



# VILLAGE WATER LIMITED

---

(A company limited by guarantee)

Report and Financial Statements  
for the Year Ended  
31 December 2009

Company number: 05970344

Registered charity number: 1117377



<b>Contents</b>	<b>Page</b>
Company information .....	3
Statement from our founder .....	4
The Report of the Trustees:	
Introduction from the CEO.....	5
Governance and structure.....	6
Objectives of the charity .....	6
Who uses and benefits from our services?.....	6
Our strategy .....	7
Operations in Africa.....	8
Zambia Staff.....	9
UK Trustees and Staff.....	10
Village Water's Work.....	12
Financial Review .....	21
The Programme Year.....	21
The consolidated Statement of Financial Affairs.....	21
Statement of Trustees' Responsibilities.....	25
Statement of Financial Activities.....	26
Balance Sheet.....	26
Notes to the accounts .....	28
Report of the Independent Auditors.....	34

## Company information

The organisation is a charitable company limited by guarantee, incorporated on 18 October 2006. The company has no share capital. Each member guarantee is limited to £10.

Company registration number: 5970344      Charity registration number: 1117377

### ***Trustees***

Mr David Dixon  
Mr John Irwin  
Mr John (Guy) Hudson  
Mr Hugh Woodhouse  
Mrs Jane Thurnell-Read  
Mr Richard Pither

### ***Secretary***

Mr John Irwin

### ***Registered Office***

Knoll Barn  
Tong Norton  
Shifnal  
Shropshire  
TF11 8PX

### ***Advisers***

#### ***Auditors***

Harmer Slater Limited  
Salatin House  
19 Cedar Road  
Sutton  
Surrey SM2 5DA

#### ***For further information please contact:-***

Ms Ellie Smith  
Village Water  
Unit 20a,  
Business Development Centre,  
Stafford Park 4  
Telford  
Shropshire TF3 3BA UK

Telephone: +44 (0) 845 1902582

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

## Statement from our founder

Welcome to Village Water's Annual Report for 2009. This has been another highly successful year for us in which we have provided clean water, sanitation and hygiene education to near 18,000 of some of the poorest people in Africa. We would like to thank all who have made this possible through generous support of our work, and your shared commitment to see those in rural communities living healthy, fulfilling lives with safe water and sanitation facilities.



Village Water helps rural communities to develop by delivering sustainable water, sanitation and hygiene education (WASHE) projects in Sub-Saharan Africa. With a focus on self-help, community mobilisation, capacity building and sustainability, our projects are focussed on maintaining long-term success. We are constantly trying to improve the way we provide these services to our beneficiaries so that each donation goes further.

A quote from the chairman of Nalituya Village's water committee; a village that the Rotary Club of Norwich Blackfriars sponsored in 2007 and we revisited in September 2009:

*"With the help of the clean safe water we have forgotten about diarrhoea cases which we had before... at rural health centre I checked on the data of my village and there was not one case of diarrhoea." (Diarrhoea is the biggest killer of children in Africa because it strikes so quickly)*

*Extra water enables larger quantities of crops to be grown... "Last year we initiated a vegetable garden which has so far given us a bit of money which is giving us all the encouragement and the power, even (if) our pump breaks down today, if the seals finish, we have money to go to buy spare parts"*

*"[The work of Village Water] has even brought us together and taught everyone to work together in all developmental activities... This year we are going to plough 3 hectares of rice so that this money should help the people who are not able in our village, especially those who are sick, elderly people, those without parents; sometimes we buy them books for when they go to school."*

For the 2009 programme, Village Water received funds for supporting schools and communities with water and sanitation facilities. These funds have given 69 communities and six schools access to clean and safe drinking water and hygiene education. The funds also supported new latrines in nine schools.

There is still however a great need for our help. Without our supporters, none of our activities would be possible. In the coming years we will continue to rely on all our supporters, to help us meet the ambitious Millennium Development Goals we are committed to reaching in the areas where we work. Thank you for your continued support.

Handwritten signature of David Dixon in blue ink.

**David Dixon, Founding Trustee**

## The Report of the Trustees

### Introduction from the CEO

2009 saw Village Water maturing and improving the delivery processes, particularly of the hygiene and sanitation training and the monitoring and evaluation (M&E) practices. We also had our first year of providing services to schools. We added 3 new trustees who have brought essential additional skills to the management of Village Water. Our income has risen allowing us to deliver more to our beneficiaries.

At the time of writing, we have provided life-enhancing development to more than 65,000 of Africa's poorest people. For a small charity, whose activities started 5 years ago it has been rather humbling to see just how much can be achieved with relatively few resources in the right circumstances.

Some of the reasons why sponsors choose to fund our work...

The United Nations Development Programme (UNDP) has measured that water and sanitation have more effect on development than any other drivers such as health, education or energy.

<http://www.undp.org/water/priorityareas/supply.html>.

The Village Water team are particularly effective in rapidly turning sponsor's funds into clean water and high standards of hygiene and sanitation in communities on the ground. A professional independent reviewer has rated our delivery as "highly exceptional and especially worth visiting to see what has been achieved".

We are especially effective in giving good value for money, being carefully managed to deliver well- tried and established methods. Our projects are often visited by our sponsors who can see for themselves 'before' and 'after' villages. I can say for myself that sometimes I have literally not recognised the villages a year after working on our WASHE programme.

So what we do – we and our sponsors believe - has more effect on the development of communities than probably anything else in terms of value-for-money – it is the most effective way of bringing benefits of all kinds to a community. Children attending school, gender equality, a massive reduction in often fatal water-borne diseases, agricultural productivity, better nutrition, - and prosperity all follow. And the populations grow because of friends and family moving into a 'lucky' village. We have seen a multiplier effect where populations treble mainly through migration and then new schools and health centres being built as a result.

I invite you to come and see the communities benefitting from our work and join in with the celebrations when we do our inspections - the welcome and gratitude is very moving and the improvements are real.

A handwritten signature in black ink, appearing to read 'Guy Hudson', with a long horizontal line extending to the right underneath the name.

**Guy Hudson, CEO**

## The Report of the Trustees (continued)

### Governance and structure

Village Water has been incorporated as a charitable company limited by guarantee and constituted by Memorandum and Articles of Association since 18 October 2006. The company has been registered with the Charity Commission (1117377) since 22 December 2006. Village Water Zambia, the operational arm, became a Zambian-registered Non-Government Organisation (NGO) (ORS/102/35/3491) in 2007.

From 2009 the accounts in both Zambia and UK are externally audited. Prior to that Zambia was audited and the UK accounts were inspected by a qualified chartered accountant. We put considerable effort into ensuring we have good financial controls and traceability right out as far as our field operations.

