



A Company Limited by Guarantee and not having a Share Capital

## **Trustees' Report and Financial Statements**

**For the year ended 31<sup>st</sup> March 2016**

REGISTERED CHARITY NUMBER: 1077889

REGISTERED COMPANY NUMBER: 03661446 (England & Wales)

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## LEGAL AND ADMINISTRATIVE INFORMATION

### Trustees

Stefan Allesch-Taylor CBE (Chairman) - Appointed February 2011  
Jeremy Berkoff - Resigned April 2015  
Megan Bingham-Walker - Appointed May 2003  
Alan Duerden - Appointed July 2016  
Amy Gray - Appointed April 2015  
Ashley Lopez - Appointed January 2016  
Spencer Mahony - Appointed July 2016  
Ben Nealon OBE - Appointed November 1998  
Gerard Tyler - Appointed July 2016  
Dave Waller - Appointed July 2016

### Company Secretary

Matthew Gill

### Charity Number

1077889

### Company Number

03661446

### Registered office and principal address

Development House, 56-64 Leonard Street, London, EC2A 4LT

### Bankers

Barclays Bank	CCLA	Standard Bank
Windsor Place	80 Cheapside	Capital City
Cardiff, CP10 3ZL	London, EC2V 6DZ	Lilongwe, Malawi

### Auditors

HW Fisher & Company  
Acre House, 11-15 William Road, London, NW1 3ER

## TRUSTEES' REPORT

The Trustees, who act as directors for the purposes of company law, present their Report and Financial Statements for the twelve months ended 31<sup>st</sup> March 2016.

The Financial Statements have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the Charity's Memorandum and Articles of Association, the Companies Act 2006, the Charities Act 2011 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1st January 2015).

### Structure, Governance and Management

Pump Aid is a company limited by guarantee incorporated on 4<sup>th</sup> November 1998. The Company was registered as a Charity with the Charity Commission on 21<sup>st</sup> October 1999. The Company's governing document, its Memorandum and Articles of Association, was revised in 2014 and approved at the Annual General Meeting held on 13<sup>th</sup> October 2014.

Pump Aid's Trustees are responsible for the general control and management of the Charity and, according to the Charity's Memorandum and Articles of Association, serve for a period of three years after which they may offer themselves for re-election. The Trustee Board is responsible for setting the organisation's strategy, assessing risk and reviewing and adopting the Charity's annual budget and quarterly financial reports.

Pump Aid has benefited hugely in recent years from the skills and expertise of a very loyal group of long serving trustees but, as the Charity has broadened its remit, trustees have acknowledged that they needed to strengthen their number. As a consequence, in the course of the past year, five new trustees have been appointed to the Board and one long-standing trustee has stood down. The Trustee Board meets five times per year and one of their meetings is combined with an annual away day with senior staff.

Trustees have no beneficial interest in the activities of the Charity. All Trustees are members of the company and guarantee to contribute £10 in the event of a winding up.

Day to day management of the Charity is vested in a senior management team comprising Michael Chuter, the Chief Executive, and Duncan Marsh, the Director of Programmes.

### Appointment and Training of Trustees

The Board conducts a bi-annual skills audit and, if necessary, new trustees are sought to ensure the Board maintains a mix of skills and expertise, appropriate to the current and developing needs of the organisation. New Trustees are provided with sufficient information to ensure that they understand the purposes of Pump Aid, its financial position and the key issues it faces. Trustees are also be given copies of the Memorandum and Articles of Association, policies and procedures on issues such as delegated authority, recruitment, equal opportunities, and guidance on conflicts of interest. Additional training is provided in line with the identified needs of the Board.

The Trustees for the purposes of Charity law who served during the year and up to the date of this report are set out on page 2.

## **Mission and Vision**

Our mission is to achieve lasting positive change in poor and disadvantaged communities by improving the quality, availability and use of water and sanitation and, by harnessing the power of the community, local businesses and partners in other sectors, provide access to affordable, innovative and sustainable solutions.

Our vision is a world without water poverty and our aim is to transform the lives and life chances of poor and disadvantaged communities, so that they reach a point of resilience and self-reliance where they no longer need the support of us or anyone else.

## **Charitable Purpose**

The Charity Commission's guidance on public benefit, as required by section 4 of the Charities Act, 2011, sets out two key principles: the organisation must have an identifiable benefit and the benefit must be to the public or a section of the public.

Trustees have reviewed the mission and vision of the Charity in the light of this guidance and have been mindful of it when setting the objectives for the current year. They have also noted the emphasis on water and sanitation in the UN Sustainable Development Goals of which SDG6 requires the achievement universal and equitable access to safe and affordable drinking water, access to adequate and equitable sanitation and an ending of open defecation. SDG6 also requires action to improve water quality by reducing pollution, increased water-use efficiency, the elimination of water poverty, the protection of water-related ecosystems and support to strengthen the participation of local communities in improving water and sanitation management.

Pump Aid is engaged in activities that support all of these objectives and Trustees believe that the activities of Pump Aid as detailed in this report demonstrate that the Charity fully meets both of the Charity Commission's public benefit requirements.

## **Criteria for measuring success**

Pump Aid has developed a detailed framework for measuring its impact. Using an activity based log frame, qualitative and quantitative indicators are collected from beneficiaries, installations are independently tested and verified and case studies and questionnaires are used to determine the effectiveness and appropriateness of all of Pump Aid's interventions. Pump Aid uses this data in the compilation of its Impact Report and its restricted programmes are also subject to external and independent evaluations as and when required by funders.

