
<i>Charitable activities</i>	4		
Commissioned studies and research		(10,692)	(10,692)
		<u>(10,692)</u>	<u>(10,692)</u>
<i>Governance costs</i>	5	(405)	(405)
<b>Total resources expended</b>		<u>(11,097)</u>	<u>(11,097)</u>
<b>Deficit for the year</b>		(478)	(478)
<b>Funds brought forward</b>		-	-
<b>Deficit carried forward at 31 January 2010</b>		<u>(478)</u>	<u>(478)</u>

**Balance sheet**  
*at 31 January 2010*

	<i>Notes</i>	2010 £
<b>Current assets</b>		
Debtors		132
Cash at bank and in hand		149
		<hr/> 281
<b>Current liabilities: amounts due within one year</b>		
Creditors		(759)
		<hr/> (478)
<b>Represented by</b>		
Unrestricted funds	6,7	(478)
Restricted funds	6,7	-
		<hr/> (478)
<b>Total funds</b>		<hr/> (478)

The directors consider that the company is entitled to exemption from the requirement to have an audit under the provisions of Section 477 of the Companies Act 2006 for the period ended 31 January 2010.

The members have not required the company to obtain an audit of its financial statements for the period ended 31 May 2010 in accordance with Section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for:

- ensuring that the company keeps accounting records which comply with Section 386 of the Companies Act 2006; and
- preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for each financial year in accordance with the requirements of Section 396 and which otherwise comply with the requirements of the Companies Act relating to financial statements, so far as applicable to the company.

These financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

The financial statements and were approved and authorised for issue by the Board on 12 October 2010 and signed on its behalf by:

*Heather F. Robison*  
HEATHER ROBISON  
Director

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

#### **Basis of preparation**

The financial statements have been prepared under the historical cost convention and in accordance with the Statement of Recommended Practice – Accounting and Reporting by Charities (SORP 2005), the Charities and Trustee Investment (Scotland) Act 2005, the Financial Reporting Standard for Smaller Entities (effective April 2008) and the Companies Act 2006.

#### **Incoming resources**

Incoming resources are credited to the Statement of Financial Activities (SOFA) in the year they are received.

#### **Resources expended**

Expenditure is accounted for on an accruals basis:

- Charitable activities include expenditure associated with one of the charity's objects and principal activities;
- Governance costs include those incurred in the governance of the charity and its assets and are primarily associated with constitutional and statutory requirements;

#### **Restricted and unrestricted funds**

Restricted funds are those funds which are subject to specific conditions regarding their application. These conditions have been specified by the donors of funds.

Unrestricted funds are applied at the discretion of the Board of Directors in furtherance of the objectives of the company.

#### **Taxation**

The company has charitable status and accordingly there is no liability to taxation on the results for the year.

### 2 Remuneration of directors

No director received any remuneration during the year. No director received reimbursement of expenses during the year.

### 3 Incoming resources from charitable activities

	2010 £
Commissioned studies and research	10,619

**Notes** *(continued)*

**4 Charitable activities**

	<b>2010</b>
	<b>£</b>
Commissioned studies and research	<b>10,692</b>

**5 Governance costs**

	<b>2010</b>
	<b>£</b>
Independent examiner's fee – independent examination	<b>350</b>
Companies House filing fee	<b>15</b>
Bank charges	<b>40</b>
	<b>405</b>

**6 Reserves**

	Balance at 15 January 2009 £	Incoming Resources £	Outgoing Resources £	Balance at 31 January 2010 £
<i>Unrestricted funds</i>				
General fund	-	10,619	(11,097)	(478)

**7 Analysis of net assets across funds**

	Unrestricted Funds £	2010 £
Net current liabilities	-	(478)

**8 Related party transactions**

During the year the company used the services of an employee of LTS International Limited, a company in which Mrs Heather Robison is a director and shareholder. The company made purchases of £9,744 from LTS International Limited during the year and owed LTS International Limited £394 while being owed £132 from LTS International Limited at 31 January 2010.