### Objectives of the charity

- To increase access to reliable, safe, clean drinking water supply and sanitation facilities in rural communities of Sub-Saharan Africa.
- To promote health and hygiene education among those villages and schools and to monitor the effects of our work.
- To develop capacity in pump management and maintenance at community level.
- To make the benefits of our interventions endure year after year – this is what we mean by “Sustainable Water and Sanitation”.

### Who uses and benefits from our services?

So far, 65,000 of some of the poorest rural people in Africa have benefitted from our interventions. Frequently they have limited access to basic services. These communities typically collect their water from unprotected and unsafe scoop holes in the ground. Thus these people suffer from a high incidence of water-borne diseases, and most live far from health facilities.

The communities we serve are rural villages and schools. Water and Sanitation Programmes have a substantial impact on the health of community members. Providing integrated water, sanitation and hygiene to communities has been shown to reduce the number of deaths caused by diarrhoeal diseases by 65%. (WHO). Over 80% of the health conditions presented at health institutions are diseases related to poor sanitation (Zambian Ministry of Health). In some villages we have seen water-borne disease disappear. However according to an impact study commissioned in 2009 by Village Water In Kaoma District, *comparing the 12 Village Water villages with 12 neighbouring control villages, bilhazias (schistosomiasis), eye and skin diseases showed a halving in their incidence. However, the incidence of the biggest killer of children, diarrhoea, was only one third in villages where VW had intervened compared with the non-intervention control villages.*

Providing clean water on its own is not sufficient to stop the vectors of water borne disease (WHO) so early on Village Water’s field staff insisted that we include full WASHE programmes for each community.

## **The Report of the Trustees (continued)**

### **Our strategy**

We are currently working on a five-year strategy which includes the following themes:

**Income Generation:** how, who, where, when will we seek funding? A mix of charitable funds and possibly major donors (who may want to fund the achievement of Millennium Development Goals for water and sanitation) and fund raising activities such as music festivals and a supporters club.

**Services rendered:** expanding and improving hygiene and sanitation education processes and methods. We want to develop activities such as “100% sanitation” football, which is highly motivational. We also wish to expand into other districts and provinces according to unmet needs, such as the inaccessible districts on the west side of the Zambezi River.

We shall develop our pump and well technologies that are time and cost saving.

As a separate opportunity, we could develop community-based forestry projects to allow communities to have a long term sustainable source of income.

When funding becomes available, we can take our expertise to other sub-Saharan African countries.

## Village Water's Operations in Africa



Village Water's shared office in Lusaka.

We have three centres of activity in Zambia. Field Director Elisha Ngonomo works in the capital city, Lusaka, where he has developed close contacts with key players in the water & sanitation sector. He is assisted by our accountant Mrs Chichoni, who coordinates the finance, banking, budgeting and financial control as well as purchasing of materials, equipment and spares. Elisha visits our two field bases frequently to monitor progress and support our field workers.

Village Water's two bases for field operations in the Western Province are in Kaoma and Mongu. Kaoma is headed by an experienced and nationally highly regarded

District Manager Mr Renny Mwanamambo. He is assisted by Mr Jameson Lubingo and a team of volunteer water and health workers who undertake the community mobilisation in their large district, also Lukulu District. Mongu employs staff who have backgrounds in environmental health and water engineering, all of whom have many years' experience in community development since they were trained and began working as a team in 1986. They manage work in both Mongu District and Senanga District.

All our teams have exceptional local knowledge. Many villages are several hours' drive away, the last miles often without even a track. They need to navigate long distances frequently after nightfall without signposts. This local knowledge enables us to select the villages in the most need, where most benefit will be derived, even when they are highly inaccessible.



### Operational Areas

## Village Water Zambia Staff

Our field staff are all highly qualified and experienced for their roles and key individuals are recognised nationally for their work. Village Water's strength is in listening to our field staff and to what they require to do their work and structuring our programmes around those requirements.



Elisha Ng'onomo MBA, Field Director



Renny Mwanamambo, Post Grad Dipl. Env Health. Project Manager Kaoma



Vasty Chichoni, Accountant



Jameson Lubingo B.Sc. Project Technical Officer Kaoma



Joseph Mwewa, Driver



Albertina Siyunyi, Dipl. Env. Health Field Facilitator Mongu



Clare Molupu, Dipl. Soc. Work UoZ WASHE Facilitator



Precious Muuke, Dipl. Soc. Work UoZ Field Facilitator Sanitation Mongu

Village Water Zambia Staff (continued)



Denis Mwebela, Driver



Stephen M. Soopu,  
Office Assistant, Mongu

**Village Water UK Trustees and Staff**



David Dixon: Founder and Fundraising Trustee. He is a chartered civil engineer with degrees in hydraulics and hydrology. Highly entrepreneurial, he built a prizewinning business in construction waste and property development in Britain and Italy. David and his wife have won awards for their work in building housing for large and vulnerable, low-income families in Britain.



Guy Hudson: CEO. He has a degree in Physics with Economics, Guy's career has spanned vehicle engineering and IT management and consulting. He has been CIO and programme manager for international software developments and implementations. He is the founder chair of the UK Dowsing Research Group and is a professional dowser and IT consultant.



John Irwin: Co. Secretary and Chair, Trustee for Database. After a childhood in Ireland, the West Indies, Nigeria, and England, John went to university in Dublin. He was a founding member of Canning, the international training and development company. Dealing with every aspect of the management Canning, the company grew to 140 staff world-wide with 6 centres by the late 80's. John is a founder of the Canning Charitable Trust. John is currently responsible for the design and implementation of a multi-user database for Village Water.



Richard Pither: Trustee for Programmes. Richard is a former chartered surveyor and businessman, on retiring has devoted much time to Rotary and Village Water. Over a three-year period his projects delivered over £100,000 to Village Water. He is currently the international officer and water co-ordinator for Rotary in East Anglia. He is also a charter member of The Water and Sanitation Rotary Action Group. As a Village Water trustee his prime interest is to ensure that the villages and schools maintain high standards of sanitation and hygiene.

## VILLAGE WATER LIMITED



Jane Thurnell-Read: Trustee for Website. Jane is a former university lecturer in sociology and management studies. She has worked as a volunteer English teacher at a teacher training college in Botswana. For over 20 years she worked as a complementary therapy practitioner. She has published 6 books and written numerous articles on health and therapies. She also has two very successful web-based businesses. She has been a committed supporter of water charities for many years and has raised significant funds for Village Water.



