# PRACTICAL ACTION

England & Wales · Charity number 247257

## Details

| | |
|---|---|
| **Other names** | INTERMEDIATE TECHNOLOGY DEVELOPMENT GROUP LTD, PRACTICAL ACTION LIMITED, PRACTICAL ACTION |
| **Status** | Registered |
| **Legal form** | Charitable company |
| **Company number** | 00871954 |
| **Registered** | 1966-04-26 |
| **Register** | View on the Charity Commission register |

## Contact

| | |
|---|---|
| **Address** | Practical Action Ltd<br>The Robbins Building<br>25 Albert Street<br>Rugby<br>CV21 2SD |
| **Phone** | 01926634412 |
| **Email** | enquiries@practicalaction.org.uk |
| **Website** | www.practicalaction.org |

## Activities

**Objects:** THE ADVANCEMENT OF EDUCATION AND THE RELIEF OF POVERTY BY THE PROMOTION AND ADVANCEMENT (IN WAYS THAT ARE CHARITABLE) OF KNOWLEDGE OF TECHNICAL, ECONOMIC AND SOCIAL SCIENCE, AND FOR OTHER CHARITABLE PURPOSES BENEFICIAL TO THE COMMUNITY.

**Activities:** Practical Action is a global innovator, inspiring people to discover and adopt ingenious, practical ways to free themselves from poverty and disadvantage

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## Classification

- **How:** Makes Grants To Organisations, Provides Services, Provides Advocacy/advice/information
- **What:** Education/training, The Advancement Of Health Or Saving Of Lives, The Prevention Or Relief Of Poverty, Overseas Aid/famine Relief, Environment/conservation/heritage, Other Charitable Purposes
- **Who:** The General Public/mankind

## Geography

- Bangladesh
- Bolivia
- Burkina Faso
- India
- Kenya
- Malawi
- Mozambique
- Nepal
- Peru
- Rwanda
- Senegal
- Sri Lanka
- Sudan
- Zimbabwe

## Finances

| Period end | Income | Expenditure | Assets | Employees |
|---|---|---|---|---|
| 2025-03-31 | £33,140,000 | £32,363,000 | £8,442,000 | 478 |
| 2024-03-31 | £30,020,557 | £30,542,960 | £7,958,000 | 450 |
| 2023-03-31 | £26,950,000 | £28,921,000 | £8,197,000 | 432 |
| 2022-03-31 | £27,867,000 | £27,663,000 | £10,670,000 | 489 |
| 2021-03-31 | £30,439,000 | £29,229,000 | £10,466,000 | 511 |

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## Trustees

| Name | Role | Appointed |
|---|---|---|
| Aki Temiseva | | 2024-07-10 |
| Claire Ireland | | 2024-07-10 |
| Deepali Khanna | | 2025-12-03 |
| Fayezul Haque CHOUDHURY | | 2020-04-01 |
| Isabel Studer Noguez | | 2024-07-10 |
| Jane Louise Sloane | | 2024-07-10 |
| MARTIN CHARLES TYLER | | 2020-04-01 |
| Matthew James Haikin | | 2021-09-07 |
| Mourad Wahba | | 2021-09-07 |
| Philip Hunter Smith | | 2025-12-03 |
| Sazini Mojapelo | | 2024-04-12 |
| Shivani Wadhwa | | 2021-09-07 |
| William Fu Wei Liao | | 2021-09-07 |

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**PRACTICAL ACTION**

England & Wales - Charity number 247257

# Accounts

# Annual Report and Accounts

# 2024 - 2025

Practical ACTION

Practical Action | Company Reg. No. 871954
Reg Charity No. 247257 | Year ended 31 March 2025

Our vision is for

# A WORLD THAT WORKS BETTER FOR EVERYONE

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*Front cover image: Joyce Sikwese, clean energy entrepreneur and co-founder of Green Impact Technologies, with farmer Michael in Malawi. Through the Global Distributors Collective, Practical Action supports companies like Joyce's to deliver solar pumps and other equipment to farmers in remote areas. With reliable irrigation and training in new techniques, Michael grows stronger crops, earns more at the market, and feeds his family. Together, local enterprise and Practical Action's support are helping farmers build security for the future.*

◀ *In Nepal, Laxmi is overjoyed to have found a way to turn a simple, sustainable material into a reliable source of income. Using grass that grows locally, she weaves baskets by hand and sells them at local markets. Laxmi has been able to set up and grow a thriving business – an activity that's often seen as the preserve of men in her community. By using traditional skills and local materials, she's earning her own income, supporting her family, and showing that women can be successful business owners too.*

# Welcome from the Chair and Chief Executive

## Steering with purpose

**I was honoured to take up the role of Chair of Trustees in December 2024. This appointment reflects Practical Action's commitment to inclusive leadership and the diversity of voices that shape the organisation. Leadership transitions are important moments, and the Board and I have approached this one with care and commitment. Our focus has been on continuity, clarity and ambition, ensuring that while change is embraced, the values and mission remain constant.**

This has also been a year of important choices. Governance for Practical Action has meant steering through uncertainty with steadiness, keeping long-term priorities in view even as global disruption has intensified. The world around us is shifting rapidly – in politics, in the climate and in the funding landscape. The role of Trustees is to provide stability in this context, while also encouraging the organisation to be bold and adaptive for the future.

That is why the Board's collective effort this year has centred on guiding Practical Action into the first phase of its new Resilient Futures Strategy to 2030. This strategy sets out a clear direction: addressing the root causes of poverty and inequality while helping people adapt to the realities of the climate crisis. Our role as Trustees is to ensure this strategy is well delivered. That means asking the right questions, scrutinising risks and ensuring resources are used wisely. It also means supporting leadership and staff to innovate, to learn and to build the partnerships that make change possible.

For me, governance is not an abstract responsibility. It is about ensuring that Practical Action is accountable to the people it serves, as well as to its supporters and partners. Our duty is to safeguard the mission for the long term, holding the organisation to the highest standards of accountability while ensuring it has the freedom to adapt.

The Board is guided by values-led decision making, grounded in principles of climate justice, gender equity and local leadership. These commitments are not optional extras. They are central to how lasting change is achieved.

Looking forward, we are committed to strengthening our own practice. Diversity, inclusion and transparency will remain priorities, so that the governance of the organisation reflects the realities and perspectives of the people and places where it works. In doing so, we aim to keep Practical Action resilient, responsive and ambitious in a world where the challenges are immense but the opportunities for positive change are just as real.

There is much to celebrate from this year. Not only in the achievements of programmes, but in the resilience and creativity of staff, partners and the people we work with. I want to thank my fellow Trustees for their commitment, and to express my gratitude to everyone who supports Practical Action. Together, we will ensure the organisation remains true to its mission, ready for the future and steadfast in its commitment to people and planet.

**Sazini Mojapelo,**
***Chair of the Board of Trustees***



## A defining year in a turbulent world

**This has been a year of disruption. Growing conflict, more frequent and extreme climate events, and major shifts in the funding environment have created uncertainty across the international development and climate community. Cuts from key donors, particularly USAID, had significant consequences for many organisations within it.**

Against this backdrop, our teams and partners showed remarkable determination and creativity. Together, we supported people to drive positive change, while also preparing Practical Action for the challenges and opportunities ahead.

As our 2021–2025 strategy ended, we built on its achievements to prepare for what comes next. Over those four years, six million people saw tangible improvements in their lives. Another 33 million were reached through shifts in policies, markets and systems. We secured the largest grant in our history, leading a consortium that brings together indigenous organisations, mission aligned conservation and development organisations, and national and local governments across Peru and Ecuador. We also exceeded our targets for flexible funding and deepened the partnerships that make this possible.

Whether it is farming that works for people, planet and rural economies in East Africa, carbon finance and climate insurance in Nepal, or energy reaching last-mile communities around the world, our work is grounded in the knowledge and leadership of those most affected by poverty and injustice. Later in the report you can read more about how this approach works in practice and the impact it has made. You'll see how it's built on long-term partnerships, shaped by local priorities, and designed to create lasting change.

We have also invested in our own readiness, so that Practical Action can deliver more. This has meant developing leadership across the organisation, upgrading systems and strengthening how we measure impact. With these foundations in place, we are better able to influence wider change and respond with agility.

Looking ahead to our 2025–2030 strategy, we're drawing on proven experience in climate resilience, energy, waste, sustainable agriculture and locally led development. By combining these strengths, we aim to support people to adapt to change, prepare for shocks and influence the systems that shape their lives.

The challenges facing international development today are real, and in many ways deepening. But we are not standing still. Our ambition is clear: by 2030, we will reach 10 million people, guided by a new impact framework that puts locally led action and equity at the centre. We are working to unlock more finance, influence more systems and back solutions that meet the urgency of today's crises. We're strengthening and extending our partnerships and raising our ambition – challenging ourselves and our sector to go further on equity, locally led development and lasting impact.

I'm incredibly proud of the commitment, creativity and courage that have brought us this far, and of what we have achieved together. Thank you to everyone who has been part of the journey - partners, colleagues, and friends around the world. And to our supporters in particular, we are deeply grateful. Your trust and generosity make our work possible and continue to inspire us every day. If there is one thing we know in today's unpredictable world, it is that the work we do together is needed now more than ever.

**Sarah Roberts,**
***Chief Executive Officer***

# Building the conditions for lasting change

**As our 2021-2025 strategy ended in March, we looked at how change has taken root both in people's lives and in the systems that shape their futures.**

Thanks to our projects, in the places we work people's livelihoods are more secure. More people have a say in local decisions. Public services are improving. Policies are becoming more inclusive. And in many places, practical solutions are being adapted, expanded and led by the people who use them.

## Our 2021-25 impact figures tell part of the story

**6M** *people experienced improvements in their lives through our projects*

**13M** *people were reached through our projects and wider partnerships*

**33M** *people reached through systemic changes in policy and markets*

▲ *María and Roldán cast their nets in a community fish farm in San Antonio, Peruvian Amazon. The ponds provide food and income while easing pressure on wild river species.*

It's how change happened that really matters. New business models are bringing clean energy to places beyond the grid. Local knowledge is shaping early warning systems to prepare for climate extremes. Young entrepreneurs are transforming how food is grown, distributed and sold. And more people are influencing the decisions that affect their lives.

As we spent time preparing our new strategy, we also took time to reflect. Teams across the organisation reviewed results and shared lessons. We looked at where our influence made the greatest difference, what helped unlock long-term outcomes, and what we need to do differently to stay effective in a fast-changing world.

This learning helped us refine our Theory of Change, strengthen the way we measure impact, and reaffirm the principles that guide our work. These tools will keep us focused on what drives real, lasting results.

With our new Resilient Futures Strategy to 2030, we're boosting our added value and our proven methodologies and solutions. We'll continue to challenge the systems and structures that hold people back, from how markets function to who gets to make decisions. And we'll keep building the partnerships that make this kind of change possible.

We close this chapter with momentum. Locally-led solutions have delivered real results and started to shift the systems around them. The next chapter is already underway - one that builds on what we've learned and sets our sights higher.

*Our results are reported through two measures: reach and impact. Reach refers to the number of people our work touches, whether directly, indirectly through families and partners, or through changes in policies and systems. Impact reflects where people's lives have measurably improved as a result of our programmes.*

*In Kisumu, Kenya, Pamela has grown a small kale plot into a thriving one-acre farm that supports her family and inspires her community. Using methods that protect the soil and conserve water, she has also expanded into poultry, now keeping hundreds of birds.*

*But Pamela's biggest impact is with people. She mentors other young people in farming, business skills, and financial literacy, showing that agriculture can offer stability and opportunity. She has set up savings and loan groups that give members the means to start or grow their own ventures, creating a ripple effect of new enterprises.*

*In a region where many young people feel pushed to leave farming behind, Pamela is changing the story - proving how local knowledge, determination, and shared learning can strengthen livelihoods and transform how food is grown and sold.*

# Our reach and impact

The impact of our 2021–2025 strategy reflects both the scale of our reach and the progress people have led. The figures below show how locally rooted solutions are improving lives and challenging the conditions that drive poverty and climate vulnerability. They also lay the groundwork for our next ambition: reaching 10 million people by 2030.

### Expanding energy access

Since 2021, 3.4 million people have gained improved access to energy, including 1.8 million in 2025. This has meant more people lighting their homes and powering their businesses. In 2024-25, this progress was driven by the expansion of the Women in Energy Enterprises in Kenya (WEEK) project and improved services across all refugee camps in Rwanda. Looking ahead, we'll focus on working with people still living without energy and linking energy access to food production, storage and small-scale enterprise.

### Transforming agriculture in complex settings

Since 2021, our agriculture work has reached 5.3 million people. In the past year, 596,000 people accessed training, tools or support, and 619,000 reported improved incomes and greater food security as a result. These changes are happening in challenging places. In Bolivia, we supported nature-based recovery after devastating wildfires, while in Sudan, we launched farming projects in new areas, to cope with the effects of conflict and climate change. As we look to 2030, we're now developing new ways to track the benefits of regenerative farming and strengthening our focus on resilient rural livelihoods.

### Cities that can cope and thrive

Since 2021, 709,000 people have accessed cleaner water, better hygiene or improved waste services, including 552,000 in 2024-25 . These changes mean safer living conditions, better health and more dignity in everyday life. We've also sharpened our focus on urban resilience, particularly in Kenya, Senegal and Bangladesh, where we're reducing open burning of waste and strengthening waste systems. This work will continue, with greater emphasis on tackling risks in fast-growing urban areas.

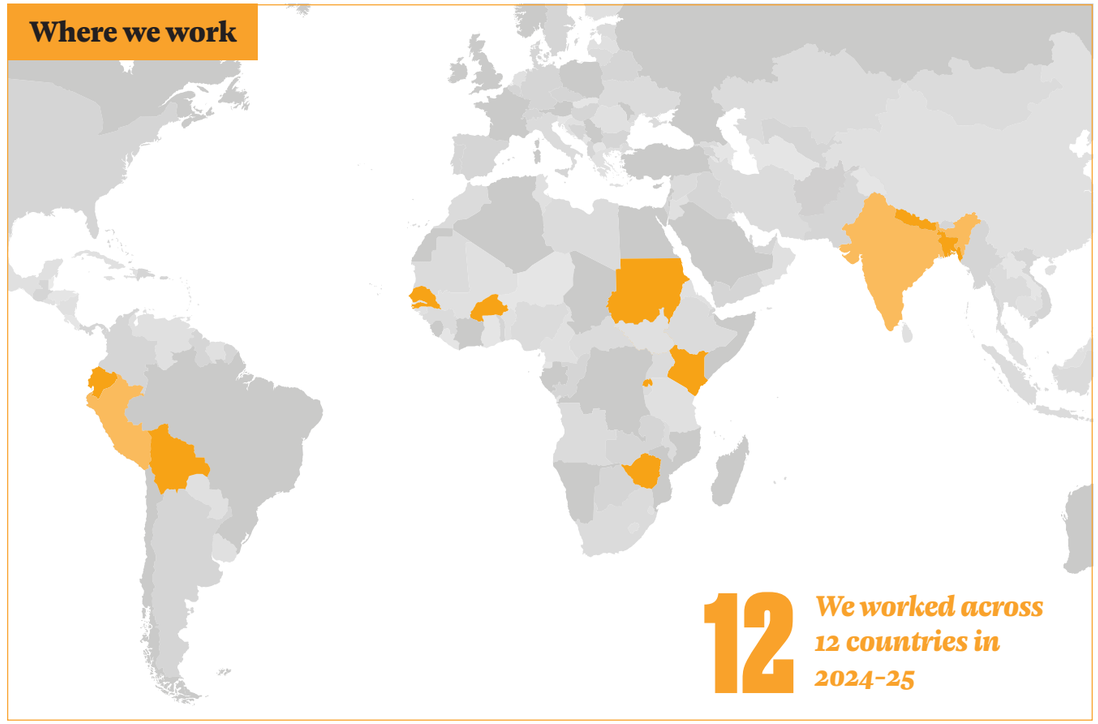
### Built-in climate resilience

Since 2021, 1.3 million people have been better protected from floods, landslides and other climate threats, including 875,000 in the last year. With more accurate early warnings and access to climate information, people can make informed decisions to protect themselves, their families and their livelihoods. Strategic partnerships, including with the Zurich Climate Resilience Alliance, have helped us extend this work across Peru, Bolivia, Senegal, Nepal and Bangladesh. By 2030, climate resilience will be built into everything we do.

### Inclusion at the core of change

Women and girls face some of the greatest barriers to safety, opportunity and voice, especially where poverty and climate risk intersect. Since 2021, women and girls have made up 58% of those whose lives have improved and 53% of everyone reached.

Gender isn't the only barrier. We know poverty is shaped by many forms of exclusion, including age, disability, ethnicity and displacement. In the next strategy cycle, we're investing in the expertise to strengthen inclusion across all areas of our work and ensuring those most affected by inequality help shape the decisions that affect their lives. This commitment will remain central as we move toward our 2030 ambition.



◀ *In Bangladesh, Rehana now gets flood alerts on her phone, giving her village time to prepare, protect their homes and animals, and stay safe together.*

▲ *After fires and floods in Bolivia devastated his coffee crop, Federico replanted and adapted his methods, showing resilience and commitment to protecting his land.*

# Partners and supporters: powering change together

▲ *Staff from Riviera Travel and community members clean up Auji River in Kisumu, Kenya.*

▲ *Community members working at a construction site during the donor visit at Kassala, Sudan.*

Every milestone we reached this year was made possible by the people and organisations who believe in how we work. From long-standing institutional partners to thousands of individual supporters, their trust and funding has helped us go further, adapt faster and stay focused on long-term solutions, even as challenges change.

Our global partnerships continued to grow in strength and shared purpose. As members of the Zurich Climate Resilience Alliance, we're part of a transformative effort to strengthen community resilience to extreme weather events, from floods to extreme heat, in some of the world's most vulnerable places. This collaboration is helping shift how early warning systems are designed, how risk is communicated, and how people are supported to take action.

We're incredibly grateful to players of People's Postcode Lottery. Their flexible funding of £500,000 has allowed us to test new ideas, support bold innovations and drive progress across our work. It's helped people around the world adapt to the impacts of climate change on their lives and livelihoods.

Alongside these partnerships, and many more with trusts, grant-makers and companies who fund and champion our work, we've also seen steady and generous support from individuals who share our vision. Across the UK, people gave through regular donations, campaigns, appeals and legacy gifts.

That commitment was especially clear in the powerful response to our urgent year-end appeal, launched after the sudden closure of USAID. In just a few days, supporters raised £125,000 to help plug the gap and keep critical work on track. These contributions exceeded expectations and gave us the flexibility to act where it mattered most. At a moment of unexpected and brutal cuts, people stood with us and with the values we work to uphold.



# How we were funded in 2024–25

This year's funding mix gave us the resources to deliver at scale and adapt with purpose. With over 33.1 million raised, our income remained diverse and resilient, allowing us to keep driving progress, even in a more complex external environment.

### Funding partnerships driving global change

We secured £14m of new grant commitments. During the year we drew down £19m of grant income and £2.7m of restricted donations as we delivered the projects for which grants had been secured over multiple years.

### Unrestricted income unlocking flexibility

We saw encouraging results in individual giving. We're deeply grateful to the supporters, trusts and companies whose flexible support helped us raise £10.4 million this year. This vital income surpassed our targets and enabled us to respond to changing needs and back innovative solutions.

- £2.9 million from regular donations
- £2.0 million from major donors, companies and trusts
- £1.9 million from cash giving
- £0.9 million from Gift Aid

These funds supported action across all themes and regions. We're especially grateful to our growing community of supporters in the UK and beyond

### Legacies that live on

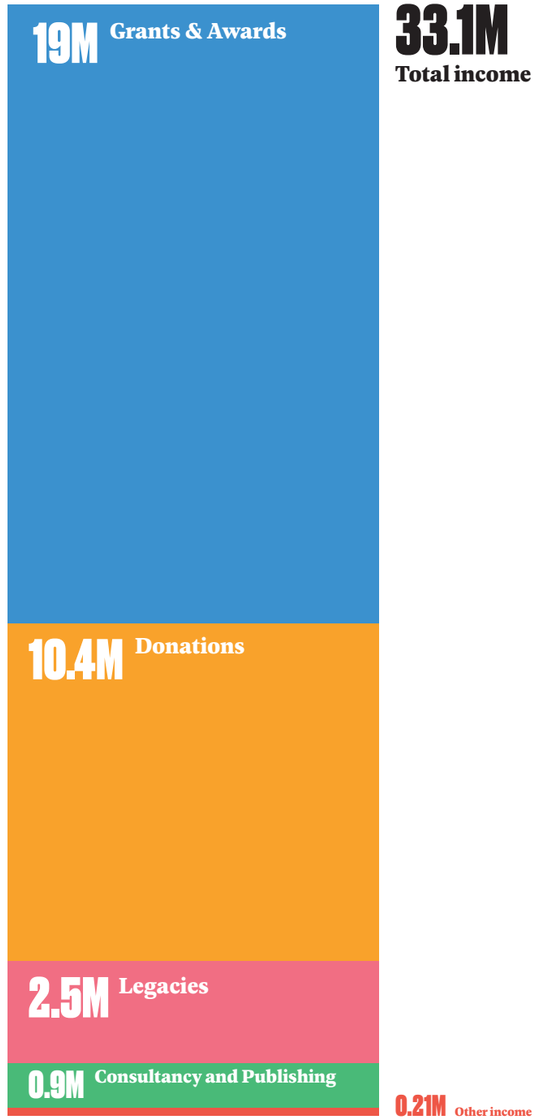
Gifts in wills provided £2.5 million in legacy income this year. This is a powerful expression of shared values and long-term commitment to our mission.

### Consultancy and publishing income

Our network of technical experts generated £0.9 million by supporting businesses, institutions and governments with consultancy, knowledge services and publishing. This work strengthens our role as both a delivery partner and a trusted voice in climate and development.

### Other income

Additional income of £0.22 million was generated through interest and other sources.



## Impact stories
*Global*

# LOCAL ACTION, GLOBAL SHIFTS

Across Asia, Africa and Latin America, we support change led by the people most affected by poverty, inequality and the climate crisis. In the following pages, you'll find stories from each region that show how solutions grounded in local realities can improve both present and future, with the right support and partnerships in place.

But local progress alone isn't enough. The scale and urgency of today's challenges demand broader change. That's why we also work at a global level: helping evolve policies, direct investment and share learning across borders. By linking real-world solutions to the systems that shape them, we help ensure that what works locally can grow, last and reach further.

**Global Distributors Collective:**
**Small businesses driving big change**

In remote areas, access to solar lights, clean cookstoves or safe water filters can mean the difference between opportunity and exclusion. Yet these essentials are still out of reach for millions. That's where the Global Distributors Collective (GDC), hosted by Practical Action, is making a difference.

The GDC brings together more than 250 last-mile distribution businesses across 45 countries. These are local enterprises that sell life-changing products and recruit and train sales agents from their own communities, reaching customers far from traditional markets and helping reshape the systems that enable access.

**44M** *GDC members have reached over 44 million people since 2018*

In 2024-25:

- Over 150 members took part in training and knowledge-sharing events, including a major in-person gathering in Zambia. These opportunities help entrepreneurs build the skills, confidence and networks they need to grow their businesses and impact.
- 11 distributors received funding through the GDC's Innovation Launchpad, using it to test new ideas, from e-commerce pilots to repair and maintenance services. These experiments improve how distributors operate and offer insights others can adapt and scale.
- The GDC launched a new Access to Finance strategy and Investment Catalyst Facility to make small loans more viable and easier to access. This work aims to get capital flowing to the businesses best placed to deliver impact - those with deep local roots and a clear understanding of what their customers need.

This is the story behind the numbers: a global network of locally rooted businesses solving real problems and changing how essential products reach the people who need them most. To date, GDC members have reached over 44 million people, demonstrating that when last-mile businesses thrive, entire communities move forward.

▲ *Eveless is bringing light and opportunity to her community in Mtambo, Malawi. As a sales agent with Village Solar, she is proving how women entrepreneurs can power change for their families and communities.*

▲ *In Khulna, Bangladesh, Cyclone Preparedness Programme volunteers Trideep and Ram use the Disaster Alert for Bangladesh app to plan for upcoming risks. Digital tools help people strengthen early warning systems and build resilience.*

**Zurich Climate Resilience Alliance:**
**Local action with global influence**

Climate shocks are hitting harder, more often, and in ways that overlap and intensify. The Zurich Climate Resilience Alliance, of which Practical Action is a founding member, is rising to meet this challenge with urgency and ambition.

In 2024, the Alliance expanded its scope beyond floods to also include heatwaves, wildfires and climate risks in fast-growing cities. We've helped shape this evolution by working closely with partners to deepen its impact and sharpen its focus.

At the heart of our work are early warning systems that start with people. Across Latin America, Africa and South Asia, we co-created alerts, risk maps and preparedness plans with communities and institutions. These tools help people anticipate risks and act early, saving lives and protecting livelihoods. Through our Missing Voices approach, they also reflect the knowledge, priorities and lived realities of those most at risk because they've been involved in designing them from the start.

Since 2013, our flood resilience work has helped more than 1.5 million people strengthen their preparedness. Now, Phase 3 aims to reach 2 million more by 2027 and support change that benefits up to 40 million people by 2035.

The results are already visible:

- In Bangladesh, over 169,000 people now receive timely, tailored alerts via the Disaster Alert App
- In Nepal, our advocacy for improved early warning systems has led authorities to embed early warning systems in national disaster strategies, including SMS alerts that reach more people, faster
- Regional bodies are adopting people-centred models, while our leadership is influencing global initiatives such as the Early Warnings for All campaign and the Risk-informed Early Action Partnership (REAP).
- In the Andes and Amazon, our work ranges from open-source early warning systems now used by authorities in Peru, to Indigenous-led wildfire resilience efforts in Bolivia, and national advisory roles in Ecuador where anticipatory action and early warnings are being built into disaster governance.

We continue to lead the Alliance's work on early warning systems, knowledge and communications. Our technical expertise supports partners across emerging challenges, from managing poly-crises to scaling early action and advancing climate risk insurance. New funding from partners including the Asian Development Bank, the UK Foreign, Commonwealth & Development Office, Citi Foundation, Swiss Re Foundation and the Global Centre for Adaptation is helping to take this further.

These global efforts show what is possible when local expertise shapes global action. They improve outcomes while challenging the rules and structures behind them, expanding what people can do, and what institutions are ready to support.

## Impact stories
*Africa*

# SHAPING FOOD SYSTEMS THAT LAST

Across Africa, we're working alongside farmers, entrepreneurs and institutions to build food systems that are fairer, more sustainable and resilient.

Our work connects farmers to markets, supports regenerative and climate-resilient practices, influences policy and moves power to producers. As this strategy cycle ends, we're proud of what has been achieved. From Sudan to Zimbabwe, and across East and West Africa, people are leading their own change, with Practical Action as a trusted partner. This is changing how agriculture works, who it includes and what it makes possible.

Farmers are restoring soil health using organic fertilisers. Women are building formal dairy businesses powered by clean energy. Young people are gaining access to credit and stepping into leadership. And governments are recognising the value of locally led solutions.

**In Sudan**, conflict and climate shocks have left agricultural systems fragile and fractured, progress often begins with rebuilding trust. With more than 12 million people displaced by the civil war, we've supported displaced people and their host communities to keep growing food, access reliable inputs and re-establish local networks in the most challenging environments.

This year, more than 3,200 farmers planted high-quality sorghum, millet and sesame seeds, instead of relying on seeds saved from previous harvests, a common practice that, over time, leads to weaker crops and lower yields. Women are leading the way, making up two-thirds of participants in farmer field schools. These improvements mark a return to possibility, where farmers are reclaiming their role as decision-makers and local systems are beginning to recover.

That same spirit of locally led change is reshaping systems across the continent.

**In Rwanda**, women in refugee and host communities are moving from subsistence to running thriving enterprises. With our support, including training and solar-powered fridges, they have launched milk storage and sales businesses, earning more, mentoring others and gaining visibility in a sector long dominated by men. Many are also joining farmer field schools, where women now make up over 60% of participants. Some are farming for the first time, while others are growing new businesses. This work brings together food production, clean energy and women's leadership in ways that build both income and a stronger voice in their communities. In a context where women's roles are often limited, these are promising signs of deeper change taking root.

◀ *In Sudan, Ekram turned her business training into opportunity, reviving an indigenous women's group and writing a sweet potato cookbook.*

*In Kenya, Annastanciah has transformed her half-acre home farm into a thriving enterprise. Once reliant on costly chemicals and subsistence harvests, she now supplies fresh vegetables to local schools, raises poultry with innovative feed, and uses regenerative practices that cut costs and restore the soil. She has also stepped into leadership, mentoring other young farmers to see agriculture as a path to independence and opportunity.*

**In Burkina Faso and across West Africa**, smallholder farmers are choosing cleaner, more efficient technologies. Solar pumps, biodigesters and improved cookstoves are replacing diesel equipment. With training and links to trusted suppliers, many are now investing in these technologies themselves. We've helped build the confidence and knowledge that make this possible. At the same time, energy companies and banks are adapting, offering products and payment plans that reflect the realities of rural life. This shift shows that markets are beginning to work for those who have long been left out.

**In Kenya**, a generation of young people is stepping into leadership and reshaping how food systems work. Youth savings and loan groups are opening access to financial services, creating space for enterprise and independence. We've worked closely with young people, women and people with disabilities to build their confidence, skills and ability to lead green businesses. Banks are beginning to respond, designing credit products that reflect their needs as rural entrepreneurs. Regenerative farming is also gaining traction. In Kakamega, smallholders are creating and using organic fertiliser made from recycled waste to restore soil health and cut input costs. And in Embu, a gender action plan we helped develop is now guiding county energy planning, with women's voices shaping public decisions and investments in the systems that affect their lives.

These examples reflect a wider pattern. Across the continent, people are adopting new practices while also influencing how institutions respond. That's also clear in Zimbabwe, where farmers have focused on regenerative agriculture and achieved strong results using organic fertilisers and sustainable soil practices, even in the face of erratic rainfall. Their success became the basis for national field days, where policymakers saw first-hand what climate-resilient farming can achieve. Farmers are leading this change, putting their experience, leadership and determination into action.

These changes are not happening in isolation. Across the region, we're seeing stronger markets, more inclusive policies and greater power in the hands of people sustaining rural economies. They are leading the way by adopting new tools and shaping how markets function, how resources are allocated and how decisions are made. We help make this possible by connecting people with what they need to lead, by amplifying what works and by linking local solutions to wider systems.

These results were made possible by the World Food Programme, the Swedish International Development Cooperation Agency, the Embassy of Sweden, Mastercard Foundation and the King Charles III Charitable Fund, alongside many partners across Africa.

# FROM FLOOD RESPONSE TO CLIMATE READINESS

Across Asia, people are no longer waiting for disasters to strike. With Practical Action as a partner, they are planning ahead by strengthening public systems, embracing new tools and taking the lead in building long-term climate resilience.

In Bangladesh and Nepal, floods can arrive with little warning, sweeping away homes, crops and incomes in hours. The human and economic cost is devastating, especially for those living in low-lying or remote areas where support is slow to reach.

We're helping local innovation and leadership strengthen the public services, policies and infrastructure that people rely on to stay safe and recover quickly. This means making sure early warnings are timely and trusted, planning is proactive, and tools like mobile banking and climate insurance are within reach. By moving from crisis response to long-term preparation, people are gaining greater control over their lives and livelihoods.

Our early work focused on helping people act ahead of floods and cyclones. Over time, that focus grew into a joined-up approach that connects public planning, local governance, digital access, income diversification and financial protection. In both countries, we're supporting change that is community-led, government-backed and designed to last.

**In Bangladesh,** this approach is saving lives. In 2024, over 90 percent of people who received alerts for floods, cyclones and heatwaves took early action. Local disaster committees have been activated across three municipalities with formal terms of reference, inclusive leadership and stronger coordination. Women are taking on key roles, ensuring the realities of family life and everyday risk are reflected in disaster plans - perspectives often missing when decisions are made from above.

Nationally, we're supporting collaboration between government and civil society to improve climate response. For families who once faced disaster with no warning and no safety net, this is life-changing. Now, farmers are gaining access to risk-based insurance, and bio-dykes made from natural materials are protecting riverbanks from erosion. Early warnings no longer arrive too late to act. Instead, they're part of a wider system that helps people plan, protect what matters and recover faster.

**In Nepal,** communities are taking this further. Disaster management committees are now formally recognised and central to public planning. In Panchpokhari and Helambu, local governments have used their own budgets to establish Emergency Operation Centres, embedding preparedness into official structures.

Digital tools are opening new opportunities. More than 3,100 women have gone from informal cash systems to mobile banking, improving financial safety and autonomy. Many are now peer champions, helping others gain confidence with digital finance. At the same time, families are using SMS weather alerts to make daily decisions about farming, travel and safety based on timely, trusted information.

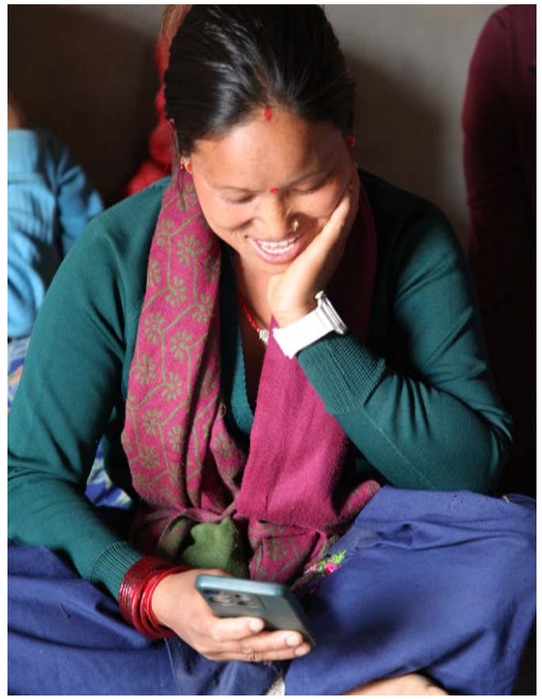
People are also finding new ways to manage financial risk. In flood-prone areas, over 5,000 smallholder farmers have purchased climate insurance through women-led cooperatives. This is Nepal's first unsubsidised risk-based insurance product and its uptake signals growing trust in long-term protection.

This work is connecting local action with national systems and global learning to build resilience that is practical, inclusive and here to stay.

With thanks to the Gates Foundation, the Global Center on Adaptation, the Netherlands Enterprise Agency, the UK Department for Energy Security and Net Zero, the United Nations Development Programme, Jersey Overseas Aid and the Global Green Growth Institute, alongside many partners across Asia.

*Over*
**5,000**
***smallholder farmers have purchased climate insurance through women-led cooperatives***

*When an SMS alert warns that river levels are rising upstream, Gyanu Giri knows exactly what to do - and so does her community. As part of our early warning team in Helambu, Nepal, she gets real-time updates from river sensors and government alerts, then helps spread the word through neighbours and local networks. This combination of technology and people power is transforming disaster preparedness. Families now practise evacuation, keep emergency bags ready, and move to safety before danger strikes. Once, floods arrived without warning. Now, timely, trusted alerts are part of a wider system that means communities can protect lives, livestock and livelihoods. Gyanu happily told us "We stay prepared, vigilant and informed."*



▶ *Geeta, a digital champion, from the Rolpa District of Western Nepal accesses finance and agricultural information from mobile applications. She also teaches fellow farmers how to use digital wallets and mobile applications providing agricultural information.*

## Impact stories
*Latin America*

# INDIGENOUS LEADERSHIP DRIVES CLIMATE ACTION

In Latin America, Indigenous leadership is shaping a different kind of climate response. One grounded in deep knowledge of land, culture and community. From the Andes to the Amazon, Indigenous groups are protecting ecosystems, restoring soils and growing food sustainably.

In Bolivia, Peru and now Ecuador, we are working in partnership with Indigenous organisations to support this leadership. Together, we're building flood early warning systems in local languages, expanding solar irrigation, and unlocking funding for long-term resilience rooted in territory, tradition and self-determination.

**In Bolivia,** Quechua, Aymara and Tacana communities are combining ancestral knowledge with practical innovation. Women are co-designing early warning systems for floods that reflect local realities and are delivered in Indigenous languages. Farmers are regenerating soils using traditional techniques. Solar irrigation is improving food production while reducing reliance on diesel. Communities are also launching eco-businesses that link environmental stewardship to income, helping people earn a living while protecting their land.

This work is strengthening local governance too. In 20 Tacana communities, Risk Management Officers, many of them women, are now part of formal governance structures. A community-led monitoring system is influencing how land and resources are managed. These solutions are embedding Indigenous values and priorities into everyday systems and decisions.

**In Peru and Ecuador,** we promoted the professionalisation of nine Amazonian indigenous organisations, including human capital training, with an impact on the inclusion and informed and effective participation of indigenous peoples in climate management and financing.

**In Peru,** we included more than 2,000 small coffee producers in a platform that allows them to receive incentives for carbon capture in the trees planted alongside their coffee plants; and with the La Prosperidad de Chirinos Cooperative (Cajamarca), we developed the first deforestation-free coffee accreditation system, enabling them to export their production by successfully complying with the due diligence requirements of European companies.

These changes are opening space for women's leadership too. In Bolivia, six women-led enterprises were internationally recognised for their Route of the Tacana Women tourism initiative, which combines cultural preservation with environmental protection and economic opportunity. These women are earning income while redefining who leads and how.

Indigenous leadership is helping communities adapt to climate impacts. It's also transforming how climate action is governed, financed and sustained.

With thanks to the UK Department for Environment, Food and Rural Affairs, the Swiss Agency for Development and Cooperation, the Flemish Fund for Tropical Forests, the French Development Agency, Lloyd's Register Foundation and the Canada Fund for Local Initiatives at Global Affairs Canada, alongside many partners across Latin America.

*In Tres Hermanos, Bolivia, the Tacana women of Tumi are turning forest stewardship into a thriving enterprise. They built and equipped a solar-powered workshop, expanded production tenfold, and began selling their medicinal plant soaps to shops in La Paz and Santa Cruz. Even after wildfires burned half their harvesting area, they rallied community support, replanting and sourcing from neighbouring villages to keep orders flowing. With plans for new markets, they are proving how women's leadership can drive both climate resilience and economic change.*

# Fit for the future

As we step into our 2025–2030 strategy, we are ready to go further. Our ambition is to reach 10 million people and shift systems that affect millions more. To do this, we are ready to lead where we can, join forces where we must, and inspire others to act. The future demands courage, creativity and collaboration, and we invite you to be part of it.

▲ *Solar power means these farmers in Burkina Faso can water their crops with water pumped from underground, helping them grow food even during droughts. Their families are healthier and they have produce to sell at market.*

▲ *This bustling market in Nigalpani, Nepal was set up with our support. Farmers have the opportunity to sell their produce to more people and customers have a better choice of nutritious vegetables to keep their families healthy.*

### We're evolving how we work to match the scale of today's challenges

Across the places where we work, climate extremes, conflict and political instability are becoming more frequent and more interconnected. At the same time, global funding for climate action, equality and inclusion is shrinking. That's why we're designing and delivering programmes with greater flexibility, rooting delivery in local realities, and building the kind of agility that has kept our work moving through decades of uncertainty. It also means working faster and smarter to diversify our funding base: reducing reliance on bilateral donors, strengthening partnerships with foundations, and exploring new forms of finance.

### Local leadership is shaping the way forward

Our founder E.F. Schumacher said, "*An ounce of practice is generally worth more than a ton of theory.*" We've always believed the best solutions are practical, hands-on and locally led, and we're being honest about where we can go further. Across our regions and teams, we're reviewing roles, structures and partnerships to ensure that power, decision-making and resources flow to those closest to the work. This is both a reflection of our values and a deliberate change in how we operate.

▲ *In Palmeras, Ecuador, Raquel Antún leads a gathering of Shuar women through the TSAPAU association, sharing ancestral knowledge in a country where Practical Action is beginning to establish partnerships.*

### We're helping move proven solutions into the global mainstream

Approaches developed with communities, from regenerative agriculture and inclusive early warning systems to clean energy and climate finance, are now shaping global frameworks, national policies and donor strategies. Our role goes beyond project delivery. We help demonstrate what works and support others to scale it, which is why systems change is a core aim of every programme we deliver and central to our 2030 ambition.

### Our model is evolving to stay resilient and relevant

We're adapting how we finance and sustain our work. This includes combining larger, more complex grants with stronger cost recovery, better risk management and more flexible income. These changes are helping us remain stable in volatile environments while staying ambitious about the change we want to see.

### The next strategy builds on strength and aims for deeper, wider impact

We're not starting from scratch. We're building on what works and going further. That means doubling down on locally led systems change and focusing all our work at the intersection of poverty and the climate crisis. We're placing greater emphasis on climate, nature and equity, and working closely with others who share our urgency. The challenges ahead are bigger than any one organisation can solve, but we're ready to play our part at scale. We're scaling what works, deepening our roots and raising our sights. We're not here to do more of the same. We're here to shift the system. By 2030, our aim is not just to expand our work, but to make sure more people can thrive in the face of change.

### We're clarifying our voice to reflect who we are and where we're going

Work is underway to refresh our brand narrative and visual identity, making our purpose clearer and our story more compelling. We want to be easier to understand and more powerful to connect with for funders, partners and the people who support us. Real change is never achieved alone. The future demands courage, and we are ready to play our part.

# Strategic Report – *Financial Affairs*

*Newly appointed Chief Operating Officer, Chris Kelly reviews our finances over 2024-25*

In an external environment that has witnessed substantial changes in funding and financing patterns in the latter part of the financial year amidst intensifying climate events, Practical Action delivered higher income in the year ending March 2025 compared to the previous year. Alongside this Practical Action is accelerating a process of transformation, to reflect our need to be ready for our next five year strategic period within the context of a rapidly changing funding environment.

**Income and fundraising**

Total income was £33.1m for the year ended March 31st 2025, a 10% increase in the previous year.

Restricted income for the year was £21.9m (2024 £17.1m), an increase of 28%. Our most significant donors in the year are shown in note 3 of the accounts.

The award from Defra (UK Department for Environmental, Food and Rural Affairs as shown in note 19 in the annual accounts was responsible for the main increase in income.

Unrestricted income for the year ended March 2025 was

£11.2m, 14% below of the previous year. This was mainly driven by a reduction in consultancy services which previously formed a significant part of our unrestricted income stream by value.

**Expenditure**

Total expenditure was £32.4m for the year, which is an increase of £1.8m from the previous year.

Total restricted expenditure increased by £3.4m to

£21.1m reflecting our success in grant applications in previous years.

Unrestricted expenditure reduced £1.6m to £11.2m compared to £12.8m in the previous year.

**Balance Sheet *(before pension liability)***

Growth in the charity's net assets, which rose by £0.54 million to £8.74 million, was due to two key factors: an increase in expected donor payments and a reduction in liabilities, especially tax and accrued expenditure.

The charity's total assets consequently grew by £0.27 million to £16.65 million, while creditors were reduced from £8.17 million to £7.88 million. For the wider group, a similar pattern emerged, with net assets increasing by £0.69 million to £8.79 million. Group total assets experienced a smaller increase of £0.13 million, reaching £17 million, while group creditors fell from £8.77 million to £8.14 million

**Reserves**

Total group reserves for the year ended 31st March 2025 were £8.4m of which £2.1m were restricted and £6.3m were unrestricted. Restricted reserves relate to funds tied to multi-year grants for use in future years.

Unrestricted reserves comprise fixed assets and general funds.

Free unrestricted reserves, excluding amounts related to fixed assets, remained at £5.7m, within our target range of £4.9m-£5.9m. We will continue to balance the need to invest to deliver growth and to build our reserves to support higher grant funding secured in line with our strategic aims.

Free reserves are held for the following purposes

- **Working Capital:** these funds are required to provide working cash and pre-financing for normal operations during the course of the year.
- **Fundraising:** to honour expenditure commitments in the event that fundraising targets are missed.
- **Grant repayment:** to be able to repay donors or inject additional money into projects if there were a failure to meet grant conditions.
- **Foreign exchange**: to support our programming in the short term when the currencies in which we receive income lose value.
- **Business continuity:** to support core activities, such as business development. **Pension Scheme**

**Pension Scheme**

The valuation of Practical Action's pension scheme at March 31st, 2025, for the purposes of FRS 102, showed a deficit of £344k. The above deficit has been disclosed separately within unrestricted funds in line with FRS 102. Recovery contributions have been agreed with the Pension Regulator.

**Policy for sub-award grants**

We work in partnership with several organisations globally and this is an important part of our work.

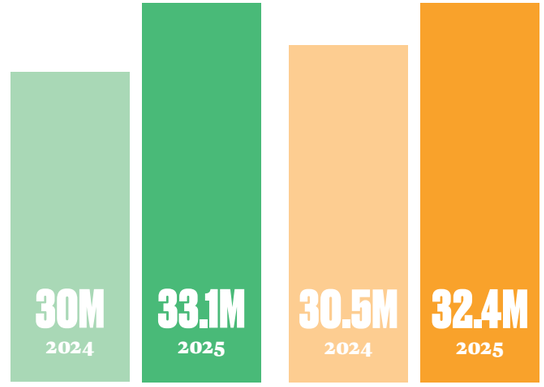
During the financial year we granted £4m (2024: £1.6m) to our partners to support delivery of programs.

The increase in grants to partners was primarily achieved in Latin America where we worked with other organisations to deliver the bio-landscape program. Due diligence is carried out, and we track and monitor funds against agreed deliverables. Partners are contracted to follow our policies and observe our standards in a range of areas including safeguarding and financial management.

**Significant Events**

The substantial reduction of USAID funding globally has impacted our programmes – and we envisage it will continue to have an impact going forwards as there is increased competition for funding.

We were sorry to have to let go 16 of our staff from across our offices in Nepal and Peru as a direct result of USAID funding cuts. We have re-deployed other staff, and are grateful to our committed supporters who have helped to meet some of the shortfall in funding created by the USAID withdrawal.




**Total income increased 10% in the last 12 months**

**Total expenditure increased 6% in the last 12 months**

**Looking Forward**

Growth in income and careful cost management leave us in the position of being able to invest in areas to help us grow and to build reserves to support a growth in grants.

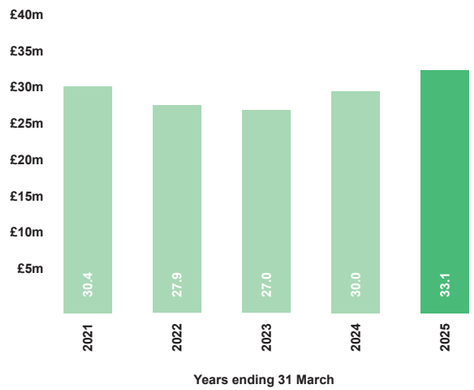
In 2024/25 we secured new grants and awards of £14.2m compared to a previous year total of £35.6m. The large variance is mainly driven by the Biodiverse Landscapes Fund grant from Defra (£14.3m*) which was secured in 2023. While we are continuing to focus on ambitious large scale opportunities, this demonstrates how a small number of large scale grants can alter the outcome from one year to the next. As many grants are for multi-year funding commitments, a key focus is on how funding is projected to flow across futures years, and the countries where we work, and on how to mitigate the associated risks.

