



Water and Sanitation for the Urban Poor

Report and Financial Statements

for the year ended

31 March 2009

Company number 05419428

(a company limited by guarantee and not having a share capital)

WATER AND SANITATION FOR THE URBAN POOR

REFERENCE AND ADMINISTRATIVE DETAILS

For the year ended 31 March 2009

Constitution A not-for-profit company registered in England and limited by guarantee.

Company Number 05419428 Incorporated 9 April 2005

Governing Document Memorandum and Articles of Association

Registered Office 2-6 Cannon Street, London, EC4M 6YH

Operational Address Capital Tower, 91 Waterloo Road, London, SE1 8RT
website: www.wsup.com phone: 020 3170 0935

Directors Directors who served during the year and up to the date of this report were as follows:

Chair	William Day	Independent	
	Girish Menon	WaterAid	
	Edward Mitchell	Independent	
	Simon Parsons	Cranfield	(appointed 30 July 2009)
	William Peacock	Halcrow	
	Mark Salway	CARE	(appointed 19 May 2008)
	David Scott	Independent	
	David Tickner	WWF	
	Paulus Verschuren	Unilever	(appointed 30 April 2009)
	David Walton	Borealis & Borouge	
	Richard Aylard	Thames Water	(resigned 20 January 2009)
	Edward Breslin	Water for People	(removed 30 April 2009)
	Tom Stephenson	Cranfield	(resigned 30 June 2009)
	Anne Weir	Unilever	(resigned 14 October 2008)

Company Secretary Fiona Shaw

Principal Staff Sam Parker, Chief Executive

Bankers Barclays Bank PLC
50 Pall Mall, London, SW1A 1QA

Solicitors Bates Wells & Braithwaite London LLP
2-6 Cannon Street, London, EC4M 6YH

Auditors Sayer Vincent
Chartered accountants and registered auditors
8 Angel Gate, City Road, London, EC1V 2SJ

WATER AND SANITATION FOR THE URBAN POOR

REPORT OF THE DIRECTORS

For the year ended 31 March 2009

The Directors present their report and the audited financial statements for the year ended 31 March 2009.

The reference and administrative information set out on page 1 forms part of this report. The financial statements comply with current statutory requirements, the Memorandum and Articles of Association and the Statement of Recommended Practice (SORP) - Accounting and Reporting by Charities.

OBJECTIVES AND ACTIVITIES

The mission of Water and Sanitation for the Urban Poor (WSUP) is to advance the United Nations Millennium Development Goal (MDG) to halve by 2015 the proportion of people without sustainable access to safe drinking water and basic sanitation. It does this through multi-sector, stakeholder partnerships supporting local service providers (LSPs) to deliver environmentally sustainable, equitable and affordable water and sanitation services to the urban poor in developing countries.

The company's objects are:

- to relieve poverty and suffering in any part of the world through the improvement of water supplies and sanitation by researching, developing, scoping, delivering and/or monitoring sustainable and replicable water, sanitation and hygiene projects and programmes, in partnership with other organisations, that focus on achieving full service coverage for cities and mid-sized towns in the developing world with a particular focus on water and sanitation service provision at a level appropriate to the circumstances in low income areas;
- to advance education in relation to health and hygiene matters in the water and sanitation sector; and
- to do all other such benevolent things incidental or conducive to the provision of water and sanitation services and the above objects.

WSUP is an innovative partnership that draws on expertise from the private sector, NGOs and civil society to assist local authorities and private sector entrepreneurs to expand services to poor urban communities, working closely with the communities themselves. It operates as a not-for profit company.

Projects are selected, co-ordinated and monitored by the company's staff and Directors. Project development first assesses the local needs and evaluates service improvement options and then works with LSPs to secure funding for full scale implementation.

LSPs include: for water - utilities and small scale private suppliers; for sanitation - municipalities and small scale businesses that supply sanitation products and services; for hygiene – municipalities and Ministries of Health; for environment - Ministries of Environment and utilities.

STRUCTURE, GOVERNANCE & MANAGEMENT

Constitution

At 31 March 2009 the Members were:

Borealis & Borouge	(Borealis AG, registered in Austria FN 269858a and Borouge Pte Ltd, registered in Singapore 199801755H)
CARE International UK	(charity registration number 292506)
Cranfield University	(a charity incorporated by Royal Charter)
Halcrow Group Ltd	(company number 3415971)
Thames Water Plc	(company number 2366623)
Unilever Plc	(company number 29140)
WaterAid	(charity registration number 288701)
Water for People	(USA non profit registration number, 84-1166148)
WWF-World Wide Fund for Nature	(a foundation established under the Swiss Civil code)

At a meeting of the Directors on 30 April 2009, it was unanimously resolved to terminate the membership of Water for People due to non-compliance with the terms of the Membership Agreement. As a result, the Director appointed by Water for People was also removed from office.