Hugh Woodhouse: Trustee for Finance. Hugh was born in County Down, Northern Ireland. After studying at Dublin University he worked as a UN volunteer in the Sudan, then moved to Canada and qualified as a Chartered Accountant and followed a career in international banking, financial control project finance and treasury risk management, recently working in several London charities. Hugh is responsible for finance and accounting within the charity.



Ellie Smith: Fundraiser. Ellie is the sole UK employee of Village Water UK. Whilst studying for a law degree at Nottingham University she spent much of her time volunteering for the local RAG organisation. Upon graduating she took on a Trust fundraising role at a local Birmingham charity. Following on from this, in December 2008 she became the full-time fundraiser for Village Water. The majority of her time is spent applying for trust and statutory funding as well as updating supporters on the work being done by Village Water.

**The Report of the Trustees (continued)**  
**Village Water's Work**

**Examples of water sources in use before Village Water's intervention.**



Polluted community scoop hole, Mongu



School water source, Kaoma



More often than not, open wells are contaminated, with slippery aprons where a child can easily fall in.



District Education Board Secretary showing Village Water staff a broken school water pump. The apron is still functioning and if the borehole still yields sufficient pure water, we will only need to replace the pump and set up a maintenance scheme as part of a WASHE programme.

## The Report of the Trustees (continued)

### Village Selection

Village Water's two field offices are well known and are regularly approached by villages in need. Any approach we receive is reviewed by us with the Local Authority and rural health clinics. This ensures there is no duplication of our work with other NGO's in the area, and helps to develop the capacity and role of Local Government in service provision. This helps to ensure that the villages that are selected are the ones most in need and where most benefit will occur. Any villages that have started to improve their hygiene and sanitation before our intervention will make them a more likely candidate for support.

### V-WASHE Committees



A V-WASHE Committee meeting

Once a village is selected to receive Village Water support, the field workers will visit the community and often spend a few days living in the community, getting to know the people. Then they encourage them to organise themselves by forming a Village Water & Sanitation Committee. The committee takes responsibility for managing the collection of local materials such as sand and stones for construction. They also take responsibility for securing a commitment fee from all working villagers. This is given to Village Water as a contribution towards the costs of the project and the tool kit we give them. Once the

commitment fee is collected the Committee collects a small monthly maintenance subscription from each working adult, which are saved up and then used to fund any future maintenance. To support gender equality, and recognising the role of women in collecting water, the Committee will always comprise close to 50% women and 50% men. A strong sense of ownership by the community of the WASHE programme and the pump itself is essential for ensuring sustainability.

### Community Led Total Sanitation, Hygiene Education and Sanitation Facilities

Once the Committee is formed, the Community-Led Total Sanitation (CLTS) Programme begins. Villagers are educated in good hygiene practice. Using stories, dance, pictures, music and humour (see the football video on our website [www.villagewater.org](http://www.villagewater.org)). Field workers sensitise the villagers towards a new way of thinking and understanding. Villagers are also shown how to dig *their own* pit latrines (toilets) with hand washing facilities. In addition, community workers show the villagers how to make and erect vegetable and plate racks to keep cooking utensils, dinner plates and food off the ground – and away from village dogs, chickens, cats and goats. Likewise, the families dig refuse disposal pits and build bath shelters to encourage washing. Typically, at least five visits are made to each village. This ensures that lessons are truly learnt, and communities have time to install all their own sanitation facilities and change the habits of a lifetime.



Focused group discussion on the importance of correct utensil and food storage for good hygiene

## The Report of the Trustees (continued)



Reinforcing the walls of a pit for a latrine



A mudbrick latrine constructed from local materials



Villagers are proud to use pot racks and pestle and mortar stands. They are traditional, elegant, and increasingly seen as essential in well run villages.



Another type of latrine constructed from local materials – a roof will go on before the rainy season

**The Report of the Trustees (continued)**  
**Pump Installation**

Once sufficient sanitation in the village has been achieved the installation of a well and pump begins. By insisting on a comprehensive sanitation programme from the start, villages know exactly what is required to feel the full benefit of their well, and are in a better position when we leave to maintain those standards. Because of the generally shallow water tables in the Western Province of Zambia, Village Water installs hand dug shallow wells. All the wells are sealed with hand pump and apron ensuring there is very low risk of contamination.



Ring moulding for the wells



Lifting the excavated material from a hand dug well



Installing pipework



Completed pump with pump house walls and unfinished roof and jerry can stand

**Pump Mender Training**

To ensure sustainability after installation, Village Water provides one week of training to two villagers from each community to safely and effectively carry out all basic maintenance on the well. These individuals are also provided with a shared tool kit. The monthly subscription fee, set up by the villagers when the well is installed, pays for any repairs. Parts for the pumps we provide are widely and cheaply available to the communities where we work.

## The Report of the Trustees (continued)

### Rehabilitation Programmes

Across Zambia there are two main reasons for unused wells and pumps. Firstly, lack of maintenance: there are hundreds of broken water pumps, derelict and unrepaired after suffering normal wear and tear. Secondly: abandonment: a thankfully less common problem where a village never starts using the facility as their own and takes no steps to avoid subsequent vandalism.

Village Water WASHE programmes take actions to prevent the problems of unused wells. Villages have to commit to a contract with us: they will learn and perform new and sustained hygiene and sanitation practices in their daily life. Those earning will pay a contribution out of their own pockets and they will gather large quantities of raw materials such as stones and gravel for the concrete. Also, where safe, they will provide labour to assist the well-diggers. They will set up a gender-balanced committee which will affect the whole running of a village. Revisiting villages with established water committees you see a far more vocal and confident community, prepared to voice their opinions - particularly by the women.

The result is that the community knows very well they own their pump, they are responsible for its proper use and upkeep and take great pride in ownership. They also like to meet their sponsors and thank them.

### Monitoring and Evaluation

We aim to make a visit to each of 'our' villages in years after their WASHE programme. To monitor the progress of villages we use two data collection forms. The first form monitors progress household-by-household and is used by Village Water Committees at village level (so the community assess their own progress) and by staff during monitoring visits.

A second form consolidates the data to give a percentage score for each village. This information is being put onto a database and assessed. If the village is performing well they receive a highly prized hand-stitched leather football, purchased by Village Water from the local Zambian football manufacturing charity 'Alive and Kicking'. If the village is struggling, our field workers revisit and work with them to encourage a renewed effort. All the key information is being fed into a database which when complete, will allow us to monitor the hundreds of villages we provide WASHE to.