**Going Concern**

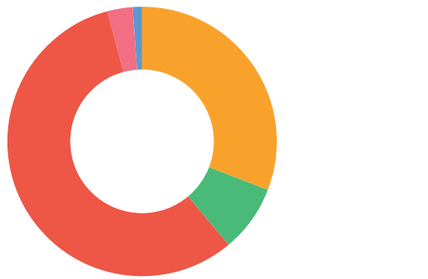
Practical Action adopted a proactive and prudent approach in 2025, paying close attention to the risks posed to income and to expenditure and level of reserves. We anticipate keeping reserves within the target range and so retaining considerable financial resilience against future uncertainty. We are therefore confident that the organisation remains a going concern.

# Summary of income and expenditure

### Total annual income

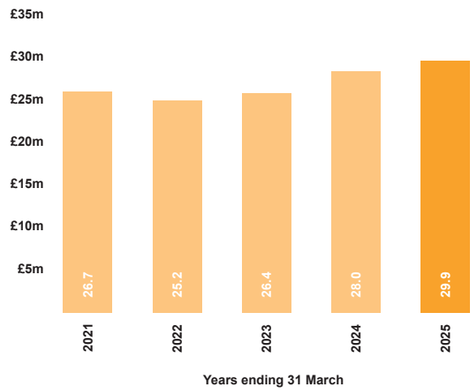



### 2024-25

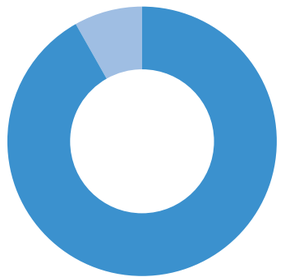


**Donations from individuals, trusts and companies** £10.4m (31%)
**Legacies from people remembering us in their Will** £2.5m (8%)
**Grants from governments, trusts and foundations, and companies** £19.0m (57%)
**Consultancy work and Practical Action Publishing** £0.9m (3%)
**Investments & Other** £0.22m (1%)

### Total expenditure on charitable activities (£m)




### 2024-25
(including fundraising and governance)



**Charitable activities** £29.9m (93%)
**Fundraising** £2.4m (7%)

We explain what we mean by charitable activities and how we allocate costs on pages 37–39



# Governance and administration

### The Board of Trustees

Practical Action is a registered charity (registered in England and Wales, reg. number 247257) and a company limited by guarantee (CRN 00871954).

The Board of Trustees (who are also Directors of Practical Action for the purposes of company law) govern the organisation in line with its Articles of Association, vision, mission, values, aims, and charitable objectives and provide overall policy direction. They are responsible for overseeing the management of all Practical Action's affairs and delegate day-to-day management of the organisation to the Chief Executive. The Board of Trustees has a formal schedule of matters reserved for its consideration and approval. These matters are included in our Delegation of Authority policy. These matters include, but are not limited to, the approval of the organisation's objectives, strategic aims, and business plans, the approval of group policies, annual reports, and accounts; the appointment and removal of Trustees, Members, and the Chief Executive. The Board of Trustees also approves expenditure beyond the Chief Executive's delegated authority.

The Trustees are appointed and elected or re-elected for a term (usually three years), according to procedures set out in our Articles of Association, which is our governing document. In the absence of any exceptional circumstances, Trustees serve for a maximum period of six years. Trustee recruitment is conducted by the Governance and People Committee of the Board and is undertaken with an external recruitment agency, with additional public advertising on our website, a variety of sector websites, and on social media. The Board of Trustees may appoint a person to be a Trustee either to fill a vacancy or as an additional Trustee. We had 11 Trustees at the end of 2024–25.

We provide an induction programme and materials for each new Trustee, covering all aspects of the role and the organisation. All Trustees are encouraged to attend external training events and seminars to enhance their skills. These events help provide Trustees with a greater understanding of their legal responsibilities and allow them to discuss emerging issues affecting the sector.

In accordance with standard commercial practice, the organisation has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors, or omissions. The insurance provides cover up to £5,000,000 on any one claim and the cost for the period ended 31 March 2025 was £27,000 + insurance tax premium.

The Board of Trustees is responsible for the overall management and control of the organisation and meets at least four times a year. Trustees are not remunerated and receive no benefits from the organisation, other than the fact that Practical Action pays for Trustee Indemnity Insurance. The Trustees are allowed to claim travel and accommodation expenses after attending face-to-face meetings.

The Board delegates day-to-day decision-making and operations to the Chief Executive and the Global Leadership Team, in accordance with an approved delegation of authority policy and schedule of delegations.

The Board of Trustees has created two committees of the Board. Each committee includes members of the Board of Trustees and may include additional members appointed for their specialist knowledge. These Committees are:

### The Finance, Audit, and Risk Committee

This Committee oversees matters of financial control and performance, external and internal audit, fraud, whistleblowing, and organisational risk.
It also maintains an oversight of the organisation's fundraising plans and activities.

### The Governance and People Committee

This Committee reviews the composition and effectiveness of the Board and subsidiary companies, as well as overseeing the Trustee recruitment process. It also oversees the terms and conditions of employment of the Global Leadership Team and considers reports from the organisation's International Remuneration Committees.

**Subsidiaries and associated organisations**

The Charity has two wholly owned primary purpose trading subsidiaries registered in England and Wales: Practical Action Publishing Limited and Practical Action Consulting Limited. It also has a subsidiary registered in Senegal, known as Practical Action Consulting Senegal.

**Practical Action Publishing Limited** has partnered with more than 250 organisations for over 50 years to publish over 2000 books and 3000 journal articles informed by the latest development perspectives. We continue to be a trusted voice in international development publishing; championing accessible, evidence-based knowledge that drives sustainable solutions from grassroots to policy and amplifies the voices of practitioners and communities worldwide.

We are committed to publishing print and ebooks as sustainably as possible, using responsibly sourced paper and a network of local print-on-demand services around the world, to help us minimise environmental impacts – our print and digital models have the additional advantage of enabling us to reach regions and communities that have traditionally proved to be difficult or too expensive to deliver knowledge resources to.

Last year our resources were accessed 995,000 times, a growth in the previous year of 138%, with 68% of access originating from outside of the UK, Europe, US and Australia, making a real-world impact in addressing global development challenges.

**Practical Action Consulting Limited** provides technical assistance consultancy services to governments, NGOs, aid agencies, research institutions, and the private sector, in areas closely aligned with our change ambitions. Practical Action (the Charity) now carries out the activities of Practical Action Consulting Limited in the UK directly.

Practical Action Consulting Limited has registered several development consultancy subsidiaries under the Practical Action Consulting name globally (the trademark being licensed from Practical Action). These subsidiaries have been set up to further the aims and objectives of Practical Action.

– Practical Action Consulting Private Limited Nepal – private limited company registered in Nepal. Practical Action Consulting Limited UK has a 51% shareholding and 49% is held by Nepali nationals in trust.

– Practical Action Consulting (India) Private Limited – private limited company registered in India.

– Practical Action Consulting Limited UK has a 99.67% shareholding and 0.33% is held by an Indian national in trust.

– Practical Action Consulting Bangladesh Limited – private limited company registered in Bangladesh Practical Action Consulting Limited UK has a 99% shareholding in the company.

– Practical Action Consulting S.A.C. – private limited company registered in Peru. Practical Action Consulting Limited UK holds 49% shareholding. This company is currently dormant.

– Practical Action Consulting Rwanda – registered as a branch of Practical Action Consulting Limited UK.

– Practical Action Consulting Senegal – provides consultancy services to governments, NGOs, aid agencies, research institutions and the private sector across the ECOWAS region of West Africa.

– Practical Action Consulting Limited Malawi – dormant private company limited by guarantee registered in Malawi. Practical Action Consulting Limited UK is one of the two members of the company.

We have two dormant subsidiaries held to protect our previous company names: Intermediate Technology Development Group Limited (CRN 1017062) and Intermediate Technology Publications Limited (CRN 6424984).

ATS Property Holdings (Pvt) Ltd. was established as a private limited company registered in Sri Lanka to purchase our office premises there. It was deemed appropriate to do this through a locally registered, wholly owned subsidiary rather than the Charity itself. Subject to local clearance and prudent asset management, the process of deregistration will begin.

We are also affiliated with two locally registered overseas entities carrying the Practical Action name. Practical Action is registered as an International Non-Governmental Organisation in Kenya and has a board comprising two Kenyan nationals and three directors nominated by Practical Action in the UK. Two of these Practical Action nominees are from the Executive. As Practical Action exerts significant influence and control over this entity; for accounting purposes, this entity is included in the Group's consolidated accounts as a branch office.



The Practical Action Foundation was incorporated in Delhi as a locally registered not-for-profit company. All the directors are Indian nationals, neither directly connected to Practical Action nor does Practical Action hold a shareholding in this not-for-profit company. It is therefore not included in our Group consolidated accounts. Practical Action and Practical Action Consulting Limited (based in the UK) work with the Practical Action Foundation.

**Charity Governance Code**

We are committed to the highest standards of governance and strive to make continuous improvements in line with the principles outlined in the Charity Governance Code.

Annual safeguarding training is a requirement for all trustees and new trustees who joined the board at the end of 2024 and completed their safeguarding training early in 2025. The Trustees confirm that the Charity is taking positive steps towards working in line with the Code in all ways where it is practical to do so.

**Statement of Directors' duties**

As Company Directors, the Trustees must act in a way they consider to be in good faith and most likely to promote the success of the company for the benefit of all its members, both in the current period and in the long term. In discharging their duties above, the directors of the charity carefully consider, among other matters, the impact of their decisions on various stakeholder groups.

The groups we consider in this regard are our employees, community participants, funders, delivery partners, and the broader community in which we operate. The directors recognise that building strong relationships with our stakeholders will help us to deliver our long-term strategy in line with our core values and operate the business in a sustainable way. We are committed to conducting business responsibly. The directors do not believe that any key decisions were made during the year that required specific reference and had a significant impact on any of the company's stakeholder groups.

**23,537**

***people supported us with a gift in 2024-2025***

**Our approach to raising funds from the public**

We're fortunate to have many members of the public who support our work and we take our responsibility to them very seriously. Our Supporter Promise, which is published on our website, contains our commitments to supporters of being honest, accountable, and respectful in our communication. We also commit to protecting our supporters' privacy and putting supporters in control of how we contact them, making it easy for them to change the frequency and channels of communication.

We are registered with the Fundraising Regulator and we comply with the regulatory standards for raising funds including the Charities Act 2011, the Charities (Protection and Social Investment) Act 2016, the Data Protection Act 2018, and the Privacy and Electronic Communications Regulations 2003.

We have a complaints procedure that is published on our website. We received eight complaints relating to fundraising activities in 2024-25. These concerned the frequency of mailings, inaccurate terminology, and asking people who make regular gifts for additional ad hoc donations. We didn't receive any complaints that needed to be escalated.

Our fundraising and supporter services teams keep up to date with regulation and best practice and work to our Supporter Fundraising Policy and the accompanying compliance handbook. These cover topics including current fundraising regulations, data protection, accepting and refusing donations, protecting vulnerable people, and complaints procedures. This also ensures that if we feel or are advised that a person is vulnerable our systems are updated so they are no longer sent any mailings or requests for support.

The Finance, Audit and Risk Committee has an oversight role in fundraising. When working with a third party or partner organisation for fundraising purposes, we work closely with them to make sure they meet our own high standards of practice. During the reporting period, we worked with two third-party Professional Fundraising Organisations who promoted payroll giving on our behalf and one which recruited regular givers by telephone.

In 2024-25, 23,527 people supported us with a gift. 1,527 of these were new donors. Thanks to pledges from committed givers and other donors, at the start of 2025-26, we're confident that 41% of our public fundraising target is already secured.

## Remuneration and staff engagement

We remain committed to attracting and retaining skilled staff who are primarily motivated to work with us because of our mission. Our remuneration approach is based on the principles of fairness, transparency, and alignment with local markets, aspiring to pay staff close to the market median of relevant benchmarks for similar roles in comparable organisations.

We are currently refreshing our global approach to careers and reward, developing a framework that enables greater consistency, transparency, and equity across all roles and locations. While our existing remuneration policy remains in place, this work reflects our commitment to building a future-focused, globally aligned system that recognises both role and contribution.

Our pay system is designed to be free from bias and to promote equitable remuneration for all employees regardless of sex, race, religion, ethnic or national origin, caste, tribe, belief, age, marital or civil partnership status, pregnancy, caring responsibilities, sexual orientation, gender identity or disability.

Remuneration Committees at the management level remain accountable for determining pay scales, benefits, and cost-of-living awards. These decisions are guided by local benchmarking, inflation, recruitment and retention data, affordability, financial performance, and employment market trends.

The Governance and People Committee of the Board provides oversight and holds these committees to account. Remuneration of the Executive Directors is approved by the Governance and People Committee, with the Chief Executive Officer's remuneration requiring full Board approval.

We continue to promote inclusive practices and value the richness of perspectives and experiences that a global workforce brings.

We aim to build a culture of meritocracy, openness, and respect where people feel heard, recognised, and supported as individuals. We promote equality of opportunity, actively oppose discrimination in all forms and support affirmative action where appropriate.

Staff engagement remains central to our success, and we regularly gather feedback on the employee experience through surveys and other channels to inform ongoing improvements in our people practices.

## Global Gender Pay Gap Data Analysis

The global gender pay gap analysis indicates a 2% mean pay gap in favour of women.

Despite men making up 55% of our global workforce, the mean pay gap remains in favour of women. This is influenced by the higher proportion of women both at leadership level and in offices with relatively higher salaries, most notably the UK (60%), Bolivia (59%) and Peru (57%).

We will continue to focus our efforts on initiatives that support gender balance and equitable progression, including the expansion of our Women Trainee Programme in Nepal. This programme supports young professionals from socially excluded groups in advancing their careers.

***The global gender pay gap analysis indicates a 2% mean pay gap in favour of women***

## Safeguarding

We continue to take a proactive, organisation-wide approach to safeguarding, ensuring our policies, culture, and practices reflect the highest standards of prevention, response and accountability. Our Safeguarding Policy remains subject to Board approval and the Chair of the Governance and People Committee, Shivani Wadhwa, remains our safeguarding designated trustee.

Our global policies on recruitment, pre-employment screening and referencing remain a core part of our safer recruitment framework designed to prevent individuals who pose a risk from entering our organisation. Additionally, we are now members of the Misconduct Disclosing Scheme, which is an international initiative aimed at preventing perpetrators of abuse from moving between organisations undetected.

All new joiners are required to complete safeguarding training, and our staff refresher training remains mandatory. Our e-learning and face-to-face training this year have been updated to reflect our strengthened internal investigation framework, which is now fully embedded in policy and partner training resources.

Our Safeguarding Communities Framework, which went live last year continues to be rolled out across our locations, with a focus on locally led approaches to prevention, reporting and community engagement.

We continue to prioritise and actively promote awareness of our safeguarding reporting mechanisms, and people are encouraged to report concerns, including through an external anonymous reporting service. Appropriate ways to respond to issues raised are in place to investigate concerns and, where appropriate, deal with safeguarding misconduct, including using disciplinary action.

Transparency is a core part of our commitment to safeguarding. We record, report, and publish the number and nature of safeguarding complaints received across the organisation. Regular reports are submitted to the Governance and People Committee, with details of the concerns and actions taken.

During the 2024-25 reporting period, we have received no new safeguarding issues. There were two initial incidents reported, both of which were reviewed in line with our procedures and, upon further investigation, were found not to be safeguarding issues.

## Section 172 Governance disclosure on carbon reporting

Practical Action is deeply concerned about climate change and its effects on everyone, especially marginalised, low-income people and families. Core to all Practical Action's work is an ambition to safeguard the planet today and for the benefit of future generations. As well as our programming and influencing work, Practical Action aims to keep its carbon footprint as small as possible. This means exploring ways to reduce the footprint, while still being able to carry out work effectively.

The organisation achieves this by monitoring and managing the emissions of greenhouse gases generated by its operations. Practical Action programmes are designed with the aim of protecting and improving the environment.

Practical Action has undergone a carbon footprint baselining process and developed an organisational carbon reduction plan. Every year, we will continue to measure our footprint and report progress against our baseline. The key findings being measured include flights (both international and national), vehicle usage, gas and electricity consumption, and paper usage.

| | 2023-24 | 2024-25 |
|---|---|---|
| UK Energy consumption used to calculate emissions (kWh) | | |
| Energy consumption breakdown (kWh) | | |
| Gas | 85,572 | 95,617 |
| Electricity | 67,004 | 37,498 |
| Associated greenhouse gas emissions ($kgCO_2$ equivalent) | | |
| Gas | 17,340 | 19,381 |
| Electricity | 13,873 | 6,637 |
| Total associated greenhouse gas emissions (kg $CO_2$ equivalent) | **31,213** | **26,018** |
| Intensity Ratio (kg $CO_3$ equivalent per square feet) | 3.01 | 2.71 |
| Calculation for intensity ratio: kgCo2e divided by office size - 9591 sq. ft. (2024 - 10,350 sq. ft.) | | |

**Notes on electricity figures:**

This year's electricity use (in kWh) has decreased. This reflects reduced office occupancy, a cooler summer, and the removal of some equipment, including a copier.

# How we manage our affairs

**How our activities deliver public benefit**

The Trustees have read the Charity Commission's Summary Guidance PB1, PB2 and PB3 for Charity Trustees on the Public Benefit Requirement and discussed as a Board the main principles contained within the Guidance. They consider that they have complied with the duty (set out in Section 17(3) of the Charities Act 2011) to have due regard to public benefit guidance published by the Commission. In exercising their powers and duties as Trustees, the Board considers that the organisation's strategies, aims, and activities, which it has put in place, are for the public benefit. This is fundamental to all areas of our operation, including undertaking current activities, planning future activities, and measuring outcomes. The Trustees' and Directors' Annual Report and Strategic Report outline the main activities conducted by the organisation this year, with a focus on our work with poor women and men in developing countries, where we have country and regional programmes.

**Risk management**

Every quarter, the Global Leadership Team reviews and updates the group-level risk register, which is then reviewed by the Finance, Audit, and Risk Committee on behalf of the Board. Country teams also regularly update their risk registers. This ensures that the risks to which the organisation are exposed are properly identified. Mitigation strategies are in place for all key risks, and these are continually monitored to ensure compliance with management's risk appetite. The Group has a well-established system of internal controls that governs its operations. The Internal Audit function assesses the adequacy and effectiveness of these controls through a risk-based internal audit programme. Overseas offices are audited every two to three years per a trustee-approved plan. The Finance, Audit and Risk Committee reviews all reports and receives Group-wide quarterly updates on the progress of agreed action points.

**Principal Risks**

The conflict in Sudan continued to be a major disruptor in 2024-25. As last year, we have had to give increased attention to the security of our staff, many of whom are now refugees or Internally Displaced Persons. Nevertheless, we have continued to attract funding and deliver important work.

We operate in many countries which are politically volatile or where there is significant civil unrest. This year, we witnessed a sudden change in government in Bangladesh, which interrupted our work for several weeks. There was an attempted coup in Bolivia and political protests in Kenya. We continue to reinforce security protocols.

Towards the end of the year, the new US administration made massive cuts to USAID. While our exposure was limited, we are still trying to recoup the expenditure we had already made. At the same time, several European governments (including the UK) announced significant cuts to their aid budgets. This is likely to be a continuing trend, so we'll ensure we have well diversified funding sources.

In 2024-25, we had reasonable success in raising restricted (programme) funding, following two very positive years. Our immediate future pipeline is strong, but we are very aware the lower levels of funding will significantly increase competition. Unrestricted income from fundraising was on budget but will continue to decrease slightly as a proportion of our overall income, and our new business model addresses this shifting balance.

Efficient programme implementation and strong financial management are areas of on-going focus. We significantly increased our "burn rates," meaning that we can claim our full entitlements from donors.

We continue to evolve the balance of roles away from the UK, ensuring greater leadership, responsibility, and accountability in Africa, Asia, and Latin America. We have focused strongly on a programme of inclusive leadership training internationally to develop our next generation of leaders.

Safeguarding remains a risk we are focused on. We have a safeguarding group comprising key roles across the organisation, which meets regularly. We have a rolling programme of safeguarding training for all staff, partners, and communities. This year, we trained a panel of investigators who will assess any incidents that emerge.



**Trustees' responsibilities for the financial statements**

The Trustees (who are also Directors of Practical Action for the purposes of company law) are responsible for preparing the Trustees' Annual Report and Accounts (which includes the Annual and Strategic Reports being the Companies Act Directors' Report) for each financial year, which give an accurate and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the Charity and Group and of the results of the Group for that period. In preparing those financial statements, the Trustees are required to:

- Select suitable accounting policies and then apply them consistently.
- Follow applicable accounting standards, subject to any material departures disclosed and explained in the notes to the financial statements.
- Make sound judgments and estimates that are reasonable and prudent.
- Prepare the financial statements on a going-concern basis, unless it is inappropriate to presume that the charitable group will continue in operation.

The Trustees confirm that they have complied with the above requirements in preparing the financial statements.

The Trustees are responsible for maintaining 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 statement complies with the Companies Act 2006. Trustees are also responsible for safeguarding the assets of the Charity and the Group, and hence for taking reasonable steps to prevent and detect fraud and other irregularities. In accordance with company law, as the company's directors, we certify that:

As far as each director is aware, there is no relevant audit information* of which the company's auditors are unaware.

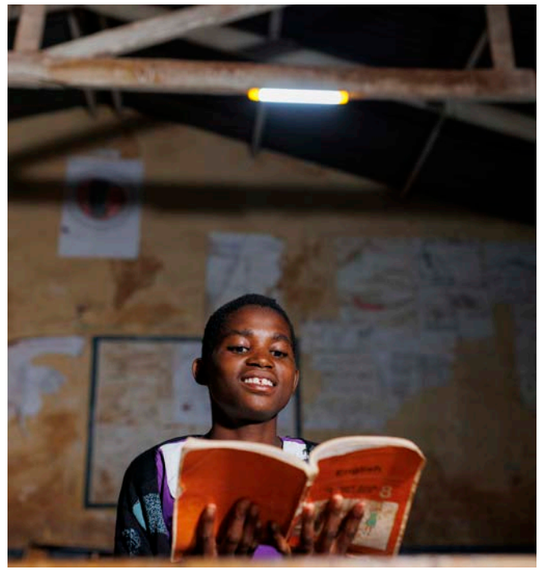
Each director has taken all the steps (such as making enquiries of other directors and the auditors and any other steps required by the director's duty to exercise due care, skill and diligence) that he or she ought to have taken in his or her duty as a director, to make himself or herself aware of any relevant audit information* and to establish that the company's auditors are aware of that information.

* Relevant audit information is defined as: "*information needed by the company's auditors in connection with preparing their report.*"

**Auditors**

A resolution will be proposed at the Annual General Meeting that our current auditors Crowe U.K. LLP be re-appointed as auditors of the organisation for the ensuing year.

**The Trustees are pleased to present the Trustees' Report and Accounts for the Charity for the year ended 31 March 2025, which have been prepared in accordance with the Charity Statement of Recommended Practice – SORP 2015 and the Companies Act 2006.**



▲ *Through our renewable energy work in Malawi, Generet's school is now powered by a hydro-electric grid. This has changed how the school day works and opened up new opportunities for every child who studies there.*

# Corporate directory

## Legal and administrative details

**Charity name:** Practical Action. Practical Action is a company limited by guarantee and is a Charity.

**Charity number:** 247257

**Company number:** 00871954

**Registered office:** The Robbins Building, 25 Albert Street, Rugby, Warwickshire, CV21 2SD

**Auditors:** Crowe U.K. LLP, Statutory Auditor, Fourth Floor, St James House, St James' Square, Cheltenham, GL50 3PR

**Bankers:** Barclays Bank plc, North Street, Rugby, Warwickshire, CV21 2AH

## Executives

### Global leadership team

**Chief Executive**
Sarah Roberts

**Fundraising, Marketing and Communications Director**
Rachel Hudson

**Chief Operating Officer**
Rachel Parr
*(resigned July 2024),*
Alex Bush
*(Interim: appointed July 2024, resigned March 2025),*
Chris Kelly
*(appointed March 2025)*

**Impact, Innovation and Influence Director**
Simon Hotchkin

**Africa Director**
Roselyn Akinyi Walender

**Asia Director**
Ayan Banerjee

**Latin America Director**
Alicia Quezada

### Country Directors

**Bangladesh Country Director**
Ishrat Shabnam
*(appointed September 2024)*

**Bolivia Country Director**
Shirley Pazos
*(appointed July 2024)*

**Ecuador Country Representative**
Balvanera Cruz

**Kenya Country Director**
Susan Maina

**Nepal Country Director**
Pooja Sharma

**Peru Country Director**
Pamela Girano
*(appointed September 2024)*

**Rwanda Country Director**
Denyse Umubyeyi

**Senegal and Burkina Faso Country Director**
Amadou Barry
*(appointed October 2024)*

**Sudan Country Director**
Muna Eltahir

**Zimbabwe Focal Point**
Henry T. Muchedzi



## Trustees 2024-25

Practical Action is a charitable company and so its directors are also its Trustees for the purpose of charity law. The Trustees serving during the year and since the year-end were as follows:

Sazini Mojapelo (Chair)[1 2]
*(appointed April 2024)*

Martin Tyler (Vice-Chair)[1 2]

Fayezul Choudhury*[1 2]

Matthew Haikin

Isabel Studer Noguez
*(appointed July 2024)*

Aki Temeseva[2]
*(appointed July 2024)*

Mourad Wahba[2]

Shivani Wadhwa*[1]

Bill Liao[1]

Jane Sloane[1]
*(appointed July 2024)*

Claire Ireland[2]
*(appointed July 2024)*

Rachel Sibande
*(stood down October 2024)*

Hope Chigudu1
*(stood down October 2024)*

Ian Thornton
*(stood down December 2024)*

Graham Young[1 2]
*(stood down December 2024)*

*Key*
1. *Member of Governance and People Committee*
2. *Member of Finance, Audit and Risk Committee*

* *denotes Chair of the Group/ Committee*

This report, which incorporates the Trustees' and Directors' Annual Report and Strategic Report, was approved by the Board on 2nd October 2025.

**Sazini Mojapelo**
Chair of the Board of Trustees

# Independent Auditor's Report to the Members of Practical Action

## Legal and administrative details

**Opinion**

We have audited the financial statements of Practical Action (the "charitable company") and its subsidiaries (the "group") for the year ended 31 March 2025 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Charity Balance Sheets, the Consolidated Cash Flow Statement, and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

– give a true and fair view of the state of the group's and the charitable company's affairs as at 31 March 2025 and of the group's incoming resources and application of resources, including its income and expenditure for the year then ended;

– have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and

– have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

**Other information**

The trustees are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.



**Opinions on other matters prescribed by the Companies Act 2006**

In our opinion based on the work undertaken in the course of our audit

– the information given in the trustees' report, which includes the directors' report and the strategic report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and

– the strategic report and the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

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

In light of the knowledge and understanding of the charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report included within the trustees' report.

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

– the parent company has not kept adequate accounting records; or

– the parent company financial statements 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

**Responsibilities of trustees**

As explained more fully in the trustees' responsibilities statement set out on page 31, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

A further description of our responsibilities for the audit of the financial statements is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

**Extent to which the audit considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members including component audit teams. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charitable company and group operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, including financial reporting legislation and the Charity SORP (FRS 102), and local tax regulations. We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and

regulations that do not have a direct effect on the financial statements but compliance with which might be necessary to the group's ability to operate or to avoid a material penalty. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

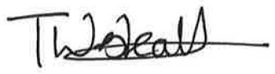
We also considered the opportunities and incentives that may exist within the group for fraud. We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of grant, legacy and consultancy income, and the override of controls by management. Our audit procedures to respond to these risks included designing and performing procedures over grant, legacy and consultancy income, enquiries of management, internal audit, component Auditors and the Finance, Audit and Risk Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing regulatory correspondence with the Charity Commission, and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

### Use of our report

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 auditor's 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.



**Tara Westcott**
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor
Cheltenham

Date: 16th October 2025



# Financial statements

**Consolidated statement of financial activities for the year ended 31 March 2025**
(incorporating the income and expenditure statement)

| | Note | Unrestricted £'000 | Restricted £'000 | Total 2025 £'000 | Total 2024 £'000 |
|---|---|---|---|---|---|
| **Income and endowments from:** | | | | | |
| Donations and legacies | 3 | 10,213 | 2,724 | 12,937 | 11,378 |
| Charitable activities | 3 | 862 | 19,125 | 19,987 | 18,276 |
| Investments | 3 | 61 | 4 | 65 | 52 |
| Other income | 3 | 81 | 70 | 151 | 315 |
| **Total income and endowments** | 3 | **11,217** | **21,923** | **33,140** | **30,021** |
| **Resources Expended** | | | | | |
| Expenditure on raising funds | 4 | 2,434 | - | 2,434 | 2,525 |
| **Total expenditure on raising funds** | | **2,434** | **-** | **2,434** | **2,525** |
| **Expenditure on charitable activities:** | | | | | |
| Energy that transforms | 4 | 2,298 | 4,266 | 6,564 | 9,567 |
| Farming that works | 4 | 1,559 | 5,936 | 7,495 | 8,635 |
| Cities fit for people | 4 | 271 | 2,471 | 2,742 | 1,625 |
| Resilience that protects | 4 | 1,653 | 7,490 | 9,143 | 6,307 |
| Knowledge that inspires | 4 | 1,452 | 34 | 1,486 | 630 |
| Other | 4 | 1,541 | 958 | 2,499 | 1,259 |
| **Total expenditure on charitable activities** | | **8,774** | **21,155** | **29,929** | **28,023** |
| **Total expenditure** | 4 | **11,208** | **21,155** | **32,363** | **30,548** |
| Net gain on investment assets | 8 | 6 | - | 6 | 31 |
| **Net income / (expenditure)** | | **15** | **768** | **783** | **(496)** |
| Actuarial (loss)/ gain on defined benefit pension scheme | 17 | (199) | - | (199) | 157 |
| **Net movement in funds** | | **(184)** | **768** | **584** | **(339)** |
| **Balance brought forward 1 April** | | **6,532** | **1,326** | **7,858** | **8,197** |
| **Fund balances carried forward as at 31 March** | 15, 16 | **6,348** | **2,094** | **8,442** | **7,858** |

The notes on pages 37 to 62 form part of these financial statements.

## Consolidated and charity balance sheets at 31 March 2025

| | Note | Group 2025 £'000 | Group 2024 As restated £'000 | Charity 2025 £'000 | Charity 2024 As restated £'000 |
|---|---|---|---|---|---|
| **Fixed assets** | | | | | |
| Intangible assets | 7 | 9 | 23 | - | - |
| Tangible assets | 7 | 1,104 | 959 | 1,088 | 947 |
| Investments | 8 | 493 | 484 | 493 | 487 |
| Programme investments | 8 | - | - | 29 | 29 |
| **Total fixed assets** | | **1,606** | **1,466** | **1,610** | **1,463** |
| **Current assets** | | | | | |
| Stock | 10 | 103 | 88 | 1 | - |
| Debtors | 11 | 7,447 | 6,908 | 7,714 | 6,943 |
| Cash at bank and in hand | 12 | 7,858 | 8,414 | 7,328 | 7,973 |
| **Total current assets** | | **15,408** | **15,410** | **15,043** | **14,916** |
| Creditors: amounts falling due within one year | 13 | (8,141) | (8,769) | (7,881) | (8,172) |
| **Net current assets** | | **7,267** | **6,641** | **7,162** | **6,744** |
| Provisions for liabilities and charges | 14 | (87) | (6) | (34) | (6) |
| **Net assets before pension liability** | | **8,786** | **8,101** | **8,738** | **8,201** |
| Defined benefit pension scheme liability | 17 | (344) | (243) | (344) | (243) |
| **Net assets after pension liability** | | **8,442** | **7,858** | **8,394** | **7,958** |
| **Funds Restricted** | 15 | **2,094** | **1,326** | **2,094** | **1,326** |
| Unrestricted fixed assets | 15 | **568** | **430** | **568** | **430** |
| Revaluation reserve | 15 | **97** | **91** | **97** | **91** |
| General funds | | **5,683** | **6,011** | **5,635** | **6,111** |
| **Unrestricted funds net of pension liability** | 15 | **6,348** | **6,532** | **6,300** | **6,632** |
| **Total Funds** | 15 | **8,442** | **7,858** | **8,394** | **7,958** |

The net surplus for the financial year dealt within the financial statements of the parent charity was £436k (2024: £686k deficit).

The notes on pages 37 to 62 form part of these financial statements.

The financial statements were approved by the board on 2nd October 2025.

**Martin Tyler**
Trustee

**Fayezul Choudhury**
Trustee

**Company Number:** 00871954



## Consolidated cash flow statement for the year ended 31 March 2025

| | Note | 2025 £'000 | 2024 £'000 |
|---|---|---|---|
| Cash flows from operating activities: | | | |
| **Net cash (used in) operating activities** | 18 | **(133)** | **(2,130)** |
| Cash flows from investing activities: | | | |
| Dividends, interest and rents from investments | | 65 | 52 |
| Purchase of property, plant and equipment | | (488) | (337) |
| Proceeds from the sale of property, plant and equipment | | - | 12 |
| Net cash (used in) investing activities | | (423) | (273) |
| Change in cash and cash equivalents in the reporting period | | **(556)** | **(2,403)** |
| Cash and cash equivalents at the beginning of the reporting period | | 8,414 | 10,817 |
| **Cash and cash equivalents at the end of the reporting period** | 12 | **7,858** | **8,414** |

The notes on pages 37 to 62 form part of these financial statements.

# Notes on financial statements

Practical Action is a company registered and incorporated in England and Wales, limited by guarantee, without share capital and governed by its Articles of Association dated 21 February 1966 and last amended on 8 December 2021. The company registered a change in name on 25 September 2009 with registration number 871954. The company was registered as a charity with the Charity Commission on 26 April 1966 (charity number 247257). The principal address and registered office is The Robbins Building, 25 Albert Street, Rugby, Warwickshire, CV21 2SD. The principal activity is to use technology to challenge poverty in developing countries and enable communities to build on their skills and knowledge to produce sustainable and practical solutions, thus improving their lives and protecting the world around them.

The organisation is a Public Benefit Entity.

## 1. Accounting policies

The financial statements have been prepared under the historical cost convention as modified by the revaluation of fixed asset investments, and are in accordance with applicable law, the Companies Act 2006, applicable accounting standards and the 2019 Statement of Recommended Practice ('SORP') for Accounting and Reporting by Charities.

The financial statements have been prepared in accordance with Financial Reporting Standard 102 (FRS 102).

The following principal accounting policies have been applied:

### Going concern

We have set out in the Trustees' report a review of financial performance and the group's reserves position. We have adequate financial resources and are well placed to manage the business risks. Our planning process, including financial projections for the next three financial years, has taken into consideration the current economic climate and its potential impact on the various sources of income and planned expenditure.

We have a reasonable expectation that we have adequate resources to continue in operational existence for the foreseeable future. We believe that there are no material uncertainties that call into doubt the group's ability to continue. The financial statements have therefore been prepared on the basis that the group is a going concern.

### Basis of consolidation

The consolidated financial statements incorporate the results of Practical Action and all of its subsidiary undertakings as at 31 March 2025 using the acquisition method of accounting. The results of subsidiary undertakings are included from the date of acquisition.

No statement of financial activities is presented for the charitable company alone as the results of the subsidiary companies are separately identified within the group accounts and the charitable company is exempt from presenting such a statement under section 408 of Companies Act 2006. The group net income includes a net surplus from the charitable company itself of £0.4m (2024 net deficit: £0.7m).

### Income

Income is accounted for on an accruals basis in the period in which the charity is entitled to income where the amount can be measured with reasonable certainty. Where the entitlement to project or grant income is performance related the income is recognised when the conditions for entitlement have been fulfilled. Legacies are recognised when receipt is reasonably certain and the amount is quantifiable. We recognise a legacy on the earlier of notification by the executors that a payment can be made following the agreement of the estate's accounts, notification by the executors that payment will be made or receipt of a distribution from the estate. Where funds are received net of tax, and tax is recoverable, the income is recognised gross at the time of receipt. Gifts in Kind – Donated goods and services are recognised in the financial statements, as both income and expenditure, at a reasonable estimate of their value in the period in which they are donated.



### Resources expended

Expenditure is accounted for on an accruals basis and is recognised when there is a legal or constructive obligation to pay. Expenditure on charitable activities includes the direct cost of planning, staffing and operating both UK and overseas activities. It also includes support costs, which represent costs of providing the infrastructure and organisational services that support the charitable activities. It also includes governance costs.

### Basis of allocation of costs

The majority of costs are directly attributable to specific charitable activities. The remaining support costs relate to more than one activity and are apportioned across charitable activities and fundraising costs based on the level of expenditure of these activities.

### Fundraising costs

This is the money we spend on activities to generate donations and legacies, including the costs of keeping donors informed about our work and the administration of gifts. Costs are made up of salaries of people working in our fundraising, marketing and supporter care teams and the direct costs of running fundraising campaigns. They do not include the cost of bidding for grants and contracts shown in the financial statements as income from charitable activities.

### Governance costs

Governance costs consist of the statutory and organisational costs of operating as a charitable company.

The costs are made up of a percentage of salaries for management, company secretarial/legal costs, internal and external audit costs, meeting costs for strategic leadership team and trustees (including travel costs) and an apportionment of support costs.

### Tangible fixed assets

Tangible fixed assets are stated at cost less any provisions for depreciation and impairment. Impairments are calculated such that the carrying value of the tangible fixed assets is the lower of its cost compared with the higher of its net realisable value and its value in use.

All fixed assets costing more than £500 are capitalised. The cost of fixed assets which have been acquired and held in the UK and International programmes is their purchase cost, together with any incidental expenses on acquisition.

Depreciation is provided to write off the cost, less estimated residual values, of all fixed assets, except freehold property spread evenly over their expected useful lives. It is calculated at the following rates:

| | |
|---|---|
| Motor vehicles | 33.3% per annum |
| Computer equipment | 33.3% per annum straight line |
| Fixtures and fittings | 20.0% per annum straight line |

### Intangible fixed assets

Intangible assets are stated at cost less any provisions for amortisation and impairment. Impairments are calculated such that the carrying value of the intangible assets is the lower of its cost compared with the higher of its net realisable value and its value in use.

All intangible assets costing more than £500 are capitalised. The cost of intangible assets which have been acquired and held in the UK and International programmes is their purchase cost, together with any incidental expenses on acquisition.

Amortisation is provided to write off the cost, less estimated residual values, of all intangible assets. It is calculated at 20.0% per annum on a straight line basis.

### Investments

Investments are shown at market value. Unrealised and realised investment gains or losses are shown net on the face of the statement of financial activities.

### Stocks

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

### Debtors

Debtors are measured at cost less any impairment.

### Cash at bank and in hand

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty or notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than 3 months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

### 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 normally recognised at their settlement amount after allowing for any trade discounts due.

**Pension costs**

**Practical Action Employee Benefits Scheme**

The charity has accounted for pension costs in accordance with FRS 102. The charity operates a defined benefits scheme in the UK, which was closed to contributions in 2002. The scheme is a registered pension scheme under chapter 2 Part 4 of the Finance Act 2004. The assets of the scheme are held separately from the assets of the charity, being represented by units in a segregated fund managed by an external investment manager.

The group also operates a defined contribution pension scheme. Contributions to this scheme are charged to the statement of financial activities in the year in which they become payable.

**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 the settlement value, with the exception of bank loans which are subsequently measured at amortised cost using the effective interest rate method.

**Foreign currencies**

Transactions in foreign currencies are recorded using the rate of exchange ruling at the time of the transaction. Monetary balances held at the year-end are retranslated at the rate prevailing at that date. No provision is made against balances held which could not readily be converted to sterling as these are only held to be used in the short term in that country. Gains or losses on translation of foreign currencies are treated as credits/charges to the project for which the currency is held.

**Restricted funds**

Where funds are received for specific purposes set out by the donor or implied by the terms of appeal, these are shown as restricted income in the statement of financial activities. Expenditure for the purposes specified is applied against the income and any amounts unexpended at the balance sheet date are shown within restricted funds. Deficits at the balance sheet date represent amounts expended in advance of anticipated funding.

**Unrestricted funds**

The Trustees, at their discretion, may set aside funds to cover specific future costs. Such funds are shown as designated funds within unrestricted funds. Where the Trustees decide such funds are no longer required for the purposes intended, they may be released by transfer to general unrestricted funds. Unrestricted funds which are not designated are held in accordance with Practical Action's reserves policy. In order to monitor this policy, funds represented by functional fixed assets are identified separately on the face of the balance sheet within unrestricted funds.

**Termination costs**

Redundancy and termination costs only occur where absolutely necessary and are accounted for on an accruals basis when the commitment to terminate a post has been made.

**Operating leases**

The annual rentals on operating leases are charged to the statement of financial activities on a straight line basis over the term of the lease.

**Taxation**

Practical Action is a registered charity and as such is potentially exempt from taxation of its income and gains to the extent that they fall within the charity exemptions in the Corporation Taxes Act 2010 or Section 256 Taxation of Chargeable Gains Act 1992. No UK corporation tax charge has arisen in the year.

Irrecoverable VAT is chargeable to the projects using the partial exemption method.



## 2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the charity's accounting policies, which are described in Note 1, Trustees are required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects the current and future periods.

The key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are described in the accounting policies and are summarised below:

**Pension liabilities**

The charity recognises its liability to its defined benefit pension scheme which involves a number of estimations as disclosed in the Pensions note 17. A liability of £344k (2024: £243k) has been recognised at the year end.

**Income recognition on grants**

The charity recognises grant income when the conditions for entitlement have been fulfilled.

**Accrued and deferred income**

The charity recognises cash received in advance as a deferred income liability in the balance sheet. Where the conditions to recognise grant income are met but the amount due has not been notified to the donor, the charity recognises the income as an accrual.

# 3. Income and endowments

The table below lists funders who contributed over £250,000 to charitable activities carried out in 2024–25. These contributions are shown in line with our income recognition policy (Note 1 Accounting Policies).

Our accounting policy is to recognise income when the conditions for entitlement have been fulfilled and so this may differ from amounts received from these and other funders in this period.

| | Unrestricted £'000 | Restricted £'000 | Total 2025 £'000 | Total 2024 £'000 |
|---|---|---|---|---|
| Bill & Melinda Gates Foundation | - | 299 | 299 | 294 |
| British International Investment (BII) | - | - | - | 779 |
| Carbon Trust | - | - | - | 527 |
| Danish International Development Agency (DANIDA) | - | 612 | 612 | 302 |
| EnDev | - | - | - | 326 |
| Department for Environment, Food & Rural Affairs (DEFRA) | - | 2,638 | 2,638 | - |
| European Union (EU) | - | 1,085 | 1,085 | - |
| Foreign, Commonwealth and Development Office (FCDO) | - | 2,163 | 2,163 | 917 |
| German Technical Cooperation Agency (GIZ) | - | 713 | 713 | 379 |
| Green Climate Fund | - | 350 | 350 | - |
| Grundfos Foundation | - | - | - | 102 |
| IKEA Foundation | - | 7 | 7 | 729 |
| International Livestock Research Institute (ILRI) | - | 487 | 487 | - |
| International Potato Center | - | 257 | 257 | 356 |
| Jersey Overseas Aid (JOA) | - | 355 | 355 | 377 |
| Livelihoods Venture | - | 819 | 819 | 581 |
| Mastercard Foundation | - | 2,151 | 2,151 | 2,101 |
| Netherlands Enterprise Agency (RVO) | - | 551 | 551 | - |
| Old Dart Foundation | - | - | - | 185 |
| People's Postcode Lottery | 575 | - | 575 | 125 |
| Swedish International Development Cooperation Agency (Sida) | - | 1,449 | 1,449 | 2,673 |
| Swiss Agency for Development and Cooperation (SDC) | - | 265 | 265 | - |
| United Nations Development Programme (UNDP) | - | - | - | 555 |
| United Nations Environment Programme (UNEP) | - | - | - | 1,102 |
| USAID | - | 792 | 792 | - |
| USAID Bureau for Humanitarian Assistance (BHA) | - | 1,104 | 1,104 | 1,767 |
| World Vegetable Centre | - | 456 | 456 | - |
| Zurich Insurance Company Ltd and its Z Zurich Foundation | - | 2,529 | 2,529 | 625 |
| Other (donations under £250k) | 10,642 | 2,841 | 13,483 | 15,219 |
| **Total** | **11,217** | **21,923** | **33,140** | **30,021** |



| | Unrestricted £'000 | Restricted £'000 | Total 2025 £'000 | Total 2024 £'000 |
|---|---|---|---|---|
| **Donations and legacies** | | | | |
| Donations | 7,700 | 2,724 | 10,424 | 7,699 |
| Legacies* | 2,513 | - | 2,513 | 3,679 |
| **Total donations and legacies** | **10,213** | **2,724** | **12,937** | **11,378** |
| **Charitable activities** | | | | |
| Grant income | 94 | 18,987 | 19,081 | 16,224 |
| Consultancy and publishing income | 768 | 138 | 906 | 2,052 |
| **Total charitable activities** | **862** | **19,125** | **19,987** | **18,276** |
| Income from investments | | | | |
| Rental | 25 | - | 25 | - |
| Interest | 36 | 4 | 40 | 52 |
| **Total investments** | **61** | **4** | **65** | **52** |
| **Other income** | | | | |
| Other income | 81 | 70 | 151 | 315 |
| **Total other** | **81** | **70** | **151** | **315** |
| **Total** | **11,217** | **21,923** | **33,140** | **30,021** |

**Approximately £3,960k (2024: £2,808k) of residuary and £47k (2024: £32k) of reversionary legacies had been notified to the charity before 31 March 2025 but have not been recognised as income in the year as they do not meet the Practical Action income recognition criteria.*

**Gifts in Kind**

During the year ended 31 March 2025 Practical Action received gifts in kind totalling £96k (2024: £223k).