## **Risk Management**

All significant activities are subject to a risk review as part of the initial activity assessment and implementation. The senior management team ranks all risks in terms of their potential impact and likelihood and, where possible, puts in place appropriate mitigation.

Major risks for this purpose, are those that may have a significant impact on:

- Operational performance, including risks to our personnel and programme beneficiaries
- Financial sustainability, including predictability and security of income and
- Meeting the expectations of our beneficiaries, funders and supporters.

Trustees annually assess the major risks, both positive and negative, to which the Charity is exposed, particularly those related to its finances, operations and reputation, and ensure that adequate systems are in place to:

- Provide early warning of opportunities and risks
- Ensure that any significant opportunities are not overlooked and
- As far as is possible, ensure that any foreseeable risks are adequately mitigated.

A risk review forms part of the Board's annual planning process.

### Going Concern

Trustees' planning process included a review of the projected income for 2016/17 and 2017/18, an assessment of the economic climate and its potential impact on the Charity and consideration of a report on the financial sustainability of the organisation prepared by the Senior Management Team. Taking all these into account, trustees believe it is reasonable to expect that Pump Aid will generate sufficient resources to finance its operations for the foreseeable future and believe there are no material uncertainties that call into doubt the Charity's ability to continue. Accordingly the accounts have been prepared on the basis that the Charity is a going concern.

### Achievements in 2015/16

Pump Aid's charitable activities are currently delivered in Malawi, one of the ten poorest countries in the world, where a second consecutive year of poor harvests due to drought and floods and crop failures have contributed to the most serious food shortages of recent years. In late 2015 FEWS NET (Famine Early Warning System) put Malawi into its Phase 3: Crisis category, assessing Malawi's acutely food insecure population at somewhere between 1.0 and 2.49 million.

In the course of the year, as part of a three year programme to increase access to safe water and improve hygiene and sanitation, part funded by UK Aid (the UK Department for International Development), we installed 294 of our unique Elephant Pumps, bringing the total number of rope and washer pumps installed under this programme to 950. As a result 34,181 people were given improved access to water and, since this programme began, we have brought clean safe water to a total of 111,384 people. In addition our community facilitators have delivered community wide hygiene and sanitation training and stimulated the construction of 16,110 latrines, giving 86,578 people access to improved sanitation. Data monitoring has shown that the incidence of diarrhoea in under-five children in our target areas has dropped from 17% in 2014/15 to 14% in 2015/16.

Delivery against specific pump building and community facilitation targets in the year were:

	2015/16 OBJECTIVE	2015/16 ACHIEVEMENT
<b>PUMP BUILDING</b>		
Site identification	125	125
Well digging and preparation	290	396
Pump installation	290	294
<b>COMMUNITY FACILITATION</b>		
Triggering sessions	290	367
Follow-up visits to pumps installed in 2015/16	600	600
Follow-up visits to pumps installed in 2014/15	500	500

In November 2015, we conducted a series of water quality tests on a cross section of the pumps we had installed in 2013, 2014 and 2015, which showed the Elephant Pump performing very favourably in comparison to Afridev pumps (the most popular borehole mounted pump) with 94% of the tested pumps meeting the Malawian Government standards (<50cfu per 100ml).

In addition to our pump building programme, 2015/16 was the second (and final) year of a part UNICEF funded programme to investigate market-led, small business solutions to rural water poverty. It is based in Kasungu, an agricultural district in central Malawi, where we have trained 25 local entrepreneurs in well digging, pump manufacture and installation and business skills. Among the many outstanding results to come from this project were the findings that:

- Over the first 12 months of the delivery phase of this project, our entrepreneurs had on average more than doubled their income, with zero subsidy and no drop outs from the training programme.
- Over the same period, thanks to our entrepreneurs, over 9,000 people gained improved access to water (as a result of individual household purchases) and our entrepreneurs had secured commitments for 442 purchases after the next harvest, which could lead to improved access to water for at least a further 15,000 people
- As a result of repairs carried out by our trained area mechanics, over 11,000 people had secured access to communal borehole water points which, given the low functionality rates of boreholes, indicates a major opportunity to address a systemic problem
- Whereas, before our intervention, 65% of our customers would travel over 500m to their nearest improved water source, the average distance is now 11 metres.

This programme has demonstrated a clear demand for individuals to own their own water points and a potential market for area mechanics to link up with other entrepreneurs to provide a range of digging, installation and repair services and develop new businesses.

September 2015 saw the start of our Comic Relief match-funded programme in Blantyre, which seeks to galvanise the local private sector in the provision of safe water, hygienic sanitation, waste collection and recycling. We launched a community mobilisation campaign, identified sites for our community waste and sanitation centres and selected a diverse group of entrepreneurs to run them. We are also building the capacity of our local partners so they are better prepared to deliver projects and enterprise development and an exchange visit was arranged between the project teams in Blantyre and Lilongwe to help them learn from each other. This programme will gather speed in 2016/17 as we build on our work in Blantyre and expand into Lilongwe.

Towards the end of 2014 Pump Aid developed a new strand of work that involved working in Community Based Childcare Centres (CBCC's) and this programme gathered speed during 2015/16, with the delivery of 4 CBCC installations in the district of Kasungu. Our work focuses on providing a range of water, hygiene and sanitation resources in CBCCs along with helping community volunteers to set up kitchen gardens and develop links with local primary schools in order to smooth the transition of preschool children into formal education.