After a change in ownership, at the end of their initial 3 year Membership term, Thames Water have become a non-fee paying founding partner.

WATER AND SANITATION FOR THE URBAN POOR

REPORT OF THE DIRECTORS

For the year ended 31 March 2009

Members of the company each guarantee to contribute an amount not exceeding £1 to the assets of the company in the event of winding up. The total number of such guarantees at 31 March 2009 was 9. The Directors have no beneficial interest in the company. New Members are approved by the Directors and will be admitted so as to maintain a balance between the Not-for-Profit and Private Sector Member categories.

Although the company is not a registered charity, the Directors consider that reporting in the format of the charity accounts SORP presents the most appropriate view of the company's affairs.

Method of Appointment of Directors

Each Member organisation appoints one of its employees to be a Director of the company. In addition, the Directors have appointed a Chair who is independent of the Members and they may also appoint other independent Directors to bring specific skills to the Board. Induction and training of Directors is provided as required.

Organisational Structure and Decision Making

The Directors meet four times each year to decide on strategic direction, key policies and legal requirements. They also decide which projects should progress to the next stage of development. At each meeting, every Director makes a declaration of conflicts of interest arising with any item on that meeting's agenda or the affairs of the company.

Day to day management of the company is delegated to the Chief Executive and other staff.

Risk Management

The Directors have considered the major risks to which the company is exposed and confirm that systems and controls have been established to manage those risks.

RELATED PARTIES - RELATIONSHIPS WITH OTHER ORGANISATIONS

Members

Member organisations may contribute towards the development and implementation of projects and are reimbursed for pre-approved staff time and expenses spent on the company's affairs. Some of these costs are also donated by the Members to the company as contributions in kind and these are shown both as income and expenditure. The value of the financial transactions with the Member organisations is detailed in note 13 to the accounts.

Each Member agrees to contribute a specific amount of funding annually to the company:

Borealis & Borouge	£50,000
CARE International UK	£30,000
Cranfield University	£20,000
Halcrow Group Ltd	£30,000
Unilever Plc	£50,000
WaterAid	£30,000
WWF-World Wide Fund for Nature	£30,000

WSUP India

In order for WSUP to operate projects in India, a company called WSUP India was incorporated on 13 June 2006. It is a Section 25 not-for-profit company limited by shares. The issued share capital is 1,000 shares at 100 Indian Rupees each, of which 999 are owned by WSUP and the remaining 1 share is owned by Brian Allum a former Director of WSUP representing Thames Water. See note 15 for details of the financial transactions.

Funders

The company reports regularly to funders on progress against plans.

WATER AND SANITATION FOR THE URBAN POOR

REPORT OF THE DIRECTORS

For the year ended 31 March 2009

ACHIEVEMENTS AND PERFORMANCE

WSUP continued to make good progress towards its dual goals of “Stronger Service Providers, Better Services for All”.

The WSUP Project portfolio now consists of 9 projects in 8 countries across Africa and South East Asia: Naivasha and Gatwekera, Nairobi (Kenya), Antananarivo (Madagascar), Maputo (Mozambique), Lusaka (Zambia), Bamako (Mali), Kumasi (Ghana), Bangalore (India) and Dhaka (Bangladesh).

The project portfolio has begun to deliver better services in a number of cities. Through its programme, WSUP supported local service providers to deliver improved water services for 25,000 and improved sanitation and hygiene for 75,000 urban poor people. At the same time, WSUP helped to build the service provider capacity to sustain and expand those services over time.

Safe and affordable water services have been delivered in Antananarivo and Nairobi. In Antananarivo, peri-urban residents, previously relying on unsafe ground water sources, were connected to the municipal network and are enjoying lower cost, better quality water.

In Nairobi and in Dhaka, new water infrastructure reaching the informal settlements is under construction and is in the process of being connected to the city network. In Nairobi, community based management groups have taken responsibility for design, construction and operation of the services, while in Dhaka, this was done through local contractors with the community based organisations assuming responsibility for collecting revenue for the services.