**Volunteers**

Practical Action does not have a volunteer programme, volunteer requests are dealt with on an individual basis. In the year Practical Action worked with no volunteers (2024: nil)

# 4. Total resources expended

| | Grants payable | Direct costs | Support costs | Total 2025 | Total 2024 |
|---|---|---|---|---|---|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| **Fundraising** | - | 2,152 | 282 | 2,434 | 2,525 |
| Charitable activities: | | | | | |
| Energy that transforms | 477 | 5,327 | 760 | 6,564 | 9,567 |
| Farming that works | 846 | 5,779 | 870 | 7,495 | 8,635 |
| Cities fit for people | 378 | 2,045 | 319 | 2,742 | 1,625 |
| Resilience that protects | 402 | 7,681 | 1,060 | 9,143 | 6,307 |
| Knowledge that inspires | - | 1,315 | 171 | 1,486 | **630** |
| Other | 1,947 | (131) | 237 | 2,053 | 755 |
| Governance | - | 394 | 52 | 446 | **504** |
| Total expenditure on charitable activities | 4,050 | 22,410 | 3,469 | 29,929 | **28,023** |
| Total resources expended | 4,050 | 24,562 | 3,751 | 32,363 | **30,548** |

Support costs represent the costs for management and administration which is made up of Chief Executive, Marketing and Communications, Finance, People and Culture (Human Resources), Facilities and Services and Information Technology shared (central) costs. Support costs are allocated across the charitable activities in proportion to direct cost. This represents the most appropriate view of the support costs for Practical Action.

| Support costs | 2025 £'000 | 2024 £'000 |
|---|---|---|
| CEO's Office | 331 | 205 |
| Marketing and Communications | 616 | 510 |
| Finance | 667 | 1,268 |
| IT | 600 | 607 |
| People & Culture | 717 | 798 |
| Facilities and Services | 388 | 341 |
| Other * | 432 | 76 |
| **Total support costs** | **3,751** | **3,805** |

* Other costs includes depreciation, UK pension service costs, VAT annual rate adjustment, re-structuring and other exceptional costs.



| Total expenditure on charitable activities (inclusive of support costs) | Total 2025 £'000 | Total 2024 £'000 |
|---|---|---|
| **Charitable activities:** | | |
| East Africa | 5,930 | 7,346 |
| Latin America | 6,144 | 3,276 |
| South Asia | 4,421 | 3,841 |
| Southern Africa | 835 | 1,973 |
| Bangladesh | 2,386 | 2,008 |
| Sudan | 3,375 | 2,923 |
| West Africa | 992 | 1,075 |
| International programme work | 5,400 | 5,077 |
| Governance costs | 446 | 504 |
| **Total expenditure on charitable activities** | **29,929** | **28,023** |

International direct programme work includes our global policy, Practical Action Consulting and Publishing work.

During the year ended 31 March 2025, Practical Action made grants to partner organisations. Grants payable to partner organisations are considered to be part of the costs of activities in the furtherance of the objects of the charity because much of the charity's programme activity is carried out through grants to partner organisations that support long-term, sustainable benefits for a community, which are monitored by the charity.

| Grants to partners greater than £200k | Total 2025 £'000 | Total 2024 £'000 |
|---|---|---|
| Carbon Trust | 325 | - |
| DECOS | - | 389 |
| DEPROSC-Nepal | 226 | 221 |
| SNV Netherlands Development Organisation | 300 | - |
| World Wildlife Fund (WWF) | 378 | - |
| Other | 2,821 | 944 |
| **Total** | 4,050 | 1,554 |

| Amounts payable to the auditor | 2025 £'000 | 2024 £'000 |
|---|---|---|
| Group audit fees | 64 | 62 |
| Additional fees | 11 | 13 |
| Non-UK audit costs | 8 | 9 |
| Tax advice | 7 | 5 |
| Other services | 12 | 11 |
| **Total** | **102** | **100** |

# 5. Employees

| Staff Costs | 2025 £'000 | 2024 £'000 |
|---|---|---|
| Wages and salaries | 11,465 | 10,116 |
| Social security costs | 452 | 689 |
| Pension costs (employee benefit scheme) | 248 | 169 |
| Pension (stakeholder scheme) | 730 | 819 |
| Staff end of service costs* | 118 | 387 |
| Redundancy, ex gratia and termination costs** | 29 | 152 |
| **Total emoluments of employees** | **13,042** | **12,332** |
| Other staff costs *** | (33) | 41 |
| **Total staff costs** | **13,009** | **12,373** |

**In order to meet local employment regulations, 'end of service' payments are made to employees in country programmes when they leave employment with Practical Action. The amount of the payments are determined by the salary and length of service of the employees. Staff end of service costs change each year based on the accrued entitlement.*

*** Redundancy, ex gratia and termination costs of £30k relating to 1 member of staff were charged in the year (2024: £152k relating to 8 members)*

**** Other staff costs consists of temporary and agency staff.*

| Average number of full time equivalent employees | 2025 Number | 2024 Number |
|---|---|---|
| Eastern Africa | 84 | 72 |
| Latin America | 92 | 75 |
| South Asia | 62 | 58 |
| Southern Africa | 26 | 32 |
| Bangladesh | 75 | 61 |
| Sudan | 46 | 36 |
| UK | 86 | 91 |
| **Total** | **471** | **425** |

| Average number of employees | 2025 Number | 2024 Number |
|---|---|---|
| Eastern Africa | 84 | 80 |
| Latin America | 92 | 85 |
| South Asia | 62 | 58 |
| Southern Africa | 26 | 32 |
| Bangladesh | 75 | 61 |
| Sudan | 46 | 36 |
| UK | 93 | 98 |
| **Total** | **478** | **450** |



During the year, employees earning more than £60,000 pa fell into the following bands:

| | 2025 Number | 2024 Number |
|---|---|---|
| £60,001 - £70,000 | 13 | 6 |
| £70,001 - £80,000 | 5 | 2 |
| £80,001 - £90,000 | 1 | 2 |
| £90,001 - £100,000 | 2 | 2 |
| £100,001 - £110,000 | 1 | 3 |
| £110,001 - £120,000 | 1 | - |
| £120,001 - £130,000 | 1 | - |

The total cost of remuneration for the CEO during the year was £117,526 (2024: £113,006).

Benefits are accruing to 14 (2024: nine) higher-paid employees under Practical Action's stakeholder pension scheme, which is open to all eligible employees. Employer contributions of £146k (2024: £28k) have been made into this stakeholder scheme for these higher-paid employees. Within Practical Action's Employee Benefits Scheme, benefits are accruing for no (2024: none) higher-paid employees.

The cost of key management personnel, which are considered to be the Global Leadership Team (GLT) as listed on page 32 was £761k in 2024/25 (2023/24: £684k). This represented 9 people in 2024/25 (2023/24: 7).

Salaries and benefits of the Strategic Leadership Team (SLT) are overseen by the Board's Governance and People Committee in line with the policy and principles for all staff pay. These are considered by the Committee annually.

The Trustees receive no remuneration for their services. Expenses totalling £1k (2024: £nil) were reimbursed to 3 Trustees (2024: none) during the year for travel and subsistence costs for meetings.

Indemnity insurance is provided for Trustees which is incorporated into a Professional Indemnity policy for the Organisation at a total cost of £30k (2024: £30k).

# 6. Net income from trading subsidiaries and summary balance sheets

The results of the principal trading subsidiaries are summarised below:

| | Practical Action Consulting 2025 | PAC India* 2025 | PAC Nepal Private Ltd* 2025 | PAC Malawi* 2025 | PAC Bangladesh* 2025 | PAC Peru* 2025 | Practical Action Publishing 2025 |
|---|---|---|---|---|---|---|---|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Income | 34 | 236 | 496 | - | 1 | - | 303 |
| Expenditure | (86) | (265) | (471) | - | (38) | - | (349) |
| **Net (loss) / profit** | **(52)** | **(29)** | **25** | **-** | **(37)** | **-** | **(46)** |
| Income per subsidiary accounts | 34 | 236 | 496 | - | 1 | - | 303 |
| Less: grants from parent charity | (18) | (203) | - | - | - | - | (50) |
| | **16** | **33** | **496** | **-** | **1** | **-** | **253** |
| Expenditure per accounts | (86) | (265) | (471) | - | (38) | - | (349) |
| Less: group charges | 18 | 232 | - | - | - | - | 232 |
| | **(68)** | **(33)** | **(471)** | **-** | **(38)** | **-** | **(117)** |
| **Net effect on group results for the year** | **(52)** | **(232)** | **25** | **-** | **(37)** | **-** | **(136)** |
| **Summary Balance Sheet** | | | | | | | |
| Fixed Assets | - | - | 3 | - | 11 | - | 9 |
| Investment | 32 | - | - | - | - | - | - |
| Net current assets/ (liabilities) | (163) | 55 | 244 | (124) | 56 | 12 | 145 |
| **Net Assets / (liabilities)** | **(131)** | **55** | **247** | **(124)** | **67** | **12** | 154 |
| Called Up share capital | - | 28 | 31 | - | 7 | 13 | - |
| Profit & loss account | (131) | 27 | 216 | (124) | 60 | (1) | 154 |
| **Surplus/(deficit) on shareholder funds** | **(131)** | **55** | **247** | **(124)** | **67** | **12** | **154** |

** These entities are subsidiaries of Practical Action Consulting Limited registered in the UK.*



| | Practical Action Consulting 2024 | PAC India* 2024 | PAC Nepal Private Ltd* 2024 | PAC Malawi* 2024 | PAC Bangladesh* 2024 | PAC Peru* 2024 | Practical Action Publishing 2024 |
|---|---|---|---|---|---|---|---|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Income | 1,023 | 29 | 342 | - | 75 | - | 462 |
| Expenditure | (800) | (22) | (337) | - | (65) | - | (496) |
| **Profit/(loss)** | **223** | **7** | **5** | **-** | **10** | **-** | **(34)** |
| Income per subsidiary accounts | 1,023 | 29 | 342 | - | 75 | - | 462 |
| Less: grants from parent charity | (20) | - | - | - | - | - | (50) |
| **Net income** | **1,003** | **29** | **342** | **-** | **75** | **-** | **412** |
| Expenditure per accounts | (800) | (22) | (337) | - | (65) | - | (496) |
| Less: group charges | - | - | - | - | - | - | 40 |
| **Net expenditure** | **(800)** | **(22)** | **(337)** | **-** | **(65)** | **-** | **(456)** |
| **Net effect on group results for the year** | **203** | **7** | **5** | **-** | **10** | **-** | **(44)** |
| **Summary Balance Sheet** | | | | | | | |
| Fixed Assets | 1 | - | 6 | - | - | - | 24 |
| Investment | 65 | - | - | - | - | - | - |
| Net current assets/ (liabilities) | (420) | (80) | 219 | (124) | 83 | 12 | (238) |
| **Net Assets / (liabilities)** | **(354)** | **(80)** | **225** | **(124)** | **83** | **12** | (214) |
| Called Up share capital | - | 29 | 31 | - | 10 | 13 | - |
| Profit & loss account | (354) | (109) | 194 | (124) | 73 | (1) | (214) |
| **Surplus/(deficit) on shareholder funds** | **(354)** | **(80)** | **225** | **(124)** | **83** | **12** | **(214)** |

** These entities are subsidiaries of Practical Action Consulting Limited registered in the UK.*

# 7. Intangible and tangible assets

| Group and Charity Intangible fixed assets | Total |
|---|---|
| | £'000 |
| Cost | |
| At 1 April 2024 | 105 |
| Additions | - |
| At 31 March 2025 | 105 |
| Amortisation | |
| At 1 April 2024 | 82 |
| Charge for the year | 14 |
| **At 31 March 2025** | **96** |
| **Net Book Value (NBV)** | |
| **At 31 March 2024** | **23** |
| **At 31 March 2025** | **9** |

| Group Tangible fixed assets | Freehold and leasehold Property | Motor Vehicles | Computer Equipment | Furniture and Other Equipment | Total |
|---|---|---|---|---|---|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| **Cost** | | | | | |
| As at 1 April 2024 | 128 | 2,386 | 1,849 | 1,319 | 5,682 |
| Additions | - | 258 | 142 | 88 | 488 |
| Disposals | (8) | - | (40) | (1) | (49) |
| **At 31 March 2025** | **120** | **2,644** | **1,951** | **1,406** | **6,121** |
| **Depreciation** | | | | | |
| As at 1 April 2024 | - | 1,846 | 1,615 | 1,262 | 4,723 |
| Charge | - | 163 | 128 | 30 | 321 |
| Disposals | - | - | (27) | - | (27) |
| **At 31 March 2025** | **-** | **2,009** | **1,716** | **1,292** | **5,017** |
| **Net Book Value (NBV)** | | | | | |
| As at 31 March 2024 | 128 | 540 | 234 | 57 | 959 |
| **As at 31 March 2025** | **120** | **635** | **235** | **114** | **1,104** |



| Charity Tangible fixed assets | Freehold and leasehold Property | Motor Vehicles | Computer Equipment | Furniture and Other Equipment | Total |
|---|---|---|---|---|---|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| **Cost** | | | | | |
| As at 1 April 2024 | 128 | 2,386 | 1,789 | 1,319 | 5,622 |
| Additions | - | 258 | 129 | 88 | 475 |
| Disposals | (8) | - | (35) | (1) | (44) |
| **At 31 March 2025** | **120** | **2,644** | **1,883** | **1,406** | **6,053** |
| **Depreciation** | | | | | |
| As at 1 April 2024 | - | 1,846 | 1,567 | 1,262 | 4,675 |
| Charge | - | 163 | 119 | 30 | 312 |
| Disposals | - | - | (22) | - | (22) |
| **At 31 March 2025** | **-** | **2,009** | **1,664** | **1,292** | **4,965** |
| **Net Book Value (NBV)** | | | | | |
| As at 31 March 2024 | 128 | 540 | 222 | 57 | 947 |
| **As at 31 March 2025** | **120** | **635** | **219** | **114** | **1,088** |

# 8. Investments

| | Group | Group As restated | Charity | Charity As restated |
|---|---|---|---|---|
| | 2025 | 2024 | 2025 | 2024 |
| | £'000 | £'000 | £'000 | £'000 |
| **Cash Investments** | | | | |
| Common investment fund | 493 | 487 | 493 | 487 |
| Investment bonds | - | (3) | - | - |
| **Total** | **493** | **484** | **493** | **487** |
| **Programme investments** | | | | |
| Programme investments | - | - | 29 | 29 |
| **Total** | **-** | **-** | **29** | **29** |

| **Reconciliation of Common investment fund:** | £'000 |
|---|---|
| Historical Cost | |
| Opening balance at 1 April 2024 | 487 |
| Additional investment | - |
| Realised gain | 6 |
| **Closing balance at 31 March 2025** | **493** |

The following were subsidiary undertakings at the end of the year and have all been included in the consolidated financial statements, except Dormant Companies:

| | Country of incorporation | Proportion of voting rights and ordinary share capital held | Nature of business |
|---|---|---|---|
| Practical Action Consulting Limited (Reg. No. 00952705) The Robbins Building, 25 Albert Street, Rugby, Warwickshire, England, CV21 2SD | England | 100% | Consultants for agriculture and industry |
| Practical Action Publishing Limited (Reg. No. 01159018) Address as above | England | 100% | Publishers and booksellers |
| Intermediate Technology Publications Limited (Dormant company Reg. No. 06424984) The Robbins Building, 25 Albert Street, Rugby, Warwickshire, England, CV21 2SD | England | 100% | Publishers and booksellers |
| Intermediate Technology Development Group Limited (Dormant company Reg. No. 01017062) The Robbins Building, 25 Albert Street, Rugby, Warwickshire, England, CV21 2SD | England | 100% | Developers of agriculture and industrial machinery |
| ATS Property Holdings Private Limited (Dormant company Reg. No. Sri-Lanka PV 6894), 5 Lionel Edirisinghe Mawatha, Kirulapone, Colombo 5. Sri Lanka | Sri Lanka | 100% | Property purchase, lease moveable, immoveable property |
| Practical Action Consulting Private Limited (Reg. No. Kathmandu, 117858/070/071) Indira House, House No.1114, Panipokhari Hill, Kathmandu, Nepal | Nepal | 49% PAC 51% PA | Consultants for agriculture and industry |
| Practical Action Consulting (India) Private Limited (Reg. No. Delhi, CIN U74999DL2014FTC272886, Plot No: H-4, BJB Nagar, Lewis Road, Bhubaneswar –751014, Odisha, India | India | 99.9% PAC 0.1% PAC staff | Consultants for agriculture and industry |
| Practical Action Consulting Limited (Reg. No. 14654) Area 6, Plot 130, P.O. Box 30108, Lilongwe, Malawi | Malawi | 100% | Consultants for agriculture and industry |
| Practical Action Consulting Bangladesh Limited (Reg. No. C-130198/2016) House 28/A, Road 5, Dhanmondi, Dhaka –1205, Bangladesh | Bangladesh | 99% PAC 1% PA staff | Consultants for agriculture and industry |
| Practical Action Consulting S.A.C Limited (Reg. No. 20601238200) Centro Empresarial Peruano Suizo Av. Aramburú 166 Of. 2A, Miraflores, Lima, Perú | Peru | 49% PAC 51% PA staff | Consultants for agriculture and industry |



## 9. Prior Year Adjustment

Included within the comparative figures of these financial statements are adjustments to Cash Investments and Cash at Bank, to derecognise an interest bearing instant access bank account balance as a Cash Investment and recognise it as Cash at Bank.

The effect on the prior year Balance Sheet is a decrease of £453k in the Investments balance and a £453k increase in the Cash at bank balance.

## 10. Stock

| | Group | | Charity | |
|---|---|---|---|---|
| | 2025 | 2024 | 2025 | 2024 |
| | £'000 | £'000 | £'000 | £'000 |
| Finished goods | 96 | 84 | 1 | - |
| Work in progress | 7 | 4 | - | - |
| **Total** | **103** | **88** | **1** | **-** |

## 11. Debtors

| | Group | | Charity | |
|---|---|---|---|---|
| | 2025 | 2024 | 2025 | 2024 |
| | £'000 | £'000 | £'000 | £'000 |
| Trade debtors | 3,174 | 2,776 | 2,961 | 2,349 |
| Prepayments & accrued income | 3,721 | 3,622 | 3,626 | 3,119 |
| Amounts owed to the charity by the group | - | - | 586 | 1,065 |
| Other debtors | 552 | 510 | 541 | 410 |
| **Total** | **7,447** | **6,908** | **7,714** | **6,943** |

## 12. Cash at bank and in hand

| | Group | | Charity | |
|---|---|---|---|---|
| | 2025 | 2024 as restated | 2025 | 2024 as restated |
| | £'000 | £'000 | £'000 | £'000 |
| Cash at bank in UK | 4,864 | 5,274 | 4,853 | 5,258 |
| Cash at bank overseas | 2,988 | 3,111 | 2,225 | 2,687 |
| Petty cash | 6 | 29 | 250 | 28 |
| **Total** | **7,858** | **8,414** | **7,328** | **7,973** |

## 13. Creditors: amounts falling due within one year

| | Group | | Charity | |
|---|---|---|---|---|
| | 2025 | 2024 | 2025 | 2024 |
| | £'000 | £'000 | £'000 | £'000 |
| Trade creditors | 1,779 | 943 | 1,645 | 728 |
| Payments received in advance * | 3,938 | 3,787 | 3,921 | 3,731 |
| Accruals | 872 | 1,350 | 821 | 1,147 |
| Taxation and social security | 57 | 404 | 25 | 387 |
| Other creditors | 1,495 | 2,285 | 1,469 | 2,179 |
| **Total** | **8,141** | **8,769** | **7,881** | **8,172** |

*Payments received in advance represent grants received in advance of the period to which they relate. The analysis of such payments is shown below:

| | Group | Charity |
|---|---|---|
| | £'000 | £'000 |
| Balance brought forward | 3,787 | 3,731 |
| Released to income | (3,787) | (3,731) |
| Received in year | 3,938 | 3,921 |
| **Balance carried forward** | **3,938** | **3,921** |

## 14. Provisions

| Group | Balance at 1 April 2024 £'000 | Provision created £'000 | Provision utilised £'000 | Balance at 31 March 2025 £'000 |
|---|---|---|---|---|
| Project issues | 3 | 5 | - | 8 |
| Other | 3 | 133 | (57) | 79 |
| **Total** | **6** | **138** | **(57)** | **87** |

| Charity | Balance at 1 April 2024 £'000 | Provision created £'000 | Provision utilised £'000 | Balance at 31 March 2025 £'000 |
|---|---|---|---|---|
| Project issues | 3 | 5 | - | 8 |
| Other | 3 | 79 | (56) | 26 |
| **Total** | **6** | **84** | **(56)** | **34** |



## 15. Funds note

| | Balance at 1 April 2024 £'000 | Incoming resources £'000 | Expenditure and charges £'000 | Transfers in/(out) £'000 | Balance at 31 March 2025 £'000 |
|---|---|---|---|---|---|
| **Designated reserves** | | | | | |
| Fixed asset fund | 430 | - | - | 138 | 568 |
| Revaluation reserve | 91 | - | - | 6 | 97 |
| **Free reserves** | **6,011** | **11,217** | **(11,401)** | **(144)** | **5,683** |
| **Total unrestricted funds** | **6,532** | **11,217** | **(11,401)** | **-** | **6,348** |
| **Restricted funds** | | | | | |
| Energy that transforms | - | 4,266 | (4,266) | - | - |
| Farming that works | - | 5,936 | (5,936) | - | - |
| Cities fit for people | - | 2,471 | (2,471) | - | - |
| Resilience that protects | 758 | 8,274 | (7,490) | 7 | 1,549 |
| Other | 16 | 976 | (992) | - | - |
| Restricted fixed assets | 552 | - | - | (7) | 545 |
| **Total restricted funds** | **1,326** | **21,923** | **(21,155)** | **-** | **2,094** |
| **Total funds** | **7,858** | **33,140** | **(32,556)** | **-** | **8,442** |

| | Balance at 1 April 2023 £'000 | Incoming resources £'000 | Expenditure and charges £'000 | Transfers in/(out) £'000 | Balance at 31 March 2024 £'000 |
|---|---|---|---|---|---|
| **Designated reserves** | | | | | |
| Fixed asset fund | 946 | - | | (516) | 430 |
| Revaluation reserve | 60 | - | - | 31 | 91 |
| **Free reserves** | **5,200** | **12,951** | **(12,625)** | **485** | **6,011** |
| **Total unrestricted funds** | **6,206** | **12,951** | **(12,625)** | **-** | **6,532** |
| **Restricted funds** | | | | | |
| Energy that transforms | (11) | 5,740 | (5,729) | - | - |
| Farming that works | 32 | 5,901 | (5,933) | - | - |
| Cities fit for people | 47 | 1,123 | (1,170) | - | - |
| Resilience that protects | 1,582 | 3,911 | (4,430) | (305) | 758 |
| Other | 341 | 395 | (473) | (247) | 16 |
| Restricted fixed assets | - | - | - | 552 | 552 |
| **Total restricted funds** | **1,991** | **17,070** | **(17,735)** | **-** | **1,326** |
| **Total funds** | **8,197** | **30,021** | **(30,360)** | **-** | **7,858** |

The revaluation reserve represents the difference between the historic cost of the Common Investment Fund and the year-end valuation. Transfers to the revaluation reserve represent a £6k increase in the value of the Common Investment Fund during the year.

The fixed asset funds represent the net book value of tangible and intangible assets originally funded from free or restricted reserves. Transfers into/out of a fixed asset fund represent capital additions less disposal proceeds and depreciation. Fixed asset fund transfers are funded by / contribute to the associated free or restricted fund.

The free reserves represent the funds of the charity not designated for particular purposes.

The restricted funds represent the funds that can only be used for donor specific activities within the organisation's charitable aims and objectives. The Zurich funded programs makes up the majority of the restricted fund balance carried forward at 31 March 2025

# 16. Total funds

| | Unrestricted fund £'000 | Restricted funds £'000 | Total 2025 £'000 |
|---|---|---|---|
| Fixed assets | 568 | 545 | 1,113 |
| Investments | 493 | - | 493 |
| Stock | 103 | - | 103 |
| Debtors | 4,930 | 2,517 | 7,447 |
| Cash at bank and in hand | 4,827 | 3,031 | 7,858 |
| Creditors: amount due within one year | (4,221) | (3,920) | (8,141) |
| Provisions for liabilities and charges | (8) | (79) | (87) |
| Pension liability | (344) | - | (344) |
| **Total funds** | **6,348** | **2,094** | **8,442** |

| | As restated Unrestricted fund £'000 | Restricted funds £'000 | As restated Total 2024 £'000 |
|---|---|---|---|
| Fixed assets | 430 | 552 | 982 |
| Investments | 484 | - | 484 |
| Stock | 88 | - | 88 |
| Debtors | 4,284 | 2,624 | 6,908 |
| Cash at bank and in hand | 6,532 | 1,882 | 8,414 |
| Creditors: amount due within one year | (5,040) | (3,729) | (8,769) |
| Provisions for liabilities and charges | (3) | (3) | (6) |
| Pension liability | (243) | - | (243) |
| **Total funds** | **6,532** | **1,326** | **7,858** |



# 17. Pension costs and FRS 102

**Practical Action Employee Benefits Scheme**

The charity operates a defined benefits scheme in the UK which was closed to new members in 2002. The charity has accounted for pension costs in accordance with FRS 102. The scheme is a registered pension scheme under chapter 2 Part 4 of the Finance Act 2004. The assets of the scheme are held separately from the assets of the charity, being represented by units in a segregated fund managed by an external investment manager. At 1 April 2023, the latest full valuation date, the actuarial value of the schemes assets was 78% of the value of past service liabilities on an ongoing (SFO) basis. The market value of the scheme's assets at the valuation date was £7,743k, excluding money purchase AVCs. As a result of the scheme deficit at the valuation date, the trustees and the charity agreed that the charity would make a deficit contribution of £87,300 in January 2024 plus monthly deficit contributions of £9,700 from January 2024 to March 2029 inclusive. The scheme trustees and the charity also agreed that the charity would pay contributions to the scheme in respect of expenses and levies at the rate of £4,415 per month from January 2024, increasing by 2.5% pa with the first such increase applying from 1 April 2024. The full valuation has been updated to 31 March 2025 by a qualified independent actuary.

The charity and group are aware of the Virgin Media vs NTL Pension Trustees II Limited Court of Appeal judgement which may give rise to adjustments to the scheme. At present the legal process is incomplete and therefore we are unable to quantify any potential liabilities.

Principal actuarial assumptions at the Balance Sheet date:

| | 2025 | 2024 |
|---|---|---|
| Discount Rate | 5.50% | 4.90% |
| Inflation (RPI) | 3.40% | 3.40% |
| Inflation (CPI) | 2.40% | 2.90% |
| Future Salary Increases | 3.40% | 3.40% |
| Revaluation in Deferment | 2.40% | 2.40% |
| Pension Increases RPI (0,5) | 3.15% | 3.15% |
| Pension Increases Fixed 3 | 3.00% | 3.00% |
| Mortality | | |
| - Base Table | S3PXA | S3PXA |
| - Allowance for Future Improvements | CMI2023[1%] | CMI2022[1%] |

**Practical Action Employee Benefits Scheme**

| | 2025 £'000 | 2024 £'000 |
|---|---|---|
| Present value of funded obligations | (7,246) | (7,747) |
| Fair value of plan assets | 6,902 | 7,504 |
| **Deficit per FRS102** | **(344)** | **(243)** |
| Amounts in the balance sheet: | | |
| Liabilities | (344) | (243) |
| Net liability | (344) | (243) |

**Changes in the present value of the defined benefit obligation:**

| | 2025 £'000 | 2024 £'000 |
|---|---|---|
| Opening defined benefit obligation | 7,747 | 8,284 |
| Interest cost | 369 | 387 |
| Benefits paid | (397) | (406) |
| Remeasurement gains | (473) | (518) |
| **Defined benefit obligation at end of year** | **7,246** | **7,747** |

**Changes in the fair value of the scheme assets:**

| | 2025 £'000 | 2024 £'000 |
|---|---|---|
| Opening fair value of scheme assets | 7,504 | 7,793 |
| Interest Income | 361 | 367 |
| Remeasurement losses | (672) | (361) |
| Employer contributions | 170 | 169 |
| Benefits paid | (397) | (406) |
| Expenses paid | (64) | (58) |
| **Fair value of scheme assets at the year end** | **6,902** | **7,504** |
| The actual return on the scheme assets in the year | (311) | 6 |

**Amounts included within the Statement of Financial Activities:**

| | 2025 £'000 | 2024 £'000 |
|---|---|---|
| Expenses | (64) | (58) |
| Interest on net liability | (8) | (20) |
| **Total amount charged within net outgoing resources** | **(72)** | **(78)** |
| Actual return on plan assets less interest | (672) | (361) |
| Experience gain on liabilities | 13 | 147 |
| Change in assumptions | 460 | 371 |
| **Actuarial (loss) / gain recognised** | **(199)** | **157** |
| **Total (loss) / gain recognised in the statement of financial activities** | **(271)** | **79** |



## 18. Reconciliation of net income to net cash inflow from operating activities

| | 2025 £'000 | 2024 £'000 |
|---|---|---|
| Net income/(expenditure) for the reporting period (as per the statement of financial activities) | 783 | (496) |
| (Gain) on investments | (6) | (31) |
| Dividends, interest and rents from investments | (65) | (52) |
| Depreciation | 335 | 268 |
| Loss on the disposal of fixed assets | 22 | 22 |
| (Increase)/Decrease in stocks | (15) | 43 |
| (Increase) / Decrease in debtors | (539) | 662 |
| (Decrease) in creditors and provisions | (547) | (2,455) |
| Movement in defined benefit pension scheme | (101) | (91) |
| **Net cash (used in) operating activities** | **(133)** | **(2,130)** |

## 19. Additional grant and donation disclosures

The disclosures below relate to special conditions in specific grant agreements to publish the annual project funding value in the statutory accounts.

**Foreign Commonwealth and Development Office**

| | Contract Number | Funding 2025 £'000 | Funding 2024 £'000 |
|---|---|---|---|
| Project funding details required by FCDO | | | |
| DFID aid match appeal Nepal | 205210-279 | 395 | 656 |
| Building climate and conflict resilient livelihoods | 205210–259 | 12 | 196 |
| MRV tools for forests, land use and agriculture | MRV/34 | 491 | 67 |
| **Total** | | **898** | **919** |

**IKEA Foundation Grants**

| | Contract Number | Funding 2025 £'000 | Funding 2024 £'000 |
|---|---|---|---|
| **Project funding details required by IKEA Foundation** | | | |
| TREYL | G- 1808-1160 | 7 | 729 |
| **Total** | | **7** | **729** |

**Department for Environment, Food & Rural Affairs**

| | Funding 2025 £'000 | Funding 2024 £'000 |
|---|---|---|
| Biodiverse Landscapes Fund Andes/Amazon | 1,346 | 116 |
| BLF Accelerate Spend | 1,292 | 33 |
| **Total** | **2,638** | **149** |

**United Nations Environment Programme (UNEP)**

| | Contract Number | Funding 2025 £'000 | Funding 2024 £'000 |
|---|---|---|---|
| **Project funding details required by UNEP** | | | |
| Creating the enabling conditions for eliminating open burning of waste through regional roadmaps and city pilots | 24-016-WST-22-001 | 106 | - |
| **Total** | | **106** | **-** |

**Swiss Agency for Development and Cooperation (SDC)**

| | Funding 2025 £'000 | Funding 2024 £'000 |
|---|---|---|
| **Project funding details required by SDC** | | |
| Strengthening the early warning early action system | 131 | 189 |
| Anticipation in Ecuador and the Andean region | 101 | 11 |
| Early warning and early action on multiple climate hazards | 34 | - |
| **Total** | **266** | **200** |



# 20. Commitments under operating leases

As at 31 March 2025, the group had commitments under non-cancellable operating leases as set out below:

| | 2025 Land & Buildings £'000 | 2024 Land & Buildings £'000 |
|---|---|---|
| **Operating leases which expire** | | |
| Within one year | 196 | 256 |
| In two to five years | 305 | 485 |
| In over five years | - | - |
| | **501** | **741** |

The net income for the year has been stated after charging £345k (2024: £365k) for the hire of assets under operating leases.

# 21. Related party transactions

Details of the subsidiaries of the Practical Action Group are disclosed in note 8. Subsidiary grants paid and charges claimed by the charity along with gift aid received by the charity from the subsidiaries are disclosed in note 6.

Practical Action Consulting Limited received a management costs grant of £18k (2024: £20k) from the charity, was charged a management fee of £18k (2024: £nil) and subsidiary activity costs totalling £208k (2024: £41k) by the charity and transferred £369k (2024: £214k) to the group cash pooling facility. At the year end, Practical Action Consulting Limited owed the charity £536k (2024: £753k).

PAC Nepal Private Limited recharged £18k (2024: £0) of charity activity costs to the charity. The charity recharged no (2024: £10k) of subsidiary activity costs to PAC Nepal Private Limited. At the year end, PAC Nepal Private Limited owed the charity £30k (2024: £20k).

PAC India received a management costs grant of £203k (2024: £nil) from the charity, was charged payroll costs totalling £61k (2024: £nil) and subsidiary activity costs totalling £nil (2024: £3k) by the charity and charged the charity £2k (2024: £nil) of charity activity costs. At the year end, PAC India owed the charity £58k (2024: £138k).

PAC Bangladesh owed the charity £31k (2024: £45k) at the year end.

PAC Malawi owed the charity £132k (2024: £132k) at the year end.

Practical Action Publishing Limited received a management costs grant of £50k (2024: £50k) from the charity, was charged payroll costs totalling £188k (2024: £200k) and subsidiary activity costs totalling £112k (2024: £422k) by the charity and transferred £77k (2024: £102k) to the group cash pooling facility. At the year end, Practical Action Publishing Limited owed the charity £613k (2024: £567k). Practical Action and Practical Action Pension Scheme Trustee Limited have a Trustee in common.

At 31 March 2025 the total provision recognised by the charity for related party debt is £814k (2024: £590k).

## 22. Financial instruments

| | 2025 £'000 | 2024 £'000 |
|---|---|---|
| Financial instruments measured at fair value through profit and loss | 493 | 487 |

The income, expense, gains and losses in respect of financial instruments are summarised below:

| Gain/(Loss) on financial instruments measured at fair value through profit and loss | 2025 £'000 | 2024 £'000 |
|---|---|---|
| Financial instruments measured at fair value at the start of the year: | 487 | 456 |
| Gain / (loss) | 6 | 31 |
| **Financial instruments measured at fair value through profit and loss at the end of the year** | **493** | **487** |

## 23. Comparative statement of financial activities for the year ended 31 March 2024

| | Unrestricted £'000 | Restricted £'000 | Total 2024 £'000 |
|---|---|---|---|
| **Income and endowments from:** | | | |
| Donations and legacies | 10,654 | 724 | 11,378 |
| Charitable activities | 1,926 | 16,350 | 18,276 |
| Investments | 52 | - | 52 |
| Other income | 319 | (4) | 315 |
| **Total income and endowments:** | **12,951** | **17,070** | **30,021** |
| **Resources Expended** | | | |
| Expenditure on raising funds | 2,523 | 2 | 2,525 |
| **Total expenditure on raising funds** | **2,523** | **2** | **2,525** |
| Expenditure on charitable activities: | | | |
| Energy that transforms | 3,836 | 5,731 | 9,567 |
| Farming that works | 2,702 | 5,933 | 8,635 |
| Cities fit for people | 454 | 1,171 | 1,625 |
| Resilience that protects | 1,877 | 4,430 | 6,307 |
| Knowledge that inspires | 624 | 6 | 630 |
| Other | 797 | 462 | 1,259 |
| **Total expendiature on charitable activities** | **10,290** | **17,733** | **28,023** |
| **Total expenditure** | **12,813** | **17,735** | **30,548** |
| Net gain/(loss) on investment assets | 31 | - | 31 |
| **Net income / (expenditure)** | **169** | **(665)** | **(496)** |
| Actuarial loss on defined benefit pension scheme | 157 | - | 157 |
| Transfers between funds | | | |
| **Net movement in funds** | 326 | **(665)** | (339) |
| **Balance brought forward 1 April 2023** | **6,206** | **1,991** | **8,197** |
| **Fund balances carried forward as at 31 March 2024** | **6,532** | **1,326** | **7,858** |

*In Bella Altura, Bolivia, Tacana Indigenous leader Elvi Rufino fought on the front lines when wildfires swept through her community in 2024. Weeks of heat above 40°C and no rain left the forest like tinder. Flames destroyed cocoa, banana, and timber trees her community depended on. With few resources, she and her neighbours fought the fires and evacuated elders and children. Across Bolivia, more than 4,000 families were affected in a season that burned over 10 million hectares –the country s worst environmental disaster. For Elvi, the experience strengthened her resolve to build climate resilience and ensure her community can protect their land and future.*

# BIG CHANGE
## starts small


**Bangladesh**
+88 02 9672683
practicalaction@practicalaction.org.bd

**Bolivia**
+591 22119345
infobolivia@practicalaction.org

**Ecuador**
infoecuador@practicalaction.org

**Kenya**
+254(0) 20 2595311-15
kenya.general@practicalaction.or.ke

**Nepal**
+977 1 4423 639
practicalaction@practicalaction.org.np

**Perú**
info@practicalaction.org

**Rwanda**
+250 7861 42017
practicalaction.rwanda@practicalaction.org

**Sudan**
+20 1119491525
sudan@practicalactionsd.org

**UK**
+44(0)1926 634400
enquiries@practicalaction.org.uk

**West Africa**
west.africa@practicalaction.org.uk

**Zimbabwe**
practicalaction@practicalaction.org.zw


Visit us online to find out more about
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**practicalaction.org**


The Robbins Building, 25 Albert Street,
Rugby, Warwickshire, CV21 2SD, UK.
Reg Charity No. 247257.
Patron His Majesty King Charles III, KG KT GCB OM AK QSO PC ADC


Practical
ACTION

**PRACTICAL ACTION**

England & Wales - Charity number 247257

# Accounts

# Annual Report and Accounts

# 2023 - 2024

Practical ACTION

Practical Action | Company Reg. No. 871954
Reg Charity No. 247257 | Year ended 31 March 2024

Our vision is for

# A WORLD THAT WORKS BETTER FOR EVERYONE

*In Kenya, young farmers are using sustainable techniques to earn a living from agriculture while protecting natural resources.*

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*Some numbers in the Trustees' and Directors' Annual Report and Strategic Report sections have been rounded.*

*Front cover image: With our help, Adita in Peru has developed the skills and confidence to lead a cooperative of coffee farmers to increase their profits while protecting natural resources.*

# Welcome from the Chair and Chief Executive

**Welcome to Practical Action's Annual Report for 2023-24. As we reflect on the past year, we see the world facing ever more frequent and severe climate shocks. 2023 was the hottest year on record, resulting in more drought, famine, floods, and failed crops. These issues disproportionately impact communities already vulnerable to poverty. Political instability and conflicts, such as those in Sudan, are affecting millions of people in countries where we work.**

In light of these escalating global challenges, the work we do alongside communities so that they can change their lives is needed more than ever. The partnerships we're involved in to change the systems that keep people poor and vulnerable are just as vital.

Despite many challenges, communities we have been working with have seen significant progress towards more resilient and sustainable livelihoods. Our powerful partnerships have improved food security, increased incomes and access to essential services, facilitated adaptation to climate change, and achieved better outcomes for women.

*"As we approach the final year of our five-year strategic plan, we continue to increase our impact. We've made significant contributions to the lives of over six million people in the communities where we work. By collaborating closely with communities and working with a range of partners and decision-makers, together we are building robust systems that deliver for people vulnerable to poverty and climate change. These systems are designed to withstand changing environmental and socio-political landscapes."*

We've continued to have success with larger, multi-year grants, securing £36 million in new funding for programmes running through to 2030. The largest of these, from the UK Government's Department for Environment, Food & Rural Affairs (DEFRA) Biodiverse Landscapes Fund and the Z Zurich Foundation, illustrate important directions for us.

The Biodiverse Landscapes Fund will allow us to lead a consortium taking an integrated approach to increase biodiversity and improve livelihoods for people who live in and around the Andes Amazon, and to connect an important conservation corridor across Peru and Ecuador. Our partners include indigenous peoples' organisations and national and international conservation and development organisations. These types of partnerships, linking into government and long-term development and conservation approaches, are crucial to all our futures.

Meanwhile, our long-running partnership with the Z Zurich Foundation and diverse partners is expanding to build resilience to a range of climate impacts, building on a 10-year track record in flood resilience.

We ended the year in a good financial position. Our income grew to £30.0m from £27.0m in the previous year, driven by effective fundraising during 2023-24 and substantial grant commitments in 2022-23. These strong grant commitments have continued this year, giving us significant funding for important partnerships over the next five years. Levels of unrestricted income have remained consistent, although cash donations have slightly declined. These unrestricted donations are critical for allowing the organisation to grow and invest in new opportunities, and we are working hard to address this decline. We've increased our unrestricted free reserves, essential given the growing instability of our external context.

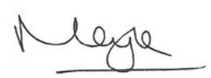
Our achievements this year have been fuelled by the creativity, curiosity, and unwavering dedication of our global teams. We've invited colleagues from around the world to share stories of our work, highlighting our collaborations with funders, donors, and partners, and the impact of these efforts. You can read those inspiring stories in this report. The relentless pursuit of improvement and innovative approaches by our teams have brought us closer to realising our vision of a world that works better for everyone. We extend our heartfelt gratitude to everyone driving change with us.

We're delighted to have appointed five new Trustees, including Sazini Mojapelo, our first Chair of the Board from Africa. Sazini is an experienced social impact executive whose vision and expertise will guide us as we scale up our operations and enhance our impact. Sazini joined our board in April 2024 and will assume the role of Chair following our 2024 Annual General Meeting. Martin will be standing down as Chair of the Board, having initially stepped up to the role on an interim basis in 2022, and will remain on the Board as a Trustee. The whole organisation thanks him for his tenure as Chair and his continued service on the Board of Trustees.

In 2024-25 we will be developing our next five-year strategy. Our focus will be on scaling up impact with local, national, and international partners, and enhancing our joint capability to drive systemic change that supports locally led development.

We've made significant strides over the past year, and the journey ahead is filled with challenges and opportunities. Our commitment to growing impact and securing sustainable funding that supports communities to build their resilience and delivers systemic change is stronger than ever. Alongside our dedicated teams, partners, and supporters, we're passionate about creating a world that works better for everyone.

Thank you for your continued support and partnership.



**Martin Tyler,**
**Chair of the**
**Board of Trustees**

**Sarah Roberts,**
**Chief Executive Officer**

# HOPE NEEDS ACTION

Throughout this annual report, you'll read stories that showcase our comprehensive approach to driving systemic change. From classrooms in Peru powered by renewable energy to women in rural Nepal using digital technology, and waste workers in Bangladesh creating wealth from rubbish, these stories reflect our broader mission.

We're enabling and scaling community-led solutions while also working to transform the systems that impact the most vulnerable. By collaborating with partners, influencing policy, and addressing the root causes of poverty, we're paving the way for long-lasting, sustainable change on a global scale.

Our programmes work holistically across our expertise areas to tackle systemic problems effectively, ensuring that our initiatives are comprehensive and impactful.

**Our four core areas of expertise are:**

- Sustainable agriculture
- Water, sanitation and waste
- Energy access
- Climate resilience

## Our holistic approach

At a time when climate change threatens to undo years of progress against poverty, Practical Action's work is more crucial than ever. The communities we work with face increasingly intense challenges such as extreme weather events, economic instability, social upheaval, and persistent gender inequality. These issues demand immediate, effective responses to prevent further deepening of poverty.

Increasingly we're refining our focus towards building thriving lives and livelihoods with people on the frontlines of poverty and climate change.

We're committed to taking a gender transformative approach in all aspects of our work. Whether through pioneering projects or impactful outreach efforts, we collaborate with communities to create programmes that amplify the voices of women and girls.

We were founded by radical economist and philosopher E.F. 'Fritz' Schumacher, who believed in solutions suited to context and living within the planet's means. Rooted in our Schumacher heritage, we emphasise practical solutions for real-world problems. We draw on this legacy to stay relevant to today's challenges, believing, as Schumacher did, that hope needs action.



# How we achieve impact

## Developing solutions

We work alongside communities, partners and change makers with diverse expertise and knowledge to discover and catalyse inclusive, ingenious, and practical solutions that enable people to sustainably improve their livelihoods and enhance their resilience to shocks and stresses.

## Demonstrating pathways

We scale solutions to create a credible body of evidence and demonstrate that pathways to positive change can be sustained. We continue our work until we've demonstrated clear pathways for systemic change and lasting impact, ensuring a responsible transition when we step away.

## Driving transformation

We think big and engage stakeholders who can effect systemic change throughout our work. We amplify the knowledge of the communities we serve, influencing decision makers at all levels to adopt the policies, business practices and investment strategies that sustain change. By focusing here, we extend our impact way beyond our immediate reach.

Our tagline, **"*Big Change Starts Small,*"** builds on the heritage of Schumacher's groundbreaking book *Small is Beautiful*. It also embodies our proven, practical strategy for transformative impact. You'll see this philosophy brought to life through the inspiring stories you'll read in this report.

# Our reach and impact

As an organisation committed to creating large-scale impact, we believe it's important to measure and report our progress transparently. We continuously assess the reach of our activities across different groups of people. While these groups may overlap, this approach allows us to understand how many people we have potentially benefited.