## **Objectives for 2016/17**

In October 2015 trustees approved a new strategy built around four broad programme areas:

1. Integrated Rural Water, Sanitation and Hygiene
2. Self-supply: Innovative private sector solutions for poor rural populations
3. Integrated nutrition and WASH for young children
4. Integrated Urban WASH for regeneration and renewal

During 2016/17 the new strategy will be rolled out across Pump Aid's work.

### **1. Rural Water, Sanitation and Hygiene**

By September 2016, with match-funding from UK Aid, we will complete the installation of 1,200 Elephant Pumps in Malawi, bringing improved water to a total of 150,000 people. We have given intense focus to the sanitation and hygiene components of this programme and will have reached a similar number delivering improved latrines and improvements in hand-washing behaviour.

Our future vision for this programme is to link it with our self-supply programme

- To strengthen the self-supply market through a sub-contracting approach to water point improvement and
- To have a real impact on functionality, where our self-supply entrepreneurs have shown remarkable success.

### **2. Self-supply**

The results of our UNICEF self-supply pilot project in Kasungu were outstanding and we believe self-supply has a hugely important role to play in Malawi, by:

- Providing a cost effective means of reaching its small, unserved and (mainly) rural populations
- Offering a local, affordable and more sustainable solution to the issues of pump functionality and
- Providing a source of cheap and effective irrigation to small scale farmers offering the possibility of multiple harvests and increased resilience to climate change.

In the coming year we will be providing phase II support for our high performing entrepreneurs, seeking funding to roll out a second phase I into other TAs and adjacent Districts and launching a small pilot focussing on linking the self-supply approach to irrigation and small scale agriculture, including improved agricultural techniques.

### **3. Integration of nutrition and WASH for young children**

We have secured funding for 16 CBCC projects and, in 2016/17, will be developing implementation plans with Mary's Meals for monitoring rates of disease and malnutrition changes. Using our CLTS experience, we will develop a customised model of work for CBCCs, with a strong focus on children's hygiene behaviour change and local community reinforcement and will seek to build an evidence base on the relationship between WASH and nutrition for children.

We will also recruit a dedicated Children's Development Officer to help us develop child centred interventions and will train Mary's Meals staff and CBCC management groups in water point management and data collection.

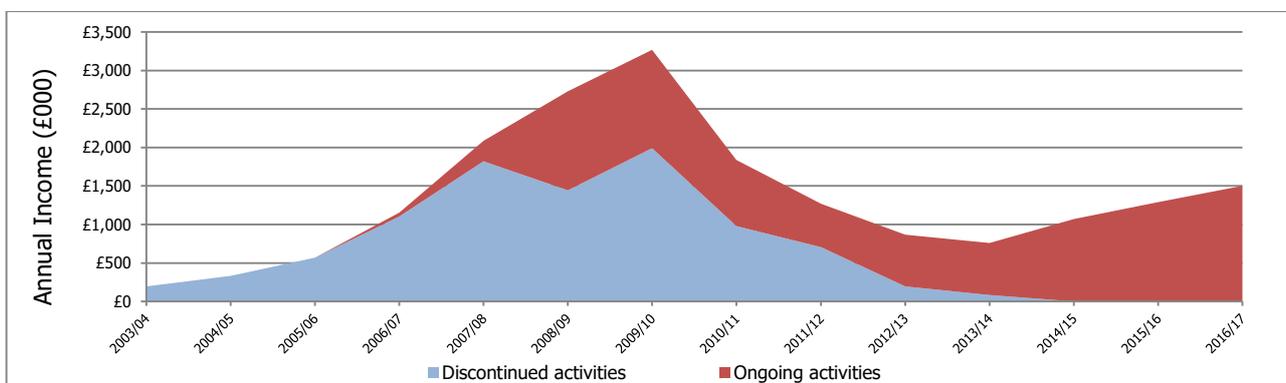
### **4. Urban WASH, regeneration and renewal**

We will complete the opening of four small scale businesses for solid waste recycling and household water treatment in the informal settlements around Blantyre and, using that experience, identify and open a similar number in and around Lilongwe. This is a three year programme, supported by Comic Relief and delivered in partnership with AYISE, WASTE and LUPPEN which seeks to galvanise the local private sector in the provision of safe water, hygienic sanitation, waste collection and recycling and be a blueprint for the future for how local communities can take control of their environments and develop sustainable businesses.

## Financial Review of 2015/16

### Income

The restoration of Pump Aid's finances has been a key priority of the Board since our split from the Africa Trust in 2010, which inevitably caused a prolonged drop in income and a significant drop in reserves. In fact our total income in 2013/14 was more than 75% down on our income in 2009/10. Expenditure followed a similar trajectory but not at the same speed, which is why unrestricted reserves fell at a faster rate. The following graph illustrates the impact of the split and how Pump Aid has achieved its recovery; it shows income falling sharply in the three years to March 2013, stabilising in 2013/14 and, since March 2014, growing steadily.



Discontinued activities include unrestricted donations from Charity Water and AquAid and funds used for programme delivery in Zimbabwe and Liberia.

At its peak in 2009/10 Pump Aid raised £1.27 million for its work in Malawi and the management team appointed in June 2014 was targeted with restoring the Charity's financial standing. The £1.29 million (excluding gifts in kind) raised in 2015/16 was not only a 20.6% increase on 2014/15 it was also a tangible demonstration that this objective has been achieved.