A clean village

## The Report of the Trustees (continued)

### Work done in 2009

**Community Water, Sanitation and Hygiene Education Programmes** In total, in 2009, Village Water worked in 10 schools and 69 communities in the Western Province of Zambia.

Table 1 Villages in the Village Water 2009 Programme – all with a new or rehabilitated well

Community	District	Number of Households	Population Size
Namengo	Mongu	47	282
Lwale	Mongu	26	156
Simbe	Mongu	21	126
Suulu	Mongu	30	180
Kakulo B	Mongu	21	126
Kaungeta	Mongu	57	312
Nalyande	Mongu	22	132
Nakalenge	Mongu	42	262
Kakenge	Mongu	25	150
Ndundano	Mongu	21	126
Simulumbe Old School	Mongu	22	132
Litawa	Mongu	30	180
Kandiana			
Linangelelo	Mongu	25	150
Samalaho	Mongu	32	184
Moombo	Mongu	20	120
Namusa	Mongu	32	192
Nokubonda	Mongu	23	130
Lite	Mongu	37	222
Nongwa	Mongu	38	228
Kabobo	Mongu	27	162
Silundu	Mongu	21	126
Lilume	Mongu	51	306
Itema	Mongu	32	198
Kobyia	Senanga	28	168
Liko	Senanga	36	216
Nang'usi	Senanga	34	204
Matongo	Senanga	21	126
Kombwana B	Senanga	34	204
Kashembe	Senanga	28	166
Kandiana/ Lwimba	Senanga	31	210
Lukena	Senanga	21	126
Naliunde	Senanga	21	126
Nalyande/Siyanda	Senanga	21	126
Netondo	Senanga	24	144
Mulamba	Senanga	23	138
Chimboma	Senanga	26	156
Namangu	Senanga	29	174
Liumenena	Senanga	25	150
Namwendwa	Senanga	39	234

VILLAGE WATER LIMITED

<b>Community</b>	<b>District</b>	<b>Number of Households</b>	<b>Population Size</b>
Senanga Day Care Centre	Senanga	1	615
Kombwana A	Senanga	24	154
Nandusu	Senanga	27	156
Mumbula School	Senanga	14	254
Chikwama	Kaoma	31	211
Lisulo	Kaoma	29	203
Chinyama Chilanda	Kaoma	23	138
Funkafunka	Kaoma	17	102
Mekilani	Kaoma	15	105
Sakalipa	Kaoma	13	115
Lita ndinda	Kaoma	18	108
Mateu	Kaoma	29	190
Richard Nyambe	Kaoma	7	49
Katempa	Kaoma	44	297
Sitenge	Kaoma	19	133
Butumba Village	Kaoma	21	126
Situnya	Kaoma	36	220
Mubita	Kaoma	30	190
Ntabo	Kaoma	30	190
Mabota	Kaoma	30	200
Kalema Makina	Kaoma	50	300
Mwene Mundu	Kaoma	34	210
Kungu	Kaoma	35	218
Shingole	Kaoma	28	221
Walende	Kaoma	31	213
Chingebe	Kaoma	30	182
Shamanga	Kaoma	35	233
Uwawameyu	Kaoma	33	201
Kamuti	Kaoma	30	197
Kapulanga	Kaoma	31	190

Total Original Population Served

**12,771**

### **Kaoma District School WASHE Programme**

At the end of 2008 Village Water secured funding to provide 18 Latrines with handwashing facilities and girls bath shelters in nine schools, four new water points in schools and two rehabilitated water points in schools. This is a 16-month contract which successfully ended in April 2010. All the work is for the benefit of schools in Kaoma District. 2009 saw the completion of six school water points, and five of the latrines with handwashing facilities and bath shelters. The further four ventilation improved pit (VIP) latrines with handwashing facilities and bath shelters were completed at the start of 2010. As with Rotary funding, the funds were raised with the effort and support of Village Water UK, but the funds went directly to Zambia. In the financial section of this report it should be noted that the consolidated statement reflects this.

## The Report of the Trustees (continued)



Pit Latrines used in Kaoma schools prior to the installation of Concrete Latrines by Village Water.

Our work in schools took place where previously there were no permanent toilets; instead teachers would have to spend a great deal of time each term constructing new latrines for the pupils. Two types of soils cover Western Province of Zambia. Kaoma, where our schools projects took place, has Barotse sands which are an extension of the wind-borne Kalahari Sands from Namibia. The major features are the plains, dambos and grasslands. This soil structure creates an unstable condition for traditional toilet construction at village and school levels; but also has convenient perched water tables with shallow water tables allowing hand dug wells using local labour. The baseline data indicates that almost all schools do not have sufficient toilets in Western Province.

Considering the number of children who now attend school in Zambia, sanitation in schools alongside villages will be crucial in ensuring continuation of good hygiene practice.

The school toilets that we constructed, according to UNICEF recommendations, meet the needs of 130 pupils per school. Whilst this is a start, some of the schools we worked with have over 2000 pupils, and therefore more work is needed. The schools do however now have good safe toilets which can easily be cleaned and accessed throughout the year and good hand washing facilities with plentiful supplies of clean water.

The girls' bath shelters which have been constructed alongside the latrines will reduce absenteeism of girl children to school and this will enhance their performance. The toilet package of latrine, urinal, bath shelter and hand washing facility is an innovative approach meant to capture the interest of children in sanitation. Children in these benefiting schools have a story to tell about sanitation at home.



Set of Latrines in a Kaoma School

The design and the method of construction for the toilets under this project have taken these aspects into consideration. The toilets are a four-in-one design (latrines, hand washing facility, urinal and a bath shelter). The technical specifications and standards are those prescribed by the Ministry of Education.

## The Report of the Trustees (continued)

Table 2: The 2009 Kaoma Schools Programme covered the following 14 schools:

Community	District	Facilities Delivered
Kamuni School	Kaoma	Water Point
Namimbwe School	Kaoma	Water Point
Mahilo School	Kaoma	Water Point
Lalafuta School	Kaoma	Water Point
Kajejeje School	Kaoma	Water Point
Kanabilumbu School	Kaoma	Water & Latrines
Chitwa School	Kaoma	Latrines
Mulalila School	Kaoma	Latrines
Kashamu School	Kaoma	Latrines
Mungulungwa School	Kaoma	Latrines
Mulamabila School	Kaoma	Latrines
Kalukundwe School	Kaoma	Latrines
Kankwanda School	Kaoma	Latrines
Longe School	Kaoma	Latrines

Beneficiaries for 2009 programme total 3,730 pupils and 1440 nearby villagers

### Operational collaboration and use of standards and methods

Village Water has put much emphasis on working with government institutions and working within government policy and initiatives. Also we have taken expert consultancy and advice from leading NGO's such as SIMAVI, SNV, Water Aid, Oxfam and Praktica. We use methodologies developed by the WHO, and UNICEF, and use standards developed by the Zambian government in conjunction with the Lusaka NGO Water Forum such as the India Mk2 pump.