**Between 2021-2024, we reached 6.4 million people through our projects and programmes. This is through working with partners, through family members and across communities.**

**Between 2021-2024, we reached 29 million people through influencing, policy and practice work. This is by working with NGOs, government institutions, businesses and enterprises to adopt new approaches and catalyse systemic transformation.**

## In 2023-24:

**982K**

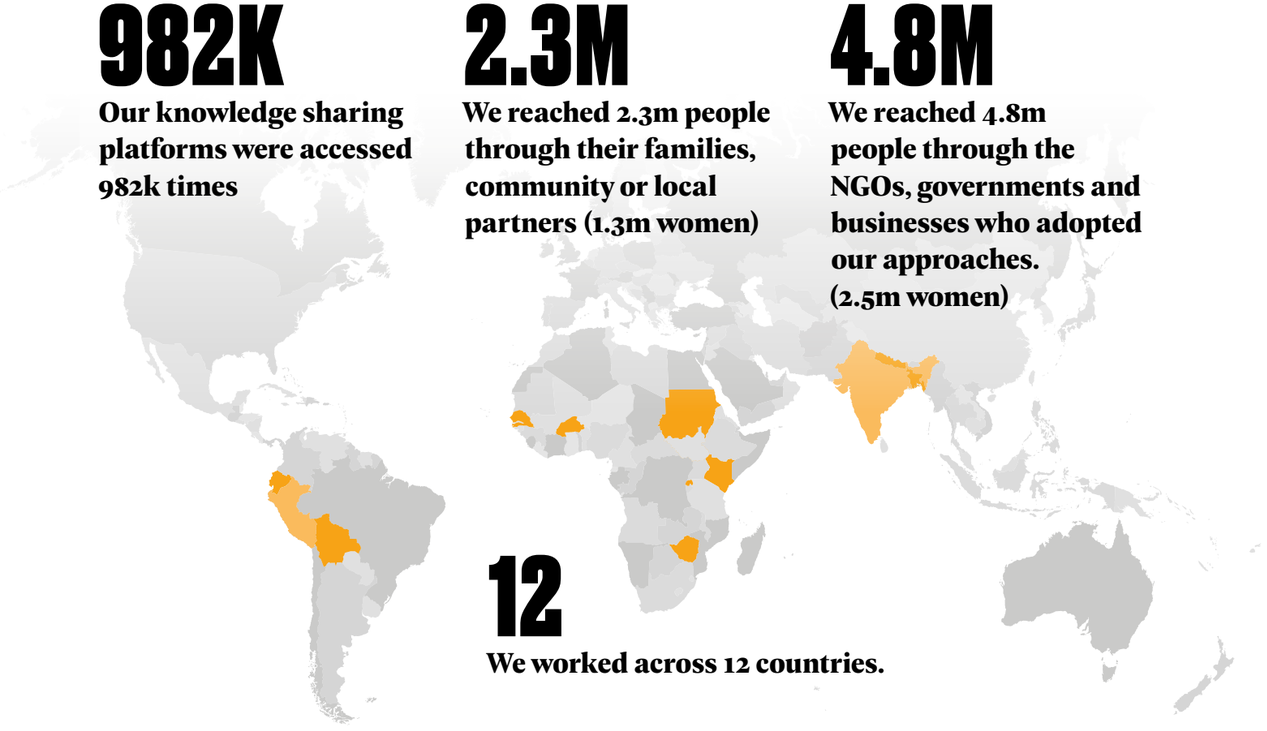
**Our knowledge sharing platforms were accessed 982k times**

**2.3M**

**We reached 2.3m people through their families, community or local partners (1.3m women)**

**4.8M**

**We reached 4.8m people through the NGOs, governments and businesses who adopted our approaches. (2.5m women)**



**12**

**We worked across 12 countries.**

**Globally, our energy work has had an impact on over 976,000 people. This improved access to energy means more people can continue to work after dark, start new businesses or safely cook using an electric cookstove.**

**157,000 people now have improved food security, an improved income, or both, thanks to the adoption of sustainable agriculture methods.**

**693,000 people are now protected by high quality early warning systems or climate information services, giving them vital notice in the event of a landslide, flooding or climate shock – saving lives and livelihoods.**

**497,000 people have improved urban services, including better access to hygiene and sanitation services, improved solid waste management and improved water services.**

# Our Global Network of Partners and Supporters

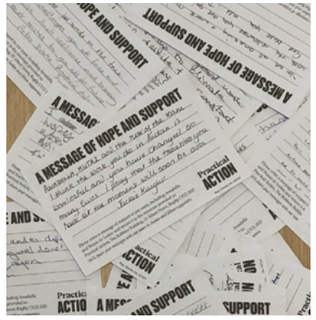
We achieve change through the energy and generous support of like-minded individuals and collaborations with forward-thinking partners, governments, and businesses. Working together with communities in the poorest parts of the world, we help them tackle their toughest challenges. When we unite around shared goals, big change really is possible. **Thank you!**

## Pulling together in a time of crisis

**Nowhere is the value of our global network of partners and supporters more important than in our response to the crisis in Sudan. More than one year into the conflict, which began in April 2023, the situation continues to worsen. Existing political and ethnic tensions have been exacerbated, plunging the country into one of the biggest humanitarian emergencies of our times. Over 12 million people have been forced to flee their homes due to the widespread violence, and over half of the country's 25 million population require aid. The conflict has severely disrupted resources and infrastructure among the communities we work with and beyond, with 80% of health facilities in Sudan non-functional, leading to widespread disease outbreaks.**

*In Sudan, local communities are coming together to construct dams, with volunteers working side by side to pass rocks and strengthen the dam walls. Despite the challenges of war, their collective effort has already resulted in the completion of three dams, providing much-needed water security.*






**Messages of hope and solidarity from our supporters.**

> *"I am truly amazed by the wonderful work you are all doing to help the people of Sudan and am full of admiration. I send you all my love, prayers and good wishes."*

**Elizabeth,**
Practical Action Supporter

Matching your donations with UKaid

We're incredibly proud to have been able to keep our work in Sudan going in the face of armed conflict and displacement. The whole Practical Action community rose to the challenge – our incredible team in Sudan, the communities we work with, and our dedicated supporters, key donors, and funders. Their relentless efforts ensure that we can continue to make a difference, even in the most challenging circumstances.

Helping to provide drinking water, The Wadi El Ku Water Resources Management (IWRM) project in Darfur is nearing completion in several areas despite the ongoing security issues. The UK AidMatch funded project, set to conclude in late 2024, has already established farmer field schools, equipping people with climate-adaptive skills and tools, enabling them to sustain their livelihoods amidst the turmoil. This progress is a testament to the determination and adaptability of our team. Many have been displaced and sadly lost family and colleagues. But all our staff have gone beyond the call of duty to find innovative ways to continue supporting communities through this emergency.

We've launched four new projects in Kassala and others in Blue Nile and Gadarif States to enhance food security and resilience for over 80,000 internally displaced people. These include the Agribusiness in Eastern Sudan project, Sustainable Agrifood Systems Approach, Vegetables for Income, Nutrition, and Employment, and Livestock-Food Systems Development. This work will ensure a steady supply of food for people otherwise at risk of hunger.

*Awadalla, one of our dedicated staff members in Sudan, works alongside a women's farming group cultivating drought-resistant potatoes. This crisis crop is crucial for ensuring food security in the face of ongoing droughts.*

# Growing collaborative solutions with refugees in Rwanda

**Together with two forward-thinking funders, we drew on our extensive experience working with refugees and agricultural communities in Rwanda, by launching an innovative two-year pilot project in 2022. This project was enabled thanks to funding raised by players of People's Postcode Lottery and Kilburn & Strode's Innovation for All Foundation and supported by the Mayor of Kirehe District, Bruno Rangira, and his team.**

Together, we addressed critical issues faced by refugees in Rwanda's Mahama refugee camp, supporting farmers with regenerative agriculture and solar-powered irrigation systems. This work has significantly improved food security and created sustainable livelihoods for smallholder farmers, equipping them to build more resilient futures in the face of environmental challenges.

The project has seen remarkable success, with a 221% increase in farmers' knowledge of regenerative agriculture and 44 hectares transitioned to sustainable farming practices. Women have assumed leadership roles within cooperatives, promoting gender equality. The solar irrigation system now irrigates over 10 hectares, enhancing resilience against climate change shocks. Our advocacy efforts encouraged the Rwandan Government to lease farming land to refugees for a minimum of 15 years. This is a major step forward and unusual in a refugee setting. It's enhancing food security, reducing vulnerability, and fostering social cohesion.

*“We are delighted that our players are helping people in Mahama, one of the largest refugee camps in Rwanda, rebuild their lives by supporting projects that encourage sustainable agricultural practices and the use of renewable energy. These projects will help improve food security and general livelihoods in the area. The players of People's Postcode Lottery have supported the work of Practical Action since 2022.”*

**Laura Chow,**
Head of Charities at People's Postcode Lottery

*Albert and local farmers during a recent training day on sustainable agricultural techniques.*



The project's success serves as a model for systemic change, promoting replicable practices beyond its immediate community. By showing clear results and lessons learned, we expect our achievements to help inspire similar projects elsewhere and attract more funding. This success highlights the need for ongoing investment in projects for displaced communities to keep growing its impact and drive lasting change.

At the end of the year, we were awarded £500,000 more funding raised by players of People's Postcode Lottery. This is flexible funding, which can be allocated where it is most needed, making it especially valuable. The money will innovate real-world solutions to build sustainable lives and livelihoods for people living on the frontlines of poverty and climate change.

*Albert is reaping the rewards of sustainable farming in Rwanda, boosting his family's health and serving as a role model for other farmers.*

*“At Kilburn & Strode, we recognise innovation's potential to positively impact lives facing climate change. We're proud to partner with Practical Action, using science and technology for sustainable solutions. The Resilient Farming project in Rwanda's Mahama Refugee Camp pilots micro-solar irrigation for regenerative farming, with far-reaching and lasting effects. Everyone at Kilburn & Strode looks forward to continuing our partnership and supporting Practical Action's inspiring work.”*

**Caelia Bryn-Jacobsen,**
Partner, Kilburn & Strode

# How we were funded in 2023–24

In 2023–24, we raised **£30.0 million**, spent **£30.5 million** on our work, and **92p** out of every **£1** was dedicated to our global activities. Our funding comes from a range of diverse sources, allowing us to adapt to changing markets and continue creating impact at scale for years to come.

## £16.2M Grants and awards from governments, trusts, companies and other institutions

Our partners include the international development departments and embassies of national governments. Among them are the UK Department for Environment, Food & Rural Affairs (DEFRA) and Foreign, Commonwealth and Development Office (FCDO), the Danish International Development Agency (DANIDA), Jersey Overseas Aid, and the Swedish International Development Cooperation Agency (Sida), and USAID Bureau for Humanitarian Assistance. We also receive significant funding from specialist frameworks such as HIVOS, the German Technical Cooperation Agency (GIZ), Energising Development (EnDev) and the Carbon Trust.

In addition, we receive funding from several UN agencies: the United Nations Children's Fund (UNICEF), the United Nations Development Programme (UNDP), the United Nations Environment Programme (UNEP), Food and Agricultural Organisation (FAO) and the United Nations Office for The Coordination of Humanitarian Affairs (UNOCHA).

Our strong partnerships with large foundations, trusts, companies and other partners provide substantial funding for our work. Partnerships include British Investment International, the Bill and Melinda Gates Foundation, Grundfos Foundation, the IKEA Foundation, Livelihoods Venture, Zurich Insurance Company Ltd and its Z Zurich Foundation, Grundfos Foundation, Mastercard Foundation, Old Dart Foundation, King Charles III Charitable Fund (Formerly Prince of Wales Charitable Fund) and the People's Postcode Lottery.

Alongside the ongoing work that's funded by these partners, we were delighted to secure new grants from many of them in 2023–24 that will fund exciting projects in 2024–25 and subsequent years.

## £7.7M Donations from individuals, trusts and companies

The ability to innovate, be flexible, adapt our work when things change, and allocate funds where they're most needed is essential. That's why we're so grateful to the individuals and community groups whose generous support accounts for most of our unrestricted donations. Unrestricted funds aren't limited to specific projects, countries, or work areas.

## £3.7M Legacies from people remembering us in their Will

Being recognised as part of someone's legacy through a gift in their Will is a wonderful tribute to our shared beliefs and vision for the future. We're incredibly grateful to those who chose to support us in this practical and personal way.

## £2.1M Income from our consultancy and publishing work

Our global network of over 2,000 consultants and academic contacts provides specialist technical expertise to private businesses, organisations, and governments. Through our publishing work, we partner with the brightest minds to share the latest development perspectives.

## £0.4M Interest and other income

**£30.0M**
**Total income**

# FROM DARKNESS TO OPPORTUNITY

***Energy expert, Jechoniah Kitala, explains how we made big change happen in Kenya - and our future ambitions for energy access.***

**I've been working in international development for over two decades. I've learned that systemic change involves comprehensive, long-term transformations in the structures, policies, and practices that perpetuate poverty. Our work in under-served parts of Kenya is achieving systemic change by focusing on energy access as an enabler for economic development. Worldwide, around 789 million people lack electricity and around 2.3 billion people lack the means to cook food using anything other than unhealthy, polluting fuels. The challenge is immense, but our innovative and dedicated approach is bringing about real progress.**

## The power of clean energy

Electricity lies at the heart of addressing global development challenges, transforming lives by lighting homes, powering schools, enabling healthcare, and boosting local businesses. In Kenya, we're working alongside people in communities without electricity, especially women, so they can become energy entrepreneurs. With our support, they are bringing sustainable energy solutions to under-served areas. This is creating jobs, fostering entrepreneurship and improving education. Our focus on the poorest communities magnifies the impact, extending benefits far beyond immediate needs.

Recognising the critical importance of energy access, from 2020 to 2024 we partnered with Innovation Energie Développement, Loughborough University's Centre for Sustainable Transitions: Energy, Environment and Resilience, African Centre for Technology Studies and International Institute for Environment and Development with funding from the European Union to support the sustainable energy sector in Kenya. This collaboration aimed to enhance the skills and resources of local government, civil society, and business organisations in 16 counties in Kenya to effectively plan and implement sustainable energy projects. By delivering training initiatives and equipping these organisations with the necessary tools and support, we helped them create and manage energy solutions that are environmentally friendly and economically viable. This ensures long-term access to clean energy, reduces dependency on fossil fuels, and promotes economic development by creating jobs and reducing energy costs.

*Solar panels are just one of the products Jacinta is helping to bring to neighbouring villages*

*In Kenya, Jecinta's entrepreneurial spirit is bringing clean energy to her community, creating jobs and helping others adopt eco-friendly practices.*

**Our innovative energy initiatives in Kenya have benefited millions of people, enabling women to become energy entrepreneurs and setting a model for sustainable development.**

## Total energy access: A milestone achievement

Our work in Kenya's energy sector builds on research stemming from 2010, when our Poor People's Energy Outlook (PPEO) report was published. This report highlighted the critical energy needs of people living in poverty, advocating for decentralised, community-centric approaches for universal energy access. Our findings influenced policy changes, as demonstrated through key policy documents like the Integrated National Energy Planning Framework (INEP) and the Ministry of energy's gender policy. From September 2020 to March 2024, when I was seconded to the Ministry of Energy, I played a pivotal role in shaping Kenya's energy policy to ensure that it enabled and supported approaches that delivered sustainable energy outcomes that people, especially women, living in poverty needed and could afford.

The highlight of my secondment was that Practical Action's 'Total Energy Access' approach, developed through the PPEO, was adopted by the Kenyan government's Integrated National Energy Planning framework. This marked a significant milestone, showcasing our influence in the energy sector. The framework supported 20 county governments in developing energy plans, ensuring energy is seen as a crucial enabler of broader development goals.

I'm deeply passionate about our achievements here in Kenya. Families will be able to light their homes, children can study after dark, and healthcare services will run efficiently with reliable power. People in off-grid communities have become energy entrepreneurs, bringing sustainable solutions to remote areas, boosting local economies, and building prosperous livelihoods.

*Rose, an entrepreneur in Kenya, is making good income and improving the health of her community by selling low-smoke cook stoves.*

## LEADING A CLEAN COOKING REVOLUTION

**In Sub-Saharan Africa, four out of five people rely on cooking fuels used on open fires or basic stoves. These pose significant health risks, especially for women and children. Addressing this critical issue, we're using the learning gathered through our clean energy initiatives to drive a clean cooking transformation.**

Our extensive experience in partnering with women to deliver clean cooking solutions tailored to their community needs has proven transformative. Hundreds of women entrepreneurs in Kenya have reached over 1.5 million people in 2023-24, bringing safer, cleaner cooking practices to their communities.

These solutions include distributing efficient cookstoves and solar lamps, which reduce smoke emissions and save time and money.

We're embarking on an exciting new partnership with the Clean Cooking Association of Kenya (CCAK) to develop and implement a new strategy that will help accelerate universal access to clean cooking in Kenya by 2028. The CCAK has set up effective frameworks for engaging with the government and other stakeholders, ensuring a coordinated and robust advocacy for the clean cooking sector. By fostering such collaborations, we aim to drive systemic change, transforming health outcomes through sustainable, clean cooking solutions.



## TRANSFORMING ENERGY ACCESS FOR PEOPLE LIVING IN EXTREME POVERTY

**Private sector involvement in energy access is growing, yet current economic and political systems often overlook people living in poorer areas. Innovative thinking is crucial to ensure inclusivity.**

Last year marked a significant milestone in our mission to provide energy for the most vulnerable. Our Transforming Energy Access (TEA) study, supported by the UK Government's Foreign, Commonwealth & Development Office, delved into the unique needs and challenges faced by those in extreme poverty. It explored innovative business models and market interventions to enhance energy access for the under-served.

The TEA findings highlight that over 430 million people in Africa alone are too poor to access any type of modern energy. The report calls for a combination of tailored business models and financial interventions from governments, donors, and investors to finally address their needs in a way they can afford and reach.

These findings are starting to guide discussions among key players in the energy sector, with the aim of informing future programmes. As a result, we hope to lay the foundation for economic growth, improved health, and greater opportunities for all.

*The safety and savings of solar power are transformational for women like Elizabeth.*

# BRIDGING THE DIGITAL DIVIDE

***Bisesh Sangat, Business Development and Communication Lead at Practical Action Nepal, shares how digital literacy is transforming Nepalese farming communities – and our vision for sustainable agricultural growth.***

**Our agricultural sector here in Nepal, which is mainly driven by women due to male migration for work, faces many challenges. Low productivity, conventional, intensive farming methods that make soil less fertile over time, and lack of access to digital financial services hinder the growth and sustainability of agriculture in the region. With funding from Jersey Overseas Aid, we're addressing these issues by working alongside smallholder farmers so they have the knowledge and technology needed to thrive in a changing climate and global economy.**

## Women driving change through digital education

In rural Nepal, women are transforming farming through their financial education and digital literacy training. Our Samunnati digital finance project has seen a team of 80 female digital champions upskill themselves and share their knowledge with 5,500 smallholder farmers, 80% of whom are women. These champions guide farmers through a six-month curriculum on financial services, digital transactions, and agricultural apps. Women who once had limited access to banking now confidently handle digital transactions and make informed decisions for their farms, leading to greater independence and resilience.

*Sushma is sharing her newfound digital literacy with other women in her community, challenging gender norms and boosting farming skills.*

*From struggling farmer to successful entrepreneur – Bishni is using digital weather forecasts to improve her yields.*

## Meet the female farmers leading the way

Before our initiatives, many female farmers had no access to banking services or had to walk long distances to the nearest bank, wasting valuable time and resources. Today, these women use mobile wallets, digital agricultural apps, and online platforms to enhance their productivity and market reach. Among them are Radhika Singh, Bishni Lamichhane, and Geeta Pun, whose inspiring journeys highlight the power of these tools.

Radhika now pays utility bills online instead of traveling to the city, saving her time and money she can instead spend on her farm and with her family. Bishni avoided a disastrous harvest by using the Geokrishi weather forecasting app to predict weather patterns. Geeta improved her farm using crop rotation techniques and animal care knowledge she learned in our training classes.

Women like Radhika, Bishni and Geeta are now more confident in handling finances and participating in household and community discussions. This has led to a shift in societal perceptions, with women taking on more significant roles in financial decision-making.

The impact of these changes is far-reaching. Improved agricultural practices result in higher crop yields and better food security, ensuring that communities have a stable food supply. Increased productivity allows families to generate more income, which can be reinvested into education, healthcare, and infrastructure, further strengthening the community. We're introducing farmers to digital farming tools, which reduce their dependency on intermediaries, giving farmers direct access to markets and fairer prices for their products. This economic empowerment fosters a more resilient and self-sufficient community, capable of facing future challenges with confidence.

**Digital literacy initiatives in Nepal have equipped communities of smallholder farmers, mostly women, to revolutionise their agricultural practices and financial independence.**

*Upskilling other female farmers in the region is all in a day's work for Laxmi - her determination and knowledge are improving the skills and confidence of a whole community of women.*

## Building a sustainable digital economy

By partnering with internet service providers, we expanded internet services to remote communities, laying a foundation for creating 'digital villages', as envisioned by the local governments.

Initiatives which aim to enhance financial literacy and develop digital financial ecosystems are being integrated into provincial five-year planning documents, paving the way for the creation of communities that are more resilient and able to take advantage of new opportunities to thrive.

**By standing alongside smallholder farmers and opening the doors to digital financial tools and knowledge, we're driving systemic change that benefits both people and the planet. The success stories emerging from Nepal's rural communities showcase the transformative power of digital literacy to create sustainable livelihoods and help build a resilient future.**

*For Surja, learning financial literacy skills means more money for her family to spend on essentials like food and schoolbooks.*



# CHAMPIONING WOMEN IN RWANDA'S REFUGEE CAMPS

**Our work in Nyabiheke Refugee Camp in Rwanda highlights how community-led development can lead to significant change in a world where cultural norms, imbalanced power dynamics, and gender-based violence negatively impact women's day-to-day lives.**

Our work has fostered entrepreneurship, particularly for women. Ariette, a 45-year-old displaced woman currently based in a refugee camp in Rwanda, opened an African print fabric shop with support from the local business centre. Solar streetlights provided her with a newfound sense of safety, allowing her to extend business hours and increase profitability.

"Bit by bit, my shop's profit has been helping me take care of my family and inspiring me to think of expanding my business in the future," Ariette told us.

## Powering entrepreneurship

Our work with entrepreneurs like Ariette is making refugee camps safer and more optimistic places. Energy access improves income and allows families to invest in better nutrition. Streetlights enhance safety and security, while lights in schools and homes improve educational outcomes by enabling children to study and play. People are less reliant on aid, and the impact on the local environmental has improved too, with less wood and coal being burned.

We're committed to supporting people affected by displacement as well as working with host communities to enhance living conditions. Our efforts focus on creating jobs and building secure environments for refugees.

*Ariette (centre), who owns a printing business, shows her love of entrepreneurship at an event organised by our team in Rwanda.*

# FROM RISK TO RESILIENCE

***Climate Resilience expert Alioune Ndiaye discusses our efforts to help Senegalese communities withstand climate challenges and explains our ambitious plan to expand urban resilience work in West Africa.***

**The climate crisis is causing increasingly severe floods, which kill and displace millions of people every year. The world's poorest people are most vulnerable, making our work in areas like Thiès-Nord here in Senegal, funded by the Z Zurich Foundation, increasingly urgent as the crisis intensifies.**

Thiès Nord's low-lying topography and seasonal heavy rains make it highly susceptible to flooding, which disrupts daily life, damages homes, and threatens livelihoods. In Senegal, existing text-based warning systems, which send flood alerts via SMS in French, failed to reach everyone due to low literacy rates, posing significant risks.

Our innovative approaches to climate resilience, starting with flood preparedness and community engagement, are mitigating these impacts by reducing displacement, property damage, and disruptions to education and local businesses.

## Learning from flood resilience

Ten years ago, Practical Action was one of the original members of the award-winning Zurich Flood Resilience Alliance. Together, we've impacted over 874,000 people and through our advocacy work with decision makers, over USD 566 million of funding for flood resilience has been made available. We continue to draw on the opportunities long-term funding offers, as well as our collaborative model, and an evidence-driven approach, all of which help communities plan and adapt to cope better with flooding.

After ten years of progress, we've strategically evolved the Zurich Flood Resilience Alliance into the Climate Resilience Alliance, applying our flood resilience learnings to a broader context.

Through the Zurich Flood Resilience Programme, we set up a community-based early warning system in Thiès-Nord. This pilot project initially reached around 6,000 people with accessible messages, engaging local communities to identify vulnerable groups and improve adoption.

**Success led to more funding from the UK Met Office, expanding the initiative to around 30,000 people in 2023-24.**

**Innovative flood resilience strategies in Senegal have safeguarded 30,000 people and are guiding the expansion of urban climate resilience projects across West Africa.**

*Flooding recently devastated areas of Daka in Senegal, highlighting the need to build flood resilience in urban areas.*

### Urban resilience efforts

Rapid urbanisation and deforestation in Thiès-Nord have worsened the impact of flooding, with limited green spaces to act as natural defences. By integrating insights from our Missing Voices manual, which captures marginalised perspectives to inform disaster risk management, we aim to transform climate information delivery and ensure no voices are left unheard.

Our strategic partnerships with Agrhymet, a regional climate centre in West Africa, and Jokalante, a communications provider we helped set up in 2014, have been crucial in extending the project's reach and ensuring inclusive messaging. This collaboration draws on Agrhymet's climate expertise and Jokalante's communication capabilities to deliver precise, accessible, and effective early warning messages to vulnerable communities.

I'm personally so excited by this initiative because it marks Practical Action's first climate resilience work in Senegal, highlighting an opportunity to expand our urban resilience efforts in West Africa. By adopting a community-based approach and integrating practical insights, we're paving the way for systemic change, ensuring that communities can become more resilient in the face of climate hazards.

*Special waste water drains are being used by residents to filter and dispose of dirty water, avoiding waste water polluting the streets and contributing to flood damage.*

*Aliou helps protect his community from floods by pumping water away from homes and businesses.*



## DRIVING CHANGE IN GLOBAL FORUMS

**The annual United Nations Framework Convention on Climate Change Conference of the Parties (COP) is the world's most prominent summit on climate change. It's a crucial platform for us to amplify the voices of the people who are most impacted by the climate crisis to the negotiations, advocating for transformational policies and robust financial commitments to face the challenges through an environmental and social justice approach.**

### COP28: Addressing urgent climate needs

At COP28 in Dubai, we emphasised the urgent need to reduce greenhouse gas emissions, increase financial support for climate initiatives and secure funding to address the impacts of climate-related losses and damages. We hosted sessions about the importance of Early Warning Systems for people living in flood-prone areas and making sure that funding to address loss and damage of property is accessible to communities. These measures provide people with the resources they need to prepare for, respond to, and recover from climate-related disasters.

We engaged decision-makers from international governments by showcasing locally-led adaptation solutions, aiming to influence national and regional policies. This direct engagement helps ensure that impacted communities benefit from these policies. Through alliances like the Climate Justice Alliance Bangladesh, we presented concrete evidence of climate impacts to advocate for increased climate finance.

COP29 Baku Azerbaijan

### COP29 and beyond: Ensuring long-term commitments

We've been granted official observer status at COP29, which will take place in Baku, Azerbaijan. This status allows us to continue our vital work of providing evidence and solutions to inform negotiations and advocate for necessary climate finance. Ensuring that adequate funding reaches those most in need, including consultations with the private sector to fill financing gaps, will be pivotal.

Looking further ahead, COP30 will be a critical point to assess countries' alignment with the Paris Agreement's 1.5°C goal. National Adaptation Plans and updated Nationally Determined Contributions will reflect progress and commitments made towards this goal.

Our role as a civil society organisation is still vital in the COP process. By collaborating with governments, we bridge the gap between on-the-ground impacts and policy decisions, ensuring that climate finance addresses the sustainability and resilience of vulnerable communities' livelihoods.

# INGENUITY VS WASTE

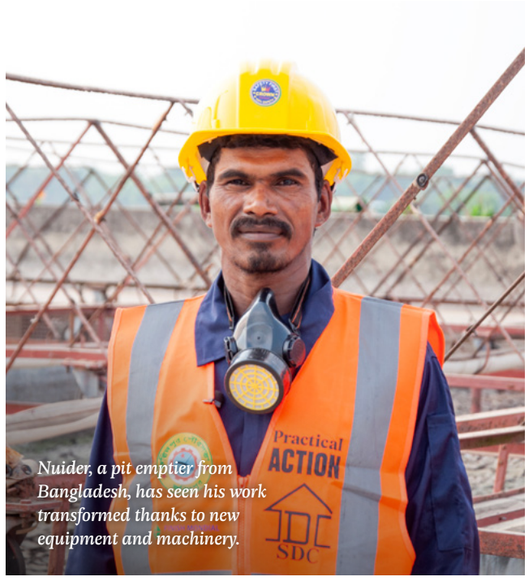
***Head of Programme Delivery and Operations Tazeen Hossain describes our work to improve the lives of Bangladesh's sanitation workers, and our plans to scale up waste management innovations nationwide.***

**Here in Bangladesh, tens of thousands of sanitation workers face marginalisation and severe health risks due to inadequate equipment and unsafe working conditions. These workers, often part of the informal sector, perform essential yet dangerous jobs without proper recognition or support.**

For over a decade, we've been leading initiatives to uplift these workers, largely supported by generous funding from the Bill & Melinda Gates Foundation. By gathering local insights and experiences, we've turned grassroots knowledge into powerful national advocacy, striving to improve working conditions, social status, and reduce health risks.

Our decade-long collaboration with waste and sanitation workers has highlighted the struggles and opportunities within this marginalised community. Our aim was for workers to be recognised and resourced as essential service providers. Through digital services and multi-stakeholder engagement, we've promoted public-private partnerships, creating a collaborative business environment. It's in large part due to our efforts that over 100 municipalities in Bangladesh are now investing in a sewage collection and treatment programme.

**Our initiatives in Bangladesh have transformed the lives of thousands of sanitation workers and set the stage for nationwide waste management innovations.**




*Nuider, a pit emptier from Bangladesh, has seen his work transformed thanks to new equipment and machinery.*

*State-of-art equipment like this means pit emptiers no longer have to risk their health emptying toilet pits by hand.*

## Celebrating long-lasting improvements

A significant milestone was the official recognition of sanitation work as hazardous. This status grants workers more services from the government, such as access to the Labour Welfare Fund. Our advocacy has facilitated investment plans from governmental bodies including the Local Government Engineering Department and the Department of Public Health and Engineering. Crucially, sanitation worker cooperatives are now included in public-private partnerships, transitioning from marginalised groups to recognised business enterprises.

Social inclusion is central to our work. We've advocated for nationwide policies that improve the rights of sanitation workers, including minimum wages, formal worker recognition, and health insurance. We're also collaborating with the Ministry of Labour and Employment and the Insurance Development and Regulatory Authority to ensure these workers receive adequate social protection.

## Transforming waste work nationwide

Close to 1,500 waste and sanitation workers are currently benefiting from our efforts. However, if this project is scaled up nationwide, it has the potential to impact ten million more people through improved sanitation systems. As a first step, the government is now incorporating our transformative model into their investment plans, aiming to integrate sanitation workers into formal waste services.

Over the past year, our team has developed a network of over 2,000 sanitation workers across 11 cities, amplifying their voices at municipal and national levels. This platform advocates for the needs of the most marginalised workers, influencing better financial and governmental structures and conditions.

**Our work reaches far beyond addressing waste management challenges. It's also building dignity and safety for those who turn the city's polluting waste into a livelihood. By bringing the voices of sanitation workers to the national stage, we aim to leave a sustainable legacy where marginalised workers are recognised, valued, and protected. Our commitment to systemic change ensures that our innovative solutions and advocacy efforts will continue to uplift communities for generations to come.**

*Our innovative waste treatment centre in Faridpur converts waste into a nutritious compost that is boosting harvests in the farms surrounding the city.*

# TRANSFORMING PLASTIC WASTE IN BANGLADESH

**Plastic pollution severely affects human health and the environment, disproportionately affecting the poorest communities. Practical Action, in partnership with River Recycle and DANIDA (the Danish International Development Agency), is tackling this issue in Bangladesh through partnerships with waste workers, innovative technology and private sector collaboration.**

River Recycle is a private business with a mission to keep plastic out of rivers and, consequently, the ocean. Our work together is a win-win-win: recycling plastic to prevent the pollution of waterways, improving the livelihoods of marginalised waste workers, and cleaning up the environment in low-income communities.

Our project in Faridpur promotes a circular economy by transforming plastic waste into valuable products such as pyrolysis oil and plastic boards, creating sustainable livelihoods for around 300 informal waste workers across four cooperatives. High-quality plastic is recycled, while lower quality plastic is used to create building materials. This initiative not only reduces pollution but also generates new income streams.

*The new skills Taslima has learned means she knows what to do with different types of plastic waste to maximise her profits.*

*Improved waste treatment systems are improving lives and livelihoods in Bangladesh.*

## Driving systemic change through collaboration

Drawing on our experience with cooperatives for informal waste workers, we're developing a public-private partnership to enhance the project's sustainability.

The project seeks to process up to 362kg of polythene per day by 2025, preventing 18.1kg of $CO_2$ emissions from being released into the atmosphere. An essential aspect of this initiative is educating the population to separate waste at the source, promoting long-term behavioural change. As we collect data and refine our approach, we plan to scale this model to other municipalities, amplifying its impact and creating dignified jobs while protecting the environment.

# FARMING FOR PEOPLE & PLANET

***Henry Muchedzi, our sustainable agriculture and livelihoods expert in Zimbabwe, shares how regenerative agriculture is helping to restore soil health, improve food security, and reduce farmers' reliance on chemical inputs.***

**Agricultural inequalities in Zimbabwe persist, with smallholder farmers relying on chemical fertilisers and pesticides, which degrade the already poor soil quality. The climate crisis worsens these issues with increasing droughts and severe floods.**

It's essential that we transform our food and farming systems. Regenerative agriculture offers food security, healthy soils, and a sustainable environment. Practical Action, supported by the King Charles III Charitable Fund, is demonstrating ways to scale regenerative agriculture in various contexts.

In early 2024, we launched an innovative project in Zimbabwe to transition regenerative agriculture from small-scale examples to commercially viable practices.

The project has secured support from local authorities, the Ministry of Agriculture, and private sector partners such as organic fertiliser companies and Africa University. These partnerships are crucial for fostering widespread adoption of regenerative practices such as crop rotation and diversification.

**By 2025, two million people in rural communities will have better food security and higher incomes.**

## Scaling up solutions that work

Building on past successes like the Pfumvudza, a conservation agriculture technique, which improved food security and influenced government policy in Zimbabwe in 2019–23, this project aims to empower farmers to meet market demands sustainably. We're setting up agricultural hubs to train farmers in regenerative practices, linking them to value chains and organic markets to create a self-sustaining, commercial-scale model.

Aligned with Zimbabwe's national agriculture policy, this project could transform the agricultural landscape, breaking the cycle of dependency on inorganic inputs and serving as a global model for regenerative agriculture. Our initiatives in Kenya and Rwanda further highlight how these practices can be adapted and scaled in different contexts, showcasing their potential to create resilient, sustainable food systems globally.

In Kenya, our five-year project, supported by the Mastercard Foundation, is transforming the lives of over 100,000 young people across nine counties in Western Kenya. This initiative equips young people, particularly those marginalised by poverty and unemployment, with essential skills in regenerative agriculture and agribusiness. Through mentorship, training, and improved access to land, financial resources, and markets, young farmers are gaining the tools needed to build sustainable livelihoods. The project also promotes gender equality, encouraging women's participation in agriculture, and aims to foster entrepreneurship through youth-led savings and loan associations, ensuring long-term financial inclusion and resilience.

*Ophias's farm in Zimbabwe is flourishing, using techniques like solar-powered irrigation that not only improve his yields but also conserve the local ecosystem for future generations.*

*Farmers in Kenya are growing more bountiful harvests thanks to sustainable farming techniques that boost profits while protecting the environment.*

# BIODIVERTISY FOR A SUSTAINABLE FUTURE

***Project Manager Roxana Ramos shares our work in the Andes-Amazon Landscape, explaining how we're forging a sustainable future through regenerative agriculture.***

**Humanity faces interrelated crises: increasing poverty, climate change, and biodiversity loss. At the heart of the Amazon, these issues converge, demanding urgent and transformative action. Through the Biodiverse Landscapes Fund, Andes-Amazon Landscape project, funded by UK International Development Aid, we're pioneering solutions to these challenges in the Andes-Amazon Landscape, forging a path toward a sustainable future for both people and the planet.**

We're at the very early stage of an ambitious six-year programme in Ecuador and Peru. Our approach is multifaceted, targeting biodiversity conservation, governance, gender equality, climate finance, and value chain strengthening. These strategic interventions are designed to promote sustainable livelihoods, halt deforestation, and enhance climate change adaptation and mitigation efforts.

## Legacy and innovation in sustainable practices

With almost 40 years of experience in Latin America, we've consistently led innovative agricultural management methods. Projects like *Café Correcto* have revolutionised the coffee value chain, while the Chinchipe Forests initiative promoted sustainable livelihoods and ecosystem preservation along the Peru-Ecuador border.

Practical Action is leading a consortium that represents a powerful alliance of indigenous groups, conservation organisations, and development agencies. Key partners include the Interethnic Association for the Development of the Peruvian Rainforest, advocating for indigenous rights, and WWF, championing sustainable landscape approaches. Nature and Culture International oversees protected areas, while Terra Nuova and the Cooperation for the Development of Emerging Countries (COPSE) focus on agroecology and fair value chains. Practical Action coordinates these efforts, as well as strengthening the capacity of government and local organisations to secure further climate financing.

**Our regenerative agriculture project in Peru and Ecuador is set to positively impact over 300,000 people and preserve millions of hectares of vital ecosystems.**

*Jacky is leading the way in Peru, using climate-smart farming techniques to grow a bountiful coffee harvest, despite climate change.*

*In Peru, Vincente is leading a cooperative of coffee farmers who are leading the way in sustainable farming techniques.*

*Our workshops and field schools are opening up a new world of opportunities for ambitious young farmers.*

## Tackling critical environmental and social challenges

The Andes-Amazon Landscape, spanning Ecuador and Peru, suffers from severe environmental degradation and poverty, driven by unsustainable resource use. Our initiative prioritises indigenous rights and community perspectives, aiming to positively impact over 10,000 rural families and 8 indigenous peoples, as well as preserve 2.86 million hectares of vital ecosystems. We promote sustainable activities, such as agroecology, to build resilient communities and landscapes.

**Strategic goals for a sustainable future:**

- Partnering with indigenous and local communities to safeguard their lands, sustain their livelihoods, and conserve biodiversity.
- Enhancing biodiversity conservation by reconnecting natural habitats in the Andes-Amazon region.
- Boosting the sustainability and competitiveness of key value chains, including coffee, cocoa, and banana.
- Allocating £10 million in climate funding for restoration, protection, and sustainable management efforts.

**Our work addresses immediate environmental and social challenges while laying the groundwork for long-term sustainability. By integrating indigenous knowledge with modern practices, we aim to create resilient landscapes that benefit both people and the planet.**

# Fit for the future

**As we report on 2023-24, the third year of our current four-year plan, we also look ahead to 2024-25 and the development of our strategy for 2030. This section highlights the principal risks we face, our approach to mitigating these risks, and how we plan to make the most of opportunities in the external world.**

## Climate and environmental crises

We've seen first-hand how climate change is already impacting the communities we work with, and we expect these effects to intensify. The World Bank estimates the number of people falling into poverty due to climate change by 2030 to be between 32 million and 132 million in most scenarios. External factors such as floods, prolonged monsoon seasons, droughts, and wildfires (e.g., in Bolivia) are becoming more frequent and severe.

We've been proactive in addressing how people can adapt to these issues through innovative solutions like Early Warning Systems and insurance products for vulnerable and often marginalised communities. Solutions we've been championing for a long time, such as regenerative agriculture and clean cooking, are getting recognised on the international stage. This is in part thanks in part to our work, and to the partnerships and coalitions we have with others.

We aim to leverage our experience as early champions of these solutions to promote greater adoption at scale. Our future strategy will focus on integrating these successful approaches into broader frameworks, enabling others to deliver impactful solutions on a larger scale.

## Volatility and conflict

Civil war in countries like Sudan, combined with global inflation driven by conflicts elsewhere, destabilises communities and disrupts development. Many areas where we work are becoming more unstable and authoritarian, which makes our work more difficult and costly. These challenges have immediate security implications for our staff and the communities we serve, leading to escalating costs that strain our reserves.

Despite these challenges, our local staff and leadership continue to operate effectively in conflict zones, where we can. For example, in Darfur, we're one of the few organisations still working on development projects. We've also established new programmes in Sudan's Blue Nile region, focusing on agricultural projects that reduce the need for aid.

We're preparing our staff to work in a volatile, uncertain, complex, and ambiguous world. Our approach includes adapting our services to meet the needs of displaced people and host communities without engaging in frontline emergency response. As more of the places we work in become unstable, we need to adapt our strategies and collaborate with new partners who can support our mission in these challenging environments, ensuring our efforts remain impactful and sustainable despite the growing challenges.

## Managing uneven growth

Despite securing large grants in 2023-24, such as from the UK Government's Department for Environment, Food & Rural Affairs (DEFRA) Biodiverse Landscapes Fund for work in Peru and Ecuador, our growth has been uneven. As a result, while our work in some geographical areas has scaled up significantly, others have received less funding, impacting the viability of our future programming in those areas.

Through our new regional hubs and directorates, we're exploring how to scale up and down more effectively in different countries. We're developing partnerships and various modalities to achieve this. Examples of these modalities include working in consortia, collaborating with or funding local partners, and consultancy rather than local registration.

We'll continue to focus on securing large awards and ensuring the quality of our delivery. Covering costs within grants and adopting a new approach to project risk management are critical steps. Additionally, we're addressing changing donor behaviours and funding flows. Although grants have grown, this increases our risks and necessitates larger reserves. Meanwhile, our supporter base, though loyal, is aging and the overall level of unrestricted donations and legacies from them remains static.

Our strategy involves diversifying funding sources, finding new flexible funding streams, and managing grant costs effectively. The funding from People's Postcode Lottery has been particularly beneficial. We're also adapting to shifts in funding towards local NGOs and areas in conflict, ensuring our business model and future strategy align with these changes.

## Leading the way to a sustainable future

We're committed to reducing our environmental impact and aim to achieve Net Zero carbon emissions by 2050.

In 2022, we initiated an organisation-wide effort to carefully track our greenhouse gas emissions and develop a decarbonisation strategy, using 2022 as our baseline year. We measure our carbon footprint annually, focusing on key areas such as flights, vehicle usage, energy consumption, and paper waste. You can see the UK office energy consumption data on page 47.

We update our environmental policies regularly to incorporate the latest scientific insights and best practices. We also adhere to UK governance disclosure requirements and the principles of the UN Global Compact.

We actively monitor compliance through individual projects, ensuring they meet regulatory standards and contribute positively to global environmental goals. Our first Net Zero commitment outlines our long-term goals and will be expanded in March 2025 with new strategies to further enhance our environmental impact.

# Working towards a more resilient future

As we approach the final year of our current strategy, part of 2024-25 will be devoted to developing our strategy for 2025-2030. Our commitment to creating lasting positive change to the systems that keep people vulnerable to the impacts of poverty will continue. We'll increase our focus on the impacts of climate change, pollution and nature loss; working alongside communities to create resilient livelihoods and thriving economies. By leveraging our expertise and understanding of the places we work, we'll determine how we can best contribute to meeting these commitments moving forward.

We see clear breakthroughs in areas we've advocated for over many years, such as Loss and Damage and regenerative agriculture. These areas hold significant potential for systemic change. We will be working with partners such as the Zurich Climate Resilience Alliance to ensure that these issues stay high on the global agenda and that finance flows to them.

Our approach has always been more localised compared to many international NGOs, and we plan to build on this strength. This includes the momentum of change within our trustee board and global structures. We welcome our first African Chair, Sazini Mojapelo, who was formally appointed to our board in April 2024 and will assume the role of Chair following our 2024 Annual General Meeting.

Our strategy will focus on taking solutions from small, implementations to proving their larger potential and enabling them to scale. We work with communities to ensure solutions are effective on the ground, always with an eye on delivering systemic change.

In the next year, we'll consult key stakeholders to develop this strategy, ensuring it builds on our expertise and heritage while addressing the urgent inter-related challenges of poverty, climate change, pollution and nature loss. We aim to address the disproportionate impact of climate change, pollution, and nature loss on the lives and livelihoods of the world's most vulnerable people. Our work will focus more in this area, leading to improved livelihoods, climate resilience, gender equity and social inclusion (GESI), and systems transformation.





*In Kenya, smallholder farmers are redefining agriculture by integrating environmentally-friendly methods that increase income and protect natural resources.*

## Strategic Report

# FINANCIAL AFFAIRS

*Chief Operating Officer, Rachel Parr, reviews our finances over 2023–24*

**In an external environment that continues to be turbulent, with intensifying climate events, increasing conflict and multiple economic crises, Practical Action has delivered growth in income and careful control of expenditure. The appointment of a Regional Director for Latin America completes the creation of the regional leadership structure which allows us additional opportunities for business development and to bring oversight and support closer to the countries where our project work takes place so further improving operational delivery.**

### Income and fundraising

Total income was £30.0m for the year ended March 31st 2024, an 11% increase on the prior year.

Restricted income for the year was £17.1m (2023 £15.9m), an increase of 8%. Our most significant donors in the year were Swedish International Development Cooperation Agency (Sida), Mastercard Foundation, USAID (BHA), United Nations Environment Programme (UNEP) and Foreign, Commonwealth & Development Office (FCDO). We were also awarded our largest ever grant in the year from DEFRA at £14.3m which will be delivered over the next six years.

Unrestricted income for the year ended March 2024 was £13m, 17% ahead of the previous year. This was mainly driven by growth in legacy income which is our largest unrestricted income stream by value. Philanthropic giving from companies, major donors and trusts is also increasing, in large part thanks to flexible funding commitments from a number of trusts including People's Postcode Lottery and the King Charles Charitable Foundation.

Unrestricted income from Practical Action Consulting and Publishing trading subsidiaries grew by 38% to £1.9m.

### Expenditure

Total expenditure was £30.5m for the year, which is an increase of £1.6m from the previous year.

Unrestricted expenditure grew by £0.2m to £12.8m compared to £12.6m in the prior year.

Total restricted expenditure increased by £1.4m to £17.7m reflecting our success in grant applications. In the year ended March 31st 2024 there were four projects with expenditure above £1m compared to five in the previous year. We also continue to focus on cost recovery in new grants to reduce the pressure on unrestricted funds.



### Reserves

Total group reserves for the year ended 31st March 2024 were £7.8m of which £1.3m were restricted and £6.5m was unrestricted. Restricted reserves relate to funds tied to multi-year grants for use in future years.

Unrestricted reserves comprise fixed assets and general funds.

Free unrestricted reserves, excluding amounts related to fixed assets, increased to £6.1m, slightly above our target range. We will continue to balance the need to invest to deliver growth and to build our reserves to support higher grant funding secured in line with the purposes listed below.

Free reserves are held for the following purposes:

- **Working Capital:** These funds are required to provide working cash and pre- financing for normal operations during the course of the year.
- **Fundraising:** to honour expenditure commitments in the event that fundraising targets are missed.
- **Grant repayment:** to be able to repay donors or inject additional money into projects if there were a failure to meet grant conditions.
- **Foreign exchange:** to support our programming in the short term when the currencies in which we receive income lose value.
- **Business continuity:** to support core activities, such as business development.

### Pension Scheme

The valuation of Practical Action's pension scheme at March 31st, 2024, for the purposes of FRS 102, showed a deficit of £243k. The above deficit has been disclosed separately within unrestricted funds in line with FRS 102. Recovery contributions have been agreed with the Pension Regulator.

### Policy for grants

We work in partnership with a number of organisations globally and this is an important part of our work. During the financial year we granted £1.6m (2023: £2.1m) to our partners to support delivery of programmes. Due diligence is carried out prior to any agreement being made and we track and monitor funds against agreed deliverables. Partners are contracted to follow our policies and observe our standards in a range of areas including safeguarding and financial management.

### Looking forward

Growth in income and careful cost management leave us in the position of being able to invest in areas to help us grow and to build reserves to support a growth in grants. By the end of 2023–2024 we secured new funding of £35.6m against a previous year total of £31.6m. Our continued success in securing grants has come from growing ambition, a global focus on large bids, and investment of finance and resource into our bid teams.