Key to our success has been the alignment of our fundraising strategy with our programme strategy which has enabled us to strengthen our relationships with existing donors, re-engage with lapsed donors and broaden the support we receive from a widening group of government and institutional sources. Our biggest individual funder in the year remained UK AID (£369,514) but this year saw the achievement of grants from a number of first time funders including Comic Relief (£128,755) and the Medicor Foundation (£120,000). We also continued to enjoy the support of Thirsty Planet (£94,463), UNICEF (£79,113), the Ajahma Charitable Trust (£50,000) and Aspect Capital (£50,000) and many others. As well as financial support, Pump Aid receives a huge amount of voluntary help, particularly from the communities with whom it works and this amounted to more than 37,000 volunteer hours in the year. Securing the commitment of local communities is crucial to the delivery of our work and for the future sustainability of the water resources we install.

### Expenditure

Expenditure on charitable activities (including governance) was £1,208,023. An increase of 15.0% on the £1,050,559 spent in 2014/15, all of which was spent in pursuit of the Charity's objectives in Malawi. Total expenditure (including governance and the costs of generating funds) amounted to £1,295,906 as compared with the £1,159,384 expended in 2014/15. The resulting outturn for 2015/16 was a total surplus of £68,506, which was a significant improvement on the deficit of £12,649 recorded in 2014/15 and a massive improvement on the deficit of £225,137 recorded in 2013/14. The outturn on unrestricted funds was a surplus of £22,296. The Charity is particularly proud to note that expenditure on charitable activities (excluding fundraising and governance) constituted 90 pence of every one pound it spent.

## Reserves Policy

Trustees believe unrestricted reserves are necessary for three reasons:

- To support innovative projects which need a period of testing and development and whose outcome may support future funding bids
- To support the strategic direction of the charity and, where necessary, to underwrite the costs of strategic change
- To cover support costs and unplanned expenditure in periods when these are not covered by grants and donations.

Trustees have set a minimum unrestricted reserves target of £150,000 and an optimum target of £250,000 (the equivalent of three months direct operating expenses).

## Reserves

Pump Aid's unrestricted reserves almost halved between March 2013 and March 2014 and a key objective of the incoming management team was to halt that decline. Though still less than the Board's optimum target, the unrestricted reserves figure of £189,362 at March 2016, is only the second time unrestricted reserves have exceeded £170,000 since March 2010 and demonstrates that considerable progress has been made. The management team has been tasked to reach the Board's optimum target by the end of 2017.

## Asset Cover for Funds

Note 17 sets out an analysis of the assets attributable to the various funds. These assets are sufficient to meet the Charity's obligations on a fund-by-fund basis.

## Disclosure of Information to Auditors

Each of the Directors has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditors are aware of such information.

## Auditors

H W Fisher & Company are auditors to the company and, in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put to the Annual General Meeting.

For and on behalf of the board of Trustees



**Stefan Allesch-Taylor CBE**  
Chairman  
29<sup>th</sup> September 2016

## CHAIRMAN'S REPORT

I was appointed Chairman of Pump Aid in February 2011 and in the Trustees' Report published that year I set out three strategic objectives for the organisation:

1. To move from being an organisation that builds pumps to one that enables communities to develop their own solutions
2. To develop a more diverse and secure funding base and
3. To manage ourselves as a professional business, efficiently delivering best value for money.

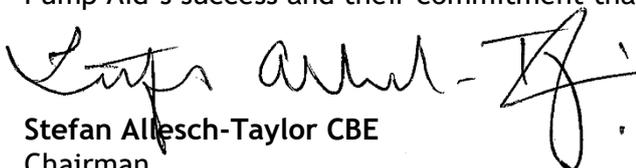
The outcome for the current year clearly demonstrates that all three have now been achieved.

The new programmes strategy that trustees approved in September 2015 with its four key areas of Integrated Rural WASH, Self-supply, WASH for young children and Urban renewal shows just how much Pump Aid has changed. Our self-supply programme in particular, with its focus on developing local markets for water services and the local businesses to deliver them, offers an entrepreneurial solution to the curse of functionality that has bedevilled the sector for decades. The recent report of the Independent Commission for Aid Impact which stated that "*water facilities need to be financially sustainable, with a process for generating revenues ...*" could have been describing our self-supply programme, which has proved itself to be both of these.

I am also pleased to report the achievement of objective 2. In 2010/11 54% of Pump Aid's income came from just three funders and eight funders between them contributed 75% of the total. In 2015/16, with the exception of UK Aid, no one funder contributed more than 9% of our total income and UK Aid's contribution of 26% was well down on the 38% it contributed in 2014/15. In addition, of the seventeen funders who contributed more than £10,000 in 2015/16, nine of them had never given money to Pump Aid before. We are now raising more money for our work in Malawi than we have ever done and are demonstrably diversifying our funder base, putting the organisation on a firmer financial footing than it has been for many years.

But financial success and programme impact do not happen by accident. They need competent management and effective oversight and Pump Aid has been fortunate to have secured both. The new management team we appointed in 2014 has not only produced these excellent results, they have delivered exceptional value for money and have kept the cost of non-charitable activities to below 10p in the £1. The certainty they have brought to our future has also enabled us to invest in our governance and I am delighted to welcome five new trustees. A trustees' skills audit identified a number of areas where we needed to strengthen our Board and each of our new trustees brings skills and experiences that will be invaluable as we chart Pump Aid's future.