### Website

In 2009 Sitewriters were appointed to develop a new website for Village Water. Please view our website at [www.villagewater.org](http://www.villagewater.org). It remains a priority to use the website to inform our sponsors about our progress. An integrated database, planned to be accessible from the website, has been developed to help us monitor the WASHE status of each community.

### Documentary

Village Water Zambia produced a TV documentary which was aired on Zambian national television, now accessible from the website.

### Football Video

A highly enjoyable 13-minute video of our "100% sanitation" football tournament is linked to our website

### Impact Report

The summary of a Health Impact Study of Village Water Interventions within Kaoma District, by Tom Trower commissioned in 2009 and published in 2010 says "*In each of four diseases, the VW villages present a lower prevalence than that of the control villages, essentially showing that where VW has intervened there are reductions in diseases. The biggest difference is evidenced in lowering the prevalence of diarrhoea, described as the main water-borne disease that can cause the most damage to human health.*"

## The Report of the Trustees (continued)

### Financial Review

The finances showed a strong growth in 2009 with income increasing 2.4 times between 2008 (£147k) and 2009 (£356k) for all income. The figures do indicate a real growth in capacity to deliver with the number of wells installed going from 30 in 2008 to 70 in the 2009 programme. However £17k was for a separate forestry project. Also, some work and income was deferred because of the delayed arrival of a tranche of funds and so a truer picture for the programme year for 2009 is with income pushed back into 2008 as seen in the adjusted figures. We have seen 65% of our income being funded from our sponsors directly to Village Water in Zambia with the full support and coordination of Village Water UK.

We continue to monitor our programmes to ensure value for money.

Note also that our reserves increased for the accounting period from £26,411 to £52,562.

### The Village Water Programme Year

Each year in January we agree budgets and what is feasible and realistic to achieve in terms of villages and schools, new wells, rehabilitations and locations to work using our resources. The previous year's programme is completed and tidied up in the first quarter. It is also then that the monitoring and evaluation occurs, we address the correction of problem wells and visit communities that are behind with their WASHE.

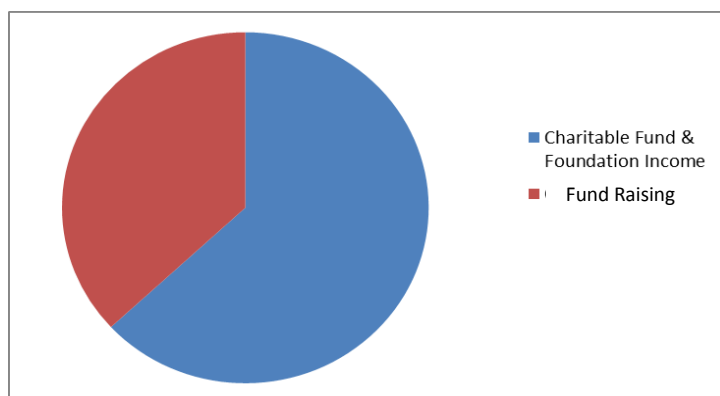
In April we start mobilising and visiting target villages and begin to engage. We always start working with more villages so that we can identify any unsuitable ones. Some will have then to wait until the next year if they are unable to complete all their preparations. We then buy and transport materials in bulk to get the best prices. The H&S visits continue until the dry season when the water tables are at their lowest from July onwards. In contrast rehabs can often be done quickly and at any time. September is the time for sponsor visits as we are performing a mid-year review and they can see villages at all stages of WASHE.

We calculate the cost per intervention and raise money based on those costs during the year. Please see our reserves policy for more information.

### The consolidated Statement of Financial Affairs

A useful view of the year's activities is found by summing the UK and Zambia for income and expenditure. A new feature of this year is more funds sent directly to Zambia, from sponsors in Europe and US.

#### Village Water Group Income Sources 2009



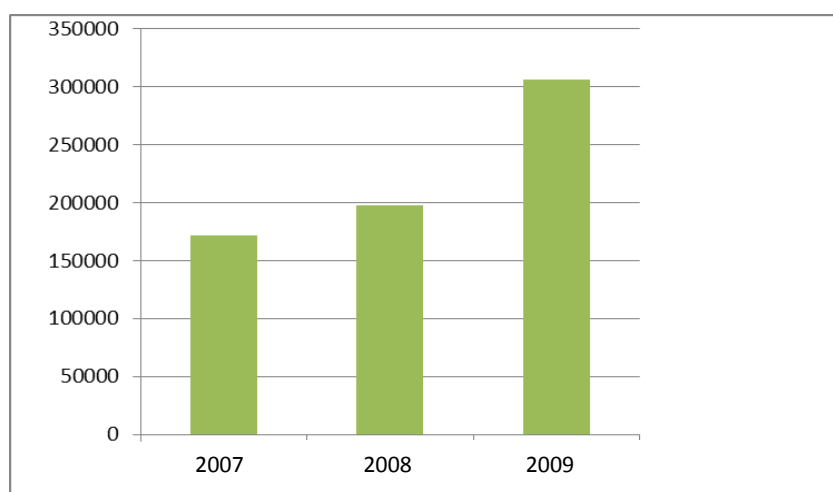
<b>UK</b>	£
Charitable Funds & Foundations	178,604
Fundraising	64,064
<b>Total</b>	<b>242,668</b>
<b>Zambia</b>	
Rotary	45,874
Other	67,225
<b>Total</b>	<b>113,099</b>

## The Report of the Trustees (continued)

**Table of Village Water Consolidated Adjusted Income 2007, 2008, 2009 in GBP(£)**

<b>Income</b>	<b>Village Water UK £</b>	<b>Village Water Zambia £</b>	<b>Group Consolidated £</b>	<b>Adjusted £</b>
2007	165,314	6,552	171,866	171,866
2008	91,069	56,272	147,341	197,341
<b>2009</b>	<b>242,668</b>	<b>113,099</b>	<b>355,767</b>	<b>305,767</b>
	<u>499,051</u>	<u>175,923</u>	<u>674,974</u>	<u>674,974</u>