Sanitation improvements were achieved in several cities through upgrading of household level facilities such as in Bangalore and through construction of community sanitation services connected to the municipal network such as in Antananarivo. These improved services have greatly reduced the risks of ill-health which are a common feature in the peri-urban and slum communities of these cities.

Sanitation promotion in urban areas has shown early signs of increasing demand for upgrading sanitation in households; this has been seen in Naivasha and Maputo. The fragmented nature of urban slums and the lack of space mitigates against large scale and uniform uptake of upgraded sanitation facilities and WSUP is now investigating wider scale city promotion as a means of achieving more scale. In Antananarivo, work began on strengthening the supply side with lower cost latrine slab designs and more efficient distribution.

Hygiene promotion campaigns for urban communities in all of WSUP project sites reached over 58,000 people either through large community events or localised community networks.

Stronger service provider capacity was achieved in a number of countries by focusing on areas which are key to sustaining improved services for the poor such as: network extension design, non revenue water reduction, financial modelling, communications and differentiated service levels.

Capacity building was also undertaken with local private sector suppliers both of water and sanitation services – especially in Maputo, Nairobi and Antananarivo. It is often these suppliers that serve the lower income consumers who live outside the municipal network. WSUP assisted with business planning, contracting, revenue collection systems and organisational development.

Local community structures were also supported in building their capacity to operate effectively. For example three community based organisations in Nairobi were formed, registered and assisted to develop procurement, management and organisational processes. These groups are now actively engaged in the management of the water and sanitation services to their community.

While good progress was made, the pace of improvements has frequently been slowed by external factors outside WSUP's control such as political turmoil, change of key government officials and, in some cases, by vested interests – i.e. those who benefit from selling high priced water to the urban poor.

There is growing appreciation from local authorities of WSUP's support. Jose Ramampanjaka, Director of Water in the Madagascar capital's utility, JIRAMA, states: “urban services are a real challenge and we need serious programmes...WSUP is the most appropriate partner we have got, the experience of its members is invaluable...we are not accustomed to this type of approach... since WSUP is helping us in this way, we will be able to make the water supply expand to the low income areas...the approach is really adapted to the local context in which we live...WSUP can help us approach the target population that we are not currently serving...WSUP and my utility are working together to bring water to the urban poor..”

WATER AND SANITATION FOR THE URBAN POOR

REPORT OF THE DIRECTORS

For the year ended 31 March 2009

Additional funding support was secured from the Rockefeller Foundation, USAID and the UN Habitats programme which enabled WSUP to further the work in Gatwekera, Bamako and Naivasha. The staff team was strengthened with additional project staff recruited in-country and also in the WSUP Secretariat team in London.

WSUP produced its first corporate video which tells the story of WSUP's work in Kenya. The video has helped greatly in explaining WSUP's mission and strategy to a wide audience and can be viewed on the website www.wsup.com.

FINANCIAL REVIEW

The company made a surplus of income over expenditure of £445,180, primarily as a result of receiving advance payments in restricted funds.

In addition to this, an unrealised exchange gain of £266,270 was made on bank balances held in US dollars received from the Bill & Melinda Gates Foundation. This reflects currency movements between the date the funds were received by WSUP and the year end and, under the terms of the grant agreement, must be applied to the related project activities.

The company receives income from 2 main sources: restricted grants from institutional funders and unrestricted contributions from Members.

WSUP is currently reliant on contributions from its Members for its unrestricted income. Any amounts outstanding from Members at the year end are included in accrued income.

Expenditure increased considerably this year as the organisation has passed its set-up phase and more projects moved into their development and implementation stages.

Compared to charities of a similar size, the company has relatively high Governance costs. However, unlike charities, the company accounts for the time Directors spend on Governance matters. These costs form part of the in kind contributions from Members.

The timing of, reporting from, and hence payments to projects after the end of the relevant period combined with the receipt of grants in advance has resulted in comparatively high cash and creditors balances at the year end.

The Directors have considered the appropriate level of reserves required to ensure that all existing commitments are met. The Directors estimate this to be a time period of 6 months and thus the reserves policy is to have 6 months cover for unrestricted operational expenditure. This can only be accumulated from unrestricted funds.

At 31 March 2009 the company had free reserves (excluding unrestricted fixed assets) of £232,029. The Directors consider this to be sufficient for the current requirements of the company.