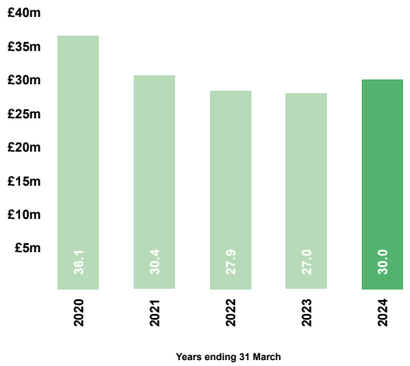
With the appointment of a Regional Director for Latin America, our regional structure is now complete allowing us to drive further improvement in delivery of our programmes going forward by bringing oversight and support much closer to all countries.

### Going Concern

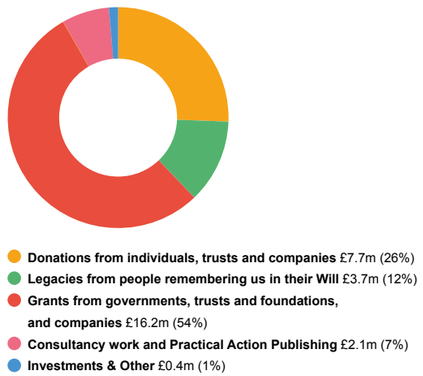
Practical Action adopted a proactive and prudent approach in 2024, paying close attention to the risks posed to income and to expenditure and level of reserves. We anticipate keeping reserves within the target range and so retaining considerable financial resilience against future uncertainty. We are therefore confident that the organisation remains a going concern.

# Summary of income and expenditure

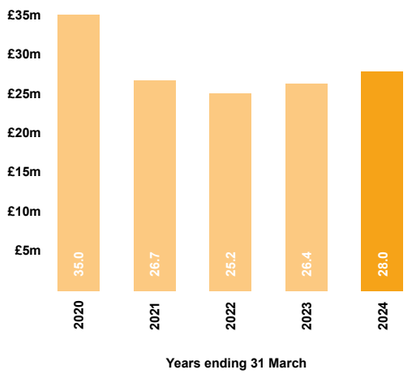
**Total annual income**



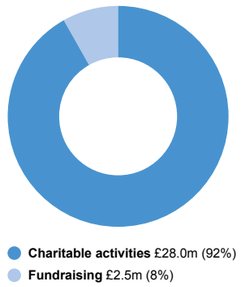

**2023-24**




**Total expenditure on charitable activities (£m)**




**2023-24**
(including fundraising and governance)




We explain what we mean by charitable activities and how we allocate costs on pages 58 and 59.



# Governance and administration

## The Board of Trustees

Practical Action is a registered charity (registered in England and Wales, reg. number 247257) and a company limited by guarantee (CRN 00871954).

The Board of Trustees (who are also Directors of Practical Action for the purposes of company law) govern the organisation in line with its Articles of Association, vision, mission, values, aims, and charitable objectives and provide overall policy direction. They are responsible for overseeing the management of all the affairs of Practical Action and delegate day-to-day management of the organisation to the Chief Executive. The Board of Trustees has a formal schedule of matters reserved for their consideration and approval. These matters are included in our Delegation of Authority policy. These matters include, but are not limited to, the approval of the organisation's objectives, strategic aims, and business plans; the approval of group policies, annual reports, and accounts; the appointment and removal of Trustees, Members, and the Chief Executive. The Board of Trustees also approves expenditure beyond the Chief Executive's delegated authority.

The Trustees are appointed and elected or re-elected for a term (usually three years), according to procedures set out in our Articles of Association, which is our governing document. In the absence of any exceptional circumstances, Trustees serve for a maximum period of six years. Trustee recruitment is conducted by the Governance and People Committee of the Board and is undertaken with an external recruitment agency with additional public advertising on our website, a variety of sector websites, and on social media. The Board of Trustees may appoint a person to be a Trustee either to fill a vacancy or as an additional Trustee. We had 10 Trustees at the end of 2023-24.

We provide an individual induction programme and in-depth reading materials as a welcome pack for each new Trustee, covering all aspects of the role and the organisation. All Trustees are encouraged to attend external training events and seminars to enhance their skills. These events help provide Trustees with a greater understanding of their legal responsibilities and allow them to discuss emerging issues affecting the sector.

In accordance with normal commercial practice, the organisation has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors, or omissions. The insurance provides cover up to £5,000,000 on any one claim and the cost for the period ended 31 March 2024 was £27,000 + insurance tax premium.

The Board of Trustees is responsible for the overall management and control of the organisation and meets at least four times a year. Trustees are not remunerated and receive no benefits from the organisation, other than the fact that Practical Action pays for Trustee Indemnity Insurance. The Trustees are allowed to claim for travel and accommodation expenses after attending face to face meetings.

The Board delegates day-to-day decision making and operations to the Chief Executive and Global Leadership Team according to an approved delegation of authority policy and schedule of delegations.

The Board of Trustees has created two committees of the Board. Each committee includes members of Board of Trustees and may include additional members appointed for their specialist knowledge. These Committees are:

## The Finance, Audit and Risk Committee

This Committee oversees matters of financial control and performance, external and internal audit, fraud, whistleblowing, and organisational risk. It also maintains an oversight of the organisation's fundraising plans and activities.

## The Governance and People Committee

This Committee reviews the composition and effectiveness of the Board and subsidiary companies as well as overseeing the Trustee recruitment process. It also oversees the terms and conditions of employment of the Strategic Leadership Team and considers reports from the organisation's International Remuneration Committees.

## Subsidiaries and associated organisations

The Charity has two wholly owned primary purpose trading subsidiaries registered in England and Wales – Practical Action Publishing Limited and Practical Action

Consulting Limited. It also has a subsidiary registered in Senegal – Practical Action Consulting West Africa.

**Practical Action Publishing Limited** partners with the brightest minds to publish the latest development perspectives in a wide range of languages and formats – from practical 'how to' manuals to academic texts and journals; online, in print and open access formats. Its resources bridge the gap between research and practice and have reached 184 countries worldwide.

**Practical Action Consulting Limited** provides technical assistance consultancy services to governments, NGOs, aid agencies, research institutions, and the private sector, in areas closely aligned with our change ambitions. Practical Action (the Charity) now carries out the activities of Practical Action Consulting Limited in the UK directly.

Practical Action Consulting Limited has registered several development consultancy subsidiaries under the Practical Action Consulting name globally (the trademark being licensed from Practical Action). These subsidiaries have been set up to further the aims and objectives of Practical Action.

— Practical Action Consulting Private Limited Nepal – private limited company registered in Nepal. Practical Action Consulting Limited UK has a 51% shareholding and 49% is held by Nepali nationals in trust.

— Practical Action Consulting (India) Private Limited – private limited company registered in India. Practical Action Consulting Limited UK has a 99.67% shareholding and 0.33% is held by an Indian national in trust.

— Practical Action Consulting Bangladesh Limited – private limited company registered in Bangladesh Practical Action Consulting Limited UK has a 99% shareholding in the company.

— Practical Action Consulting S.A.C. – private limited company registered in Peru. Practical Action Consulting Limited UK holds 49% shareholding. This company is currently dormant.

— Practical Action Consulting Rwanda – registered as a branch of Practical Action Consulting Limited UK.

— Practical Action Consulting West Africa – provides consultancy services to governments, NGOs, aid agencies, research institutions and the private sector across the ECOWAS region of West Africa.

— Practical Action Consulting Malawi – dormant private company limited by guarantee registered in Malawi. Practical Action Consulting Limited UK is one of the two members of the company.

We have two dormant subsidiaries held to protect our previous company names: Intermediate Technology Development Group Limited (CRN 1017062) and Intermediate Technology Publications Limited (CRN 6424984).

ATS Property Holdings (Pvt) was set up as a private limited company registered in Sri Lanka to purchase our office premises there. It was deemed appropriate to do this through a locally registered, wholly owned subsidiary rather than the Charity itself. This entity is in the process of being de-registered.

We're also affiliated with two locally registered overseas entities carrying the Practical Action name. Practical Action is registered as an International Non-Governmental Organisation in Kenya and has a Board made up of two Kenya nationals plus three directors nominated by Practical Action in the UK. Two of these Practical Action nominees are from the Executive. As Practical Action exerts significant influence and control over this entity, for accounting purposes this entity is included in the Group's consolidated accounts as a branch office.

The Practical Action Foundation was incorporated in Delhi as a locally registered not-for-profit company. All the directors are Indian nationals not directly connected to Practical Action nor does Practical Action have a shareholding in this not-for-profit company. It is therefore not included in our Group consolidated accounts. Practical Action and Practical Action Consulting Limited (based in UK) work with the Practical Action Foundation.

## Charity Governance Code

We're committed to the highest standards of governance and seek to make continuous improvements in line with the principles set out in the Charity Governance Code. Leadership has been strengthened through the appointment of the Latin America Director to the Senior Leadership team to join the Africa and Asia Directors who were appointed last year. The development and implementation of a leadership and management programme have been a focus for the organisation. Training was delivered in Africa and Asia during the year. An organisation-wide policy review was delivered, and completion of mandatory training is a key objective for all staff and managers. The Trustees confirm that the Charity is taking positive steps towards working in line with the Code in all ways where it is practical to do so.

## Statement of Directors' duties

As Company Directors, the Trustees must act in a way they consider to be in good faith and most likely to promote the success of the company for the benefit of all its members, both in the current period and in the long term. In discharging their duties above, the directors of the charity carefully consider, amongst other matters, the impact of their decisions on various stakeholder groups. The groups we consider in this regard are our employees, our beneficiaries, our funders, and our delivery partners, as well as the wider community in which we operate. The directors recognise that building strong relationships with our stakeholders will help us to deliver our long-term strategy in line with our core values and operate the business in a sustainable way. We're committed to conducting business responsibly. The directors do not believe that there have been any key decisions faced during the year which require specific reference and have had a significant impact on any of the company's stakeholder groups.

## Our approach to raising funds from the public

We're fortunate to have many members of the public who support our work and we take our responsibility to them very seriously. We've developed a Supporter Promise which contains our commitments to supporters of being honest, accountable, and respectful in our communication. We also commit to putting supporters in control of how we contact them, making it easy for them to change the frequency and channels of communication.

Our supporters can be assured that we're registered with the Fundraising Regulator and that we comply with the regulatory standards for raising funds including the Charities Act 2011, the Charities (Protection and Social Investment) Act 2016, the Data Protection Act 2018, and the Privacy and Electronic Communications Regulations 2003.

We have a complaints procedure that is published on our website. We received six complaints relating to fundraising activities in 2023-24. These concerned the frequency of mailings, inaccurate terminology, and asking people who make regular gifts for additional ad hoc donations. We didn't receive any complaints that needed to be escalated.

Our fundraising and supporter services teams keep up to date with regulation and best practice. We reviewed and updated our Supporter Fundraising Policy and the accompanying compliance handbook in 2023-24. These cover topics including current fundraising regulations, data protection, accepting and refusing donations, protecting vulnerable people, and complaints procedures.

The Finance, Audit and Risk Committee has an oversight role in fundraising. When working with a third party or partner organisation for fundraising purposes, we work closely with them to make sure they meet our own high standards of practice. During the reporting period, we worked with two third-party Professional Fundraising Organisations who promoted payroll giving on our behalf.

In 2023-24, 23,774 people supported us with a gift. 1,335 of these were new donors. Despite external challenges, our fundraising performance has allowed us to continue to invest in securing income for the future. Thanks to pledges from committed givers and other donors, at the start of2024-25, we're confident that 39% of our public fundraising target is already secured.

## Remuneration and staff engagement

Our remuneration policy is based on an ambition to recruit and retain skilled staff who are remunerated fairly but primarily motivated to work with us because of our mission. We aim to pay staff at a level close to the relevant market median, similar organisations, and equivalent roles in the local employment market, using a fair and transparent pay system free from individual bias. We aim for equitable remuneration for all employees regardless of sex, race, religion, ethnic or national origin, caste, tribe, belief, age, marital status, civil partnership, pregnancy, caring responsibilities, sexual orientation, gender reassignment or disability.

Management remuneration committees are accountable for determining pay scales, benefit packages and cost-of-living awards based on a consideration of benchmarking surveys, local inflation, recruitment and retention experience, affordability and financial performance, employment market trends, and any other relevant factors pertaining to the local context. The management remuneration committees are held to account by the Governance and People Committee of the Board. Remuneration of Executive Directors is subject to

the approval of the Governance and People Committee. Chief Executive Officer's remuneration requires Board approval.

We're committed to the continuing development of our equality, diversity, inclusion and belonging strategy which provides a comprehensive framework for fostering an inclusive workplace. We also have specific policies on gender and diversity and dignity at work.

As a global organisation we value the richness of perspectives and experiences that a diverse workforce brings. We seek to build a culture of meritocracy, openness, fairness and transparency, where people are accepted as individuals regardless of their differences and where they feel their contribution is heard, respected and valued.

We promote equality of opportunity and stand against all forms of discrimination and will support affirmative action where and when the context arises.

We deeply value staff engagement as its essential to our success, and we gather valuable insights and feedback on a regular basis from our people about their experiences, satisfaction and engagement with the organisation via a range of methods including staff surveys.

## Global gender pay data

The global gender pay data indicates a 21% mean pay gap in favour of women, a decrease from 27% last year. This reduction is primarily driven by the high proportion of women working in the UK (59%) and Senegal (62%). Offices in Peru (51%) and Bolivia (50%) have a more balanced gender distribution. Globally, 45% of the workforce is female.

The UK plays a key role in influencing the global pay gap due to its higher salaries, with women occupying 67% of the top salary quartile, compared to 75% in Senegal. When UK data is excluded, the global pay gap reduces to 16% in favour of women.

The mean pay gap in the UK increased from 3% to 11% in favour of men, which can be attributed to a rise in the proportion of men in the top salary quartile.

Other regions showed varied trends: Nepal saw a reduction in the mean pay gap from 14% to 3% in favour of men due to an increase in women in higher salary quartiles. Peru and Rwanda had pay gaps favouring women at 10% and 9%, respectively.

Ongoing efforts to address disparities include initiatives like the Women Trainee Programme in Nepal, which supports young professionals and socially excluded groups, in progressing their careers. The program's success has prompted plans for expansion to other regions.

## Safeguarding

We firmly believe that nobody should experience exploitation or abuse, including sexual exploitation or abuse, bullying or harassment, and we take our responsibility to protect people coming into contact with our work seriously. We seek to create a strong and effective safeguarding culture that promotes the rights and protection of beneficiaries, community members, staff, volunteers, or anyone else impacted by our activities.

The Safeguarding Policy is reviewed and approved by the Board and a designated Safeguarding trustee. Shivani Wadhwa is the safeguarding trustee and Chair of the Governance and People Committee.

Global policies in Recruitment, Pre-employment screening and references are in place and designed to prevent the perpetrators of abuse from being employed through safer recruitment practices. All staff are trained in safeguarding through both e-learning and face-to-face. Our offices continue to undertake annual self-assessments on safeguarding measures, and we track compliance levels through our organisational Key Performance Indicators. We've commenced the roll out of new Safeguarding Communities Framework in three Country Offices and will continue to roll this out in all other locations over the next two years. Awareness of available reporting mechanisms is prioritised, and people are encouraged to report concerns, including through an external anonymous reporting service. Appropriate ways to respond to issues raised are in place to investigate concerns and, where appropriate, deal with safeguarding misconduct, including using disciplinary action.

Transparency is one of the ways we demonstrate our commitment to safeguarding. As such, we record, report, and publish the number and type of complaints received. Regular reports of these complaints are provided to the Governance and People Committee and details of all concerns are provided.

During 2023-24, we have had two safeguarding complaints reported, but following through investigation of these incidents, these were not deemed to be safeguarding and were managed as serious complaints and accordingly dealt with under the appropriate organisational policy. We continue to evaluate and implement key learnings from an internal perspective, and we're also committed to working with the international development sector, along with other International Non-Governmental Organisations, the Foreign, Commonwealth and Development Office, and the UK Charity Commission, to "improve the standards and delivery of safeguards, including a culture of zero tolerance to sexual exploitation and abuse in all we do."

## Section 172 Governance disclosure on carbon reporting

Practical Action is deeply concerned about climate change and its effects on everyone especially marginalised, low-income families. Core to all Practical Action's work is an ambition to safeguard the planet today and for the benefit of future generations. As well as our programming and influencing work, Practical Action aims to keep its carbon footprint as small as possible.

This means exploring ways to reduce footprint, while still being able to carry out work effectively.

The organisation does this by looking at and managing the emission of greenhouse gases generated by its operations. Practical Action programmes are designed with the aim of protecting and improving the environment.

Practical Action has undergone a carbon footprint baselining process and developed an organisational carbon reduction plan. Every year, we will continue to measure our footprint and report progress against our baseline. The key findings being measured are; flights (international and national), use of vehicles, gas and electricity usage, and paper.

| | 2023-24 | 2022-23 (restated) |
|---|---|---|
| **UK Energy consumption used to calculate emissions (kWh)** | **92,275** | **103,060** |
| Energy consumption breakdown (kWh) | | |
| Gas | 85,572 | 96,818 |
| Electricity | 6,703 | 6,242 |
| Associated greenhouse gas emissions (kg $CO)_2$ equivalent) | | |
| Gas | 17,369 | 19,651 |
| Electricity | 1,423 | 1,325 |
| **Total Associated Greenhouse gas emissions (Kg $CO_2$ equivalent)** | **18,792** | **20,976** |
| Intensity ratio (kg $CO_2$ equivalent per square feet) | 1.95 | 2.03 |

Calculation for intensity ratio: kg CO2 divided by office size - 9591 sq. ft (2023 – 10,350 sq. ft)

The figures for 2022-23 have been restated due to an error in the 2022-23 Annual Report and Accounts. This was due to a misreading of electricity consumption.

# How we manage our affairs

## How our activities deliver public benefit

The Trustees have read the Charity Commission's Summary Guidance PB1, PB2 and PB3 for Charity

Trustees on the Public Benefit Requirement and have discussed as a Board the main principles contained within the Guidance. They consider that they have complied with the duty (set out in Section 17(3) of the Charities Act 2011) to have due regard to public benefit guidance published by the Commission. In exercising their powers and duties as Trustees, the Board considers that the organisation's strategies, aims and activities they have put in place are for the public benefit and this is fundamental to all areas of our operation in undertaking current activities, planning future activities, and measuring outcomes. The Trustees' and Directors' Annual Report and Strategic Report explain the main activities undertaken by the organisation this year – focusing on our work with the poor women and men in developing countries where we have country and regional programmes.

## Risk management

Every quarter the Directors team review and update the group level risk register, which is then reviewed by the Finance Audit and Risk Committee, on behalf of the Board. Country teams also update their risk registers quarterly. This ensures that the risks to which the organisation are exposed are properly identified, reviewed, and evaluated. Mitigation strategies are in place for all key risks, and these are continually monitored to ensure compliance with management's risk appetite. The Group has a well-established system of internal controls which are used to govern operations. The Internal Audit function assesses the adequacy and effectiveness of these controls through a risk based internal audit programme. Overseas offices are audited every two to three years in accordance with a trustee approved plan. The Finance, Audit and Risk Committee reviews all reports and receives Group-wide quarterly updates on progress of agreed action points.

## Principal Risks

The conflict in Sudan was a major disruptor in 2023-24. Whilst we've managed to retain a presence, we've had to move, reschedule, and occasionally cancel activities and give increased attention to the security of our staff, many of whom are now refugees or Internally Displaced Persons. We operate in many countries which are politically volatile or where there is significant potential for civil unrest. We've been reinforcing our security protocols and planning for dealing with shutdowns or with funders pausing strategies and funding ahead of governmental elections.

The war in Ukraine continued to affect food security for many low-income countries. High rates of inflation – although they eased slightly during the year - affected multiple aspects of our work including our unrestricted funding. We updated our financial scenarios and implemented changes to reduce our expenditure. Continuing volatility in the labour market made recruitment for some specific roles more challenging than expected. We're reviewing our approach to reward as well as developing our learning and development offer.

Failure to secure sufficient income would restrict ability to deliver our full strategy. In 2023-24, we have had continued success in raising restricted (programme) funding and our future pipeline is strong. Our unrestricted income was on budget but is likely to decrease slightly as a proportion of our overall income and we're working to adapt our business model to deal with a different balance of restricted and unrestricted funding.

With a rapidly changing external environment the failure to adapt swiftly enough to opportunities and challenges is a risk which we continue to be focused on. We continued to move forward with adapting our structure and leadership team, with a new post of Latin America Director joining the Africa and Asia Directors on the Global Leadership Team to drive forward our global strategy and support the development of new local and regional partnerships.

Efficient programme implementation and stronger financial management are areas we have had to increase our focus on in a few countries and programmes due to the risks of not delivering our objectives or our commitments to donors. We're working to strengthen rigour and compliance at all levels, supported by Operations Manager roles at the regional level and updated approaches to due diligence, project risk analysis and monitoring.

We continue to focus on managing the risk that we fail to be an inclusive organisation. We've developed an Equality, Diversity and Inclusion programme. We continue to shift the balance of senior roles from the UK so that there is greater leadership, responsibility, and accountability in Africa, Asia, and Latin America. We continue to roll out a programme of inclusive leadership training internationally and completed a programme of race awareness training in the UK.

Safeguarding remains a key risk. We have a safeguarding group made up of key roles across the organisation, which meets regularly. We have a rolling programme of safeguarding training for all staff and have started to extend this to cover partners and communities.

## Trustees' responsibilities for the financial statements

The Trustees (who are also Directors of Practical Action for the purposes of company law) are responsible for preparing the Trustees' Annual Report and Accounts (which includes the Annual and Strategic Reports being the Companies Act Directors' Report) for each financial year, which give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the Charity and Group and of the results of the Group for that period. In preparing those financial statements, the Trustees are required to:

- Select suitable accounting policies and then apply them consistently;
- Follow applicable accounting standards, subject to any material departures disclosed and explained in the notes to the financial statements;
- Make sound judgments and estimates that are reasonable and prudent;
- Prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the charitable group will continue in operation.

The Trustees confirm that they have complied with the above requirements in preparing the financial statements.

The Trustees are responsible for maintaining 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. Trustees are also responsible for safeguarding the assets of the Charity and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. In accordance with company law, as the company's directors, we certify that:

- As far as each director is aware, there is no relevant audit information* of which the company's auditors are unaware;
- Each director has taken all the steps (such as making enquiries of other directors and the auditors and any other steps required by the director's duty to exercise due care, skill and diligence) that he or she ought to have taken in his or her duty as a director, in order to make himself or herself aware of any relevant audit information* and to establish that the company's auditors are aware of that information.

** Relevant audit information is defined as: "information needed by the company's auditors in connection with preparing their report."*

## Auditors

In 2024 Practical Action carried out a scheduled procurement for the audit through an open tender process. Consequently, a resolution will be proposed at the Annual General Meeting for appointment of auditors for the ensuing year.

The Trustees are pleased to present the Trustees' Report and Accounts for the Charity for the year ended 31 March 2024, which have been prepared in accordance with the Charity Statement of Recommended Practice – SORP 2015 and the Companies Act 2006.

# Corporate directory

## Legal and administrative details

**Charity name:** Practical Action. Practical Action is a company limited by guarantee and is a Charity.

**Charity number:** 247257

**Company number:** 00871954

**Registered office:** The Robbins Building, 25 Albert Street, Rugby, Warwickshire, CV21 2SD

**Auditors:** Crowe U.K. LLP, Statutory Auditor, Black Country House, Rounds Green Road, Oldbury, B69 2DG

**Bankers:** Barclays Bank plc, North Street, Rugby, Warwickshire, CV21 2AN

**Solicitors:** Farrer & Co LLP, 66 Lincoln's Inn Fields, London, WC2A 3LH; Bates Wells, 10 Queen Street Place, London. EC4R 1BE

## Executives

### Global leadership team

**Chief Executive**
Sarah Roberts

**Chief Operating Officer**
Rachel Parr
*(resigned July 2024)*

Alex Bush
*(Interim: appointed July 2024)*

**Asia Director**
Ayan Banerjee

**Africa Director**
Akinyi Walender

**Latin America Director**
Alicia Quezada
*(appointed April 2024)*

**Fundraising, Marketing and Communications Director**
Rachel Hudson

**Impact, Influence and Innovation Director**
Simon Hotchkin

### Country Directors

**Kenya Country Director**
Susan Maina

**Rwanda Country Director**
Denyse Umubyeyi

**Sudan Country Director**
Muna Eltahir

**Bolivia Country Representative**
Victor Yapu
*(resigned June 2024)*

Shirley Pazos
*(appointed July 2024)*

**West Africa Director (Senegal and Burkina Faso)**
Edwin Obiero
*(resigned October 2024)*

Amadou Barry
*(Interim: appointed October 2024)*

**Nepal Country Director**
Pooja Sharma

**Peru Country Director**
Pamela Girano
*(appointed September 2024)*

**Bangladesh Country Director**
Shawkat Begum
*(resigned June 2024)*

Achyut Luitel
*(Interim: June - September 2024)*

Ishrat Shabnam
*(appointed September 2024)*

**Zimbabwe Director**
Emmanuel Madhara
*(departed March 2024)*



## Trustees

Practical Action is a charitable company and so its directors are also its Trustees for the purpose of charity law. The Trustees serving during the year and since the year-end were as follows:

Martin Tyler (Chair)[1 2]

Fayezul Choudhury[*2 1]

Graham Young[1 2]

Ian Thornton

Joanne Smith[2]
*(stood down October 2023)*

Rachel Sibande

Bill Liao[2]

Mourad Wahba[1]

Shivani Wadhwa [*1]

Matt Haikin

Hope Chigudu[1]
*(stood down October 2024)*

Sazini Mojapelo *(Chair Designate)*
*(appointed April 2024)*

Claire Ireland
*(appointed July 2024)*

Isabel Studer Noguez
*(appointed July 2024)*

Aki Temiseva
*(appointed July 2024)*

Jane Sloane
*(appointed July 2024)*

Key
1. *Member of Governance and People Committee*
2. *Member of Finance, Audit and Risk Committee*
* *denotes Chair of the Group/ Committee*

This report, which incorporates the Trustees' and Directors' Annual Report and Strategic Report, was approved by the Board on 13th November 2024 and signed on their behalf by:

**Martin Tyler**
Chair of the Board of Trustees

# Independent Auditor's Report to the Members of Practical Action

## Opinion

We have audited the financial statements of Practical Action ('the charitable company') and its subsidiaries ('the group') for the year ended 31 March 2024 which comprise Consolidated Statement of Financial Activities, Consolidated Balance Sheet, Consolidated Statement of Cash Flows, and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

— give a true and fair view of the state of the group's and the charitable company's affairs as at 31 March 2024 and of the group's income and expenditure, for the year then ended;

— have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and

— have been prepared in accordance with the requirements of the Companies Act 2006.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's or the group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

## Other information

The trustees are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## Opinions on other matters prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of our audit

— the information given in the trustees' report, which includes the directors' report prepared for the pur-poses of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and

— the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

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

In light of the knowledge and understanding of the group and charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the directors' report included within the trustees' report.

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

— the parent company has not kept adequate accounting records; or

— the parent company financial statements 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.

## Responsibilities of Trustees

As explained more fully in the trustees' responsibilities statement set out on page 49, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

## Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members including significant component audit teams. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charitable company and group operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures

in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006, the Charities Act 2011 together with the Charities SORP (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charitable company's and the group's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company and the group for fraud. The laws and regulations we considered in this context for the UK operations were General Data Protection Regulation (GDPR), Health and safety legislation, Employment legislation and Anti-fraud, bribery and corruption legislation. We also considered compliance with local legislation for the group's overseas operating segments.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of grant income and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management, internal audit, component auditors and the Finance, Audit & Risk Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, designing and performing audit procedures over the timing of grant income, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission, and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

These inherent limitations are particularly significant in the case of misstatement resulting from fraud as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, collusion or the provision of intentional misrepresentations.

## Use of our report

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 auditor's 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.

**Kerry Brown**
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor
Black Country House
Rounds Green Road
Oldbury
B69 2DG

**Date:** 14th November 2024



# Financial statements

## Consolidated statement of financial activities for the year ended 31 March 2024

(incorporating the income and expenditure statement)

| | Note | Unrestricted £'000 | Restricted £'000 | Total 2024 £'000 | Total 2023 £'000 |
|---|---|---|---|---|---|
| **Income and endowments from:** | | | | | |
| Donations and Legacies | 3 | 10,654 | 724 | 11,378 | 11,863 |
| Charitable activities | 3 | 1,926 | 16,350 | 18,276 | 14,728 |
| Investments | 3 | 52 | - | 52 | 64 |
| Other income | 3 | 319 | (4) | 315 | 329 |
| **Total income and endowments** | 3 | **12,951** | **17,070** | **30,021** | **26,984** |
| **Resources expended** | | | | | |
| Expenditure on raising funds | 4 | 2,523 | 2 | 2,525 | 2,496 |
| **Total expenditure on raising funds** | | **2,523** | **2** | **2,525** | **2,496** |
| **Expenditure on charitable activities:** | | | | | |
| Energy that transforms | 4 | 3,836 | 5,731 | 9,567 | 6,456 |
| Farming that works | 4 | 2,702 | 5,933 | 8,635 | 10,254 |
| Cities fit for people | 4 | 454 | 1,171 | 1,625 | 1,437 |
| Resilience that protects | 4 | 1,877 | 4,430 | 6,307 | 6,921 |
| Knowledge that inspires | 4 | 624 | 6 | 630 | 750 |
| Other | 4 | 797 | 462 | 1,259 | 607 |
| **Total expenditure on charitable activities** | | **10,290** | **17,733** | **28,023** | **26,425** |
| **Total expenditure** | 4 | **12,813** | **17,735** | **30,548** | **28,921** |
| Net gain/(loss) on investments | 8 | 31 | - | 31 | (34) |
| **Net income/(expenditure)** | | **169** | **(665)** | **(496)** | **(1,971)** |
| Actuarial gain / (loss) on defined benefit pension scheme | 16 | 157 | - | 157 | (1,506) |
| DB scheme asset ceiling changes | | - | - | - | 1,004 |
| **Net movement in funds** | | **326** | **(665)** | **(339)** | **(2,473)** |
| **Balance brought forward 01 April** | | **6,206** | **1,991** | **8,197** | **10,670** |
| **Balance carried forward as at 31 March** | 14,15 | **6,532** | **1,326** | **7,858** | **8,197** |

The notes on pages 58 to 85 form part of these financial statements.

## Consolidated and charity balance sheets at 31 March 2024

| | Note | Group 2024 £'000 | Group 2023 £'000 | Charity 2024 £'000 | Charity 2023 £'000 |
|---|---|---|---|---|---|
| **Fixed assets** | | | | | |
| Intangible assets | 7 | 23 | 34 | - | - |
| Tangible assets | 7 | 959 | 913 | 947 | 906 |
| Investments | 8 | 937 | 2,837 | 940 | 2,840 |
| Programme investments | 8 | - | - | 29 | 29 |
| **Total fixed assets** | | **1,919** | **3,784** | **1,916** | **3,775** |
| **Current assets** | | | | | |
| Stock | 9 | 88 | 131 | - | - |
| Debtors | 10 | 6,908 | 7,570 | 6,943 | 8,015 |
| Cash at bank and in hand | 11,18 | 7,961 | 8,433 | 7,520 | 8,166 |
| **Total current assets** | | **14,957** | **16,134** | **14,463** | **16,181** |
| Creditors: amounts falling due within one year | 12 | (8,769) | (10,954) | (8,172) | (10,544) |
| **Net current assets** | | **6,188** | **5,180** | **6,291** | **5,637** |
| Provisions for liabilities and charges | 13 | (6) | (276) | (6) | (276) |
| **Net assets before pension liability** | | **8,101** | **8,688** | **8,201** | **9,136** |
| Defined benefit pension scheme liability | 16 | (243) | (491) | (243) | (491) |
| **Net assets after pension liability** | | **7,858** | **8,197** | **7,958** | **8,645** |
| **Funds** | | | | | |
| **Restricted** | 14 | **1,326** | **1,991** | **1,326** | **1,991** |
| Unrestricted fixed assets | 14 | 430 | 946 | 430 | 906 |
| Revaluation reserve | 14 | 91 | 60 | 91 | 60 |
| General funds | | 6,011 | 5,200 | 6,111 | 5,687 |
| **Unrestricted funds net of pension liability** | 14 | **6,532** | **6,206** | **6,632** | **6,653** |
| **Total Funds** | 14 | **7,858** | **8,197** | **7,958** | **8,644** |

The net deficit for the financial year dealt within the financial statements of the parent charity was £686k (2023 - £2,269k).

The notes on pages 58 to 85 form part of these financial statements.

The financial statements were approved by the board on 13th November 2024.

**Martin Tyler**
Trustee

**Fayezul Choudhury**
Trustee

**Company Number:** 00871954



## Consolidated cash flow statement for the year ended 31 March 2024

| | Note | 2024 £'000 | 2023 £'000 |
|---|---|---|---|
| **Cash flows from operating activities:** | | | |
| **Net cash (used in)/provided by operating activities** | 17 | **(2,130)** | **348** |
| **Cash flows from investing activities:** | | | |
| Dividends, interest and rents from investments | | 52 | 30 |
| Purchase of property, plant and equipment | | (337) | (521) |
| Proceeds from the sale of property, plant and equipment | | 12 | - |
| **Net cash provided by/(used in) investing activities** | | **(273)** | **(491)** |
| **Net cash (used in)/provided by financing activities** | | **-** | **-** |
| Change in cash and cash equivalents in the reporting period | | (2,403) | (143) |
| Cash and cash equivalents at the beginning of the reporting period | | 10,817 | 10,960 |
| **Cash and cash equivalents at the end of the reporting period** | 18 | **8,414** | **10,817** |

The notes on pages 58 to 85 form part of these financial statements.

# Notes on financial statements

Practical Action is a company registered and incorporated in England and Wales, limited by guarantee, without share capital and governed by its Articles of Association dated 21 February 1966 and last amended on 8 December 2021. The company registered a change in name on 25 September 2009 with registration number 871954. The company was registered as a charity with the Charity Commission on 26 April 1966. The principal address and registered office is The Robbins Building, 25 Albert Street, Rugby, Warwickshire, CV21 2SD. The principal activity is to use technology to challenge poverty in developing countries and enable communities to build on their skills and knowledge to produce sustainable and practical solutions, thus improving their lives and protecting the world around them.

The organisation is a Public Benefit Entity.

## 1. Accounting policies

The financial statements have been prepared under the historical cost convention as modified by the revaluation of fixed asset investments, and are in accordance with applicable law, the Companies Act 2006, applicable accounting standards and the 2019 Statement of Recommended Practice ('SORP') for Accounting and Reporting by Charities.

The financial statements have been prepared in accordance with Financial Reporting Standard 102 (FRS 102).

The following principal accounting policies have been applied:

### Going concern

We have set out in the Trustees' report a review of financial performance and the group's reserves position. We have adequate financial resources and are well placed to manage the business risks. Our planning process, including financial projections for the next three financial years, has taken into consideration the current economic climate and its potential impact on the various sources of income and planned expenditure. We have a reasonable expectation that we have adequate resources to continue in operational existence for the foreseeable future. We believe that there are no material uncertainties that call into doubt the group's ability to continue. The financial statements have therefore been prepared on the basis that the group is a going concern.

### Basis of consolidation

The consolidated financial statements incorporate the results of Practical Action and all of its subsidiary undertakings as at 31 March 2024 using the acquisition method of accounting. The results of subsidiary undertakings are included from the date of acquisition. Dormant companies are excluded.

No statement of financial activities is presented for the charitable company alone as the results of the subsidiary companies are separately identified within the group accounts and the charitable company is exempt from presenting such a statement under section 408 of Companies Act 2006. The group net expenditure includes net expenditure from the charitable company itself of £0.7m (2023: £2.3m).

### Income and endowment

Income is accounted for on an accruals basis in the period in which the charity is entitled to income where the amount can be measured with reasonable certainty. Where the entitlement to project or grant income is performance related the income is recognised when the conditions for entitlement have been fulfilled. Legacies are recognised when receipt is reasonably certain and the amount is quantifiable. We recognise a legacy on the earlier of notification by the executors that a payment can be made following the agreement of the estate's accounts, notification by the executors that payment will be made or receipt of a distribution from the estate. Where funds are received net of tax, and tax is recoverable, the income is recognised gross at the time of receipt. Gifts in Kind – Donated goods and services are recognised in the financial statements, as both income and expenditure, at a reasonable estimate of their value in the period in which they are donated.

### Resources expended

Expenditure is accounted for on an accruals basis and is recognised when there is a legal or constructive obligation to pay. Expenditure on charitable activities includes the direct cost of planning, staffing and operating both UK and overseas activities. It also includes support costs, which represent costs of providing the infrastructure and organisational services that support the charitable activities. It also includes governance costs.

### Basis of allocation of costs

The majority of costs are directly attributable to specific charitable activities. The remaining support costs relate to more than one activity and are apportioned across charitable activities and fundraising costs based on the level of expenditure of these activities.

### Fundraising costs

This is the money we spend on activities to generate donations and legacies, including the costs of keeping donors informed about our work and the administration of gifts. Costs are made up of salaries of people working in our fundraising, marketing and supporter care teams and the direct costs of running fundraising campaigns. They do not include the cost of bidding for grants and contracts shown in the financial statements as income from charitable activities.

### Governance costs

Governance costs consist of the statutory and organisational costs of operating as a charitable company.

The costs are made up of a percentage of salaries for management, company secretarial/legal costs, internal and external audit costs, meeting costs for strategic leadership team and trustees (including travel costs) and an apportionment of support costs.

### Tangible fixed assets

Tangible fixed assets are stated at cost less any provisions for depreciation and impairment. Impairments are calculated such that the carrying value of the tangible fixed assets is the lower of its cost compared with the higher of its net realisable value and its value in use.

All fixed assets costing more than £500 are capitalised. The cost of fixed assets which have been acquired and held in the UK and International programmes is their purchase cost, together with any incidental expenses on acquisition.

Depreciation is provided to write off the cost, less estimated residual values, of all fixed assets, except freehold property spread evenly over their expected useful lives. It is calculated at the following rates:

| | |
|---|---|
| Motor vehicles | 33.3% per annum straight line |
| Computer equipment | 33.3% per annum straight line |
| Fixtures and fittings | 20.0% per annum straight line |

### Intangible fixed assets

Intangible assets are stated at cost less any provisions for amortisation and impairment. Impairments are calculated such that the carrying value of the intangible assets is the lower of its cost compared with the higher of its net realisable value and its value in use.

All intangible assets costing more than £500 are capitalised. The cost of intangible assets which have been acquired and held in the UK and International programmes is their purchase cost, together with any incidental expenses on acquisition.

Amortisation is provided to write off the cost, less estimated residual values, of all intangible assets. It is calculated at 20.0% per annum on a straight line basis.

### Investments

Investments are shown at market value. Unrealised and realised investment gains or losses are shown net on the face of the statement of financial activities.

### Stocks

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

### Debtors

Debtors are measured at cost less any impairment.

### Cash at bank and in hand

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty or notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than 3 months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

### 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 normally recognised

at their settlement amount after allowing for any trade discounts due.

### Pension costs

### Practical Action Employee Benefits Scheme

The charity has accounted for pension costs in accordance with FRS 102. The charity operates a defined benefits scheme in the UK, which was closed to contributions in 2002. The scheme is a registered pension scheme under chapter 2 Part 4 of the Finance Act 2004. The assets of the scheme are held separately from the assets of the charity, being represented by units in a segregated fund managed by an external investment manager.

The group also operates a defined contribution pension scheme. Contributions to this scheme are charged to the statement of financial activities in the year in which they become payable.

### 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 the settlement value, with the exception of bank loans which are subsequently measured at amortised cost using the effective interest rate method.

### Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the time of the transaction. Monetary balances held at the year-end are retranslated at the rate prevailing at that date. No provision is made against balances held which could not readily be converted to sterling as these are only held to be used in the short term in that country. Gains or losses on translation of foreign currencies are treated as credits/charges to the project for which the currency is held.

### Restricted funds

Where funds are received for specific purposes set out by the donor or implied by the terms of appeal, these are shown as restricted income in the statement of financial activities. Expenditure for the purposes specified is applied against the income and any amounts unexpended at the balance sheet date are shown within restricted funds. Deficits at the balance sheet date represent amounts expended in advance of anticipated funding.

### Unrestricted funds

The Trustees, at their discretion, may set aside funds to cover specific future costs. Such funds are shown as designated funds within unrestricted funds. Where the Trustees decide such funds are no longer required for the purposes intended, they may be released by transfer to general unrestricted funds. Unrestricted funds which are not designated are held in accordance with Practical Action's reserves policy. In order to monitor this policy, funds represented by functional fixed assets are identified separately on the face of the balance sheet within unrestricted funds.

### Termination costs

Redundancy and termination costs only occur where absolutely necessary and are accounted for on an accruals basis when the commitment to terminate a post on the grounds of redundancy has been made.

### Operating leases

The annual rentals on operating leases are charged to the statement of financial activities on a straight line basis over the term of the lease.

### Taxation

Practical Action is a registered charity and as such is potentially exempt from taxation of its income and gains to the extent that they fall within the charity exemptions in the Corporation Taxes Act 2010 or Section 256 Taxation of Chargeable Gains Act 1992. No UK corporation tax charge has arisen in the year.

Irrecoverable VAT is chargeable to the projects using the partial exemption method.



## 2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the charity's accounting policies, which are described in Note 1, Trustees are required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects the current and future periods.

The key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are described in the accounting policies and are summarised below:

### Pension liabilities

The charity recognises its liability to its defined benefit pension scheme which involves a number of estimations as disclosed in the Pensions note 16. A liability of £243k (2023: £491k) has been recognised at the year end.

### Income recognition on grants

The charity recognises grant income when the conditions for entitlement have been fulfilled.

### Accrued and deferred income

The charity recognises cash received in advance as a deferred income liability in the balance sheet. Where the conditions to recognise grant income are met but the amount due has not been notified to the donor, the charity recognises the income as an accrual.

# 3. Income and endowments

The table below lists funders who contributed over £250,000 to charitable activities carried out in 2023-24. These contributions are shown in line with our income recognition policy (Note 1 Accounting Policies).

Our accounting policy is to recognise income when the conditions for entitlement have been fulfilled and so this may differ from amounts received from these and other funders in this period.

| | Unrestricted £'000 | Restricted £'000 | Total 2024 £'000 | Total 2023 £'000 |
|---|---|---|---|---|
| Bill & Melinda Gates Foundation | - | 294 | 294 | 366 |
| British International Investment (BII) | - | 779 | 779 | - |
| Carbon Trust | - | 527 | 527 | 202 |
| Danish International Development Agency (DANIDA) | - | 302 | 302 | - |
| EnDev | - | 326 | 326 | 550 |
| Foreign, Commonwealth and Development Office (FCDO) | - | 917 | 917 | 1,496 |
| Food and Agricultural Organisation (FAO) | - | - | - | 128 |
| German Technical Cooperation Agency (GIZ) | - | 379 | 379 | 425 |
| Grundfos Foundation | - | 102 | 102 | 798 |
| Hivos | - | - | - | 114 |
| IKEA Foundation | - | 729 | 729 | 1,816 |
| International Potato Center | - | 356 | 356 | - |
| Jersey Overseas Aid (JOA) | - | 377 | 377 | - |
| Livelihoods Venture | - | 581 | 581 | - |
| Mastercard Foundation | - | 2,101 | 2,101 | 320 |
| Old Dart Foundation | - | 185 | 185 | 344 |
| Swedish International Development Cooperation Agency (Sida) | - | 2,673 | 2,673 | 555 |
| United Nations Children's Fund (UNICEF) | - | - | - | 212 |
| United Nations Development Programme (UNDP) | - | 555 | 555 | 658 |
| United Nations Environment Programme (UNEP) | - | 1,102 | 1,102 | 1,246 |
| United Nations Office for The Coordination Of Humanitarian Affairs (UNOCHA) | - | - | - | 2,098 |
| USAID | - | - | - | 335 |
| USAID Bureau for Humanitarian Assistance (BHA) | - | 1,767 | 1,767 | 254 |
| Zurich Insurance Company Ltd and its Z Zurich Foundation | - | 625 | 625 | 1,517 |
| Other (donations under £250k) | 12,951 | 2,393 | 15,344 | 13,549 |
| **Total** | **12,951** | **17,070** | **30,021** | **26,984** |

| | Unrestricted £'000 | Restricted £'000 | Total 2024 £'000 | Total 2023 £'000 |
|---|---|---|---|---|
| **Donations and Legacies** | | | | |
| Donations | 6,975 | 724 | 7,699 | 8,483 |
| Legacies * | 3,679 | - | 3,679 | 3,380 |
| **Total Donations and Legacies** | **10,654** | **724** | **11,378** | **11,863** |
| **Charitable activities** | | | | |
| Grant income | 168 | 16,056 | 16,224 | 12,923 |
| Consultancy and Publishing income | 1,758 | 294 | 2,052 | 1,805 |
| **Total charitable activities** | **1,926** | **16,350** | **18,276** | **14,728** |
| **Investments** | | | | |
| Interest | 52 | - | 52 | 64 |
| **Total investments** | **52** | **-** | **52** | **64** |
| **Other** | | | | |
| Other income | 319 | (4) | 315 | 329 |
| **Total other** | **319** | **(4)** | **315** | **329** |
| **Total** | **12,951** | **17,070** | **30,021** | **26,984** |

** Approximately £2,808k (2023: £3,058k) of residual and £32k (2023: £41k) of reversionary legacies had been notified to the charity before 31 March 2024 but have not been recognised as income in the year as they do not meet the Practical Action income recognition criteria.*

## Gifts in Kind

During the year ended 31 March 2024 Practical Action received gifts in kind totalling £223k (2023:£174k).