Looking back over my five years as Chairman, I see an organisation that has both transformed the way it works and rejuvenated the programmes it delivers. But I also see an organisation that has remained true to its roots and to its commitment to achieving positive change in poor and rural communities across Sub-Saharan Africa. The delivery of these results would have been impossible without the support of our funders and I am grateful to every organisation and individual that has given us their support. I would also like to pay tribute to all our staff and volunteers, wherever they work and in whatever capacity they contribute. It is their achievements that have driven Pump Aid's success and their commitment that has made its rejuvenation possible.



**Stefan Allesch-Taylor CBE**  
Chairman  
29<sup>th</sup> September 2016

## Statement of Trustees' Responsibilities

The Charity's trustees (who are also the directors of Pump Aid for the purposes of company law) are responsible for preparing a Trustees' Annual Report and Financial Statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

Company law requires Trustees to prepare financial statements for each financial period, which give a true and fair view of the state of affairs of the Charity and of the incoming resources and application of resources, including the income and expenditure of the Charity for that period.

In preparing these financial statements, Trustees are required to:

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

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

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

So far as Trustees are aware, there is no relevant audit information of which the Charity's auditors are unaware. Trustees have taken all reasonable steps to make themselves aware of any relevant audit information and to establish that the Charity's auditors are aware of that information.

## **INDEPENDENT AUDITOR'S REPORT**

### **To the Members of Pump Aid**

We have audited the accounts of Pump Aid Limited for the year ended 31<sup>st</sup> March 2016 set out on pages 14 - 22. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 its members as a body, for our audit work, for this report, or for the opinions we have formed.

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

As explained more fully in the Statement of Trustees responsibilities on page 12, the trustees, who are also the directors of the charitable company for the purposes of company law, are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the accounts in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **Scope of the audit of the accounts**

An audit involves obtaining evidence about the amounts and disclosures in the accounts sufficient to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the accounts. In addition, we read all the financial and non-financial information in the Trustees' Report to identify material inconsistencies with the audited accounts and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Opinion on accounts**

In our opinion the accounts:

- Give a true and fair view of the charitable company's financial affairs as at 31 March 2016, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended.
- Have been properly prepared in accordance with the United Kingdom Generally Accepted Accounting Practice; and
- Have been prepared according to the Companies Act 2006.

**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Trustees' Report for the financial year for which the accounts are prepared is consistent with the accounts.

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

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the accounts are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

*HW Fisher & Company*

**Andrew Rich (Senior Statutory Auditor)**

For and behalf of HW Fisher & Company  
**Chartered Accountants**  
**Statutory Auditor**  
Acre House  
11-15 William Road  
London, NW1 3ER

28<sup>th</sup> November 2016

## STATEMENT OF FINANCIAL ACTIVITIES for the year ended 31<sup>st</sup> March 2016

	Notes	Unrestricted Funds £	Restricted Funds £	Total 2016 £	Total 2015 £
<b>INCOME</b>					
<b>Voluntary income</b>					
Grants and donations	2	113,342	-	113,342	125,701
Gifts and services in kind	3	72,939	-	72,939	75,613
Charitable activities	4	449,380	728,446	1,177,826	944,892
Bank interest receivable		305	-	305	529
<b>TOTAL INCOME</b>		<b>635,966</b>	<b>728,446</b>	<b>1,364,412</b>	<b>1,146,735</b>
<b>EXPENDITURE</b>					
<b>Costs of raising funds</b>					
Costs of generating voluntary income and income from charitable activities		87,883	-	87,883	108,825
<b>Charitable activities</b>					
Malawi programme		525,787	682,236	1,208,023	1,050,559
<b>TOTAL EXPENDITURE</b>	5	<b>613,670</b>	<b>682,236</b>	<b>1,295,906</b>	<b>1,159,384</b>
Net income/(expenditure) and net movement in funds		22,296	46,210	68,506	(12,649)
<b>Reconciliation of funds</b>					
Total funds brought forward		167,066	-	167,066	179,715
<b>TOTAL FUNDS CARRIED FORWARD</b>	16	<b>189,362</b>	<b>46,210</b>	<b>235,572</b>	<b>167,066</b>

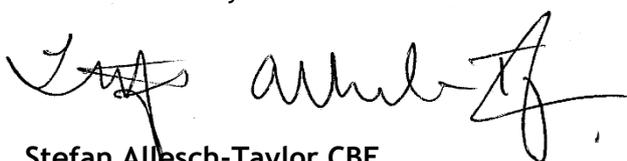
The statement of financial activities includes all gains and losses recognised in the year. All income and expenditure is derived from continuing activities.

## BALANCE SHEET AT 31<sup>st</sup> March 2016

	Notes	2016 £	2015 £
<b>FIXED ASSETS</b>			
Tangible assets	11	53,301	93,416
		<u>53,301</u>	<u>93,416</u>
<b>CURRENT ASSETS</b>			
Stocks	12	31,373	62,618
Debtors and prepayments	13	54,887	81,802
Cash at bank and in hand		329,914	40,841
		<u>416,174</u>	<u>185,261</u>
<b>Less: CURRENT LIABILITIES</b>			
Amounts falling due within one year	14	(233,903)	(111,611)
<b>NET CURRENT ASSETS</b>		<u>182,271</u>	<u>73,650</u>
<b>NET ASSETS</b>			
Total assets less total liabilities		<u>235,572</u>	<u>167,066</u>
<b>Represented by:</b>			
Restricted funds		46,210	-
Unrestricted funds		189,362	167,066
<b>TOTAL FUNDS CARRIED FORWARD</b>	17	<u>235,572</u>	<u>167,066</u>