PLANS FOR THE FUTURE

WSUP will maintain its focus on the existing countries in which it now operates, with the aim of progressing towards its target of reaching 3.5 million people by 2015.

On water services, WSUP will deepen its partnership with service providers, providing operational support, performance improvement, building capacity and raising the priority of low income consumers in service provider strategies. This support will increasingly move towards output based remuneration with clear incentives for both WSUP and the service providers to reach programme targets.

On sanitation, WSUP will increase focus on assisting municipal authorities with city-wide sanitation plans. This will begin to scale up the impact of the localised sanitation work that WSUP has been supporting to date.

WATER AND SANITATION FOR THE URBAN POOR

REPORT OF THE DIRECTORS

For the year ended 31 March 2009

WSUP will continue to work to find better ways of improving services to the urban poor, always with an eye to sustainability and scalability. WSUP is committed to demonstrating models that can be adopted by the existing international funding community and national governments. Delivery of services to the urban poor in a financially and environmentally sustainable way must become a routine component of urban upgrading programmes if the world is to meet the MDGs for urban areas.

Funding applications will be made to a wide variety of multi-lateral and bi-lateral funders as well as to Foundations. Additional grants for 2009-10 have already been secured from the Coca Cola Foundation and from USAID.

The Directors have started a review of WSUP's membership model with a view to opening up new types of membership where this adds value to the programme and strengthens the organisation.

STATEMENT OF RESPONSIBILITIES OF THE DIRECTORS

The Directors are required to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the company and the incoming resources and application of resources, including the net income or expenditure, of the company for the year. In preparing those financial statements the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards and statements of recommended practice 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 company will continue in operation.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and which enable them to ensure that the financial statements comply with the Companies Act 1985. The Directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Each of the Directors confirms that to the best of their knowledge there is no information relevant to the audit of which the auditors are unaware. Each of the Directors also confirms that they have taken all necessary steps to ensure that they themselves are aware of all relevant audit information and that this information has been communicated to the auditors.

AUDIT

The turnover for the company is below the statutory threshold for audit. However, the Directors consider that it is consistent with WSUP's values of transparency and inclusivity that the accounts should be externally audited.

Sayer Vincent were re-appointed as the company's auditors during the year and have expressed their willingness to continue in that capacity.

Approved by the Directors on 29 October 2009 and signed on their behalf by:



William Day - Chair

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF
WATER AND SANITATION FOR THE URBAN POOR

We have audited the financial statements of Water and Sanitation for the Urban Poor for the year ended 31 March 2009 which comprise the statement of financial activities, balance sheet and related notes. These financial statements have been prepared in accordance with the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members 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 company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Directors and auditors

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) as set out in the statement of responsibilities of the Directors.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We report to you whether, in our opinion, the information given in the the annual report of the Directors is consistent with the financial statements. We also report to you if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding the Directors' remuneration and other transactions is not disclosed.

We read the annual report, and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice of the company's state of affairs as at 31 March 2009 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended; and
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' report is consistent with the financial statements.

30th October 2009

Sayer Vincent

SAYER VINCENT
Chartered accountants & registered auditors, London

WATER AND SANITATION FOR THE URBAN POOR

STATEMENT OF FINANCIAL ACTIVITIES (incorporating an income and expenditure account) For the year ended 31 March 2009

	Note	Restricted £	Unrestricted £	2009 Total £	2008 Total £
INCOMING RESOURCES					
<i>Incoming resources from generated funds</i>					
Grants	2	2,354,270	-	2,354,270	1,772,573
Member contributions	3	-	230,753	230,753	391,570
Donations		-	-	-	51
Investment income		41,306	7,752	49,058	29,772
TOTAL INCOMING RESOURCES		<u>2,395,576</u>	<u>238,505</u>	<u>2,634,081</u>	<u>2,193,966</u>
RESOURCES EXPENDED					
<i>Costs of generating funds</i>					
		181,829	82,850	264,679	135,167
<i>Activities</i>					
Projects		1,496,527	92,583	1,589,110	803,537
Project co-ordination		124,886	38,177	163,063	356,719
Advocacy and communications		51,721	25,087	76,808	52,376
<i>Governance costs</i>		76,411	18,830	95,241	84,134
TOTAL RESOURCES EXPENDED	4	<u>1,931,374</u>	<u>257,527</u>	<u>2,188,901</u>	<u>1,431,933</u>
Net incoming resources before other recognised gains and losses		464,202	(19,022)	445,180	762,033
Unrealised exchange rate gains		266,270	-	266,270	-
NET MOVEMENTS IN FUNDS		<u>730,472</u>	<u>(19,022)</u>	<u>711,450</u>	<u>762,033</u>
Total Funds brought forward		833,241	251,573	1,084,814	322,781
TOTAL FUNDS CARRIED FORWARD		<u><u>1,563,713</u></u>	<u><u>232,551</u></u>	<u><u>1,796,264</u></u>	<u><u>1,084,814</u></u>

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in Note 12 to the financial statements.