## Volunteers

Practical Action does not have a volunteer programme, volunteer requests are dealt with on an individual basis. In the year Practical Action worked with no volunteers (2023 : 750)

# 4. Total resources expended

| | Grants payable £'000 | Direct costs £'000 | Support costs £'000 | Total 2024 £'000 | Total 2023 £'000 |
|---|---|---|---|---|---|
| **Fundraising:** | **-** | **2,211** | **314** | **2,525** | **2,496** |
| **Charitable activities:** | | | | | |
| Energy access | 281 | 8,094 | 1,192 | 9,567 | 6,456 |
| Food and agriculture | 403 | 7,156 | 1,076 | 8,635 | 10,254 |
| Urban water and waste | 256 | 1,167 | 202 | 1,625 | 1,437 |
| Disaster risk reduction | 321 | 5,200 | 786 | 6,307 | 6,921 |
| Knowledge broking | - | 552 | 78 | 630 | 749 |
| Other | 293 | 368 | 94 | 755 | 2 |
| Governance | - | 441 | 63 | 504 | 605 |
| **Total expenditure on charitable activities** | **1,554** | **22,978** | **3,491** | **28,023** | **26,425** |
| **Total resources expended** | **1,554** | **25,189** | **3,805** | **30,548** | **28,921** |

Support costs represent the costs for management and administration which is made up of Chief Executive, Marketing and Communications, Finance, People and Culture (Human Resources), Facilities and Services and Information Technology shared (central) costs. Support costs are allocated across the charitable activities in proportion to direct cost. This represents the most appropriate view of the support costs for Practical Action.

| Support costs | 2024 £'000 | 2023 £'000 |
|---|---|---|
| CEO Office | 205 | 221 |
| Marketing and Communications | 510 | 627 |
| Finance | 1,268 | 1,158 |
| IT | 607 | 532 |
| HR | 798 | 685 |
| Facilities and Services | 341 | 324 |
| Other * | 76 | 83 |
| **Total** | **3,805** | **3,630** |

** Other costs includes depreciation, UK pension service costs, VAT annual rate adjustment, re-structuring and other exceptional costs.*

| Total expenditure on charitable activities (inclusive of support costs) | Total 2024 £'000 | Total 2023 £'000 |
|---|---|---|
| **Charitable activities:** | | |
| East Africa | 7,346 | 4,749 |
| Latin America | 3,276 | 3,490 |
| South Asia | 3,841 | 3,106 |
| Southern Africa | 1,973 | 1,363 |
| Bangladesh | 2,008 | 2,367 |
| Sudan | 2,923 | 5,214 |
| West Africa | 1,075 | 644 |
| International programme work | 5,077 | 4,887 |
| Governance costs | 504 | 605 |
| **Total expenditure on charitable activities** | **28,023** | **26,425** |

International direct programme work includes our global policy, Practical Action Consulting and Publishing work.

During the year ended 31 March 2024, Practical Action made grants to partner organisations. Grants payable to partner organisations are considered to be part of the costs of activities in the furtherance of the objects of the charity because much of the charity's programme activity is carried out through grants to partner organisations that support long-term, sustainable benefits for a community, which are monitored by the charity.

| Grants to partners greater than £200k | Total 2024 £'000 | Total 2023 £'000 |
|---|---|---|
| DECOS | 389 | 316 |
| Friends of Peace and Development Organization (FPDO) | - | 262 |
| DEPROSC-Nepal | 221 | - |
| Welthungerhilfe (WHH) | - | 426 |
| Other | 944 | 1,157 |
| **Total** | **1,554** | **2,161** |

| Amounts payable to the auditor | 2024 £'000 | 2023 £'000 |
|---|---|---|
| Statutory audit | 87 | 72 |
| Tax advisory services | 11 | - |
| Other financial services | 2 | 5 |
| **Total** | **100** | **77** |

# 5. Employees

| Staff costs | 2024 £'000 | 2023 £'000 |
|---|---|---|
| Wages and salaries | 10,116 | 10,516 |
| Social security costs | 689 | 875 |
| Pension costs (employee benefit scheme) | 169 | 52 |
| Pension (stakeholder scheme) | 819 | 829 |
| Staff end of service costs* | 387 | 282 |
| Redundancy, ex gratia and termination costs** | 152 | 262 |
| **Total emoluments of employees** | **12,332** | **12,816** |
| Other staff costs *** | 41 | 250 |
| **Total staff costs** | **12,373** | **13,066** |

**In order to meet local employment regulations, 'end of service' payments are made to employees in country programmes when they leave employment with Practical Action. The amount of the payments are determined by the salary and length of service of the employees. Staff end of service costs change each year based on the accrued entitlement.*

*** Redundancy, ex gratia and termination costs of £152k relating to 8 members of staff were charged in the year.*

**** Other staff costs consists of temporary and agency staff.*

| Average number of full time equivalent employees | 2024 Number | 2023 Number |
|---|---|---|
| Eastern Africa | 72 | 62 |
| Latin America | 75 | 71 |
| South Asia | 58 | 53 |
| Southern Africa | 32 | 20 |
| Bangladesh | 61 | 84 |
| Sudan | 36 | 33 |
| UK | 91 | 104 |
| **Total** | **425** | **427** |

| Average number of employees | 2024 Number | 2023 Number |
|---|---|---|
| Eastern Africa | 80 | 62 |
| Latin America | 85 | 72 |
| South Asia | 58 | 53 |
| Southern Africa | 32 | 20 |
| Bangladesh | 61 | 84 |
| Sudan | 36 | 33 |
| UK | 98 | 108 |
| **Total** | **450** | **432** |

During the year, employees earning more than £60,000 fell into the following bands:

| | 2024 Number | 2023 Number |
|---|---|---|
| £60,001 – £70,000 | 6 | 8 |
| £70,001 – £80,000 | 2 | 3 |
| £80,001 – £90,000 | 2 | 1 |
| £90,001 – £100,000 | 2 | - |
| £100,001–£110,000 | 3 | 1 |

The total cost of remuneration for the CEO during the year was £107,913 (2023: £107,625)

Benefits are accruing to nine (2023: eight) higher-paid employees under Practical Action's stakeholder pension scheme, which is open to all eligible employees. Employer contributions of £27,552 (2023: £58,666) have been made into this stakeholder scheme for these higher-paid employees. Within Practical Action's Employee Benefits Scheme, benefits are accruing for no (2023: none) higher-paid employee.

Earnings for key management personnel, which are considered to be the Global Leadership Team (GLT) as listed on page 50 were £684k in 2023-24 (2022-23: £702k). This represented 7 people in 2023-24 (2022-23: 7).

Salaries and benefits of the Strategic Leadership Team (SLT) are overseen by the Board's Governance and People Committee in line with the policy and principles for all staff pay. These are considered by the Committee annually.

The Trustees receive no remuneration for their services. No expenses were reimbursed to Trustees during the year (2023: £3,667 to four Trustees for travel and refreshment costs for meetings, and postage).

Indemnity insurance is provided for Trustees which is incorporated into a Professional Indemnity policy for the Organisation at a total cost of £30,240 (2023 policy: £30,240).



# 6. Net income from trading subsidiaries and summary balance sheets

The results of the principal trading subsidiaries are summarised below:

| | Practical Action Consulting 2024 £'000 | PAC India* 2024 £'000 | PAC Nepal Private Ltd* 2024 £'000 | PAC Malawi* 2024 £'000 | PAC Bangladesh* 2024 £'000 | PAC Peru* 2024 £'000 | Practical Action Publishing 2024 £'000 |
|---|---|---|---|---|---|---|---|
| Income | 1,023 | 29 | 342 | - | 75 | - | 462 |
| Expenditure | (800) | (22) | (337) | - | (65) | - | (496) |
| **Net profit/(loss)** | **223** | **7** | **5** | **-** | **10** | **-** | **(34)** |
| Income per subsidiary accounts | 1,023 | 29 | 342 | - | 75 | - | 462 |
| Less: grants from parent charity | (20) | - | - | - | - | - | (50) |
| | **1,003** | **29** | **342** | **-** | **75** | **-** | **412** |
| Expenditure per accounts | (800) | (22) | (337) | - | (65) | - | (496) |
| Less: group charges | - | - | - | - | - | - | 40 |
| | **(800)** | **(22)** | **(337)** | **-** | **(65)** | **-** | **(456)** |
| **Net effect on group results for the year** | **203** | **7** | **5** | **-** | **10** | **-** | **(44)** |
| **Summary balance sheet** | | | | | | | |
| Fixed Assets | 1 | - | 6 | - | - | - | 24 |
| Investment | 65 | - | - | - | - | - | - |
| Net current assets/(liabilities) | (420) | (80) | 219 | (124) | 83 | 12 | (238) |
| **Net assets / (liabilities)** | **(354)** | **(80)** | **221** | **(124)** | **83** | **12** | **(214)** |
| Called up share capital | - | 29 | 31 | - | 10 | 13 | - |
| Profit & loss account | (354) | (109) | 194 | (124) | 73 | (1) | (214) |
| **Surplus/(deficit) on shareholder funds** | **(354)** | **(80)** | **225** | **(124)** | **83** | **12** | **(214)** |

** These entities are subsidiaries of Practical Action Consulting Limited registered in the UK.*

| | Practical Action Consulting 2023 £'000 | PAC India* 2023 £'000 | PAC Nepal Private Ltd* 2023 £'000 | PAC Malawi* 2023 £'000 | PAC Bangladesh* 2023 £'000 | PAC Peru* 2023 £'000 | Practical Action Publishing 2023 £'000 |
|---|---|---|---|---|---|---|---|
| Income | 592 | 49 | 323 | - | 163 | - | 357 |
| Expenditure | (710) | (49) | (340) | - | (96) | - | (502) |
| **Profit/(loss)** | **(118)** | **-** | **(17)** | **-** | **67** | **-** | **(145)** |
| Income per subsidiary accounts | 592 | 49 | 323 | - | 163 | - | 357 |
| Less: grants from parent charity | (89) | - | - | - | - | - | (50) |
| | **503** | **49** | **323** | **-** | **163** | **-** | **307** |
| Expenditure per accounts | (710) | (49) | (340) | - | (96) | - | (502) |
| Less: group charges | 69 | - | - | - | - | - | 48 |
| | **(641)** | **(49)** | **(340)** | **-** | **(96)** | **-** | **(454)** |
| **Net effect on group results for the year** | **(138)** | **-** | **(17)** | **-** | **67** | **-** | **(147)** |
| **Summary balance sheet** | | | | | | | |
| Fixed Assets | 2 | - | 2 | - | - | - | 36 |
| Investment | 65 | - | - | - | - | - | - |
| Net current assets/(liabilities) | (679) | (87) | 237 | (124) | 72 | 12 | (417) |
| **Net assets / (liabilities)** | **(612)** | **(87)** | **239** | **(124)** | **72** | **12** | **(381)** |
| Called up share capital | - | 29 | 35 | - | 10 | 13 | - |
| Profit & loss account | (612) | (116) | 204 | (124) | 62 | (1) | (381) |
| **Surplus/(deficit) on shareholder funds** | **(612)** | **(87)** | **239** | **(124)** | **72** | **12** | **(381)** |

** These entities are subsidiaries of Practical Action Consulting Limited registered in the UK.*



# 7. Intangible and tangible assets

| Intangible fixed assets | Total £'000 |
|---|---|
| **Group cost** | |
| At 1 April 2023 | 101 |
| Additions | 4 |
| **At 31 March 2024** | **105** |
| **Amortisation** | |
| At 1 April 2023 | 67 |
| Charge for the year | 15 |
| **At 31 March 2024** | **82** |
| **Net Book Value (NBV)** | |
| At 31 March 2023 | 34 |
| **At 31 March 2024** | **23** |

| Tangible fixed assets | Freehold and Leasehold property £'000 | Motor vehicles £'000 | Computer equipment £'000 | Furniture and other equipment £'000 | Total £'000 |
|---|---|---|---|---|---|
| **Group cost or valuation** | | | | | |
| As at 1 April 2023 | 136 | 2,215 | 1,756 | 1,294 | 5,401 |
| Additions | - | 189 | 115 | 29 | 333 |
| Disposals | (8) | (18) | (22) | (4) | (52) |
| **At 31 March 2024** | **128** | **2,386** | **1,849** | **1,319** | **5,682** |
| **Depreciation** | | | | | |
| As at 1 April 2023 | - | 1,714 | 1,534 | 1,240 | 4,488 |
| Charge | - | 132 | 99 | 22 | 253 |
| Disposals | - | - | (18) | - | (18) |
| **At 31 March 2024** | **-** | **1,846** | **1,615** | **1,262** | **4,723** |
| **Net Book Value (NBV)** | | | | | |
| As at 1 April 2023 | 136 | 501 | 222 | 53 | 913 |
| **As at 31 March 2024** | **128** | **540** | **234** | **57** | **959** |

All of the charity's fixed assets are held primarily for direct charitable use.

| Tangible fixed assets of the subsidiary undertakings | NBV 2024 £'000 | NBV 2023 £'000 |
|---|---|---|
| Computer equipment | 12 | 6 |

## 8. Investments

| | Group | | Charity | |
|---|---|---|---|---|
| | 2024 £'000 | 2023 £'000 | 2024 £'000 | 2023 £'000 |
| **Cash investments** | | | | |
| Cash investments | 453 | 2,384 | 453 | 2,384 |
| Common investment fund | 487 | 456 | 487 | 456 |
| Investment bonds | (3) | (3) | - | - |
| Impairment provision | - | - | - | - |
| **Total** | **937** | **2,837** | **940** | **2,840** |
| **Programme investments** | | | | |
| Programme investments | - | - | 29 | 29 |
| **Total** | **-** | **-** | **29** | **29** |

| Reconciliation of common investment fund: | £'000 |
|---|---|
| Historical cost | 396 |
| Opening balance at 1 April 2023 | 456 |
| Additional investment | - |
| Realised gain | 31 |
| **Closing balance at 31 March 2024** | **487** |



The following were subsidiary undertakings at the end of the year and have all been included in the consolidated financial statements, except Dormant Companies:

| | Country of incorporation | Proportion of voting rights and ordinary share capital held | Nature of business |
|---|---|---|---|
| Practical Action Consulting Limited (Reg. No. 00952705)<br><br>The Robbins Building, 25 Albert Street, Rugby, Warwickshire, England, CV21 2SD | England | 100% | Consultants for agriculture and industry |
| Practical Action Publishing Limited (Reg. No. 01159018)<br><br>The Robbins Building, 25 Albert Street, Rugby, Warwickshire, England, CV21 2SD | England | 100% | Publishers and booksellers |
| Intermediate Technology Publications Limited (Dormant company Reg. No. 06424984)<br><br>The Robbins Building, 25 Albert Street, Rugby, Warwickshire, England, CV21 2SD | England | 100% | Publishers and booksellers |
| Intermediate Technology Development Group Limited (Dormant company Reg. No. 01017062)<br><br>The Robbins Building, 25 Albert Street, Rugby, Warwickshire, England, CV21 2SD | England | 100% | Developers of agriculture and industrial machinery |
| ATS Property Holdings Private Limited (Dormant company Reg. No. Sri-Lanka PV 6894)<br><br>5 Lionel Edirisinghe Mawatha, Kirulapone, Colombo 5. Sri Lanka | Sri-Lanka | 100% | Property purchase, lease moveable, immoveable property |
| Practical Action Consulting Private Limited (Reg. No. Kathmandu, 117858/070/071)<br><br>Indira House, House No.1114, Panipokhari Hill, Kathmandu, Nepal | Nepal | 49% PAC, 51% PA | Consultants for agriculture and industry |
| Practical Action Consulting (India) Private Limited (Reg. No. Delhi, CIN U74999DL2014FTC272886<br><br>Plot No: H-4, BJB Nagar, Lewis Road, Bhubaneswar – 751014, Odisha, India | India | 99.9% PAC 0.1% PAC staff | Consultants for agriculture and industry |

| | | | |
|---|---|---|---|
| Practical Action Consulting Limited (Reg. No. 14654)<br><br>Area 6, Plot 130, P.O. Box 30108, Lilongwe, Malawi | Malawi | 100% | Consultants for agriculture and industry |
| Practical Action Consulting Bangladesh Limited (Reg. No. C-130198/2016)<br><br>House 28/A, Road 5, Dhanmondi, Dhaka – 1205, Bangladesh | Bangladesh | 99% PAC<br>1% PA staff | Consultants for agriculture and industry |
| Practical Action Consulting S.A.C Limited (Reg. No. 20601238200)<br><br>Oficina Regional de América Latina, Centro Empresarial Peruano Suizo Av. Aramburú 166 Of. 2A, Miraflores, Lima, Perú | Peru | 49% PAC<br>51% PA staff | Consultants for agriculture and industry |
| Practical Action Consulting Limited – Sarl (Reg. No. 008075807)<br><br>Cité des Administrateurs civils, Lot 17 No 4, Dakar | Senegal | 100% | Consultants for agriculture and industry |

## 9. Stock

| | Group | | Charity | |
|---|---|---|---|---|
| | 2024 £'000 | 2023 £'000 | 2024 £'000 | 2023 £'000 |
| Finished goods | 84 | 126 | - | - |
| Work in progress | 4 | 5 | - | - |
| **Balance sheet total** | **88** | **131** | **-** | **-** |

A stock impairment of £50k (2023: £nil) was recognised in the year.



## 10. Debtors

| | Group | | Charity | |
|---|---|---|---|---|
| | 2024 £'000 | 2023 £'000 | 2024 £'000 | 2023 £'000 |
| Trade debtors | 2,776 | 3,879 | 2,349 | 3,439 |
| Prepayments & accrued Income | 3,622 | 2,858 | 3,119 | 2,619 |
| Amounts owed to the charity by the group | - | - | 1,065 | 1,251 |
| Other debtors | 510 | 832 | 410 | 706 |
| **Total** | **6,908** | **7,570** | **6,943** | **8,015** |

## 11. Cash at bank and in hand

| | Group | | Charity | |
|---|---|---|---|---|
| | 2024 £'000 | 2023 £'000 | 2024 £'000 | 2023 £'000 |
| Cash and bank balances in UK | 4,821 | 3,738 | 4,805 | 3,738 |
| Cash and bank balances overseas | 3,111 | 4,690 | 2,687 | 4,423 |
| Petty cash | 29 | 5 | 28 | 5 |
| **Total** | **7,961** | **8,433** | **7,520** | **8,166** |

## 12. Creditors: amounts falling due within one year

| | Group | | Charity | |
|---|---|---|---|---|
| | 2024 £'000 | 2023 £'000 | 2024 £'000 | 2023 £'000 |
| Trade creditors | 943 | 573 | 728 | 498 |
| Payments received in advance* | 3,787 | 7,922 | 3,731 | 7,814 |
| Accruals | 1,350 | 754 | 1,147 | 556 |
| Taxation and social security | 404 | 272 | 387 | 257 |
| Other creditors | 2,285 | 1,433 | 2,179 | 1,419 |
| **Total** | **8,769** | **10,954** | **8,172** | **10,544** |

**Payments received in advance represent grants received in advance of the period to which they relate. The analysis of such payments is shown below:*

| | Group £'000 | Charity £'000 |
|---|---|---|
| Balance brought forward | 7,922 | 7,814 |
| Released to income | (7,299) | (7,814) |
| Received in year | 3,164 | 3,731 |
| **Balance carried forward** | **3,787** | **3,731** |

## 13. Provisions

| | Balance at 1 April 2023 £'000 | Provisions created £'000 | Provisions utilised £'000 | Balance at 31 March 2024 £'000 |
|---|---|---|---|---|
| Project issues | 260 | 18 | (275) | 3 |
| Redundancy | 2 | - | (2) | - |
| Annual leave/retirement provision | 5 | - | (5) | - |
| Other | 9 | 3 | (9) | 3 |
| **TOTAL** | **276** | **21** | **(291)** | **6** |

## 14. Funds note

| | Balance at 1 April 2023 £'000 | Incoming resources £'000 | Expenditure and charges £'000 | Transfer in/(out) £'000 | Balance at 31 March 2024 £'000 |
|---|---|---|---|---|---|
| **Designated reserves** | | | | | |
| Fixed asset fund | 946 | - | - | (516) | 430 |
| Revaluation reserve | 60 | - | - | 31 | 91 |
| Free reserves | 5,200 | 12,951 | (12,625) | 485 | 6,011 |
| **Total unrestricted funds** | **6,206** | **12,951** | **(12,625)** | **-** | **6,532** |
| **Restricted funds** | | | | | |
| Energy that transforms | (11) | 5,740 | (5,729) | - | - |
| Farming that works | 32 | 5,901 | (5,933) | - | - |
| Cities fit for people | 47 | 1,123 | (1,170) | - | - |
| Resilience that protects | 1,582 | 3,911 | (4,430) | (305) | 758 |
| Other | 341 | 395 | (473) | (247) | 16 |
| Restricted fixed assets | - | - | - | 552 | 552 |
| **Total restricted funds** | **1,991** | **17,070** | **(17,735)** | **-** | **1,326** |
| **Total funds** | **8,197** | **30,021** | **(30,360)** | **-** | **7,858** |



| | Balance at 1 April 2022 £'000 | Incoming resources £'000 | Expenditure and charges £'000 | Transfer in/(out) £'000 | Balance at 31 March 2023 £'000 |
|---|---|---|---|---|---|
| **Designated reserves** | | | | | |
| Fixed asset fund | 792 | - | - | 154 | 946 |
| Revaluation reserve | 94 | - | - | (34) | 60 |
| Free reserves | 7,362 | 11,069 | (13,111) | (120) | 5,200 |
| **Total unrestricted funds** | **8,248** | **11,069** | **(13,111)** | **-** | **6,206** |
| **Restricted funds** | | | | | |
| Energy that transforms | 252 | 3,203 | (3,466) | - | (11) |
| Farming that works | (289) | 7,304 | (6,983) | - | 32 |
| Cities fit for people | 54 | 972 | (979) | - | 47 |
| Resilience that protects | 1,866 | 4,507 | (4,791) | - | 1,582 |
| Other | 539 | (105) | (93) | - | 341 |
| **Total restricted funds** | **2,422** | **15,881** | **(16,312)** | **-** | **1,991** |
| **Total funds** | **10,670** | **26,950** | **(29,423)** | **-** | **8,197** |

# 15. Total funds

| | Unrestricted funds £'000 | Restricted funds £'000 | 2024 Total £'000 |
|---|---|---|---|
| Fixed assets | 430 | 552 | 982 |
| Investments | 937 | - | 937 |
| Stock | 88 | - | 88 |
| Debtors | 4,284 | 2,624 | 6,908 |
| Cash at bank and in hand | 6,079 | 1,882 | 7,961 |
| Creditor: amount due within than 1 year | (5,040) | (3,729) | (8,769) |
| Provisions for liabilities and charges | (3) | (3) | (6) |
| Pension liability | (243) | - | (243) |
| **Total** | **6,532** | **1,326** | **7,858** |

| | Unrestricted funds £'000 | Restricted funds £'000 | 2024 Total £'000 |
|---|---|---|---|
| Fixed assets | 784 | 162 | 946 |
| Investments | 2,837 | - | 2,837 |
| Stock | 130 | - | 130 |
| Debtors | 2,057 | 5,513 | 7,570 |
| Cash at bank and in hand | 4,288 | 4,146 | 8,434 |
| Creditors: amount due within than 1 year | (3,140) | (7,814) | (10,954) |
| Provisions for liabilities and charges | (259) | (16) | (275) |
| Pension liability | (491) | - | (491) |
| **Total** | **6,206** | **1,991** | **8,197** |



# 16. Pension costs and FRS 102

## Practical Action Employee Benefits Scheme

The charity operates a defined benefits scheme in the UK which was closed to new members in 2002. The charity has accounted for pension costs in accordance with FRS 102. The scheme is a registered pension scheme under chapter 2 Part 4 of the Finance Act 2004. The assets of the scheme are held separately from the assets of the charity, being represented by units in a segregated fund managed by an external investment manager. At 1 April 2023, the latest full valuation date, the actuarial value of the schemes assets was 78% of the value of past service liabilities on an ongoing (SFO) basis. The market value of the scheme's assets at the valuation date was £7,743k, excluding money purchase AVCs. As a result of the scheme deficit at the valuation date, the trustees and the charity agreed that the charity would make a deficit contribution of £87,300 in January 2024 plus monthly deficit contributions of £9,700 from January 2024 to March 2029 inclusive. The scheme trustees and the charity also agreed that the charity would pay contributions to the scheme in respect of expenses and levies at the rate of £4,415 per month from January 2024, increasing by 2.5% pa with the first such increase applying from 1 April 2024. The full valuation has been updated to 31 March 2024 by a qualified independent actuary.

The charity and group are aware of the Virgin Media vs NTL Pension Trustees II Limited Court of Appeal judgement which may give rise to adjustments to the scheme. At present the legal process is incomplete and therefore we are unable to quantify any potential liabilities.

Principal actuarial assumptions at the Balance Sheet date:

| | 2024 | 2023 |
|---|---|---|
| Discount rate | 4.90% | 4.80% |
| Inflation (RPI) | 3.40% | 3.40% |
| Inflation (CPI) | 2.90% | 2.50% |
| Future salary increases | 3.40% | 4.70% |
| Revaluation in deferment | 2.40% | 2.50% |
| Pension Increases RPI (0,5) | 3.15% | 3.40% |
| Pension Increases Fixed 3 | 3.00% | 3.00% |
| Mortality | | |
| – Base table | S3PXA | S3PXA |
| – Allowance for future improvements | CMI2022[1%] | CMI2019[1%] |

### Balance Sheet Position

| | 2024 £'000 | 2023 £'000 |
|---|---|---|
| Present value of funded obligations | (7,747) | (8,284) |
| Fair value of plan assets | 7,504 | 7,793 |
| **Deficit per FRS102** | **(243)** | **(491)** |
| **Amounts in the balance sheet:** | | |
| Liabilities | (243) | (491) |
| **Net liability** | **(243)** | **(491)** |

### Changes in the present value of the defined benefit obligation:

| | 2024 £'000 | 2023 £'000 |
|---|---|---|
| Opening defined benefit obligation | 8,284 | 10,629 |
| Past service cost | 387 | 282 |
| Interest cost | (406) | (410) |
| Benefits paid | (518) | (2,217) |
| **Defined benefit obligation at end of year** | **7,747** | **8,284** |

### Changes in the fair value of the scheme assets:

| | 2024 £'000 | 2023 £'000 |
|---|---|---|
| Opening fair value of scheme assets | 7,793 | 11,633 |
| Interest income | 367 | 308 |
| Remeasurement gains / (losses) | (361) | (3,723) |
| Employer contributions | 169 | 52 |
| Benefits paid | (406) | (410) |
| Expenses paid | (58) | (67) |
| **Fair value of scheme assets at the year end** | **7,504** | **7,793** |
| The actual return on the scheme assets in the year | 6 | (3,415) |

### Amounts included within the Statement of Financial Activities:

| | 2024 £'000 | 2023 £'000 |
|---|---|---|
| Expenses | (58) | (67) |
| Interest on net liability | (20) | 26 |
| **Total amount charged within net (outgoing) resources** | **(78)** | **(41)** |
| Actual return on plan assets less interest | (361) | (3,723) |
| Experience (losses) / gain on liabilities | 147 | (317) |
| Change in assumptions | 371 | 2,534 |
| **Actuarial gain/(loss) recognised** | **157** | **(1,506)** |
| **Total gain/(loss) recognised in the statement of financial activities** | **79** | **(1,547)** |

## 17. Reconciliation of net expenditure to net cash inflow from operating activities

| | 2024 £'000 | 2023 £'000 |
|---|---|---|
| Net expenditure for the reporting period (as per the statement of financial activities) | (496) | (1,971) |
| (Gain) / loss on investments | (31) | 37 |
| Dividends, interest and rents from investments | (52) | (31) |
| Depreciation | 268 | 335 |
| Loss on the disposal of fixed assets | 22 | 27 |
| Decrease in stocks | 43 | 9 |
| Decrease / (Increase) in debtors | 662 | (970) |
| (Decrease) / Increase in creditors and provisions | (2,455) | 2,912 |
| Movement in defined benefit pension scheme | (91) | - |
| **Net cash (used in) / provided by operating activities** | **(2,130)** | **348** |

## 18. Analysis of cash and cash equivalents

| | 2024 £'000 | 2023 £'000 |
|---|---|---|
| Cash in hand | 7,961 | 8,433 |
| Cash held as part of investment portfolio (Note 8) | 453 | 2,384 |
| **Total cash and cash equivalents** | **8,414** | **10,817** |

## 19. Additional grants disclosures

The following donors require further details of their grants and donations to be published in the accounts.

| Foreign Commonwealth and Development Office | Contract Number | Funding 2024 £'000 | Funding 2023 £'000 |
|---|---|---|---|
| **Project funding details required by FCDO** | | | |
| DFID aid match appeal Nepal | 205210-279 | 520 | 562 |
| Building climate and conflict resilient livelihoods | 205210–259 | 135 | 617 |
| Planting For Progress | 205210-235 | 5 | 236 |
| MRV tools for forests, land use and agriculture | MRV/34 | 241 | - |
| **Total** | | **901** | **1,415** |

| IKEA Foundation Grants | Contract Number | Funding 2024 £'000 | Funding 2023 £'000 |
|---|---|---|---|
| **Project funding details required by IKEA Foundation** | | | |
| RE4R | G- 1608-618 | - | 492 |
| TREYL | G- 1808-1160 | 729 | 1,324 |
| **Total** | | **729** | **1,816** |

| Baring Family Fund | Donation 2024 £'000 | Donation 2023 £'000 |
|---|---|---|
| **Project funding details required by Baring Family Fund** | | |
| **Unrestricted donation** | 10 | - |
| **Total** | **10** | **-** |

| Department for Environment, Food & Rural Affairs | Funding 2024 £'000 | Funding 2023 £'000 |
|---|---|---|
| **Project funding details required by DEFRA** | | |
| Biodiverse Landscapes Fund Andes/Amazon | 116 | - |
| BLF Accelerate Spend | 33 | - |
| **Total** | **149** | **-** |

## 20. Commitments under operating leases

As at 31 March 2024, the group had commitments under non-cancellable operating leases as set out below:

| | 2024 Land and buildings £'000 | 2023 Land and buildings £'000 |
|---|---|---|
| **Operating lease which expire:** | | |
| Within one year | 256 | 389 |
| In two to five years | 485 | 1,042 |
| Over five years | - | 77 |
| **Total** | **741** | **1,508** |

The net income for the year has been stated after charging £365k (2023: £397k) for the hire of assets under operating leases.

## 21. Related party transactions

Practical Action Publishing Limited and Practical Action Consulting Limited are subsidiaries of Practical Action Group. Grants paid by the charity to the subsidiaries and gift aid received by the charity from the subsidiaries are disclosed in note 6.

A management charge of £40k (2023: £48k) and payroll costs totalling £200k (2023: £185k) were also charged to Practical Action Publishing Limited by the charity. At the year end, Practical Action Publishing Limited owed the charity £251k (2023: £553k) (pooling balance and intercompany loan).

No management charge (2023: £69k) and no payroll costs (2023: £304k) were charged to Practical Action Consulting Limited from the charity. At the year-end, Practical Action Consulting Limited owed the charity £305k (2023: £523k) (pooling balance and intercompany loan).

## 22. Financial instruments

| | 2024 £'000 | 2023 £'000 |
|---|---|---|
| Financial Instruments measured at fair value through profit and loss | 487 | 456 |

The income, expense, gains and losses in respect of financial instruments are summarised below:

| Gain/(Loss) on financial instruments measured at fair value through profit and loss | 2024 £'000 | 2023 £'000 |
|---|---|---|
| Financial instruments measured at fair value at the start of the year: | 456 | 490 |
| Gain/(loss) | 31 | (34) |
| **Financial instruments measured at fair value at the end of the year** | **487** | **456** |

## 23. Comparative statement of financial activities for the year ended 31 March 2023

| | Unrestricted £'000 | Restricted £'000 | Total 2023 £'000 |
|---|---|---|---|
| **Income and endowments from:** | | | |
| Donations and Legacies | 9,587 | 2,276 | 11,863 |
| Charitable activities | 1,272 | 13,456 | 14,728 |
| Investments | 63 | - | 63 |
| Other income | 180 | 149 | 329 |
| **Total income and endowments** | **11,102** | **15,881** | **26,983** |
| **Resources expended** | | | |
| Expenditure on raising funds | 2,437 | 59 | 2,496 |
| **Total expenditure on raising funds** | **2,437** | **59** | **2,496** |
| **Expenditure on charitable activities:** | | | |
| Energy that transforms | 2,990 | 3,466 | 6,456 |
| Farming that works | 3,271 | 6,983 | 10,254 |
| Cities fit for people | 458 | 979 | 1,437 |
| Resilience that protects | 2,130 | 4,791 | 6,921 |
| Knowledge that inspires | 738 | 12 | 750 |
| Other | 585 | 22 | 607 |
| **Total expenditure on charitable activities** | **10,172** | **16,253** | **26,425** |
| **Total expenditure** | **12,609** | **16,312** | **28,921** |
| Net gain/(loss) on investments | (33) | - | (33) |
| **Net income/(expenditure)** | **(1,540)** | **(431)** | **(1,971)** |
| Actuarial gain on defined benefit pension scheme | (1,506) | - | (1,506) |
| DB scheme asset ceiling changes | 1,004 | - | 1,004 |
| Transfers between funds | - | - | - |
| **Net movement in funds** | **(2,042)** | **(431)** | **(2,473)** |
| **Balance brought forward 01 April 2022** | **8,248** | **2,422** | **10,670** |
| **Balance carried forward as at 31 March 2023** | **6,206** | **1,991** | **8,197** |

*Our work alongside communities around the world is building a brighter future for generations to come.*

# BIG CHANGE
## starts small


**UK**
+44(0)1926 634400
practicalaction@practicalaction.org.uk

**Bangladesh**
+88 02 9672683
practicalaction@practicalaction.org.bd

**Bolivia**
+591 22119345
infobolivia@practicalaction.org

**Ecuador**
infoecuador@practicalaction.org

**Kenya**
+254 20 2595 311
kenya@practicalaction.or.ke

**Nepal**
+977 1 4423 639
practicalaction@practicalaction.org.np

**Perú**
Tel. +511 4412950
info@practicalaction.org

**Rwanda**
+250 7861 42017
practicalaction.rwanda@practicalaction.org

**Sudan**
+249 155662474
info@practicalactionsd.org

**West Africa**
west.africa@practicalaction.org.uk


Visit us online at to find out more about
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**practicalaction.org**


The Robbins Building, 25 Albert Street,
Rugby, Warwickshire, CV21 2SD, UK.
Reg Charity No. 247257.
Patron His Majesty King Charles III, KG KT GCB OM AK QSO PC ADC


Practical ACTION

**PRACTICAL ACTION**

England & Wales - Charity number 247257

# Accounts

# Annual Report and Accounts

# 2022 - 2023

Practical ACTION

## Big change starts small

Practical Action | Company Reg. No. 871954 | Reg Charity No. 247257 | Year ended 31 March 2023

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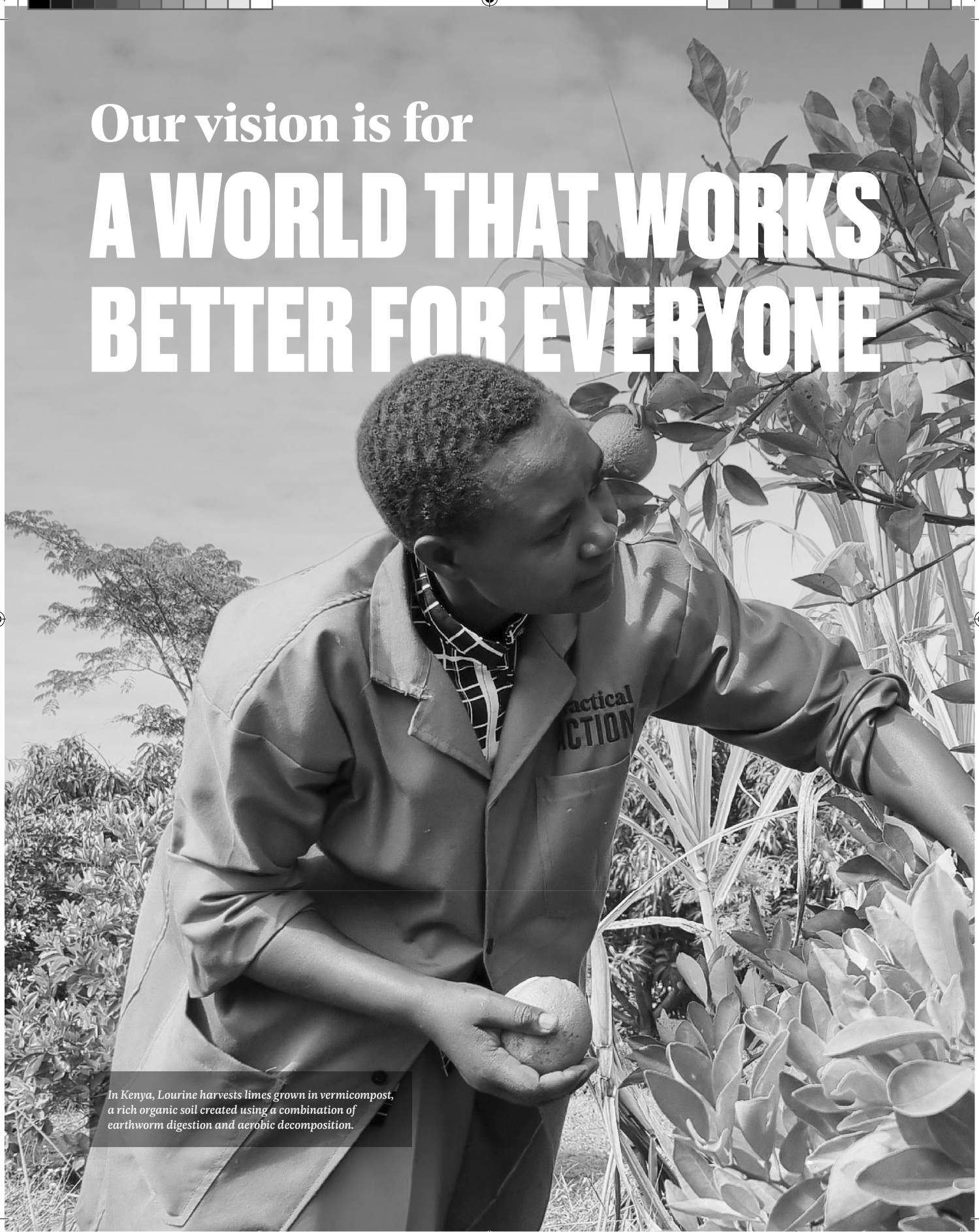
# Our vision is for

# A WORLD THAT WORKS BETTER FOR EVERYONE



*In Kenya, Lourine harvests limes grown in vermicompost, a rich organic soil created using a combination of earthworm digestion and aerobic decomposition.*

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*Some numbers in the Trustees' and Directors' Annual Report and Strategic Report sections have been rounded.*

*Front cover image: In Nepal, Kamali is growing bountiful harvests with the sustainable farming skills she learned at our farmer field school.*

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# Welcome from the Chair and Chief Executive

### Martin Tyler, Chair of the Board of Trustees

Welcome to Practical Action's Annual Report for 2022/23. Our vision remains steadfast: a world that works better for everyone. But right now we're seeing that the urgency of the climate and environmental crises, along with the long-term impact of Covid-19 and rising inflation, are pushing progress on poverty backwards. Now, more than ever, the practical approach you'll read about in this report is crucial.

Two years into our current strategy, I'm pleased to be able to report we're on track to deliver our impact numbers. Our impact is felt at many levels – from individual households to larger community groups and up to national governance and international systems. You can read about all of these levels in the report on our work with informal waste workers in Bangladesh, on page 26.

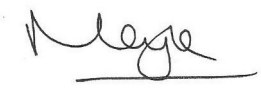
Despite being on track to deliver our impact targets, last year, we experienced what we expect to be a temporary reduction in our overall income. This drop had two main reasons. It became more difficult to raise unrestricted income from the general public because of the UK's cost-of-living crisis and lower disposable incomes since late 2021. And additionally, lower levels of new grant funding secured during the pandemic years started to flow through to our programme delivery and expenditure in 2022/23.

Despite this, I am pleased to say that we expect to grow both our impact and our income in the coming years. Thanks to significant efforts to diversify our income and a focus on securing long term larger programme grants, we secured over £30 million in new grants in 2022/23 and expect close to a similar level in 2023/24. These record amounts will fund new programmes over a 10-year period, reinforcing our commitment to long-term impact.

As we plan for this growth, we're mindful of the increased risks of scaling up delivery, undertaking longer-term projects, and facing more climate shocks. Conflicts such as we are seeing in Sudan also add complexity, disrupting supply chains and creating unstable conditions that affect our work and our staff. To navigate these challenges, we're taking steps to diversify and devolve power closer to where our programmatic work is happening.

Key additions to our board and leadership team are aiding this effort. Hope Chigudu, based in Harare with a strong background in feminist movement building, has joined our Board, adding valuable experience to our decision-making. In the leadership team, Ayan Banerjee is our new Asia Regional Director and Akinyi Walender is our new Africa Director. Their new roles are pivotal in enhancing our capabilities as we navigate the challenges and opportunities I've outlined here.

With this year's unique circumstances in mind, I want to express my immense pride in our global teams and partners. Their remarkable determination and skill have set the stage for future growth and resilience.



**Martin Tyler**

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## Sarah Roberts, Chief Executive Officer

This year, the 50th anniversary of our founder, E.F. Schumacher's ground-breaking book, *Small is Beautiful*, provides an opportune moment to reflect the relevance of his philosophy and approaches to today's challenges.

*Small is Beautiful* challenged dominant development and economic paradigms and acted as an inspirational call to action. Schumacher's approach of solutions tailored to context, powering people with skills and knowledge, and 'economics as if people mattered' is as relevant today as it was 50 years ago. He was a holistic thinker, ahead of his time, warning that 'if we squander the capital represented by living nature around us, we threaten life itself'.

Our work which has always been important, has become urgent. Progress against poverty has been reversed in recent years and the intensification of the climate crisis is disproportionately impacting on the people we work with.

In a time when it is easy to be despondent, Practical Action is making positive change happen every day. Action that means we can remain hopeful. With six decades of innovating with communities to deliver practical solutions to economic, social and environmental challenges, and linking with diverse partners to drive improvement for millions more people, we can see pathways out of the interconnected poverty-climate-environment-conflict crises that are challenging our world.

In Bangladesh I met with women's groups, local administrators and city mayors, all part of an extensive network of people working at every level to build climate resilience that enable people to thrive in the face of flooding. Despite becoming more frequent and intense, far fewer people are dying in floods in Bangladesh than they did fifty years ago.

We can all learn from Bangladesh's innovations in early warning systems, adaptations to housing and service provision and farming practices, that keep people safe and enable them to carry on developing their lives and livelihoods, even as climate change intensifies. Bringing together the evidence of what works in different contexts is one of the roles that we play in the Zurich Flood Resilience Alliance. Using the evidence in joint advocacy approaches by the Alliance partners has been effective at helping governments institutionalise these changes and bringing in more investment to support scaling of approaches that build resilience ahead of crises.

In Kenya, it was the young people who inspired me, innovating with our team and partners to develop farming and agri-businesses that are more regenerative, providing good incomes and jobs that contribute to vibrant, sustainable rural economies. Now the lessons from four years of work is leading to new investment to scale effective approaches to many more people.

It seems fitting to close with a quote from *Small is Beautiful*, which is as apt now as when Schumacher penned it:

> *"Our most important task is to get off our present collision course. And who is there to tackle such a task? I think every one of us, whether old or young, powerful or powerless, rich or poor, influential or uninfluential. To talk about the future is useful only if it leads to action now."*

**Sarah Roberts**

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# Our goals for change by 2025

**Practical Action is a global development organisation with a vision of a world that works better for everyone.**

But right now, the global climate and environmental crisis threatens years of progress against poverty.

Catastrophic flooding is bringing disaster. Depleted soil and drought is destroying crops. Plastic pollution is devastating rivers and cities. Unchecked, unhygienic waste is spreading disease and environmental damage. Lives and livelihoods are under threat and the world's poorest people are bearing the brunt.

**But at Practical Action, we believe where there's action, there's hope.**

Together with Practical Action, and with our global network of partners and supporters, communities on the frontlines of poverty and climate change are leading the way. Returning desert to productive land. Converting waste into energy and energy into jobs. Turning surviving into thriving. Overcoming injustice, especially for women and vulnerable groups. Together we're developing unexpected, real-world solutions that work for both people and planet.

Innovations that blend cutting-edge technology with traditional know-how. Simple effective solutions, delivered at pace and shareable across countries and continents. Accelerating solutions that bring about big change.

Because when it comes to living with climate change hope can't wait.