The notes on pages 17 to 22 form part of these Financial Statements, which have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

The Financial Statements were approved for issue by the Trustees on 27<sup>th</sup> September 2016 and signed on their behalf by:



**Stefan Allesch-Taylor CBE**  
Chairman

## CASH FLOW STATEMENT for the year ended 31<sup>st</sup> March 2016

	Notes	2016 £	2015 £
<b>Reconciliation of net movement in funds to net cash flow from operating activities</b>			
Net movement in funds		68,506	(12,649)
Bank interest		(305)	(529)
Depreciation		52,013	44,091
Decrease/(increase) in stock		31,245	(55,991)
Decrease/(increase) in debtors		26,915	(56,756)
Increase/(decrease) in creditors		122,292	58,159
<b>Net cash provided by/(used in) operating activities</b>		<b>300,666</b>	<b>(23,675)</b>
<b>Cash flows from investing activities</b>			
Bank interest received		305	529
Payments to acquire fixed assets		(11,898)	(35,726)
<b>Net cash (used in) investing</b>		<b>(11,593)</b>	<b>(35,197)</b>
<b>Change in cash and cash equivalents in the reporting period</b>		<b>289,073</b>	<b>(58,872)</b>
Cash and cash equivalents at the beginning of the year		40,841	99,713
<b>Cash and cash equivalents at the end of the year</b>		<b>329,914</b>	<b>40,841</b>
<b>Cash balances are held in the following locations</b>			
United Kingdom		294,551	36,189
Overseas		35,363	4,652
<b>CASH BALANCE AT 31<sup>st</sup> MARCH 2016</b>		<b>329,914</b>	<b>40,841</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31<sup>st</sup> March 2016

### 1. ACCOUNTING POLICIES

#### **Basis of accounting**

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The Charity meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

Pump Aid Limited operates in Malawi as a registered Non-Governmental Organisation under the name Pump Aid Malawi. Results of this operation have been consolidated into Pump Aid Limited's accounts on a line by line basis.

The accounting policies of the Charity have not changed during the period.

#### **Reconciliation with previous Generally Accepted Accounting Practice**

Trustees have considered whether, in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102, the restatement of comparative items was required and have concluded that no restatements were required.

#### **Preparation of the accounts on a going concern basis**

As stated on page 5 of the Trustee's report, trustees believe there are no material uncertainties that call into doubt the Charity's ability to continue as a going concern and the accounts have therefore been prepared on the basis that the Charity is a going concern.

#### **Income**

All income is included in the statement of financial activities when the Charity is entitled to it and the amount can be quantified with reasonable accuracy. The following specific policies are applied to particular categories of income:

- Voluntary income is accounted for in the year of receipt
- Income from charitable activities is accounted for in the year of receipt, except where the donor specifies that the income must be used in a particular year or imposes conditions on the grant which have to be fulfilled before the charity becomes entitled to it
- Gifts of labour have been valued at the cost of a comparable commercial service and gifts of materials have been valued at the prevailing market rate.

Investment income comprises income on short term deposits and is included when received.

#### **Expenditure**

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

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

Expenditure is classified under the following activity headings:

- Costs of generating funds comprise the costs of attracting voluntary income, meeting any donor imposed reporting requirements and the costs of fundraising
- Expenditure on charitable activities includes the direct and indirect costs of activities and services delivered for the Charity's beneficiaries
- Other expenditure represents those items not falling into any other heading.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

Governance costs are those associated with the governance arrangements of the Charity, compliance with statutory obligations and costs relating to the Charity's strategic management.

Support costs are attributed to each activity and are apportioned on a fair and reasonable basis.

#### Pension costs

In Malawi the Charity operates a defined contribution pension scheme and in the UK the Charity makes contributions to its employees' personal pension schemes. The amounts charged in the accounts are the employer's contributions payable by the Charity in the financial year.

#### Operating leases

Rentals payable under operating leases are charged in the Statement of Financial Activities on a straight line basis over the life of the lease.

#### Tangible fixed assets

Fixed assets are stated at cost less depreciation. Depreciation is calculated at 33.3% on a straight line basis to write down each asset over its expected useful life. Any assets valued at less than £250 are fully depreciated in the year of acquisition. All assets are inspected regularly for any impairment and any defect remedied so as to maintain their current value.

#### Financial instruments

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

#### Stock

Stocks are stated at lower of cost or net realisable value.

#### Debtors and prepayments

Trade and other debtors are recognised at the settlement amount after any provision for bad and doubtful debts. Prepayments are valued at the amount prepaid.

#### Cash at bank and in hand

Cash at bank and cash in hand includes cash and short-term, highly liquid investments with a maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

#### Creditors and provisions

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

#### Foreign currency translation

Transactions in foreign currencies are translated into sterling at the average rate of exchange pertaining to the accounting period. Fund transfers are translated at the rate of exchange achieved. Exchange differences are recognised through the Statement of Financial Activities.

#### Fund accounting

Unrestricted funds are available to spend on activities that further any of the purposes of the Charity. Pump Sponsorship is included in unrestricted income because, in sponsoring a pump, a donor is not buying a pump nor paying for a specific pump to be built; though we may, at some future date, ascribe a specific pump to that donor in order to acknowledge their support and maintain their interest.

Restricted funds are donations which the donor has specified are to be solely used for particular areas of the Charity's work or for specific projects being undertaken by the Charity.