WATER AND SANITATION FOR THE URBAN POOR

BALANCE SHEET

At 31 March 2009

	Note	2009 £	2008 £
TANGIBLE FIXED ASSETS	8	<u>14,957</u>	<u>24,625</u>
Current assets			
Debtors	9	141,973	338,948
Short term bank deposits		2,019,380	1,075,000
Cash at bank and in hand		177,218	107,325
		<u>2,338,571</u>	<u>1,521,273</u>
Liabilities			
Creditors: amounts due within one year	10	(557,264)	(461,084)
NET CURRENT ASSETS		<u>1,781,307</u>	<u>1,060,189</u>
NET ASSETS	11	<u>1,796,264</u>	<u>1,084,814</u>
Funds	12		
Restricted funds			
In surplus		1,577,465	833,241
In deficit		(13,752)	-
Unrestricted funds			
General funds		232,551	251,573
TOTAL FUNDS		<u>1,796,264</u>	<u>1,084,814</u>

Approved by the Directors on 29 October 2009 and signed on their behalf by:



William Day - Chair

WATER AND SANITATION FOR THE URBAN POOR

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2009

1 ACCOUNTING POLICIES

a) Basis of Preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards and the Companies Act 1985.

They follow the recommendations in the Statement of Recommended Practice, Accounting and Reporting by Charities (except as noted below) as, although the company is not a registered charity, it operates in a similar manner and this framework is considered to be the most appropriate to demonstrate the company's activities.

The accounts of the subsidiary company WSUP India have not been consolidated again this year. However, note 15 has full details.

b) Member Contributions

Member contributions are accounted for when due under Membership agreements. Contributions are settled either in kind or in cash.

Contributions in kind are valued at cost to the Members and hence the unit costs invoiced may vary between the different organisations.

c) Incoming Resources

Revenue grants are credited to the statement of financial activities when received or receivable whichever is earlier.

Where unconditional entitlement to grants receivable is dependent upon fulfilment of conditions within the company's control, the incoming resources are recognised when there is sufficient evidence that conditions will be met. Where there is uncertainty as to whether the company can meet such conditions the incoming resource is deferred.

d) Fund Accounting

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund.

Unrestricted funds are donations and other incoming resources received or generated for general purposes.

e) Resources Expended

Resources expended are recognised in the period in which they are incurred. Resources expended include attributable VAT which cannot be recovered.

Resources expended are allocated to the particular activity where the cost relates directly to that activity. However, the centrally managed costs, such as general office facilities, are apportioned to the activities proportional to staff time.

Costs of generating funds are those costs expended in preparing grant submissions both for WSUP and also on behalf of the LSP partners in-country. This latter income will not be received by WSUP.

Governance costs are the costs associated with meeting the company's constitutional and statutory requirements and include any costs relating to the strategic management of the company's activities.

f) Operating leases

Rentals payable under operating leases, where substantially all the risks and rewards of ownership remain with the lessor, are charged to the Statement of Financial Activities on a straight line basis over the minimum lease term.

WATER AND SANITATION FOR THE URBAN POOR

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2009

1 ACCOUNTING POLICIES (continued)

g) Foreign currency transactions

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate prevailing at the date of the transaction. Exchange differences are taken into account in arriving at the net incoming resources for the year.

h) Fixed Assets

Items of equipment are capitalised at cost where the purchase price exceeds £1,000. Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use.

Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life. The assumed useful lives are as follows:

Computer and Office Equipment	4 years
Project Motor Vehicles	4 years

2 GRANTS

	Restricted £	Unrestricted £	2009 Total £	2008 Total £
DFID	796,887	-	796,887	809,375
KfW	79,605	-	79,605	68,686
Bill & Melinda Gates Foundation	1,264,542	-	1,264,542	867,512
Rockefeller Foundation	168,583	-	168,583	-
UN-Habitat	23,267	-	23,267	-
Other Grants	21,386	-	21,386	27,000
Total	2,354,270	-	2,354,270	1,772,573

3 MEMBER CONTRIBUTIONS

	Restricted £	Unrestricted £	2009 Total £	2008 Total £
Members' annual contributions	-	230,753	230,753	331,570
Members' joining fees	-	-	-	60,000
Total	-	230,753	230,753	391,570

See Note 13 for details.