Hope needs action. **Practical Action.**

## In our 2021-25 strategy we aim to:

6M

### Improve the lives of 6 million people living in, or vulnerable to poverty

We are on track to exceed this goal, having reached 5.5M people by March 2023

20M

### Positively impact 20 million people through our work to change the systems that keep people in poverty

We are on track to reach this goal, having reached 13.2M people by March 2023



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# Our reach and impact

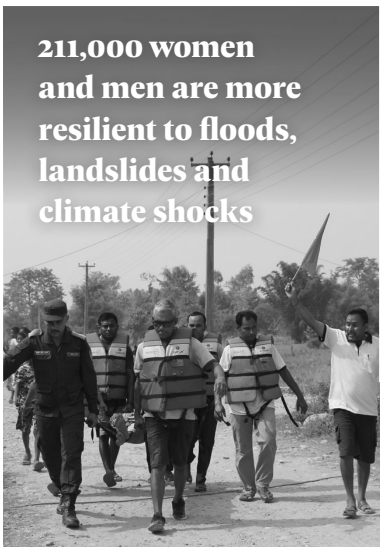
## In 2022-23 our work reached:

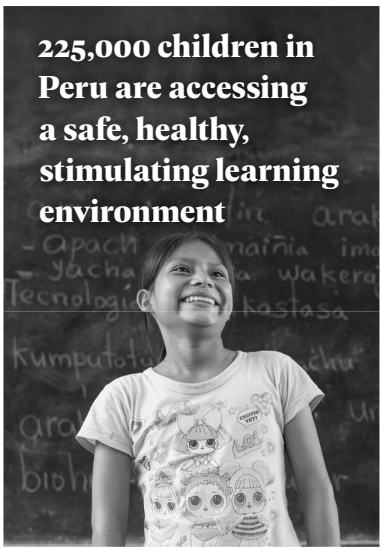
**482K**
**people through our knowledge sharing platforms**

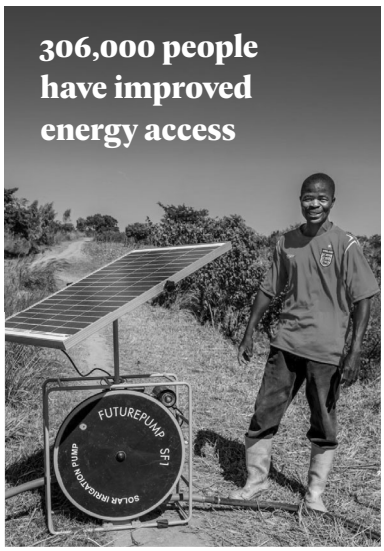
**2.2M**
**people through their families, community, or local partners (1.2M women)**

**8.4M**
**people through NGOs, governments and businesses who adopted our approaches (4.2M women)**

**14**
**Across 14 countries.**




To find out more about how we calculate our impact visit practicalaction.org.uk/annual-report



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# Our Global Network of PARTNERS AND SUPPORTERS

## FUNDING PARTNERS

**taking climate action**

*"We are really pleased to be supporting Practical Action and look forward to working together over the next three years. Our partnership will make real changes that deliver more sustainable agriculture and better food security and livelihoods for vulnerable farming communities."*

**Nikki Jeffery, Executive Director at King Charles III Charitable Fund**

## COMMUNITY MEMBERS

**bringing innovation to life**

*"We have strengthened these disaster risk reduction committees and we have received first aid training; I can proudly say we have been equipped to help ourselves. Early warning teams are in place and primary health care is now available on the ground. When disaster strikes again, we will not lose as many lives."*

**Councillor Michael Nyamatore, Chimanimani District, Zimbabwe, whose community was previously hit by Cyclone Idai**

## DELIVERY PARTNERS

**achieving shared goals**

*"Together, Integral Media Limited and Practical Action achieved great things through the Digitizing Clean Energy Project in Narok and Baringo Counties in Kenya. By utilising a digital platform, we enabled direct communication, collaboration, and upskilling opportunities for young people working in the clean energy sector."*

**Ashington Ngigi, Managing Director at Integral Media Limited**

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# SUBJECT-MATTER EXPERTS

**amplifying community voices**

*"The most important thing is that we use a bottom-up approach, where the communities themselves are in the driving seat of changing their lives. We bring them together to share their knowledge, and we share our knowledge and together we find a way to make farming work again."*

**Menila Kharel, Thematic Lead-Sustainable Agriculture and Markets, Practical Action**

# INDIVIDUAL SUPPORTERS

**driving innovative solutions**

*"Having the opportunity to do just a small bit to support the communities Practical Action work with is a privilege. I was inspired by learning about how Practical Action engages with communities to understand what works, and their collaborative approach to helping improve lives, sustainably."*

**Naomi Paterson, Practical Action Supporter**

# RESEARCH PARTNERS

**enhancing our knowledge**

*"British Geological Survey (BGS) has worked collaboratively with Practical Action through interdisciplinary research projects focussing natural hazards for several years. As an example, in India, through the Landslide Multi-Hazard Risk Assessment, Preparedness (LANDSLIP) project, Practical Action ensured that the prototype landslide early warning system was co-developed and locally contextualised to consider social, cultural and governance factors."*

**Emma Bee, co-Principal Investigator LANDSLIP project at BGS**

# STRATEGIC PARTNERS

**kick starting big change**

*"EnDev is proud to work with Practical Action on, amongst others, inspiring and impactful innovation projects. Aligning the aims of both Practical Action and EnDev, these projects focus on digitalisation and pave the way for next steps in the mission to enable energy access for all."*

**Eva Top, Program Advisor at EnDev**



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# Scaling up agri-businesses that don't cost the earth

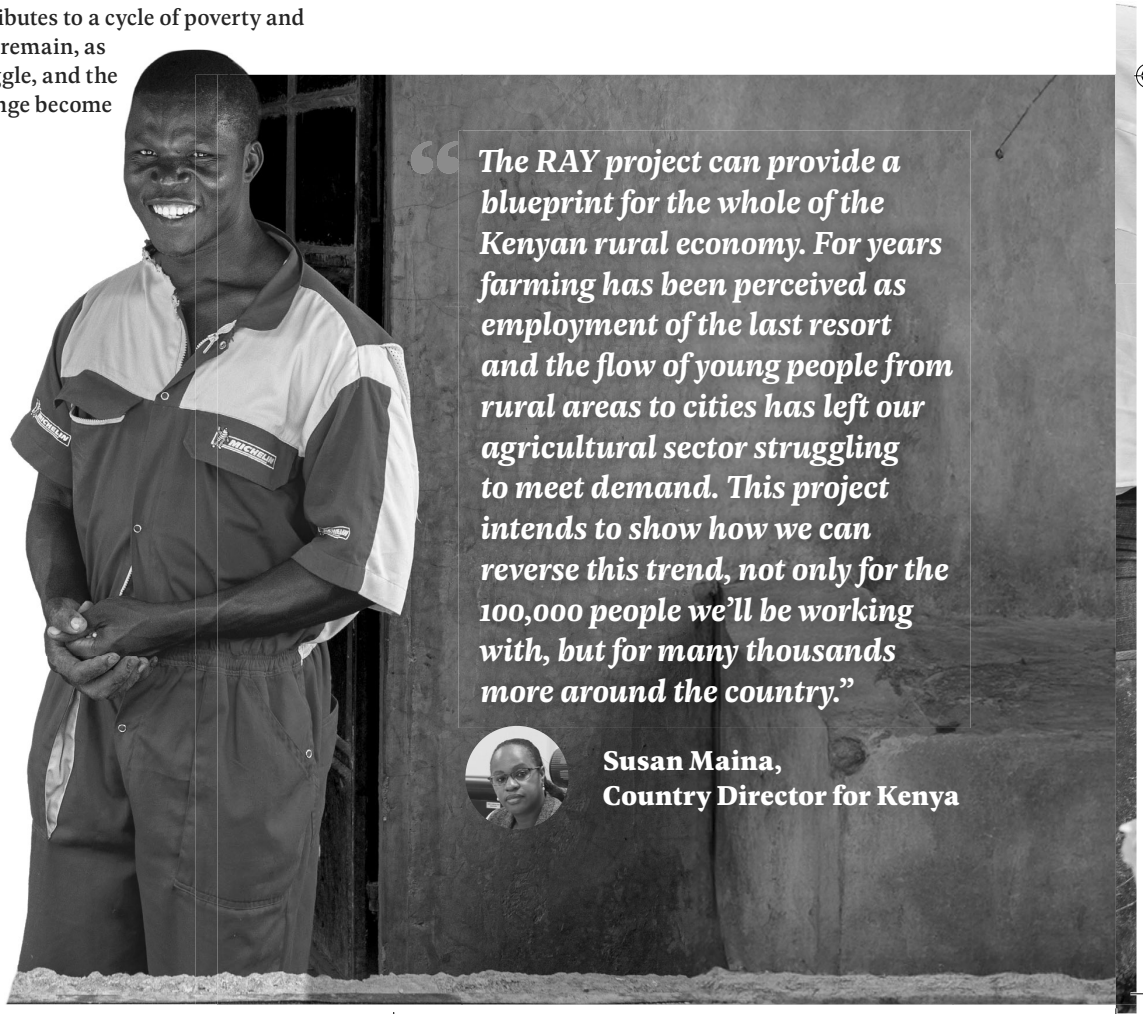
**An exciting new project, with the ambitious goal of becoming a blueprint for the whole Kenyan rural economy, aims to transform the lives of 100,000 young people through skills in regenerative agriculture and business management, developing solutions to combat poverty and turn the tables on climate change.**

## Making farming a career of choice

The agricultural sector has the potential to be a major source of employment and income for young people in Kenya but it is seen as unattractive. It is hard to make a living due to the impacts of climate change, limited access to land, and poor access to credit and markets.

Consequently, a growing number of young people in Kenya leave rural communities hoping to find work in cities, only to discover that there are not enough jobs. Unemployment in young people stands at 40%. Their leaving profoundly affects rural communities, food production and contributes to a cycle of poverty and decline for those who remain, as local economies struggle, and the effects of climate change become ever more apparent.

Where others see a problem, we saw an opportunity and we were delighted to begin a five-year partnership with the Mastercard Foundation in 2022. Resilient Agriculture that Works for Youth (RAY) is targeting young 'agri-preneurs' with the aim of building vibrant agri-businesses that generate employment, build skills and food security and keep young people in their home communities. By focusing on regenerative farming techniques, the input costs are kept low and are planet friendly at the same time.



*"The RAY project can provide a blueprint for the whole of the Kenyan rural economy. For years farming has been perceived as employment of the last resort and the flow of young people from rural areas to cities has left our agricultural sector struggling to meet demand. This project intends to show how we can reverse this trend, not only for the 100,000 people we'll be working with, but for many thousands more around the country."*



**Susan Maina, Country Director for Kenya**

*David supplies major hotels in Homa Bay with chicken from his poultry farm.*



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## Faster routes to market

Access to land is one of the main barriers that young people face to engaging in agriculture, so innovative solutions including a focus on poultry farming which uses less land have been developed. This, teamed with fast growing crops, including African leafy vegetables and tomatoes, that can be sold into market quickly, reinforces a sustainable, viable economic model.

The project engages existing farmers as mentors to influence and inspire young people to embrace agriculture as a career. As the young people themselves learn new skills and build their businesses, they will, in turn, mentor other young people. In this way communities themselves are accelerating the take up of farming as each young farmer is an inspiration to the next group.

**40%**

**Around 40% of young people in Kenya are out of work. We aim to combat unemployment and increase sustainable food production.**

*Mercy and her brother Robert use manure from their animals to grow vegetables at their home in Kisumu, Kenya.*



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## Growing ambition and impact, and overcoming inequality with new funding

In the last four years we have been working with the IKEA Foundation to test the case for regenerative, low input farming as a catalyst to develop thriving agricultural businesses that are sustainable, climate smart and create jobs for young people. Over its lifetime around 6,000 young people participated in the Transforming Rural Economies and Youth Livelihoods (TREYL) programme. Their businesses are now providing direct and indirect employment for many more. It is this work, in two counties around Lake Victoria in Kenya which has inspired the acceleration of this programme with the Mastercard Foundation which will scale this up to nine counties and 100,000 participants - making this our largest and most ambitious agriculture programme to date.

Because women are vital to the rural economy, and recognising additional barriers they face in accessing land and finance, we are targeting that 70% of the participants in RAY will be women and at least 5% will be people living with a disability. All participants in RAY are aged 18-35. RAY, began its work in November 2022 and will continue until 2027.

## Creating jobs that power the economy through young people

This programme is about setting up thriving businesses that create and stimulate employment not just for the people we work with, but for others who might work in their businesses and their supply chains.

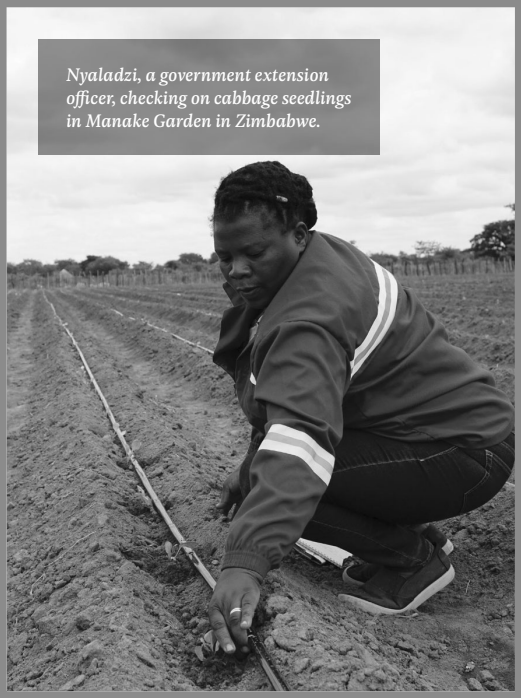
Our aspiration is this will be a model for a new way of planet friendly farming that supports the growth of viable, sustainable, and thriving businesses in the sector.

# Turning the tables on climate change

**Our UK Aid Match appeals have improved thousands of lives. In Zimbabwe, 1,300 farmers are now improving crop yields through solar-powered irrigation. In drought prone Sudan, we've been working with communities to build dams and reservoirs in Darfur - work that has continued, even during the current conflict. In Nepal, communities in remote mountainous, climate-vulnerable regions are benefiting from reliable water supplies, improved farming techniques and gender equality initiatives. We have now launched two more projects there, with funding from Jersey Overseas Aid.**

Matching your donations with

UKaid



*Nyaladzi, a government extension officer, checking on cabbage seedlings in Manake Garden in Zimbabwe.*



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# Nepal at a 'tipping point' for clean cooking

**The traditional wood burning cooking stove generates intense household air pollution which is linked to 22,000 premature deaths in Nepal every year – the majority of which are women and children under five years old.**

## Building on decades of experience

Since 2000, we've been working with Nepal's remote communities to introduce smoke hoods and improve conditions in homes. This work is saving lives and delivering vital health benefits, particularly for women and children. Now, electric cooking provides a chance to make cooking truly clean and safe.

Despite Nepal having a long history of improved cookstoves, 80% of households in rural areas still use wood for cooking. Collecting wood is exhausting work which erodes woodlands. Burning it accelerates the impacts of climate change.

> *"Our work has boosted government involvement and expanded access to safer cooking in remote areas. As a result, my country has reached a 'tipping point'. After 23 years of commitment to sustainable change, evolving to meet new challenges, we're a step away from significant, country-wide transformation, and we'll be there until that is achieved."*

**Pooja Sharma, Country Director, Nepal**

*Sujata's electric cookstove means her kitchen in Tanahun, Nepal, is clean and safe.*



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## Solar and hydro providing completely clean solutions

Solar and hydro power generation has significantly increased in Nepal providing the opportunity for electric cooking to supersede solid fuel stoves across the country.

With a National Electric Cooking campaign involving government and other stakeholders we are working to improve the capacity of the electrical infrastructure. And in rural areas where micro-hydro schemes and solar power are being developed, we are working with Community-based Rural Electrification Entities (CREEs), which are managed by the communities themselves.

This improved infrastructure provides the opportunity to rapidly scale up adoption of clean cooking. In the new phase of the 10-year project funded by Energising Development (EnDev), we are moving beyond improved cookstoves and into a new phase introducing electric infrared, induction cookers and electric pressure cookers.

As well as the health benefits, the rollout of electric cooking provides economic and environmental benefits as businesses are built around the sale and repair of stoves. It eliminates the need to collect wood, reducing work that would traditionally be fulfilled by women and girls and provides more time for productive employment contributing to the income and wellbeing of households.

Nepal is at a tipping point; where the transformative combination of wide scale adoption of cleaner cooking, and collaboration between national and local Government, civil society and the private sector is making it truly sustainable.

## Transforming lives through digital technologies

Digital technologies are being used to help entrepreneurs build their businesses selling and repairing stoves. Mobile apps are being developed which provide information on electric cooking, including user guides, how to maintain the equipment and what sort of food can be prepared.

QR codes are provided for repair and maintenance, which can be scanned and sent directly to the repair centre and a business platform connects manufacturers to local distributors.

*Aruna cooking in her kitchen, using a new electric cooking stove in Syangja, Nepal.*



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## Collaboration delivering change

Our goal is not only to provide cleaner cooking options, but to drive market growth and overcome barriers to adopting this clean technology, through collaboration with private companies, government, district authorities, researchers, and civil society. By strengthening the supply chain and increasing demand we are focussed on making the stoves more financially attainable for households.

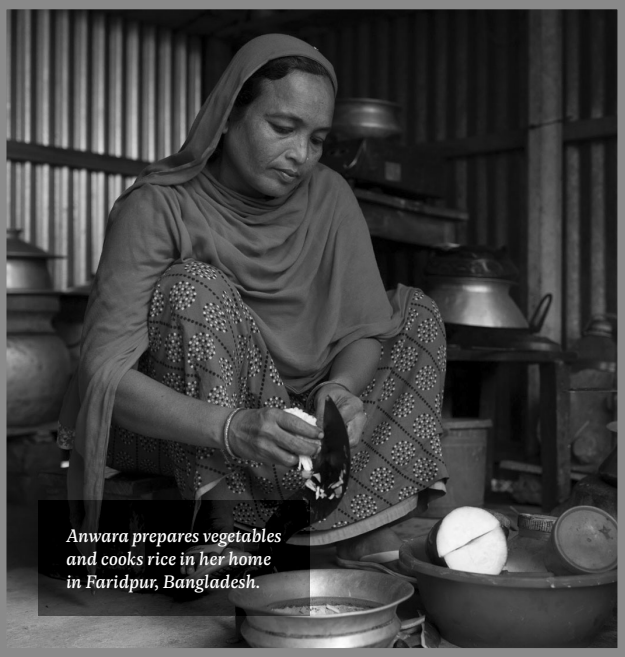
Safer cooking relies on close collaboration with communities and together we are co-creating solutions that are relevant and answer the challenges that they face. We are working to make it a right for people to cook in a clean environment and with e-cooking solutions, Nepal is a pioneer in this, proving that clean cooking it is a feasible option with strong environmental, economic, and social benefits

# 10 MILLION

**Practical Action aims to provide access to clean cooking solutions for 10 million people by 2030.**

## Electric cooking in Bangladesh

**To tackle the issue of indoor air pollution, we are applying our expertise in market systems and electric cookstove supply chains to Faridpur in Bangladesh. In partnership with the government's Sustainable and Renewable Energy Development Authority and Netherlands NGO, SNV, we'll work with local businesses to strengthen the market, improve product development and share insights. With funding from the Netherlands Enterprise Agency (RVO), the project aims to incentivise the sale of 35,000 'e-cookstoves' which will reduce health issues and save time for 140,000 people.**



*Anwara prepares vegetables and cooks rice in her home in Faridpur, Bangladesh.*



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*Mirriam (left) and Eli tend to their tomato plants.*



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# Malawi's women farmers lead the charge

**Malawi faces high poverty rates and is highly vulnerable to both floods and droughts. Women, and women farmers specifically, feel the impacts more than most due to limited access to essential services like electricity and finance.**

The Renewable Energy for Agriculture (RE4A) project in Chintheche, northern Malawi represents a smart solution to some of the multiple challenges this community is facing.

The project, developed in partnership with Malawian social enterprise, Modern Farming Technologies (MFT), worked with women farmers. Results show that with the right technical and practical support, they can generate sufficient revenue to run their businesses and take a reasonable income home to support their families and their community.

## Greenhouses and refrigeration improve yields and reduce waste

Through solar technology, better access to land, and small grants, this initiative serves as a financial lifeline for its members. It offers them the opportunity to join a growing network of women entrepreneurs.

It has delivered better harvests, better incomes, and reduces the need for fertilisers. Through solar irrigation and controlled farming environments, including the growing of tomatoes in greenhouses, farmers can produce all year, reducing their vulnerability to vagaries of the weather.

As solar can bypass the low electrification rates of rural Malawi, the project is overcoming one of the barriers farmers face preventing them earning a sustainable income – waste. Historically, almost a third of produce is lost, in part due to a lack of refrigeration; this figure is almost 50% for more delicate produce, such as tomatoes. Through this project, this has been reduced to less than 10%. With produce now being preserved in a solar-powered chiller, farmers can harvest and store their crops before selling them in less immediately accessible markets.

> *"Renewable Energy for Agriculture has shown the potential for business models that rely less on grants. It has provided valuable insights on how solar power in agriculture can sustainably improve production, reduce post-harvest loss and enable access to markets. And it has shown how all of this can provide opportunities for women to develop incomes and leadership."*

**John Chettleborough, Agriculture and Markets Lead, Practical Action**

*Farmers bringing in harvested tomatoes to the solar chiller.*



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## Creating lasting change for women farmers

Working specifically with women farmers, the participants have built a credit history that enables them to apply for future finance. This credit history serves as clear proof to financial institutions that women farmers are a viable investment.

As well as increasing their incomes the women reported a range of other benefits. Over 97% revealed that the project had positively impacted their decision making and entrepreneurial skills, their perceptions of gender equality and their participation had given them more confidence in engaging in community activities and working together with other women.

**50%**

**Between 30 to 50 per cent of Malawian farmers struggle with post-harvest loss.**

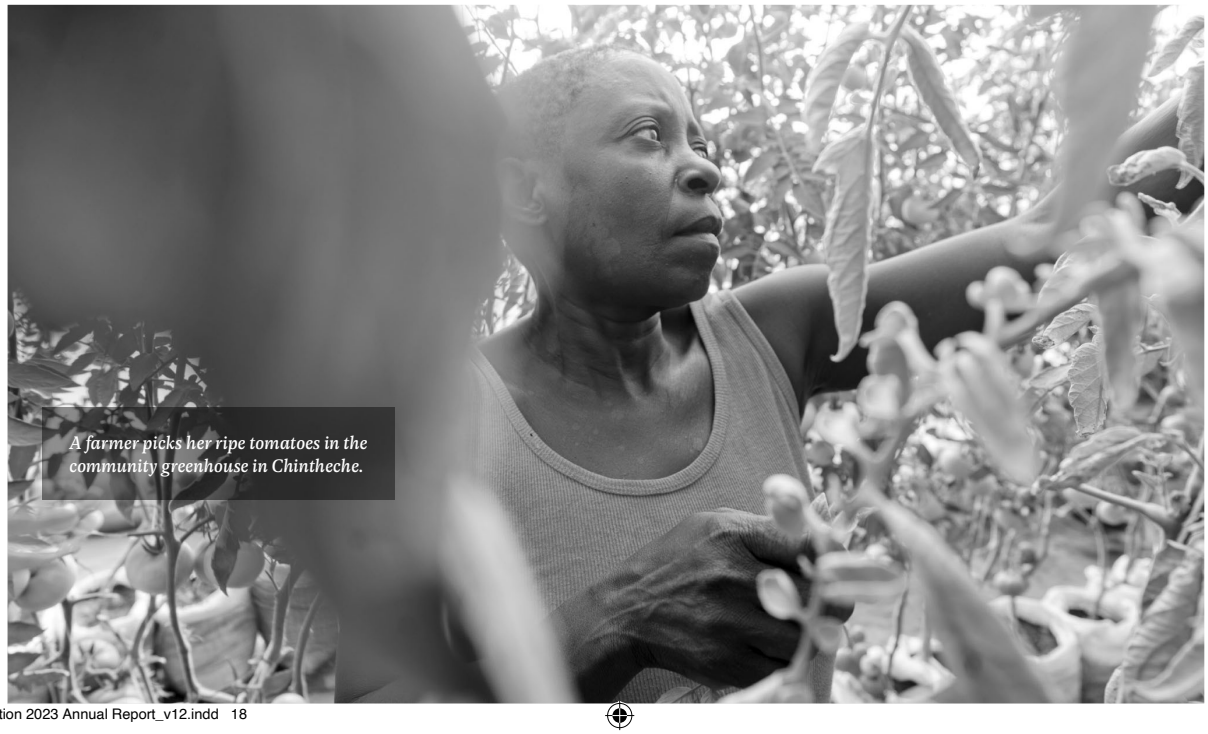
## Enabling business model

The social enterprise Modern Farming Technologies worked as a 'one-stop shop' providing the access to technology, equipment and other inputs. It also provided relevant training, support from planting through to harvesting as well as a guaranteed market for the cropped tomatoes.

The pumps, along with irrigation equipment and polytunnels are purchased by groups of women farmers, through an interest-free 'Rent to Own' scheme with MFT. Under the 'Rent to Own' business model all of the top-grade tomatoes were sold to MFT by the farmers with a 25% deduction being made to repay the initial investment. This provides a circular financial model with funds returning to the project over an expected five-year period, to be invested in new participants. Other grades of crops remained with the farmers to be sold independently into other markets, with traders visiting daily.

Practical Action secured 50% of the initial funding through PREO, which is a fund set up by UK Aid and the IKEA Foundation and MFT secured a grant from German Technical Cooperation Agency (GIZ). The project now uses its innovative business model and the provision of small grants as a catalyst for big change.

Practical Action is using the learnings from this project as a blueprint to help in the design of other energy initiatives that bring financial and social benefits and that work in partnership with the private sector. We are currently scoping the potential of similar work in East and Southern Africa.



*A farmer picks her ripe tomatoes in the community greenhouse in Chintheche.*



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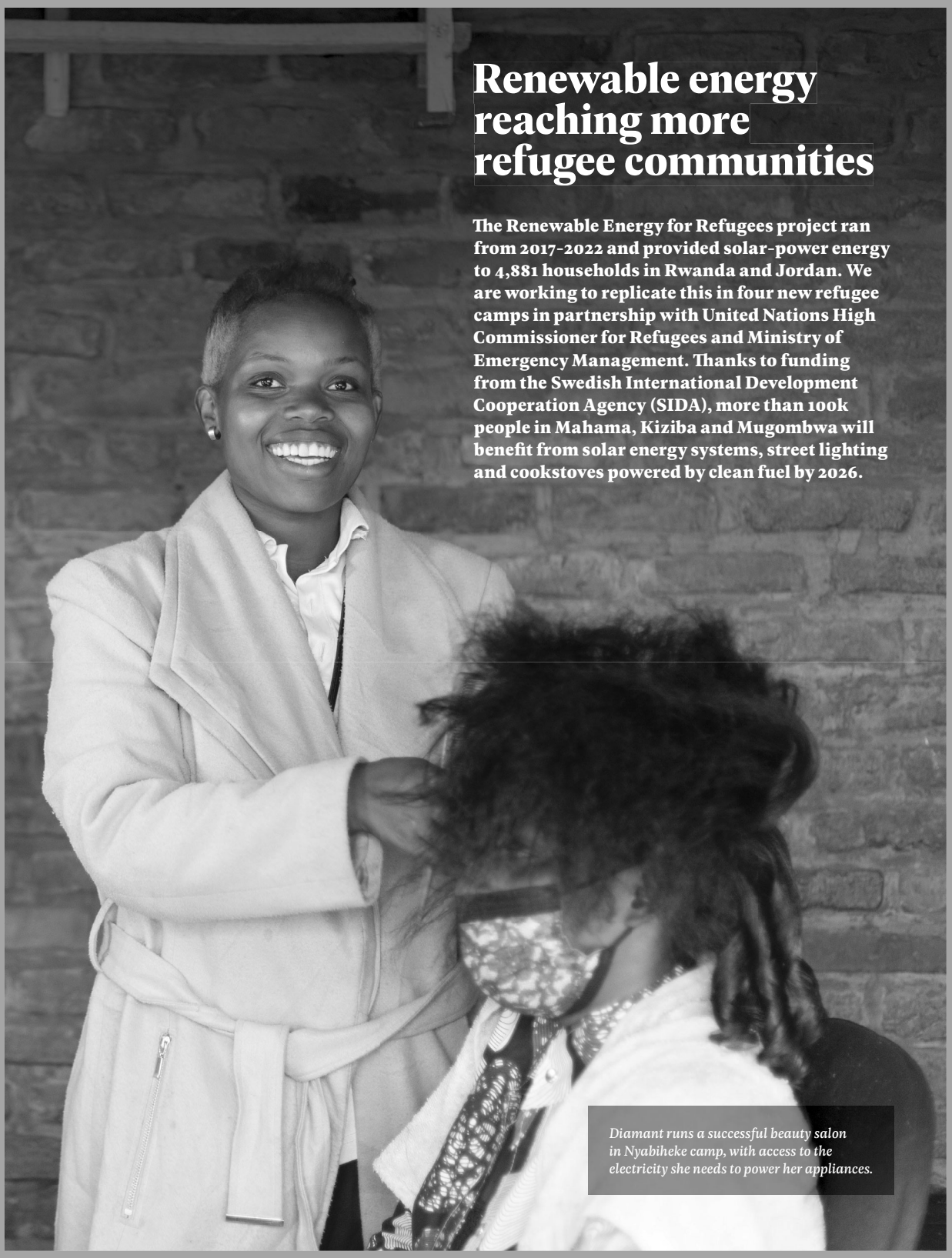

# Renewable energy reaching more refugee communities

**The Renewable Energy for Refugees project ran from 2017-2022 and provided solar-power energy to 4,881 households in Rwanda and Jordan. We are working to replicate this in four new refugee camps in partnership with United Nations High Commissioner for Refugees and Ministry of Emergency Management. Thanks to funding from the Swedish International Development Cooperation Agency (SIDA), more than 100k people in Mahama, Kiziba and Mugombwa will benefit from solar energy systems, street lighting and cookstoves powered by clean fuel by 2026.**

*Diamant runs a successful beauty salon in Nyabiheke camp, with access to the electricity she needs to power her appliances.*



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# Protecting lives and livelihoods from floods

**Flooding is the biggest impact of the climate crisis, worsening over time and affecting many of the people we work with. For over 20 years, we've focused on early warning systems to help people defend against severe flooding. Using river gauges, weather stations and satellite imagery, we closely monitor rainfall and water levels in Western Nepal's flood-prone Lower Karnali River basin. When danger is spotted, radio broadcasts, SMS messages and community loudspeakers spread the alert.**

These warning systems have proven effective in saving both lives and livelihoods. In 2022 alone, more than 13 million early warning messages were shared. Families throughout the Karnali River basin moved to safety, taking their livestock and key possessions with them. Now, with our new insurance system, families now know their crop values are also secure.

## Experience and collaboration key to unlocking insurance

With our extensive history in monitoring and the on-going success in early warning systems, it was possible to expand our work to develop an insurance scheme to protect the farmers and their communities.

We worked with Durham University to research what insurance products could work to mitigate the effects of flooding on communities and whether such a product would be accepted by the farmers, the five local authorities in the area and the Government. After consultation it was decided to launch just one product, designed to be simple and easy to understand and manage.

Index Based Flood Resilience Insurance (IBFRI), was designed so that pay-outs are automatically triggered to farmers once an agreed-upon set of criteria, such as a certain river flow rate or an amount of rainfall is met.

*"The Index Based Flood Resilience Insurance scheme really links to what Schumacher was saying that Small is Beautiful, and so here we started very small and now the impact is much bigger"*



**Bikram Rana, Insuresilience Solutions Fund Project Manager**

*A community in Nepal take part in a flood drill so they know what to do when they get an early warning message.*



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## Automatic pay-outs and transparency

Information gathered from Government led river-level monitoring is publicly available, which means it is transparent and accessible to everyone. Once flooding occurs the scheme is automatically triggered, ensuring fair payouts for everyone enrolled with the scheme. Farmers do not have to claim individually, so there are no incidents of fraudulent or declined claims. To further streamline the process, payments are made to the local farming cooperatives who act as the group policy holder for local farmers. This means payments are made soon after a flooding incident, when they are most needed.

Pay-outs are based on the level of the flooding and the farmers do not need to produce documents proving their losses. Another key change from previous schemes is that they were based on inputs (seeds sowed), rather than outputs (value of crops damaged). This means farmers are now getting their income, rather than their costs insured against.

The biggest factor in being able to launch this scheme is the widespread adoption of early warning systems. Farmers are required to meet standards and maintain their participation in the early warning systems, protecting communities from future disasters – building resilience to climate change.

This model for insurance schemes has been accepted at a national level for future expansion to other regions and its impact continues to accelerate as we advocate for similar schemes internationally.

# 13 MILLION

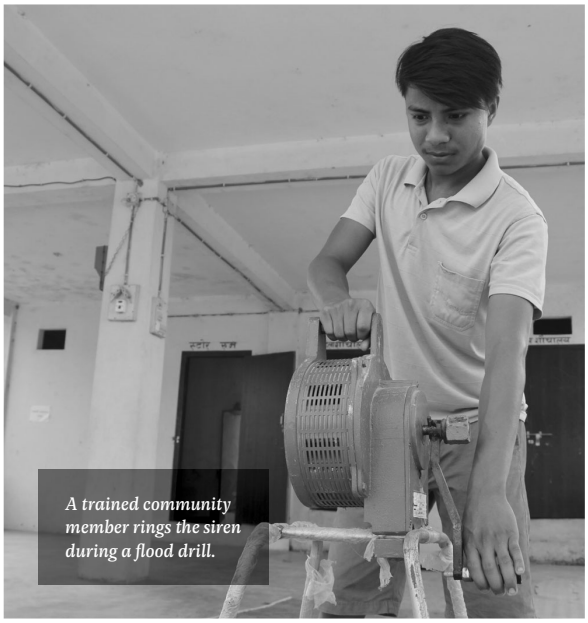
**More than 13 million messages were shared in 2022, giving up to 6 hours of vital notice for a flood incident.**

## Big change starts small

The insurance scheme has been celebrated by farmers and other potential policyholders. Within just two weeks of its introduction, the insurance product had been purchased by 12 cooperatives providing cover to 935 potentially flood-affected households. 2022 saw two triggers of payments when flood waters rose to 10.8 and 11.8 metres. The scheme paid out successfully.

These initial pay-outs saw wide-scale acceptance of the scheme as the farmers could see that it was working. With this success, more farmers joined local cooperatives and can now take part in other programmes, such as seed development.

Demand for the scheme continues to grow dramatically from hundreds of households to many thousands of farms. We are working with partners to get this type of insurance to farmers facing flooding in other river basins and also to adapt it to other contexts.



*A trained community member rings the siren during a flood drill.*



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# Influencing the financial flows that can support climate vulnerable countries

**With the impacts of the climate crisis disproportionately impacting low-income countries and communities, Practical Action attended the United Nations Climate Change Conference of Parties (COP)27 to ensure that the voices of the people we work with were heard as global leaders took decisions about their futures.**

## Did the 'Africa COP' realise it's ambition?

One of the main highlights of COP27 was the agreement to establish a Loss and Damage Fund, which will provide finance to nations experiencing devastating climate impacts. We have been directly contributing to the discussions, providing evidence to a range of organisations and key negotiators at COP to build the case, including reports on the realities of climate-induced Loss and Damage in Nepal and Bangladesh.

However, this positive news was balanced by a failure to agree on sufficient funding for adaptation to climate change for billions of people around the world who are already having to change their lives and livelihoods.

## Building greater resilience and accelerating impact

Growing resilience will be a key factor to the success of the Loss and Damage Fund and we're already working within communities to build preparedness before catastrophic events arrive. By anticipating impacts and finding new approaches that protect the environment, damage to local communities can be mitigated.

An example of this is our work as part of the Zurich Flood Resilience Alliance in Peru, where we're collaborating with local committees to train, identify risk zones and develop early warning systems. With the right tools and information, communities can be better prepared for climate-related emergencies and help prevent disasters.

*"The voices of the communities that we work with do not get to this space enough. We know what works and what doesn't because we are co-creating solutions with people at the sharp end of climate change. Communities have a lot of knowledge, they have a lot of skills, and this is why we engage in the COP process. We have to bridge the gap between those with finance and influence, and those for whom the climate crisis is a stark reality."*

**Akinyi Walender,**
**Africa Director**



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## Where do we go from here?

For the Loss and Damage Fund to be a success, it's about identifying solutions, like our work in Peru, that is already delivering at the local level. It's about building local capacity to be able to respond and react to these disasters.

Details of how the fund will operate and where funding will come from will not be agreed until COP28 in November 2023. We will continue to work alongside partners across government, civil society and local communities to hold the process to account and push for a fair decision that really delivers for impacted countries.

We will also be calling on forward-thinking allies from all sectors to help us take proven solutions to scale and reach even more people on the frontlines of climate change. People who are adapting because they have no choice.

# 1.7 BILLION

**More than 1.7 billion people globally were affected by climate and weather-related disasters between 2010-2020**

*" There is no possibility of building a future when there is a risk. You cannot build something when you know a rock can take it away in a second."*

**Eva Luiz Davalos**

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# Boosting access to life's essentials

**Billions of people globally lack access to key products like solar lighting, water filters, clean cookstoves, and nutrition items. These products are vital for achieving the Sustainable Development Goals (SDGs), including clean water, sanitation, and energy. The challenge is not in developing these kinds of products, but in distributing them to the most underserved customers. These people often live in poverty, in remote or hard-to-reach areas, missing out on essential products they need for a better quality of life.**

When Practical Action won the Zayed Future Energy prize in 2016 we created an innovation fund, challenging teams to come up with ideas that would truly accelerate access to energy for people who were being left behind.

## Making the last mile the first priority

We recognised that engaging with last mile distributors was a solution. These businesses and social enterprises sell products that contribute to the SDGs in remote, vulnerable communities.

Last year, we focused on the major challenge for last mile distributors: access to finance. We created a specific workstream and appointed a part-time Access to Finance Lead for meaningful progress.

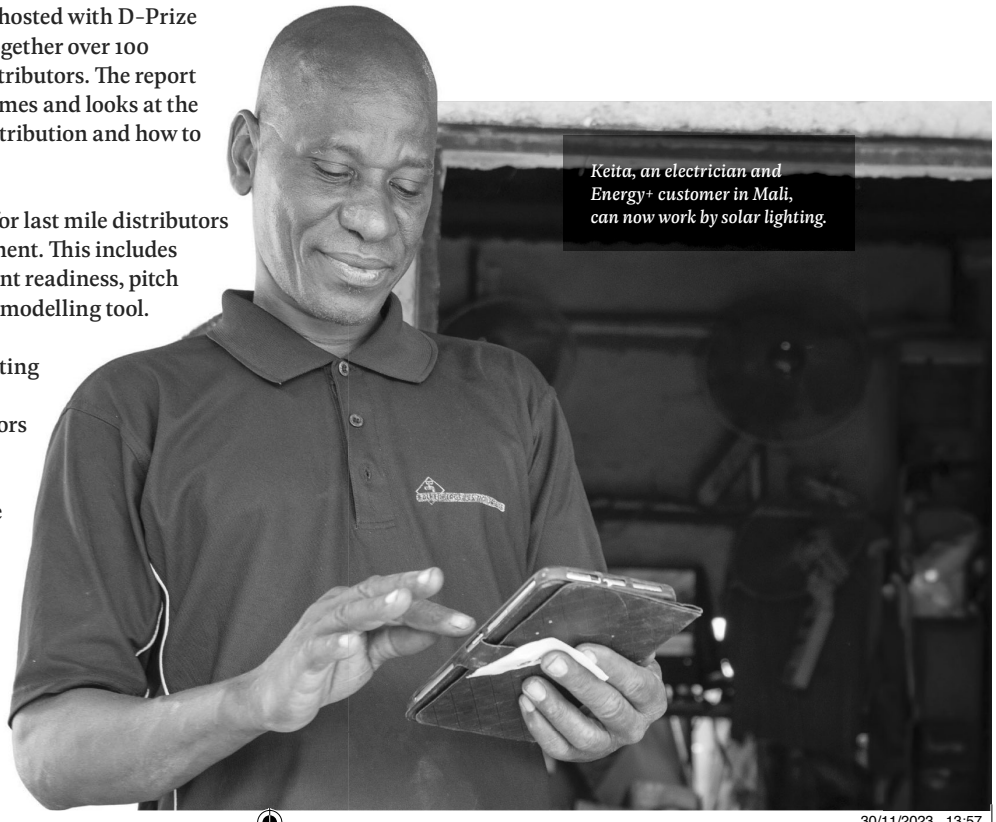
We published a report at our Last Mile Distribution Investor Forum 2022 which we co-hosted with D-Prize and Acumen and which brought together over 100 investors, donors, and last mile distributors. The report has been downloaded over 3,000 times and looks at the financial landscape in last mile distribution and how to direct more funding into this area.

A new collection of practical tools for last mile distributors is helping them prepare for investment. This includes a self-assessment tool for investment readiness, pitch recommendations, and a financial modelling tool.

We made a video series about investing in last mile distribution. It features stories from three Global Distributors Collective (GDC) members. The videos show how important the right kind of finance is for last mile distributors at different growth stages. It also highlights the role of investors in helping these distributors make a bigger impact.

> *"The GDC is a powerhouse of local heroes. These distributors are deeply rooted in and committed to their communities. They may not be making the front page, but their collective efforts are nothing short of game-changing."*

**Russell Lyseight, Head of the Global Distributors Collective**



*Keita, an electrician and Energy+ customer in Mali, can now work by solar lighting.*



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# GDC members now reaching over 40 million people in 60 countries

There are 200 last mile distributors who are members of the GDC in over 60 countries. Since the GDC was formed in 2018, collectively they have reached over 40 million people in last mile households with life changing beneficial products such as solar lights, clean cooking stoves and water filters.

Last mile distributors face a range of challenges. They often operate in isolation within high-risk and low-infrastructure markets, with little capacity and limited access to finance. Instead of learning from and leveraging one another, they have traditionally had to continuously reinvent the wheel. The GDC has brought people together to change this status quo.

The seed funding from the Zayed Future Energy prize enabled us to test out the GDC's 'collective' approach and develop and research ideas, and then determine the partners and the model to make it work. We developed activities and leveraged knowledge specifically to benefit the entire membership of distributors. Since 2018 the GDC has been supported with funding from British International Investment, GET.invest and UK Aid under the Transforming Energy Access platform.

The Collective's impact is accelerating, creating real change. Our members are reaching millions more people in their communities, improving lives through the products they sell. We believe last mile distributors and their products are essential for alleviating global poverty and achieving the Sustainable Development Goals.

*Damaris inside her shop in Kisumu, Kenya, where she sells cooking briquettes.*



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# Making sanitation work in Bangladesh

**Since 2008, we've been changing perceptions of sanitation in Bangladesh. In collaboration with informal waste workers, we're not only improving sanitation but also increasing incomes, which has a cascade of benefits for public health and the environment.**

Our work has been supported by the Bill and Melinda Gates Foundation since 2014. We host the Bangladesh Faecal Sludge Management Network, active since 2016, and have shared resources with similar networks in India and Nepal. With a new round of funding that began in November 2022, we've developed a strategic plan and expanded the network's membership.

In a new initiative, we aim to collaborate with a commercial company to set up hubs across the country. This will allow more municipalities and co-operatives to access the machinery we've tested and improved over the past eight years. Commercial partnerships can offer valuable social benefits and help with scaling.

## Big change starts small

The project's broader goal is to demonstrate that informal service providers in sanitation and household waste can be valued, enjoy better working conditions, and play a central role in a fully safe sanitation system, especially where piped sewerage isn't feasible or cost-effective.

> *"Every day, we see real change – waste workers earning fair wages, gaining respect, and doing their jobs safely. This project is about transforming an entire profession, improving individual lives and making cities healthier."*

**Uttam Kumar Saha, Project Manager**

*The waste service industry consists of multiple income streams, including waste collection, recycling and producing secondary products such as biogas.*



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## Challenging the status quo

This work is at a turning point in several ways. Public health is getting better as sanitation-related diseases decline, the environment gains better protection against water pollution, and job opportunities in the sanitation sector increase.

We're now working to establish a national platform for waste and sanitation workers to give them a distinct voice with the Government. We also organise an annual Sanitation Workers Convention for this purpose. Additionally, we're on the Advisory Group for a global initiative aimed at improving conditions for informal sanitation workers and have received some funding to conduct research with co-operatives and their members.

## Increased roles for women

We also see the improvement of the sanitation system as a way to open doors for women and other marginalised groups. We support women in taking on more advisory roles, where they guide households, municipalities, and other cooperatives on the most appropriate emptying technology depending on the type of latrine and the consistency of the sludge.

To date, we have helped form 56 cooperatives with more than 2,300 members across 13 towns and cities. This has had tangible benefits: over four years, average incomes have increased by 15%, and the number of working days lost to injury and illness has dropped by 73%, even at the height of Covid-19.

## A path to entrepreneurship

**We've taken extra steps to ensure fair wages and greater respect for waste workers by working with them to establish cooperatives. These cooperatives are more than just a collection of workers; they are growing businesses. They have developed service agreements with municipalities for the safe disposal of sludge, which not only tackles environmental issues but also fights against the social stigma traditionally associated with this work. This allows sanitation workers to operate with pride and opens the door to transform their role from emptier to entrepreneur.**

## Looking ahead

**The Faecal Sludge Management programme has proven so successful that it's being expanded to include plastic and solid waste management. We worked alongside the Bangladesh Government to build these solutions into new regulations and a national action plan. We continue to support the Government to roll out these plans, and other policy initiatives, by serving on national technical and policy committees.**

**We've seen first-hand how improved safety and dignity for waste workers can be the building blocks of healthier, more prosperous cities.**

*Asma is part of a cooperative collecting plastic from the streets of Faridpur in Bangladesh and sorting it for recycling.*



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# 50 YEARS ON

## Small is still beautiful

### A radical vision

**In 2023, we celebrate 50 years since the publication of the ground-breaking book *Small is Beautiful*. Its author, E.F. Schumacher, believed in a radical new approach to support communities living with poverty that was grounded in small, simple, and sustainable solutions.**

Schumacher founded Practical Action (then the Intermediate Technology Development Group) on the principle of 'finding out what people are doing and helping them do it better.' Schumacher's philosophy focused on small, simple, and sustainable development solutions – feeling that contemporary approaches were unsustainable.

*Small is beautiful at this remote school in Peru, where children are growing their own food – and building hope for a brighter future.*

### Our guiding philosophy

We're using this 50th anniversary to ask what Schumacher would expect Practical Action to be focused on today. In a world facing catastrophic climate change, his practical, optimistic and grounded approach is needed more than ever.

> *"Infinite growth of material consumption in a finite world is an impossibility."*

**Two themes shone out to us;**

## "ECONOMICS AS IF PEOPLE MATTERED"

**and**

## "LIVING WITHIN PLANETARY BOUNDARIES"



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## A people-centred approach

Schumacher believed that economies should be built around people, not goods. In *Small is Beautiful* he introduced the concept of 'economics as if people mattered'. He argued that solutions should be tailored for each community, taking into account their unique situations and challenges. Schumacher also warned against economies focused on unlimited growth, advocating for a lifestyle that preserves the world's natural resources.

## Confronting the climate crisis

Given the current climate and environmental crises, and their unequal impact on those least responsible, we believe Schumacher would want us to use our skills, resources, and ingenuity to tackle these issues head-on. This way, people can not only survive but also thrive despite the climate challenges. We go beyond addressing the immediate needs of individual communities and aim to transform the underlying systems contributing to global issues.

> *"Development does not start with goods; it starts with people."*

## Accelerating sustainable solutions

We continue to build real-world solutions, and our efforts don't stop there. In collaboration with our global network of funders and partners, we're scaling up successful initiatives across countries and continents.

As Colin McQuistan, our Head of Climate and Resilience, puts it, ***"Changing existing systems and shifting the focus from economics to sustainability is tough. But difficulty doesn't deter us. In many countries where we operate, living within environmental limits is already the norm. These traditional systems don't see natural resources as expendable but as valuable assets to be cared for and respected."***

## The lasting impact of Small is Beautiful

Looking back over 50 years, it's remarkable how much of Schumacher's book remains relevant today. Though written in the 1970s and lacking in areas like fossil fuel pollution and gender inequality, it continues to be a strong advocate for sustainability. It aligns well with modern concepts like degrowth, circular, and donut economics. Our work has evolved, but the core vision and values from this book still guide our actions today.

> **"To talk about the future is useful only if it leads to action now."**



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# How we were funded in 2022–23

**£27.0M**
**Total income**

**£8.5M**
**Donations**

**£12.9M**
**Grants & awards**

**£1.8M**
**Consultancy & Publishing**

**£3.4M**
**Legacies**



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# Total income: £27.0M

## Donations from individuals, trusts and companies: £8.5M

We are very grateful to all the individuals and community groups whose generous support makes up most the unrestricted donations we receive. This unrestricted funding allows us to innovate and adapt, enabling us to work where the need is greatest. Unrestricted funds are those that aren't limited to being spent on a specific project, country or area of work. Thank you to everyone who has made an unrestricted donation in 2022–23.

## Legacies from people remembering us in their Will: £3.4M

Being recognised as part of someone's legacy through a gift in their Will is a great honour. It shows shared beliefs and values, and speaks to the trust earned, that our work will achieve even greater things in the future. We're incredible grateful to those who chose to support us in this very practical and personal way.

## Income from our consultancy and publishing work: £1.8M

Through our extensive global network of consultants and academics, we provide specialist technical expertise to private businesses, other organisations and governments. Through our publishing work, we partner with the brightest minds to publish the latest development perspectives.