## 2. GRANTS AND DONATIONS

	Unrestricted Funds	Restricted Funds	Total 2016	Total 2015
	£	£	£	£
Individuals (including Gift Aid)	96,860	-	96,860	102,585
Community and Faith Groups and other receipts	16,482	-	16,482	23,116
<b>Total Grants and Donations</b>	<b>113,342</b>	<b>-</b>	<b>113,342</b>	<b>125,701</b>

### 3. GIFTS AND SERVICES IN KIND

The Charity receives voluntary support from the communities in which it works and also benefits from services provided by volunteers both in the UK and overseas. Gifts of labour have been valued at the cost of a comparable commercial service and gifts of materials at the prevailing market rate.

	Total 2016 £	Total 2015 £
Community contributions towards well digging and pump building		
Labour	18,810	25,269
Materials	27,171	32,596
International volunteers and interns		
Labour	26,958	17,748
<b>Total Gifts and Services in Kind</b>	<b>72,939</b>	<b>75,613</b>

### 4. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted Funds £	Restricted Funds £	Total 2016 £	Total 2015 £
<b>Government grants</b>				
UK Department for International Development	-	369,514	369,514	410,640
UNICEF	-	79,113	79,113	72,423
Guernsey Overseas Aid Commission	-	19,432	19,432	-
<b>Other income</b>				
Comic Relief	-	128,755	128,755	-
The Medicor Foundation	120,000	-	120,000	-
Thirsty Planet	94,463	-	94,463	92,714
AJAHMA Charitable Trust	50,000	-	50,000	50,000
Aspect Capital	-	50,000	50,000	40,000
Doris Pacey and Dr Michael and Anna Brynberg Charitable Foundations	-	42,327	42,327	-
Vibrant Village Foundation	-	33,046	33,046	25,789
The Oak Foundation	31,441	-	31,441	-
P Leigh-Bramwell Charitable Trust	25,000	-	25,000	-
Whiteknights Charitable Trust	17,500	-	17,500	-
BPEC Life Award	15,000	-	15,000	-
Concern Worldwide	-	15,263	15,263	43,023
David and Claudia Harding Foundation	10,000	-	10,000	-
Fair Water Connections	9,210	-	9,210	9,210
Brillig Charitable Trust	-	8,700	8,700	-
Waiakea Springs	8,398	-	8,398	2,178
Stichting One for One	7,777	-	7,777	5,328
George Oliver Foundation	-	7,000	7,000	-
Hydratem8	6,812	-	6,812	-
The Green Room Charitable Trust	5,226	-	5,226	-
The Funding Network	5,203	-	5,203	-
Souter Charitable Trust	4,000	-	4,000	9,210
Zurich Community Trust	3,000	-	3,000	-
Olympus Keymed	3,000	-	3,000	6,000
Halfords Media	3,000	-	3,000	-
Charles Hayward Foundation	-	-	-	15,000
Be For Good	-	-	-	9,000
Heifer International	-	-	-	8,398
The Northwick Trust	-	-	-	5,000
St Mary's the Boltons	-	-	-	3,697
The Charles Skey Charitable Trust	-	-	-	3,500
The Evan Cornish Foundation	-	-	-	3,000
Johnson Matthey	-	-	-	3,000
Spears-Stutz Charitable Trust	-	-	-	3,000
Grants and donations of less than £3,000	30,350	107,000	254,283	124,782
<b>Grants and Donations received in the year</b>	<b>449,380</b>	<b>860,150</b>	<b>1,426,463</b>	<b>944,892</b>
Restricted Grants deferred into the following year	-	(131,704)	(131,704)	-
<b>Total Income from Charitable Activities</b>	<b>449,380</b>	<b>728,446</b>	<b>1,177,826</b>	<b>944,892</b>

## 5. EXPENDITURE (including Gifts and Services in Kind)

	Staff Costs	Operational Costs	Total 2016	Total 2015
			£	£
Costs of generating voluntary income	70,486	17,397	87,883	108,825
Charitable expenditure				
Malawi programme	569,028	638,995	1,208,023	1,050,559
<b>Total Expenditure</b>	<b>639,514</b>	<b>656,392</b>	<b>1,295,906</b>	<b>1,159,384</b>

Costs of generating voluntary income include staffing, premises, office and publicity costs related to fundraising. Charitable expenditure includes governance costs of £42,511 (2015: £34,530) as set out in note 7.

## 6. STAFF COSTS (excluding Gifts and Services in Kind)

	Total 2016	Total 2015
	£	£
Gross emoluments	488,958	484,050
Employer's social security costs	21,661	22,344
Pension contributions	57,914	58,745
Other employment costs	25,213	13,887
<b>Total Staff Costs</b>	<b>593,746</b>	<b>579,026</b>

The key management personnel of the Charity comprise the trustees, the Chief Executive and the Director of Programmes. Remuneration of the key management personnel was £109,900 (2015: £90,424). One employee earned between £60,000 and £70,000 in the year (2015: None).

Salaries for all staff are benchmarked against similar roles in similar sized organisations. The salaries of the Chief Executive and Director of Programmes are set by the Board with reference to market data for each individual role.

In Malawi the Charity operates a defined contribution pension scheme, whose assets are held in an independently administered fund and in the UK it makes contributions to employees' personal pension schemes. Contributions payable by the Charity in the year amounted to £57,914 (2015: £58,745), these included contributions of £21,000 (2015: £14,909) payable by the Charity on behalf of higher paid staff.