WATER AND SANITATION FOR THE URBAN POOR

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2009

4 TOTAL RESOURCES EXPENDED					2009	2008
	Staff costs £	Member salary costs £	Other costs £	Support £	Total £	Total £
Fundraising	118,511	20,563	100,468	25,137	264,679	135,167
Projects	288,059	284,423	955,529	61,099	1,589,110	803,537
Project Co-ordination	48,652	64,260	39,832	10,319	163,063	356,719
Advocacy & Communication	24,679	1,025	45,870	5,234	76,808	52,376
Governance	23,921	36,220	30,026	5,074	95,241	84,134
Support	49,546	-	57,317	(106,863)	-	-
Total resources expended	553,368	406,491	1,229,042	-	2,188,901	1,431,933
Year ended 31 March 2008	340,713	390,109	701,111	-	1,431,933	

5 NET INCOMING RESOURCES FOR THE YEAR			2009	2008
This is stated after charging / crediting:			Total £	Total £
Depreciation			9,668	9,669
Operating lease rentals:				
▪ property			48,629	33,220
Auditors' remuneration:				
▪ audit			10,398	7,559
Directors' remuneration			10,200	9,485
Directors' reimbursed expenses			470	308

Directors' remuneration and expenses are payments made to the independent Chair for his time spent on the affairs of the company and his related expenses.

6 OPERATING LEASE COMMITMENTS

The company had annual commitments at the year end under operating leases expiring as follows:

	Property £	Equipment £	2009 Total £	2008 Total £
Less than 1 year	22,385	-	22,385	-
	22,385	-	22,385	-

In July 2009, after the year end, a 12 month property lease was entered into for £51,395.

WATER AND SANITATION FOR THE URBAN POOR

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2009

7 STAFF COSTS AND NUMBERS	2009	2008
	Total	Total
	£	£
Salaries and wages	297,430	174,649
Social security costs	32,610	19,517
¹ Pension contributions	14,828	9,394
	<hr/>	<hr/>
	344,868	203,560
² WSUP in-country project staff salaries	126,023	51,932
³ Seconded staff	71,664	75,736
Directors' remuneration (note 5) including social security costs.	10,813	9,485
	<hr/>	<hr/>
	553,368	340,713
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¹ The company matches payments made by employees into their personal pension plans up to a pre-determined proportion of their salary. These costs are charged to the Statement of Financial Activities as incurred.

² Local in-country project staff are employed on WSUP's behalf by its local Members' offices. The salary, tax and any other offices costs related to the hosting arrangement are reimbursed to the Members.

³ During the year the Environment Agency seconded an employee to the company at a cost of £71,664 (2008 £75,736).

The number of employees whose emoluments fell within the following bands:

	2009	2008
£60,000 - £69,999	-	1
£70,000 - £79,999	1	-
	<hr/> <hr/>	<hr/> <hr/>

During the year, pension contributions on behalf of these staff amounted to £3,996 (2008 £3,996).

The average weekly number of employees (full-time equivalent) during the year was as follows:

	2009	2008
	No.	No.
Fundraising	1.5	1.0
Projects, including local project staff	10.0	2.5
Project Co-ordination	1.0	1.5
Advocacy and communications	0.5	0.5
Governance	0.5	0.5
Support	1.5	1.0
	<hr/>	<hr/>
	15.0	7.0
	<hr/> <hr/>	<hr/> <hr/>

WATER AND SANITATION FOR THE URBAN POOR

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2009

8 TANGIBLE FIXED ASSETS

	Vehicles	Computer Equipment	Total
	£	£	£
Cost			
At 1 April 2008	22,862	15,813	38,675
Additions in year	-	-	-
At 31 March 2009	<u>22,862</u>	<u>15,813</u>	<u>38,675</u>
Depreciation			
At 1 April 2008	5,716	8,334	14,050
Charge for the year	5,715	3,953	9,668
At 31 March 2009	<u>11,431</u>	<u>12,287</u>	<u>23,718</u>
Net book value			
At 31 March 2009	<u>11,431</u>	<u>3,526</u>	<u>14,957</u>
At 31 March 2008	<u>17,146</u>	<u>7,479</u>	<u>24,625</u>