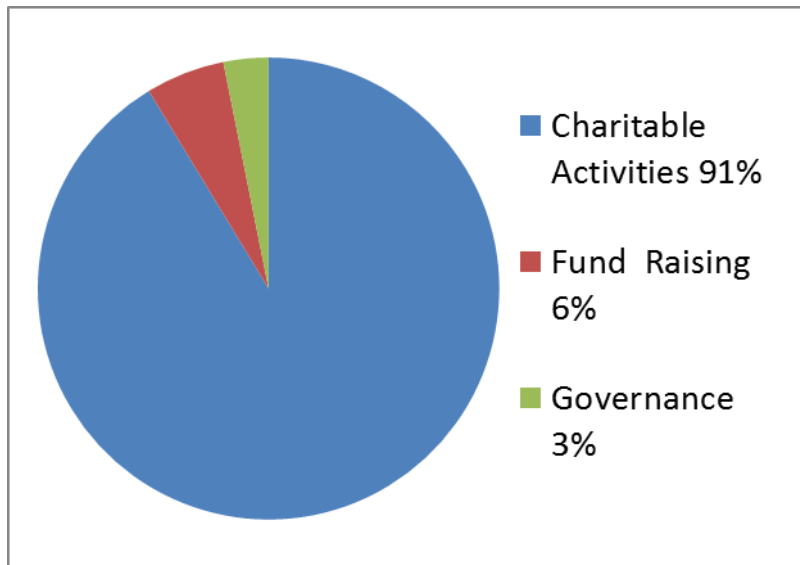
**Bar Chart of Village Water Consolidated Income 2007, 2008, 2009 in GBP(£)**



### How our income was spent in 2009

<b>Expenditure 2009</b>	<b>Village Water UK £</b>	<b>Village Water Zambia £</b>	<b>Group Consolidated £</b>
Charitable Activities	194,387	63,213	257,600
Fund Raising	15,618	-	15,618
Governance	5,728	3,132	8,860
Other	785	-	785
<b>Total</b>	<u>216,518</u>	<u>66,345</u>	<u>282,863</u>

**The Report of the Trustees (continued)**



**Adjusted group income**

The above adjustment to the group income is to reflect the project work income for specific work included in the reported 2009 programme. Please see the section on the annual programme for further information

**Total Village Water WASHE communities by programme year**

Programme Year	Period	New Wells	Rehabilitations	Annual Total
2004	07/04-06/05	3	20	23
2005/6	07/05-12/06	27	19	46
2007	01/07-03/08	30	0	30
2008	01/08-03/09	18	46	64
2009	01/09-03/10	65	10	75
<b>Total so far</b>		<b>143</b>	<b>95</b>	<b>238</b>
2010 plan	01/10-03/11	50	50	100

Note the varying lengths of periods and the steadily increasing annual totals.

## **The Report of the Trustees (continued)**

### **Reserves policy**

It is the trustees' policy to ensure that we have unrestricted income reserved sufficient to run the UK for 3 months. Longer term we would like to extend the reserves (restricted and unrestricted) to make sure that we have sufficient to fund our projects (charitable activities) for at least 3 months.

Eventually, the ideal position would be to have enough funds for the whole annual programme at its beginning. However, just as it would be for the majority of other similar charities it would mean delaying our activities significantly and so it remains a longer term goal.

### **Risk analysis**

There are a number of risks that the charity faces which we review often as trustees and take steps to mitigate them.

Risk: Promised funding is delayed – we have faced this and found we were able to raise an overdraft facility.

Risk: Overall fundraising and grants is significantly lower than budgeted. We seem to have a compelling message in terms of the low costs and high benefits of what we do and have been successful in raising funds from a very wide variety of sources, to whom we are very grateful on behalf of our beneficiaries. So far, we have mitigated these risks by not being reliant on any one sponsor for more than 25% of our income. Our work is of the type that we can spend as we go along in the projects and we could reduce expenditure in the field fairly rapidly if it were ever required.

Risk: Project: We do plan for a target level of villages and schools which we cost accordingly before the next year starts. We watch our costs carefully and like to quote a cost per village to our sponsors. We are careful to plan for a deliverable number that will allow for operational contingencies such as breakdowns, temporary fuel shortages or flooding, but at the same time ensure productive use of our resources.

Risk: Insufficient funds to complete a programme: We have always raised more funds than budgeted and so have always completed the projects. If funding fell short, we would extend the project delivery schedule to match the incoming funds.

### **Appointment of trustees**

The trustees in the UK are all directors of the limited company. We have increased the number of trustees by appointing individuals who have the time and commitment to contribute to general management and offer specific skills in: project management (Richard Pither), website and marketing (Jane Thurnell-Read) and accounting (Hugh Woodhouse).

### **Trustee induction and involvement**

Each trustee visits our projects in the field at least once – some of us each year - to understand the work that we do. We have secured specific funding from a generous donor for field visits. Every trustee contributes out in the field in their area of expertise. We are deeply committed to our responsibilities.

## The Report of the Trustees (continued)

### Statement of trustees' responsibilities

Company law requires the Trustees (who are directors for the purpose of company law) 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;
- make judgements and estimates that are reasonable and prudent;
- 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 the charitable company and to 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 (issued in March 2005) and in accordance with the special provisions of Part VII of the Companies Act 2006 relating to small companies.

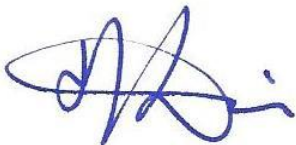
### Statement as to disclosure to auditors

Each of the Trustees has confirmed that so far as they are aware, there is no relevant audit information of which the charitable company's auditors are unaware, and that they have taken all the steps that they ought to have taken as a trustee in order to make themselves aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

### Auditors

Harmer Slater Limited were appointed auditors to the company by the trustees during the year. A resolution for the reappointment of Harmer Slater Limited will be proposed at the forthcoming annual general meeting.