	Total 2016	Total 2015
Average number of staff excluding trustees		
Based in Africa	52.0	50.3
Based in the United Kingdom	5.5	5.0
<b>Total Staff</b>	<b>57.5</b>	<b>55.3</b>

## 7. GOVERNANCE COSTS

	Total 2016	Total 2015
	£	£
Governance costs comprise		
Staff costs	25,255	16,949
Auditor's remuneration	9,500	8,400
Premises, office costs and travel	7,756	9,181
<b>Total Governance Costs</b>	<b>42,511</b>	<b>34,530</b>

Governance costs comprise the costs of external audits, the costs of trustees' meetings, the costs of statutory compliance and other costs incurred in the strategic oversight of the Charity.

## 8. TRUSTEES' EMOLUMENTS AND REIMBURSED EXPENSES

No emoluments were paid to any of the Charity's Trustees during the financial year. Similarly no Trustees were reimbursed expenses (2014 - NIL)

## 9. RELATED PARTY TRANSACTIONS

The Charity's Chairman has made an irrevocable commitment to the charity's bankers to guarantee the charity's overdraft facility of £125,000. He receives no personal benefit from this arrangement.

## 10. CORPORATION TAX

As a charity, Pump Aid is exempt from UK tax on income and gains to the extent that these are applied to its charitable objects. No UK tax charges have arisen during the year or the previous year.

## 11. FIXED ASSETS

	Plant and Machinery £	Fixtures and Equipment £	Motor Vehicles £	Total 2016 £
Cost or valuation at 1 <sup>st</sup> April 2015	20,500	122,067	368,751	511,318
Additions during period	-	2,129	9,769	11,898
Cost of disposals / assets written off	(20,500)	(62,723)	(134,788)	(218,011)
<b>Cost or valuation at 31<sup>st</sup> March 2016</b>	<b>-</b>	<b>61,473</b>	<b>243,732</b>	<b>305,205</b>
Accumulated depreciation at 1 <sup>st</sup> April 2015	20,500	112,997	284,405	417,902
Charge for the year	-	7,509	38,775	46,284
Depreciation on disposals / assets written off	(20,500)	(63,128)	(128,654)	(212,282)
<b>Accumulated depreciation at 31<sup>st</sup> March 2016</b>	<b>-</b>	<b>57,378</b>	<b>194,526</b>	<b>251,904</b>
<b>Net book value at 31<sup>st</sup> March 2016</b>	<b>-</b>	<b>4,095</b>	<b>49,206</b>	<b>53,301</b>
<b>Net book value at 1<sup>st</sup> April 2015</b>	<b>-</b>	<b>9,070</b>	<b>84,346</b>	<b>93,416</b>

## 12. STOCKS

	Total 2016 £	Total 2015 £
Stocks represent fuel and materials used for building pumps		
Pump building materials	18,759	36,096
Tools	11,930	11,399
Fuel	524	9,074
Well digging materials	160	6,049
	<b>31,373</b>	<b>62,618</b>

## 13. DEBTORS AND PREPAYMENTS

	Total 2016 £	Total 2015 £
Trade debtors	12,567	15,284
Staff debtors	7,749	8,961
Other debtors	16,900	29,874
Prepayments	17,671	27,683
	<b>54,887</b>	<b>81,802</b>

#### 14. CREDITORS (amounts falling due within one year)

	Total 2016	Total 2015
	£	£
Trade creditors	13,780	16,167
Taxes and social security costs	45,324	29,628
Other creditors	33,595	57,416
Accruals (including £9,500 for audit fees)	9,500	8,400
Deferred income	131,704	-
	<u>233,903</u>	<u>111,611</u>

Deferred income relates to funding received for activities in a future period.

#### 15. MOVEMENT IN DEFERRED INCOME

	Total 2016	Total 2015
	£	£
Deferred income at 1 <sup>st</sup> April 2015	-	-
Amounts released from previous years	-	-
Incoming resources deferred in the year	131,704	-
Deferred income at 31 <sup>st</sup> March 2016	<u>131,704</u>	<u>-</u>

#### 16. MOVEMENT IN FUNDS

	Unrestricted Funds	Restricted Funds	Total 2016
	£	£	£
Fund balances at 1 <sup>st</sup> April 2015	167,066	-	167,066
Incoming resources	635,966	728,446	1,364,412
Resources used	(613,670)	(682,236)	(1,295,906)
Fund balances at 31 <sup>st</sup> March 2016	<u>189,362</u>	<u>46,210</u>	<u>235,572</u>

Restricted funds relate to urban programmes and pump building projects.

#### 17. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted Funds	Restricted Funds	Total 2016
	£	£	£
Fund balances at 31 <sup>st</sup> March 2016 represented by:			
Tangible fixed assets	53,301	-	53,301
Current assets	238,260	177,914	416,174
Current liabilities	(102,199)	(131,704)	(233,903)
	<u>189,362</u>	<u>46,210</u>	<u>235,572</u>

#### 18. COMMITMENTS UNDER OPERATING LEASES

	Total 2016	Total 2015
	£	£
The Charity has a lease commitment in respect of its London office, which expires in March 2019		
Within one year	26,912	26,912
Between two and five years	53,823	80,735
Total commitments at 31 <sup>st</sup> March 2016	<u>80,735</u>	<u>107,647</u>

The lease contains a tenant's only break clause, which is exercisable on four months' notice.