9 DEBTORS

	2009 Total £	2008 Total £
Trade debtors	1,787	65,217
Prepayments and accrued income	140,186	273,731
	<u>141,973</u>	<u>338,948</u>

10 CREDITORS: AMOUNTS DUE WITHIN 1 YEAR

	2009 Total £	2008 Total £
Trade creditors	215,535	228,773
Taxation and social security	10,729	7,475
Accruals	327,402	221,604
Other creditors	3,598	3,232
	<u>557,264</u>	<u>461,084</u>

WATER AND SANITATION FOR THE URBAN POOR

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2009

11 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Restricted £	Unrestricted £	2009 Total £
Tangible fixed assets	14,435	522	14,957
Net current assets	1,549,278	232,029	1,781,307
Net assets at the end of the year	1,563,713	232,551	1,796,264

12 MOVEMENTS IN FUNDS

	At the start of the year £	Incoming resources £	Outgoing resources £	Transfers £	Exchange gain/(loss) £	At the end of the year £
Restricted funds:						
DFID	73,498	796,887	(834,243)	-	-	36,142
KfW	20,065	79,605	(11,716)	-	-	87,954
BMG Foundation	712,678	1,305,848	(960,515)	-	266,270	1,324,281
Rockefeller Foundation	-	168,583	(52,550)	-	-	116,033
UN-Habitat	-	23,267	(37,019)	-	-	(13,752)
Other	27,000	21,386	(35,331)	-	-	13,055
Total restricted funds	833,241	2,395,576	(1,931,374)	-	266,270	1,563,713
Unrestricted funds:						
General funds	251,573	238,505	(257,527)	-	-	232,551
Total funds	1,084,814	2,634,081	(2,188,901)	-	266,270	1,796,264

Purposes of restricted funds:

DFID	To cover the costs of 2 pilot projects up to and including implementation stage. Also to cover the costs of other projects up to and including scoping stage, as well as the running costs of WSUP. These latter items are part funded by DFID with the remainder to be matched by contributions from Members. We certify that the DFID grant was spent in accordance with the terms agreed.
KfW	Received from the German Federal Ministry for Economic Cooperation and Development through KfW Entwicklungsbank to cover the scoping or feasibility costs of projects.
BMG	A grant from the Bill & Melinda Gates Foundation covering the Development stage for 2 projects and the implementation stage for a further 2 projects, also for capacity building, environmental management, monitoring & evaluation and towards the overall organisational costs. It is paid annually in advance.
Rockefeller	Towards the Development stage of the Gatwekera project.
UN-Habitat	Towards the pilot Implementation phase of the Naivasha project, payable in arrears.

WATER AND SANITATION FOR THE URBAN POOR

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2009

13 RELATED PARTY TRANSACTIONS

Cost of services provided by Members to WSUP

							2009	2008
	Fundraising	Projects	Project Coordination	Advocacy & Communication	Governance	Support	Total Costs	Total
	£	£	£	£	£	£	£	£
Borealis & Borouge	-	-	2,375	-	2,919	-	5,294	2,412
CARE International	1,473	195,483	43,634	-	5,201	1,793	247,584	282,932
Cranfield University	-	(1,041)	47,836	(20)	10,874	-	57,649	72,004
Halcrow Group Ltd	28,139	210,036	20,957	2,112	10,386	-	271,630	269,053
Thames Water Plc	-	-	-	-	-	-	-	52,852
Unilever Plc	-	-	2,280	-	3,223	-	5,503	20,279
WaterAid	-	80,300	23,392	-	3,603	-	107,295	84,665
Water for People	-	-	-	-	-	-	-	8,193
WWF	-	74,619	14,768	-	2,589	-	91,976	86,673
	29,612	559,397	155,242	2,092	38,795	1,793	786,931	879,063

Membership Contributions made to WSUP

	During the Year			2009	2008
	Accrued	Cash	In Kind	Total	Total
	£	£	£	£	£
Annual contributions					
Borealis & Borouge	44,706	-	5,294	50,000	23,014
CARE International UK	10,591	-	19,409	30,000	30,000
Cranfield University	-	-	10,753	10,753	20,409
Halcrow Group Ltd	4,436	-	25,564	30,000	30,000
Thames Water Plc	-	-	-	-	88,147
Unilever Plc	44,497	-	5,503	50,000	50,000
WaterAid	18,859	-	11,141	30,000	30,000
* Water for People	-	-	-	-	30,000
WWF-World Wide Fund for Nature	9,828	-	20,172	30,000	30,000
	132,917	-	97,836	230,753	331,570
Joining Fees					
Borealis & Borouge	-	-	-	-	50,000
* Water for People	-	-	-	-	10,000
	-	-	-	-	60,000
	132,917	-	97,836	230,753	391,570

In kind contributions comprise pre-approved staff time and expenses spent on the company's affairs.