Approved by the trustees on 27 September 2010 and signed on their behalf by:



Mr David Dixon - Trustee

**Statement of Financial Activities**  
(incorporating an Income and Expenditure account)  
for the year to 31 December 2009

	Note	Unrestricted 2009 £	Restricted 2009 £	Total 2009 £	Total 2008 £
<b>Incoming resources</b>					
<b>Incoming resources from generated funds:</b>					
Donations	2	75,769	166,656	242,425	90,004
<b>Investment income:</b>					
Bank and other interest		<u>243</u>	-	<u>243</u>	<u>1,065</u>
<b>Total incoming resources</b>		<u><u>76,012</u></u>	<u><u>166,656</u></u>	<u><u>242,668</u></u>	<u><u>91,069</u></u>
<b>Resources expended</b>					
Charitable activities Zambia	2	52,271	123,028	175,299	84,801
Charitable Activities UK					
Project development & monitoring		10,412	8,676	19,088	-
Travel & field trip expenses	2	-	3,714	3,714	4,851
Fund raising expenses		15,618	-	15,618	9,786
Trustees' meeting expenses		427	-	427	80
Bank charges		170	-	170	470
Sundry expenses		615	-	615	-
Accountancy & Audit fees		<u>1,586</u>	-	<u>1,586</u>	<u>1,150</u>
<b>Total resources expended</b>		<u><u>81,099</u></u>	<u><u>135,418</u></u>	<u><u>216,517</u></u>	<u><u>101,138</u></u>
<b>Net income/(expenditure) for the year</b>		(5,087)	31,238	26,151	(10,069)
<b>Balance at 1 January 2009 brought forward</b>		<u><u>18,868</u></u>	<u><u>7,543</u></u>	<u><u>26,411</u></u>	<u><u>36,480</u></u>
<b>Closing reserves</b>		<u><u>13,781</u></u>	<u><u>38,781</u></u>	<u><u>52,562</u></u>	<u><u>26,411</u></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 28 to 33 form part of the accounts.

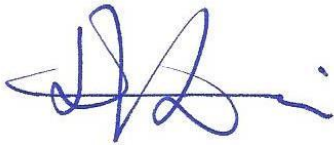
VILLAGE WATER LIMITED

**Balance Sheet**  
As at 31 December 2009

		<b>Total Funds</b>	
		<b>2009</b>	<b>2008</b>
	<b>Note</b>	<b>£</b>	<b>£</b>
<b>Fixed assets</b>			
Equipment	4	<u>867</u>	<u>880</u>
<b>Current assets</b>			
Debtors	6	6,244	3,734
Cash at bank		<u>54,144</u>	<u>24,505</u>
		60,388	28,239
<b>Creditors: Amounts falling due within one year</b>	7	( <u>8,693</u> )	( <u>2,708</u> )
<b>Net current assets</b>		<u>51,695</u>	<u>25,531</u>
<b>Net assets</b>	8	<u>52,562</u>	<u>26,411</u>
<b>Funds</b>			
Unrestricted		13,781	18,868
Restricted		<u>38,781</u>	<u>7,543</u>
		<u>52,562</u>	<u>26,411</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 the Financial Reporting Standard for Smaller Entities (effective April 2008).

Approved by the Board on 27 September 2010 and signed on its behalf by:




---

David Dixon - Trustee

The notes on pages 28 to 33 form part of the accounts

**Notes to the accounts**  
**for the year to 31 December 2009**

**1. Accounting policies**

**Basis of accounting**

The financial statements have been prepared under the historical cost convention in accordance with applicable accounting standards and with the Statement of Recommended Practice "Accounting and Reporting by Charities (SORP 2005)" issued by the Charity Commission in March 2005 and the Companies Act 2006.

In accordance with Financial Reporting Standard No 18 "Accounting policies" the trustees have reviewed the charity's accounting policies and confirm that they continue to be the most appropriate.

A summary of the significant accounting policies which have been consistently applied in the current and preceding period is set out below.

**Consolidation**

In the opinion of the Trustees Village Water Zambia, an independent Non-Government Organisation (NGO) registered and administered under the laws of the Republic of Zambia, is a subsidiary undertaking only because the Board of Trustees of the Charitable Company actually exercises dominant influence over the operating and financial policies of the NGO by setting out in outline what it wishes to be achieved and being involved regularly.

The Charitable Company and the NGO comprise a small 'group'. The Charitable Company has therefore taken advantage of the exemption provided by Section 399 Companies Act 2006 not to prepare group financial statements and accordingly these financial statements present information about the Charitable Company as a single undertaking.

**Incoming resources**

All incoming resources are included in the statement of financial activities when the charity is entitled to the income and the amount can be quantified with reasonable accuracy.

**Resources expended**

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

**Fund accounting**

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

Restricted funds are subjected to restrictions on their expenditure as imposed by the donor.

**Fixed Assets**

Tangible fixed assets are stated at historical cost less depreciation where appropriate.

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:

Computer Equipment	33% per annum
--------------------	---------------

**Taxation**

The Trust is a charity 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 accounts

**Notes to the accounts - continued**  
for the year to 31 December 2009

## 2. Charitable activities

	At 01.01.09 £	Incoming Resources Resources expended £	At 31.12.09 £
Village Water Zambia – unrestricted	-	52,271 ( 52,271)	-
Village Water Zambia – restricted	-	128,808 (105,754)	23,054
Monitor & evaluate Zambian Projects in the UK	-	<u>8,676</u> ( <u>8,676</u> )	<u>-</u>
	-	189,755 (166,701)	23,054
Village Water Forestry	-	25,000 ( 17,204)	7,796
Travel	7,543	4,102 ( 3,714)	7,931
Other	<u>-</u>	<u>70</u> ( <u>70</u> )	<u>-</u>
	<u>7,543</u>	<u>218,927</u> ( <u>187,689</u> )	<u>38,781</u>

The funds remitted to Village Water Zambia of £158,025 were spent during the year as follows:

**Restricted**

	£
Wells completed – various donors	55,269
Water sanitation and hygiene education in Zambia – various donors	<u>50,485</u>
	105,754

**Unrestricted**

Staffing	17,081
Travel and Motor Vehicles	14,132
Office Costs	12,627
Contribution to Well Construction and WASHE	5,657
Monitoring and Evaluation	<u>2,774</u>
	<u>158,025</u>

**Incoming resources remitted directly to Zambia**

Rotary International through the clubs in Rotary District 1080, particularly Diss & District Rotary Club and its project leader Mr Richard Pither donated US\$ 78 000 direct to Village Water Zambia. In addition a Dutch charity, contributed some ZMK 513,000,000 directly to Village Water Zambia. These two donations total £113,000. The trustees of Village Water Limited play a significant part in the raising of these funds.

**Notes to the accounts - continued**  
for the year to 31 December 2009

3. **Employees and trustees**

	2009	2008
	£	£
Salaries	26,000	1,454
Social security costs	<u>2,606</u>	<u>128</u>
Total	<u>28,606</u>	<u>1,582</u>

No employee received emoluments above £60,000.

One member of staff was employed during the year who spent 45% of her time on fund raising activities and the remainder on developing, evaluating and monitoring the projects in Zambia.

Guy Hudson was paid £13,500 for project management consulting services and reimbursed expenses of £2,051, for forestry projects in Zambia. The consultancy was agreed with the donor who donated £25,000 to fund the project.