Annual contributions are accrued up to the level due under Membership agreements after taking account of in kind contributions. The net cumulative shortfall for Cranfield is planned to be met by additional in kind contributions in the coming year.

Joining Fees are one-off fees agreed when new Members join WSUP.

* These amounts are unpaid and have been written off in the year.

WATER AND SANITATION FOR THE URBAN POOR

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2009

13 RELATED PARTY TRANSACTIONS (continued)	2009	2008
	Total	Total
	£	£
Grants Received from Members		
In addition to the annual Membership contributions, grants were also received from Member organisations for the following projects:		
CARE Mozambique (for the Maputo project)	9,355	-
WWF-World Wide Fund for Nature (for the Naivasha project)	9,030	-
	18,385	-
	18,385	-

At 31 March 2009 balances with Members were as follows:

These amounts are included within the Debtors and Creditors figures in Notes 9 and 10.

	due to WSUP	due from WSUP	Net balance at 31 March 2009	Net balance at 31 March 2008
	£	£	£	£
Borealis & Borouge	44,706	-	44,706	20,602
CARE International UK	10,591	(128,446)	(117,855)	(57,161)
Cranfield University	-	(42,293)	(42,293)	5,290
Halcrow Group Ltd	4,436	(92,924)	(88,488)	(81,777)
Thames Water Plc	-	(52,357)	(52,357)	(52,357)
Unilever Plc	44,497	-	44,497	29,721
WaterAid	18,860	(13,824)	5,036	1,676
Water for People	-	-	-	56,807
WWF-World Wide Fund for Nature	10,149	(20,698)	(10,549)	5,297
	133,239	(350,542)	(217,303)	(71,902)
	133,239	(350,542)	(217,303)	(71,902)

14 TAXATION

Corporation Tax

The grant income and contributions received from Members are not subject to Corporation Tax. The Directors have made an accrual on a prudent basis in case the bank interest and exchange gains are deemed to be taxable. However, the Directors consider that these form part of the grant because the funder specifies how they must be spent and therefore that they are not taxable. Confirmation is being sought from HMRC.

For the year ended 31 March 2009 the potential liability is £67,560 (2008 £5,954).

VAT

In common with many other not-for-profit organisations, WSUP is not registered for VAT because its income falls outside the scope. As a result, WSUP cannot recover the VAT incurred on expenditure invoiced by its suppliers.

Despite requesting all applicable exemptions, in the year ended 31 March 2009 the irrecoverable VAT was £67,275 (2008 £61,239).

This is charged to same cost categories on the statement of financial activities when the expenditure to which it relates is incurred.

WATER AND SANITATION FOR THE URBAN POOR

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2009

15 WSUP INDIA

During the year, the company made total transfers to WSUP India of £106,000 (2008 £12,569) from the DFID pilot projects fund. This is included in Project expenditure in these accounts and is shown as income received in the WSUP India accounts.

Of this, the funds balance at 31 March 2009 was £48,525 (valued at the balance sheet date) and is included in the Net Funds figure below (2008 £-3,600).

In addition, a grant was received locally from the Karnataka State Pollution Control Board. This was unspent at the year end and is included in Current Assets below at £13,485 (2008 nil).

A summary of the balance sheet of WSUP India at 31 March 2009, converted from Rupees using the exchange rates prevailing at the respective year ends, was as follows:

	2009	2008
	Total	Total
	£	£
Net Fixed Assets	24,340	138
Current Assets	41,075	340
Current Liabilities	(2,057)	(2,822)
NET ASSETS	63,358	(2,344)
Restricted Funds		
WSUP UK - DFID	48,525	(3,600)
Karnataka State Pollution Control board	13,485	-
	62,010	(3,600)
Unrestricted Funds		
Share Capital	1,348	1,256
TOTAL FUNDS	63,358	(2,344)

The full audited accounts of WSUP India are available, on request, from the London office address.