The other trustees did not receive any remuneration in connection with their position. Travel costs to Zambia amounting to £2,682 were reimbursed to three trustees. Three trustees were reimbursed their expenses of £250 for travelling to Trustees' meetings and two trustees attended courses on contract law and one trustee on corporate governance at a cost of £105.

4. **Fixed assets**

	Computer equipment £
Cost:	
Opening balance at 1 January 2009	880
Additions in year	<u>421</u>
Closing balance at 31 December 2009	<u>1,301</u>
Depreciation:	
Opening balance at 1 January 2009	-
Charge in year	<u>434</u>
Closing balance at 31 December 2009	<u>434</u>
Net book value at 31 December 2009	<u>867</u>
Net book value at 31 December 2008	<u>880</u>

## Notes to the accounts - continued

### for the year to 31 December 2009

#### 5. Subsidiary undertaking

Village Water Zambia is an independent Non-Government Organisation (NGO) registered and administered under the laws of the Republic of Zambia.

Its objectives are:

- 1) to bring fresh water to the needy people of Zambia
- 2) to promote the self-help construction and maintenance of sanitation facilities in rural areas
- 3) to educate the people in simple hygiene methods and thus to raise life expectancy, particularly of children
- 4) to promote economic development and agricultural productivity, usually, but not conditional upon, bringing water to remote rural areas.

Any financial surplus in the operations of Village Water Zambia must be retained in the operating balance of the organisation.

A summary of the financial activities of the NGO is shown below:

#### Income and expenditure account

	2009 ZMK'000	2008 ZMK'000	2009 £	2008 £
<b>INCOME</b>	2,047,068	915,488	269,387	130,691
<b>EXPENDITURE</b>				
<b>Charitable Activities</b>				
Village WASHE	1,004,207	699,933	131,653	99,783
Schools WASHE	408,605	-	53,569	-
<b>CHARITABLE SUPPORT ACTIVITIES</b>				
Central costs	<u>295,880</u>	<u>198,293</u>	<u>38,790</u>	<u>27,978</u>
<b>TOTAL EXPENDITURE</b>	<u>1,708,692</u>	<u>898,226</u>	<u>224,012</u>	<u>127,761</u>
<b>NET SURPLUS</b>	<u>338,376</u>	<u>17,262</u>	<u>45,375</u>	<u>2,930</u>

#### Consolidated Statement of Financial Affairs

The combined Financial Activities of Village Water UK and Village Water Zambia are as follows:

	01.01.09 £	Incoming resources £	Resources expended £	31.12.09 £
Restricted	10,007	288,056	215,108	82,955
Unrestricted	<u>18,868</u>	<u>64,930</u>	<u>64,728</u>	<u>19,070</u>
	<u>28,875</u>	<u>352,986</u>	<u>279,836</u>	<u>102,025</u>

**Notes to the accounts - continued**  
for the year to 31 December 2009

5. **Subsidiary undertaking** (continued)**Balance sheet**

	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>ZMK'000</b>	<b>ZMK'000</b>	<b>£</b>	<b>£</b>
Assets employed	68,224	103,083	8,572	13,556
Current assets:				
Debtors	268,522	57,091	35,585	7,888
Cash and bank balances	<u>219,503</u>	<u>40,020</u>	<u>29,089</u>	<u>5,529</u>
	<u>488,025</u>	<u>97,111</u>	<u>64,674</u>	<u>13,417</u>
Current liabilities				
Sundry creditors	<u>28,978</u>	<u>21,298</u>	<u>3,840</u>	<u>2,943</u>
Net current assets/(liabilities)	<u>459,047</u>	<u>75,813</u>	<u>60,834</u>	<u>10,474</u>
Net assets/(liabilities)	<u>527,271</u>	<u>178,896</u>	<u>69,406</u>	<u>24,030</u>
Accumulated fund				
As at 1 January 2009	178,895	161,633	24,031	21,101
Surplus/(deficit) for the year	<u>348,376</u>	<u>17,262</u>	<u>45,375</u>	<u>2,930</u>
As at 31 December 2009	<u>527,272</u>	<u>178,895</u>	<u>69,406</u>	<u>24,031</u>

6. **Debtors**

	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
Income tax recoverable	2,713	3,404
Prepayments	<u>3,531</u>	<u>330</u>
	<u>6,244</u>	<u>3,734</u>

7. **Creditors: amounts falling due within one year**

	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
Creditors and accruals	<u>8,693</u>	<u>2,708</u>

**Notes to the accounts - continued**  
for the year to 31 December 2009

8. **Analysis of net assets**

	Unrestricted funds		Restricted Funds		Total
	£	Village Water Zambia £	Village Water Forestry £	Travel £	
Fixed assets	867	-	-	-	867
Debtors	4,664	677	-	903	6,244
Cash at bank	15,342	22,377	9,397	7,028	54,144
Creditors	<u>(7,092)</u>	<u>-</u>	<u>(1,601)</u>	<u>-</u>	<u>(8,693)</u>
	<u>13,781</u>	<u>23,054</u>	<u>7,796</u>	<u>7,931</u>	<u>52,562</u>

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

We have audited the financial statements of Village Water Limited for the year ended 31 December 2009 which comprise the statement of financial activities, the balance sheet, and the related notes. The financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the charitable company's members, as a body, in accordance with section 495 and 496 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of trustees and auditors**

The responsibilities of the Trustees (who are also the directors of the charitable company for the purposes of company law) for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom accounting standards (United Kingdom Generally Accepted Accounting Practice) and for being satisfied that the financial statements give a true and fair view are set out in the Statement of Responsibilities of the Trustees.

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, have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and have been prepared in accordance with the Companies Act 2006. We also report to you whether, in our opinion, the information given in the Report of the Trustees is consistent with those financial statements.

In addition we report to you if, in our opinion, the Trust has not kept adequate accounting records, if the Trust's financial statements are not in agreement with the accounting records and returns, if we have not received all the information and explanations we require for our audit, or if certain disclosures of Trustees' remuneration specified by law are not made.

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

### **Basis of audit 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 Trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charity'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.

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

**Opinion**

In our opinion:

- the financial statements give a true and fair view of the state of the Company's affairs as at 31 December 2009 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- the financial statements have been prepared in accordance with the Companies Act 2006; and
- the information given in the Report of the Trustees is consistent with the financial statements



-----  
COLIN ROBERT HARMER  
**Senior Statutory Auditor**

for and on behalf of:  
HARMER SLATER LIMITED  
Chartered Accountants & Statutory auditors  
27 September 2010

Salatin House  
19 Cedar Road  
Sutton, Surrey  
SM2 5DA