## Grants and awards from governments, trusts, companies and other institutions: £12.9M

We partner with the international development departments and embassies of national governments. These include the UK, Sweden, USA, and Jersey. We also receive significant funding from specialist frameworks such as German Technical Cooperation Agency, Energising Development and the Carbon Trust.

In addition, we receive funding from several UN agencies: the United Nations Children's Fund (UNICEF), the United Nations Development Programme (UNDP), the United Nations Environment Programme (UNEP), Food and Agricultural Organisation (FAO) and the United Nations Office for The Coordination of Humanitarian Affairs (UNOCHA).

Our strong partnerships with large foundations, trusts and companies provide substantial funding for our work. Partnerships include the Bill and Melinda Gates Foundation, the IKEA Foundation, Zurich Insurance Company Ltd and its Z Zurich Foundation, Grundfos Foundation, Mastercard Foundation, Old Dart Foundation, King Charles III Charitable Fund (Formerly Prince of Wales Charitable Fund) and the People's Postcode Lottery.

In addition to the ongoing work that's funded by these partners, we were delighted to secure grants from many of them in 2022–23 that will fund exciting projects in 2023–24 and subsequent years.

Interest and other income: £0.4m



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# Fit for the future

**Practical Action is an innovative development and change-making organisation operating in countries that are already facing many challenges. These turbulent times present not only difficulties but also new chances to adapt, forge new collaborations, and build innovative practical solutions.**

## An increasingly volatile world

The world is becoming more unstable, with intensifying climate events, conflict in the places we work, especially in Sudan and political volatility, which we experienced in Peru in 2022. Conflict in Ukraine and other factors have led to higher inflation and increased living costs, disproportionately affecting people already living in poverty.

Our work on the ground supports communities to mitigate these risks, for example, in our agriculture programmes we develop low input farming techniques that use local crop varieties with the potential to reduce reliance on imports. Conscious that conflict places staff and projects at risk, we're revising our crisis protocols to adapt to these new challenges. Our focus is on training staff, supporting their wellbeing and finding ways to keep our programmes running despite the volatile conditions.

## Climate shocks

The impacts of climate change are becoming increasingly severe, manifesting in floods, droughts, and wildfires. Where previously climate resilience was one of our aims, it is now becoming core to programming across all our work. Our focus is increasingly on working with communities most impacted by the climate and environmental crisis to find ways to adapt their livelihoods and thrive despite the intensification of climate events. And because women and girls and people who are socially excluded are more affected by these shocks more of our work will focus on these groups.

We are mainstreaming climate adaptation and mitigation into all our programmes. We're also focusing on gender inequalities and working with vulnerable groups, because they are the people most impacted by the climate crisis. We're building innovative new partnerships to create products such as insurance and disaster risk reduction strategies as cost-effective ways to build resilience, and we're seeking to build more partnerships like this in the future.

## Income generation and long-term funding

Securing long term funding, especially unrestricted funding to support the innovative projects we are known for remains a challenge. We are working to develop new income streams to support this work and to engage wider audiences in this area. One focus for this is on greater engagement with companies through the Environmental, Social, and Governance programmes.

We are also committed to growth, but we recognise that this will be difficult and require long term effort. Our funding strategy has been updated and in 2022/23 we started to see an upturn in the number, size and duration of grants secured to support our programmes. We will remain very focused on this, especially on ensuring we are building medium and longer-term pipelines from a more diversified funding base. This will help us secure the financial stability needed to continue our work.

## Quality of delivery and programme performance

As we grow, we need to ensure we maintain the quality of our programmes, especially in places where our programmes are expanding rapidly.

We are rolling out our Programme Quality and Delivery Framework and a newly structured Operations department is providing greater oversight and support on compliance. In 2023 we will roll out our new finance system. At regional level, experienced Directors and Operations leads are providing greater support to the teams in county offices. All of these initiatives are being put in place to support the quality of our delivery and programme performance and efforts to ensure that our planned growth does not compromise the effectiveness of our work.

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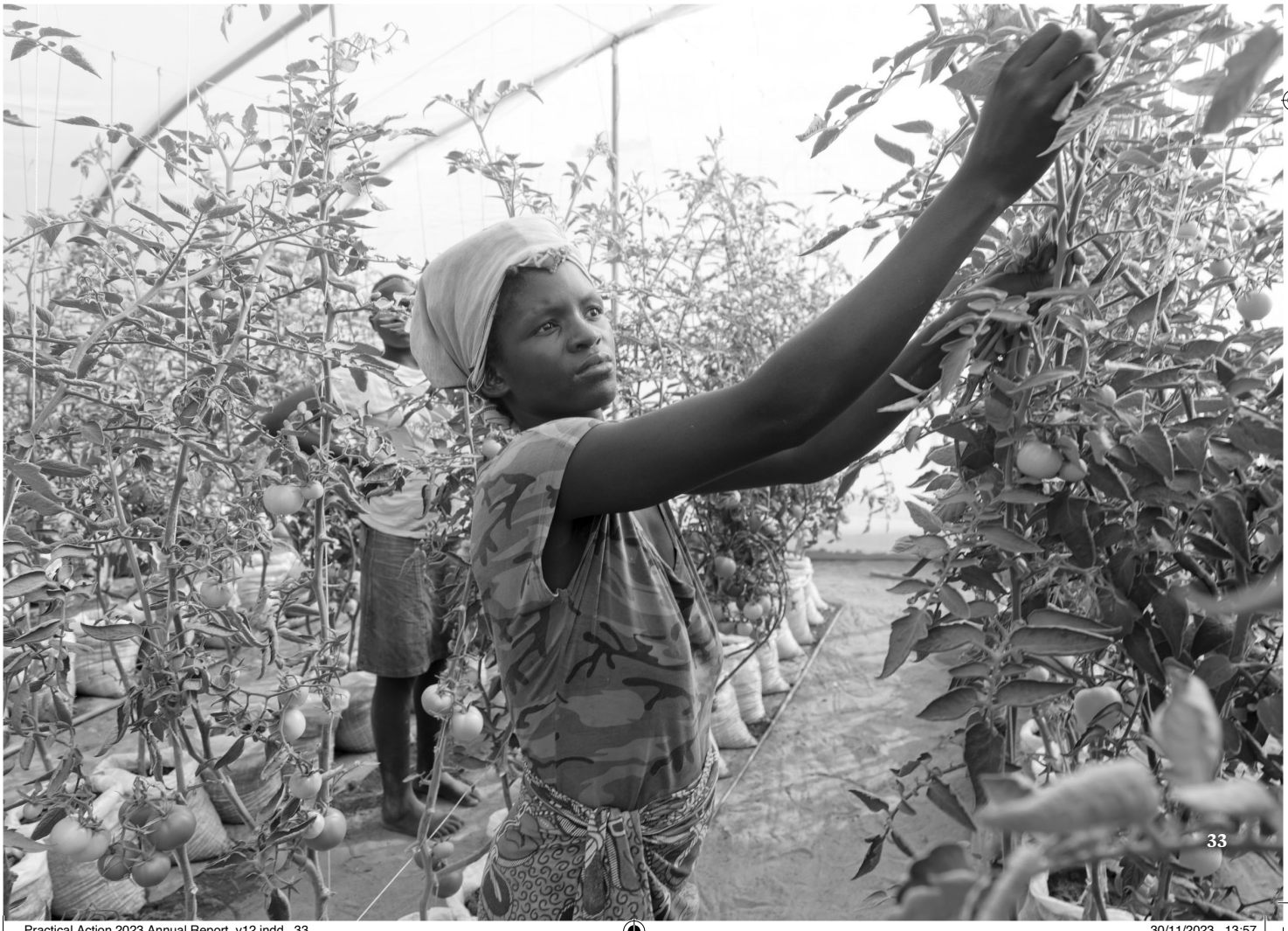
# An organisation for the future

As an organisation that works in close collaboration with communities, we welcome the sector-wide action to ensure international development remains relevant in today's world, including the shift to greater localisation of power and resources.

As well as working with communities so that they can lift themselves out of poverty we also work with a range of local, national and international partners to influence broader systems so that transformative change for communities can be sustained and scaled. In 2023/24, we'll begin crafting our strategy for 2025-30 which will include more detailed work on how our role and relationships with other organisations need to evolve to remain relevant.

Practical Action's teams in the countries we work in continue to be led and staffed by local people. We have also continued to address equity, diversity, and inclusion (EDI) throughout the organisation, including appointing people from the countries we work into our board and Global Leadership Team, changing the balance of our global leadership to better represent the communities we work with.

**There are both opportunities and risks in these key work areas. For details on the risks we're facing and our plans to address them, see pages 42-43.**





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## Strategic Report

# FINANCIAL AFFAIRS

**Our Chief Operations Officer, Rachel Parr, reviews our finances over 2022/23**

**Practical Action has navigated its finances and operational delivery well through this difficult year impacted by a turbulent external environment. Key changes to the Global Leadership Team (GLT), the implementation of a regional structure and the identification of cost savings provide us with a sharpened focus to deliver on our short, medium and long-term change ambitions.**

### Income and fundraising

Total income was £27.0m in the year ended 31 March 2023 (2022: £27.8m), a 3% decrease.

Restricted income for the year was £15.9m (2022: £15.1m) an increase of 5%. Our most significant donors during the year were the IKEA Foundation, UK Foreign and Commonwealth Development Office, United Nations Office for The Coordination of Humanitarian Affairs and Zurich Insurance / Foundation.

Unrestricted income for the year ended 31 March 2023 was £11m (2022: £12.7m) a decrease of 13%. Unrestricted donations fell by £0.5m to £6.9m. This decline was driven by the cost-of-living crisis in the UK and competitive pressures from a number of high-profile emergency appeals and a greater urgency of domestic causes in the UK related to the cost of living.

Legacy income grew to £3.4m, of which £0.7m was restricted to our work in Peru. Unrestricted income from Consultancy and Publishing trading subsidiaries fell by £1m to £1.2m in the year ended 31 March 2023. This decrease was expected following the restructure of Practical Action Consulting International in year ended 31 March 2023, with many parts integrated into the main Charity.

### Expenditure

Total expenditure was £28.9m in the year ended 31 March 2023 (2022: £27.6m), of which £26.4m related to charitable activities and £2.5m to raising funds.

Given this decrease in unrestricted income we implemented cost reduction plans in the year with savings identified across the group resulting in overall unrestricted expenditure reducing by £0.6m to £12.6m.

Total restricted expenditure increased by £1.9m to £16.3m reflecting our success in grant applications. In the year ended 31 March 2023 there were five projects with expenditure above £1m compared to three in the previous year, reflecting a shift to high value grants.



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## Reserves

Total reserves for the year ended 31 March 2023 were £8.1m, of which £1.9m was restricted and £6.2m was unrestricted. Restricted reserves relate to funds tied to multi-year grants for use in future years.

Unrestricted reserves comprise fixed assets and general funds.

Free unrestricted reserves, which excludes amounts related to fixed assets, reduced by £2.1m to £5.2m in line with forecasts submitted to Trustees. The level of free reserves for the year ending 31 March 2023 remains above the target range defined in our reserves policy of £4m to £5m based on 2022/23 figures. We anticipate the need to continue to draw down on our unrestricted reserves in the short-term to fund business critical investments. In line with our strategic business plan, we are expecting to grow our reserves in 2025/26.

Free reserves are held for the following purposes:

- **Working Capital:** These funds are required to provide working cash and pre-financing for normal operations during the course of the year.
- **Fundraising:** to be able to repay donors or inject additional money into projects if there were a failure to meet grant conditions.
- **Grant repayment:** to be able to repay donors or inject additional money into projects if there were a failure to meet grant conditions.
- **Foreign exchange:** to support our programming in the short term when the currencies in which we receive income lose value.
- **Business continuity:** to support core activities, such as business development.

## Pension Scheme

The valuation of Practical Action's pension scheme at 31 March 2023, for the purposes of FRS 102, showed a deficit of £491k. The above deficit has been disclosed separately within unrestricted funds in line with FRS 102. Recovery contributions are to be agreed between Practical Action and the Pension Regulator.

## Policy for grants

We work in partnership with a number of organisations globally and this is an important part of our work. During the financial year we granted £2.1m (2022: £2m) to our partners to support the delivery of programmes. Due diligence is carried out prior to any agreement being made and we track and monitor funds against the agreed deliverables. Partners are contracted to follow our policies and observe our standards in a range of areas including safeguarding and financial management.

## Looking forward

Practical Action continues to operate with considerable determination, ingenuity and agility against the backdrop of a turbulent external environment. Rising inflation and the increased cost of living will put pressure on our unrestricted income in the medium term. We have made prudent adjustments to our budgets to ensure that we navigate through this period. We are also increasing our focus on cost coverage, and this will form a key part of our proposals going forward. By the end of 2022-23 we had secured new funding of £31.6m, more than double previous years. This considerable growth in restricted funding, will enable us to undertake programmatic work from 2023-2033 and puts us in an excellent position to build from. Moving in to 2023-24 this will enable us to scale up our agriculture programmes, including starting our largest ever programme in Kenya. The implementation of our regional structure, bringing oversight and support much closer to the countries we work in, will be key to ensuring the successful delivery of our programmes going forward.

## Going Concern

Practical Action adopted a proactive and prudent approach in 2023, adjusting our budgets for the years ahead. Close attention has been given to the risks posed to income, expenditure and reserves levels. We anticipate keeping the reserves within the target range and thus retaining considerable financial resilience against future uncertainty and so we are confident that the organisation remains a going concern.



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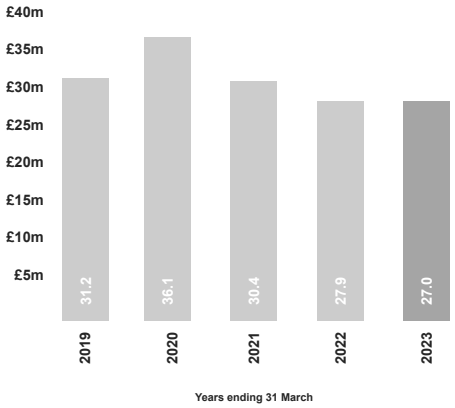
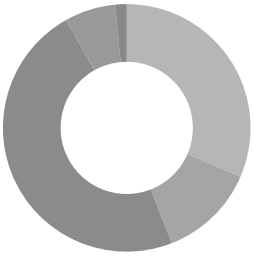
# Summary of income and expenditure

### Total annual income

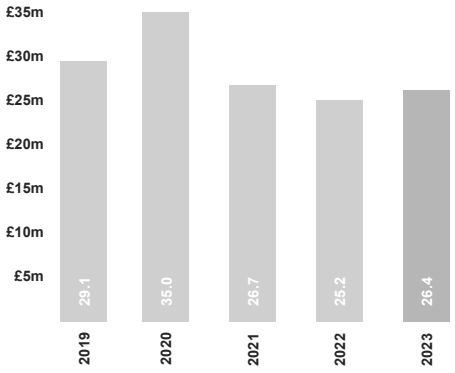



**2022/23**

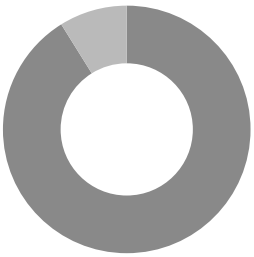


- **Donations from individuals, trusts and companies** £8.5m (31%)
- **Legacies from people remembering us in their Will** £3.4m (13%)
- **Grants from governments, trusts and foundations, and companies** £12.9m (48%)
- **Consultancy work and Practical Action Publishing** £1.8m (7%)
- **Investments & Other** £0.4m (1%)

### Total expenditure on charitable activities (£m)




**2022/23**
(including fundraising and governance)



- **Charitable activities** £26.4m (91%)
- **Fundraising** £2.5m (9%)

We explain what we mean by charitable activities and how we allocate costs on page 52.



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# Governance and administration

## The Board of Trustees

Practical Action is a registered charity (registered in England and Wales, reg. number 247257) and a company limited by guarantee (CRN 00871954).

The Board of Trustees (who are also Directors of Practical Action for the purposes of company law) govern the organisation in line with its Articles of Association, vision, mission, values, aims and charitable objectives and provides overall policy direction. They are responsible for overseeing the management of all the affairs of Practical Action and delegate day-to-day management of the organisation to the Chief Executive. The Board of Trustees have a formal schedule of matters which are reserved for their consideration and approval. These matters are included in Practical Action's Delegation of Authority policy. These matters include but are not limited to; the approval of the organisation's objectives, strategic aims and business plans; the approval of group policies, annual reports and accounts; the appointment and removal of Trustees, Members and the Chief Executive. The Board of Trustees also approve expenditure beyond the Chief Executive's delegated authority.

The Trustees are appointed and are elected or re-elected for a term (usually three years), according to procedures set out in our Articles of Association, which is our governing document. In the absence of any exceptional circumstances, Trustees serve for a maximum period of six years. Trustee recruitment is conducted by the Governance and People Committee and is undertaken with an external recruitment agency with additional public advertising on our website, a variety of sector websites and on social media. The Board of Trustees may appoint a person to be a Trustee either to fill a vacancy or as an additional Trustee. Practical Action had 11 Trustees by the end of the 2022/23 financial year.

We provide an individual induction programme and in-depth reading materials as a welcome pack for each new Trustee, covering all aspects of the role and the organisation. All Trustees are encouraged to attend external training events and seminars to enhance their skill. These events help provide Trustees with a greater understanding of their legal responsibilities and discuss emerging issues affecting the sector. Trustees have begun visiting international programmes as COVID-19 travel restrictions have now been lifted.

In accordance with normal commercial practice, the organisation has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions. The insurance provides cover up to £5,000,000 on any one claim and the cost for the period ended 31 March 2023 was £27,000+ insurance tax premium.

# About the organisation

The Board of Trustees is responsible for the overall management and control of the organisation and meets at least four times a year. Trustees are not remunerated and receive no benefits from the organisation, other than the fact that Practical Action pays for Trustee Indemnity Insurance. The Trustees are allowed to claim for travel and accommodation expenses after attending face to face meetings.

The Board of Trustees have created two committees of the Board. Each committee includes members of Board of Trustees and may include additional members appointed for their specialist knowledge. These Committees are:

## The Finance, Audit and Risk Committee

This Committee oversees matters of financial control and performance, external and internal audit, fraud, whistleblowing and organisational risk. It also maintains an oversight of the organisation's fundraising plans and activities.

## The Governance and People Committee

This Committee reviews the composition and effectiveness of the Board and subsidiary companies as well as overseeing the Trustee recruitment process. It also oversees the terms and conditions of employment of the Strategic Leadership Team and considers reports from the organisation's International Remuneration Committees.

The Board delegates day-to-day decision making and operations to the Chief Executive and Senior Leadership Team according to an approved delegation of authority policy and schedule of delegations.

## Subsidiaries and associated organisations

The Charity has two wholly owned primary purpose trading subsidiaries registered in England and Wales – Practical Action Publishing Limited



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and Practical Action Consulting Limited. It also has a subsidiary registered in Senegal – Practical Action Consulting West Africa.

**Practical Action Publishing Limited** partners with the brightest minds to publish the latest development perspectives in a wide range of languages and formats - from practical 'how to' manuals to academic texts and journals; online, in print and open access formats. Its resources bridge the gap between research and practice and have reached 184 countries worldwide.

**Practical Action Consulting Limited** provides technical assistance consultancy services to governments, NGOs, aid agencies, research institutions and the private sector, in areas closely aligned with our change ambitions. Practical Action (the Charity) is concluding the activities of Practical Action Consulting Limited in the UK, with consulting services now being carried out by the Charity directly.

Practical Action Consulting Limited registered a number of development consultancy subsidiaries under the Practical Action Consulting name globally (the trademark being licensed from Practical Action). These subsidiaries have been set up to further the aims and objectives of Practical Action.

- Practical Action Consulting Private Limited Nepal – a private limited company registered in Nepal. Practical Action Consulting Limited UK has a 51% shareholding
- Practical Action Consulting (India) Private Limited – a private limited company registered in India. Practical Action Consulting Limited UK has a 99.9% shareholding.
- Practical Action Consulting Bangladesh Limited – a private limited company registered in Bangladesh Practical Action Consulting Limited UK has a 99% shareholding in the company
- Practical Action Consulting S.A.C. – a private limited company registered in Peru. Practical Action Consulting Limited UK holds 49% shareholding.
- Practical Action Consulting Rwanda is registered as a branch of Practical Action Consulting Limited UK.
- Practical Action Consulting West Africa provides consultancy services to governments, NGOs, aid agencies, research institutions and the private sector across the ECOWAS region of West Africa.
- Practical Action Consulting Limited Malawi – a dormant private company limited by guarantee registered in Malawi. Practical Action Consulting Limited UK is one of the two members of the company.

Practical Action has two dormant subsidiaries held to protect its previous company names: Intermediate Technology Development Group Limited (CRN 1017062) and Intermediate Technology Publications Limited (CRN 6424984).

ATS Property Holdings (Pvt) was established as a private limited company registered in Sri Lanka in order to purchase Practical Action's office premises there. It was deemed appropriate to do this through a locally registered, wholly owned subsidiary rather than the Charity itself. This entity is now being wound up.

We are also affiliated with two locally-registered overseas entities carrying the Practical Action name. Practical Action is registered as an International Non-Governmental Organisation in Kenya and has a Board made up of two Kenya nationals plus three directors nominated by Practical Action in the UK. Two of these Practical Action nominees are from the Executive. As Practical Action exerts significant influence and control over this entity, for accounting purposes this entity is included in the Group's consolidated accounts as a branch office.

The Practical Action Foundation was incorporated in Delhi as a locally registered not-for-profit company. All the directors are Indian nationals not directly connected to Practical Action nor does Practical Action have a shareholding in this not-for-profit company. It is therefore not included in our Group consolidated accounts. Practical Action and Practical Action Consulting Limited (based in UK) work with the Practical Action Foundation.

## Charity Governance Code

Practical Action is committed to the highest standards of governance and seeks to make continuous improvements in line with the principles set out in the Charity Governance Code. In response to the recommendations of the Board Effectiveness Review conducted in 2019 by an external consultancy firm, the Governance and People Committee was formed to implement the recommendations received. Practical Action firmly believes in the requirements of the Code and during the year conducted a self-evaluation of the effectiveness of the changes implemented after the 2019 review. The Charity has reviewed the composition of its senior leadership team and has now expanded this to



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include an Africa and Asia Director. The Trustees confirm that the Charity is taking positive steps towards working in line with the Code in all ways where it is practicable to do so.

## Statement of Directors duties

As Company Directors, the Trustees must act in a way they consider to be in good faith and would be most likely to promote the success of the company for the benefit of all of its members as a whole both in the current period and in the long term. In discharging their duties above, the directors of the charity carefully consider, amongst other matters, the impact of their decisions on various stakeholder groups. The groups we consider in this regard are our employees, our beneficiaries, our funders and our delivery partners as well as the wider community in which we operate. The directors recognise that building strong relationships with our stakeholders will help us to deliver our long-term strategy in line with our core values and operate the business in a sustainable way. We are committed to conducting business responsibly. The directors do not believe that there have been any key decisions faced during the year which require specific reference and have had significant impact on any of the company's stakeholder groups.

## Our fundraising philosophy

Our Supporter Promise commits that our fundraising will be respectful, honest and accountable. We promptly answer queries about fundraising from our supporters and we have a complaints procedure for investigating complaints. We received 7 complaints relating to our fundraising activities in 2022/23. These were neither serious nor difficult to resolve and were dealt with promptly, by the Supporter Care team. Complaints included issues such as the tone and contents of appeals, administrative errors and a complaint from a regular supporter unhappy about being asked for further donations. We did not receive any serious complaints that needed to be escalated.

We comply with relevant statutory regulations, including the Charities Act 2011, the Charities (Protection and Social Investment) Act 2016, the Data Protection Act 2018, the Privacy and Electronic Communications Regulations 2003. We are registered with The Fundraising Regulator and use the Fundraising Badge to show our commitment to best practice. We adhere to the Codes of Fundraising Practice which cover voluntary income generation in the UK.

Our Fundraising Compliance Handbook and Fundraising policy demonstrate our commitment to the highest standards of practice. These cover current fundraising regulations, data protection, accepting and refusing donations, protecting vulnerable people and complaints procedures. For all fundraising staff, objectives include knowledge and understanding of these documents and of the Codes of Fundraising Practice. The Finance, Audit and Risk committee has an oversight role of fundraising.

When working with a third party or partner organisation for fundraising purposes, we work closely with them to make sure they meet our own high standards of practice. We also use due diligence, mystery shopping, call listening, results evaluation and a right to audit. During the reporting period, we worked with two third-party Professional Fundraising Organisations (PFOs). Since the pandemic we have scaled this activity back due to the reduced opportunity to promote payroll giving through PFOs at workplaces. The PFOs continue to carry out digital activity where possible.

In 2022/23, 26,081 people supported us with a gift. 1,556 of these were new donors.

Despite external challenges, our fundraising performance has allowed us to continue to invest in securing income for the future. Thanks to pledges from committed givers and other donors, at the start of the 2023/24 financial year, we are confident that 35% of our public fundraising target is already secured.

## Remuneration and staff engagement statement

Practical Action's remuneration policy is based on an ambition to recruit and retain skilled staff who are remunerated fairly but primarily motivated to work with us because of our mission. We aim to pay staff at a level close to the relevant market median, normally similar organisations and equivalent roles in the local employment market, using a fair and transparent pay system free from individual bias. We aim for equitable remuneration for all employees regardless of sex, race, religion, ethnic or national origin, caste, tribe, belief, age, marital status, civil partnership, pregnancy, caring responsibilities, sexual orientation, gender reassignment or disability. Management remuneration committees are accountable for determining pay scales, benefit packages and cost-of-living awards based on a consideration of benchmarking surveys, local inflation, recruitment and retention experience, affordability and financial performance, employment market trends, and any other relevant factors pertaining to the local context. The management remuneration committees are held to account by the



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Governance and People Committee of the Board. Remuneration of Executive Directors is subject to the approval of the Governance and People Committee. Chief Executive Officer's remuneration requires Board approval.

We have a Gender Policy and a Diversity and Dignity at Work Policy in place and believe that having a diverse workforce and inclusive workplace culture based on respect will enable us to be an effective organisation. We seek to create an inclusive workplace in which people are accepted as individuals, regardless of their differences and where they feel their contribution is valued. We value the differences that a diverse workforce brings and seek to build a culture of meritocracy, openness, fairness and transparency where we benefit from a variety of viewpoints and perspectives.

We will promote equality of opportunity and avoid discrimination on the grounds of any personal characteristic such as sex, race, religion, ethnic or national origin, caste, tribe, belief, age, marital status, civil partnership, pregnancy, caring responsibilities, sexual orientation, gender reassignment or disability.

We openly consult with staff on matters important to the organisation's activities and keep people updated through regular all-staff meetings and a range of digital communications. A confidential staff survey is conducted every two years to monitor key drivers of, and guide efforts to improve, staff engagement. In 2021 we conducted a survey focussed on Diversity, Equity and Inclusion (DEI) and this has led to the creation of an action plan. Our progress on implementation will be monitored by the Strategic Leadership Team and Board of Trustees, where Hope Chigudu acts as the Trustee champion on DEI matters.

## Global gender pay data as at March 2023

We believe that the possibilities open to employees of Practical Action to participate and reach their full potential should not be defined by gender. Practical Action therefore seeks to create an inclusive workplace for both women and men. We do not believe that an inclusive workplace requires an equal number of women and men but we do believe that our people should not encounter barriers to joining, progressing or contributing based on gender.

To fulfil our commitment and ensure that opportunities are not defined or limited by gender, Practical Action may need to take different actions specifically aimed at addressing the barriers that either women or men face in each of our locations based on the local context. Because there is evidence to show that many obstacles to achieving inclusivity relate to women more than men, in practice our gender action plans may focus on addressing key difficulties that women face entering and progressing in the workplace. We are committed to understanding actual or perceived barriers to inclusivity experienced by either women or men and will prioritise actions to remove or reduce these.

Whilst we do not fall within scope of the UK regulatory requirement to collect or report gender pay gap information, as a global organisation, and because our commitment to diversity and inclusion applies everywhere we operate, we measure and publicise our pay global gap. Globally we have a significant mean pay gap in favour of women (27%) which is driven by the high proportion of women employed in the UK office (61%) and the high value of UK salaries in context of the global list; when we exclude UK employees from our data set, we have a much smaller, 9% mean pay gap in favour of women.

Whilst the global metric is the one we agreed (with GAP) to report externally, analysis of more localised data is required to understand what the data is telling us.

Following last year's analysis, Bangladesh and Nepal were priority countries because, despite Bangladesh having a pay gap in favour of women, the representation of women was low overall (13%) and in Nepal we had a significant mean pay gap in favour of men (36%). Encouragingly for 2022/23, the mean pay gap in favour of men narrowed significantly in Nepal, down to 14% largely due to the appointment of a female Country Director. In Bangladesh we are pleased to report a 10% increase in the number of women employed overall bringing the percentage participation of women up to 23%. The number of women employed in Bangladesh increased across all four quartiles which in turn reduced the mean pay gap in favour of women from 70% down to 42%.

The initiation of Women Trainee Programme with a pilot in Nepal and Bangladesh has been planned which is a unique initiative focussing on providing opportunity to fresh graduates, especially women, in the country to learn and develop on the job. This is specifically initiated to support young professionals and socially excluded groups especially focussing on women. There is more for us to do to continue this trajectory, but these are two positive success stories since last year's data.

In the UK office last year, we recorded a 6% mean pay gap in favour of men. This was due to an underrepresentation of men in less senior roles rather than an underrepresentation of women in more senior roles. In 2022/23, the number of men employed in the lowest paid quartile increased by 14%, and as a result, our mean pay gap in favour of men decreased to 3%



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which is positive. When we review gendered participation by quartile in the UK, we now see a good balance in the two highest paid quartiles and in the lowest paid quartile, with broadly 50/50 participation. However, in the lower middle quartile we still see an underrepresentation of men with 22 women employed (85%) and only four men (15%) and this creates a median pay gap remains of 19% in favour of men.

In conclusion, we have good gender balance across most of the UK team and, whilst there remains an underrepresentation of men at the senior support level, we do not consider this to be a priority area for action other than to communicate the data so that the underlying picture is clear. We will however continue to prioritise increasing the participation of women in our Asia region and enabling progression to senior levels.

## Safeguarding

We firmly believe that nobody should experience exploitation or abuse, including sexual exploitation or abuse, bullying or harassment, and we take seriously our responsibility to protect people coming into contact with our work. We seek to create a strong and effective safeguarding culture that promotes the rights and protection of beneficiaries, community members, staff, volunteers or anyone else impacted by our activities.

The Safeguarding Policy is reviewed and approved by the Board and a designated Safeguarding trustee. Shivani Wadhwa is the safeguarding trustee and Chair of the Governance and People Committee. Global policies in Recruitment, Pre-employment screening and References are in place and designed to prevent the perpetrators of abuse from being employed through safer recruitment practices. Our employees are trained in safeguarding through both e-learning and face-to-face. Our offices continue to undertake annual self-assessments on safeguarding measures and we track compliance levels through our organisational Key Performance Indicators. We have commenced the roll out of new Safeguarding Communities Framework in three Country Offices and will continue to roll this out in all other locations over the next two years. Awareness of available reporting mechanisms is prioritised and people are encouraged to report concerns, including through an external anonymous reporting service. Appropriate ways to respond to issues raised are in place to investigate concerns and, where appropriate, deal with safeguarding misconduct, including using disciplinary action.

Transparency is one of the ways Practical Action demonstrates its commitment to safeguarding. As such, we record, report and publish the number and type of complaints received. Regular reports of these complaints are provided to the Governance and People Committee and details of all concerns are provided.

During the year April 2022 to March 2023, we received 16 people related complaints, a small increase of three compared to last year but still in range of the number of complaints received by Practical Action over the last four years (19/20: 18, 20/21: 15, 21/22: 13, 22/23: 16). Average time to closure reduced from 70 to 44 days which is very positive given the complexity of some cases experienced. Overall, 44% (7) were up-held or partially upheld and 50% (8) were not upheld (one case was not taken to conclusion). There were three safeguarding cases, two of which were upheld and were reported to the Charity Commission. Overall, the number of cases is deemed to be at an acceptable level and the number upheld/not upheld suggests objective consideration of cases.

We're committed to working with the international development sector, along with other International Non-Governmental Organisations, FCDO and the UK Charity Commission, to "improve the standards and delivery of safeguards, including a culture of zero tolerance to sexual exploitation and abuse in all we do."

## Section 172 Governance disclosure on carbon reporting

Practical Action is deeply concerned about climate change and its effects on everyone especially marginalised, low-income families. Core to all Practical Action's work is an ambition to safeguard the planet today and for the benefit of future generations. As well as our programming and influencing work, Practical Action aims to keep its carbon footprint as small as possible. This means exploring ways to reduce footprint, while still being able to carry out work effectively.

The organisation does this by looking at and managing the emission of greenhouse gases generated by its operations. Practical Action programmes are designed with the aim of protecting and improving the environment.

Practical Action has undergone a carbon footprint baselining process and developed an organisational carbon reduction plan. Every year, we will continue to measure our footprint and report progress against our baseline. The key findings being measured are; flights (international and national), use of vehicles, gas and electricity usage, paper, and other consumables



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## UK Greenhouse gas emissions and energy use data for the period 1 April 2022 to 31 March 2023

| | 2022/23 |
|---|---|
| **UK Energy consumption used to calculate emissions (kWh)** | **159,243** |
| Energy consumption breakdown (kWh) | |
| Gas | 96,818 |
| Electricity [1] | 62,425 |
| Associated greenhouse gas emissions (kg $CO)_2$ equivalent) | |
| Gas | 17,427 |
| Electricity | 12,072 |
| **Total Associated Greenhouse gas emissions (Kg $CO_2$ equivalent)** | **29,499** |
| Intensity ratio (kg $CO_2$ equivalent per square feet) | 2.85 |

[1] *Electricity kWh is an estimation calculated using the average annual consumption the period January 2022 – December 2022*

# How we manage our affairs

## How our activities deliver public benefit

The Trustees have read the Charity Commission's Summary Guidance PB1, PB2 and PB3 for Charity Trustees on the Public Benefit Requirement and have discussed as a Board the main principles contained within the Guidance. They consider that they have complied with the duty (set out in Section 17(3) of the Charities Act 2011) to have due regard to public benefit guidance published by the Commission. In exercising their powers and duties as Trustees, the Board considers that the organisation's strategies, aims and activities they have put in place are for the public benefit and this is fundamental to all areas of our operation in undertaking current activities, planning future activities and measuring outcomes. The Trustees' and Directors' Annual Report and Strategic Report explain the main activities undertaken by the organisation this year – focusing on our work with the poor women and men in developing countries where we have country and regional programmes.

## Risk management

A quarterly risk review at Group, country and regional level was carried out on behalf of the Board by the Finance Audit and Risk Committee. It confirmed that the risks to which the organisation is exposed are properly identified, reviewed and evaluated. Mitigation strategies are in place for all key risks and these are continually monitored to ensure compliance with management's risk appetite. The Group has a well-established system of internal controls which are used to govern operations. The Internal Audit function assesses the adequacy and effectiveness of these controls through a risk based internal audit programme. Overseas offices are audited every two to three years in accordance with a risk based approved plan. The Finance, Audit and Risk Committee reviews all reports and receives Group-wide quarterly updates on progress of agreed action points.

## Principal Risks

The invasion of Ukraine created multiple new global risks including exacerbating food security challenges for many low-income countries. High rates of inflation and cost of living crises affected multiple aspects of our work including our unrestricted funding. We updated our financial scenarios and implemented a number of changes to reduce our expenditure. We also saw considerable volatility in the labour market which made recruitment for some specific roles more challenging than expected. We are reviewing our approach to reward as well as developing our learning and development offer.

Failure to secure sufficient income restricts our ability to deliver our full strategy is a risk the leadership has been seized of for several years. Over 2022-23 this risk changed as we have had one of our most successful years in terms of restricted (programme) funding and our future pipeline is strong. However, our unrestricted funding was less successful than planned, reducing our flexible funding. Some of this was due to the external economic environment and we have revised our future unrestricted targets downwards and are working to adapt our business model to deal with a different balance of restricted and unrestricted funding.

With a rapidly changing external environment the failure to adapt swiftly enough to opportunities and challenges is a risk which we continue



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to be focused on. We continued to move forward with adapting our structure and leadership team, with a new post of Asia Director joining the Africa Director on the Global Leadership Team to drive forward our global strategy and support the development of new local and regional partnerships.

We operate in many countries which are politically volatile and or there is significant potential for civil unrest. We have been updating our security protocols and planning ahead for dealing with shutdowns or funders pausing strategies and funding ahead of governmental elections.

Programme implementation and financial management is a risk we have had to increase our focus on in some specific countries and programmes. We are working to strengthen rigour and compliance at all levels, supported by new Operations Manager roles at the regional level and updated approaches to due diligence, project risk analysis and monitoring.

We continue to focus on managing the risk that we fail to be an inclusive organisation. Hope Chigudu is our board member with EDI responsibility, and we have reviewed and updated our Diversity and Dignity at Work policy. We continue to shift the balance of senior roles from the UK so that there is greater leadership, responsibility and accountability in Africa and Asia. We have delivered inclusive leadership training to the Senior Leadership Team, run sessions and focus groups on the experience of different groups at Practical Action and held initial training on race and power which we will be building on.

Safeguarding remains a risk we focus on. We have a safeguarding accountability group made up of key roles across the organisation, which meets regularly. We have a rolling programme of safeguarding training for all staff and have a planned process for community and partner safeguarding training.

## Trustees' responsibilities for the financial statements

The Trustees (who are also Directors of Practical Action for the purposes of company law) are responsible for preparing the Trustees' Annual Report and Accounts (which includes the Annual and Strategic Reports being the Companies Act Directors' Report) for each financial year, which give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the Charity and Group and of the results of the Group for that period. In preparing those financial statements, the Trustees are required to:

— Select suitable accounting policies and then apply them consistently;

— Follow applicable accounting standards, subject to any material departures disclosed and explained in the notes to the financial statements;

— Make sound judgments and estimates that are reasonable and prudent;

— Prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the charitable group will continue in operation.

The Trustees confirm that they have complied with the above requirements in preparing the financial statements.

The Trustees are responsible for maintaining 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. Trustees are also responsible for safeguarding the assets of the Charity and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. In accordance with company law, as the company's directors, we certify that:

— So far as each director is aware, there is no relevant audit information* of which the company's auditors are unaware.

— Each director had taken all the steps (such as making enquiries of other directors and the auditors and any other steps required by the director's duty to exercise due care, skill and diligence) that he or she ought to have taken in his or her duty as a director, in order to make himself or herself aware of any relevant audit information* and to establish that the company's auditors are aware of that information

** Relevant audit information is defined as: "information needed by the company's auditors in connection with preparing their report".*

## Auditors

A resolution will be proposed at the Annual General Meeting that our current auditors Crowe U.K. LLP be re-appointed as auditors of the organisation for the ensuing year.

The Trustees are pleased to present the Trustees' Report and Accounts for the Charity for the year ended 31 March 2023, which have been prepared in accordance with the Charity Statement of Recommended Practice – SORP 2015 and the Companies Act 2006.



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# Corporate directory

## Legal and administrative details

**Charity name:** Practical Action. Practical Action is a company limited by guarantee and is a Charity.

**Charity number:** 247257

**Company number:** 871954

**Registered office:** The Robbins Building, 25 Albert Street, Rugby, Warwickshire, CV21 2SD

**Auditors:** Crowe U.K. LLP, Statutory Auditor, Black Country House, Rounds Green Road, Oldbury, B69 2DG

**Bankers:** Barclays Bank plc, North Street, Rugby, Warwickshire, CV21 2AN

**Solicitors:** Farrer & Co LLP, 66 Lincoln's Inn Fields, London, WC2A 3LH; Bates Wells, 10 Queen Street Place, London. EC4R 1BE

## Executives

### Global leadership team

**Chief Executive**
Sarah Roberts

**Chief Operating Officer**
Rachel Parr
*(appointed September 2022)*

**International Director**
Yolanda Weldring
*(Interim – resigned March 2023)*

**Asia Director**
Ayan Banerjee
*(appointed December 2022)*

**Africa Director**
Akinyi Walender
*(appointed August 2022)*

**Fundraising, Marketing and Communications Director**
Rachel Hudson

**Impact, Influence and Innovation Director**
Simon Hotchkin
*(appointed September 2022)*

### Country Directors

**Kenya Country Director**
Susan Maina

**Sudan Country Director**
Muna Eltahir

**Nepal Country Director**
Pooja Sharma
*(appointed March 2023)*

**Rwanda Director**
Denyse Umubyeyi

**Zimbabwe Director**
Emmanuel Madhara
*(appointed December 2022)*

**West Africa Director (Senegal and Burkina Faso)**
Edwin Obiero

**Bangladesh Country Director**
Shawkat Begum

**South Asia Director (Nepal and India)**
Achyut Luitel *(resigned March 2023)*

**Regional Director for Latin America**
Alicia Quezada

**Bolivia Country Representative**
Victor Yapu

**Executives who served in the period**

Alex Bush, *Interim East Africa Director, then Interim Africa Director (July 2021 to September 2022)*

Kudzai Marovanidze, *Southern Africa Director (to September 2022)*

Steve Page, *Interim Finance and Services Director (June 2021 to August 2022)*

Lucy Stevens, Interim Influence and Impact Director *(April 2021 to September 2022)*



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# Trustees

Practical Action is a charitable company and so its directors are also its Trustees for the purpose of charity law. The Trustees serving during the year and since the year-end were as follows:

Martin Tyler (Chair)
Fayezul Choudhury
Graham Young
Ian Thornton
Joanne Smith
(stood down 5th October 2023)
Rachel Sibande
Bill Liao
Mourad Wahba
Shivani Wadhwa
Matt Haikin
Hope Chigudu
(appointed April 20th, 2022)
Yvonne Pinto
(stood down 1st April 2022)

**Governance and People Committee**
Shivani Wadhwa (Chair)
Fayezul Choudhury
Graham Young
Martin Tyler
Mourad Wahba
Hope Chigudu

**Finance, Audit and Risk Committee**
Fayezul Choudhury (Chair)
Martin Tyler
Joanne Smith
Bill Liao
Graham Young

**Secretary**
Rachel Parr

This report, which incorporates the Trustees' and Directors' Annual Report and Strategic Report, was approved by the Board on 17th November 2023 and signed on their behalf by:

**Martin Tyler**
Chair of the Board of Trustees

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# Independent Auditor's Report to the Members of Practical

## Opinion

We have audited the financial statements of Practical Action ('the charitable company') and its subsidiaries ('the group') for the year ended 31 March 2023 which comprise Consolidated Statement of Financial Activities, Consolidated Balance Sheet, Consolidated Statement of Cash Flows, and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

— give a true and fair view of the state of the group's and the charitable company's affairs as at 31 March 2023 and of the group's income and expenditure, for the year then ended;

— have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and

— have been prepared in accordance with the requirements of the Companies Act 2006.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's or the group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

## Other information

The trustees are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## Opinions on other matters prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of our audit

— the information given in the trustees' report, which includes the directors' report prepared for the pur-poses of company law, for the financial year for which the financial statements are prepared



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is con-sistent with the financial statements; and

— the directors' report included within the trustees' report have been prepared in accordance with appli-cable legal requirements.

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

In light of the knowledge and understanding of the group and charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the directors' report included within the trustees' report.

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

— adequate and proper accounting records have not been kept; or

— the financial statements 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.

## Responsibilities of Trustees

As explained more fully in the trustees' responsibilities statement set out on page 43, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

## Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members including internal specialists and significant component audit teams. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charitable company and group operates, focusing on those laws and regulations that have



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a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006, the Charities Act 2011 together with the Charities SORP (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charitable company's and the group's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company and the group for fraud. The laws and regulations we considered in this context for the UK operations were General Data Protection Regulation (GDPR), Health and safety legislation, Employment legislation and Anti-fraud, bribery and corruption legislation. We also considered compliance with local legislation for the group's overseas operating segments.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within income recognition and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management, internal audit, component auditors and the Finance, Audit & Risk Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, sample testing on income, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission, and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

These inherent limitations are particularly significant in the case of misstatement resulting from fraud as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, collusion or the provision of intentional misrepresentations.

## Use of our report

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 auditor's 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.

**Kerry Brown**
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor
Black Country House
Rounds Green Road
Oldbury
B69 2DG

**Date:** 23rd November 2023



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# Financial statements

## Consolidated statement of financial activities for the year ended 31 March 2023
(incorporating the income and expenditure statement)

| | Note | Unrestricted £'000 | Restricted £'000 | Total 2023 £'000 | Total 2022 £'000 |
|---|---|---|---|---|---|
| **Income and endowments from:** | | | | | |
| Donations and Legacies | 3 | 9,587 | 2,276 | 11,863 | 12,796 |
| Charitable activities | 3 | 1,272 | 13,456 | 14,728 | 15,073 |
| Investments | 3 | 30 | - | 30 | - |
| Other income | 3 | 180 | 149 | 329 | ( 2) |
| **Total income and endowments** | 3 | **11,069** | **15,881** | **26,950** | **27,867** |
| **Resources expended** | | | | | |
| Expenditure on raising funds | 4 | 2,437 | 59 | 2,496 | 2,417 |
| **Total expenditure on raising funds** | | **2,437** | **59** | **2,496** | **2,417** |
| **Expenditure on charitable activities:** | | | | | |
| Energy that transforms | 4 | 2,990 | 3,466 | 6,456 | 6,228 |
| Farming that works | 4 | 3,271 | 6,983 | 10,254 | 9,244 |
| Cities fit for people | 4 | 458 | 979 | 1,437 | 2,706 |
| Resilience that protects | 4 | 2,130 | 4,791 | 6,921 | 5,803 |
| Knowledge that inspires | 4 | 738 | 12 | 750 | 777 |
| Other | 4 | 585 | 22 | 607 | 488 |
| **Total expenditure on charitable activities** | | **10,172** | **16,253** | **26,425** | **25,246** |
| **Total expenditure** | 4 | **12,609** | **16,312** | **28,921** | **27,663** |
| Net gain/(loss) on investments | 8 | - | - | - | - |
| **Net income/(expenditure)** | | **(1,540)** | **(431)** | **(1,971)** | **204** |
| Actuarial loss on defined benefit pension scheme | 16 | (1,506) | - | (1,506) | - |
| DB scheme asset ceiling changes | 16 | 1,004 | - | 1,004 | - |
| Transfers between funds | | - | - | - | - |
| **Net movement in funds** | | **(2,042)** | **(431)** | **(2,473)** | **204** |
| **Balance brought forward 01 April 2022** | | **8,248** | **2,422** | **10,670** | **10,466** |
| **Balance carried forward as at 31 March 2023** | 14,15 | **6,206** | **1,991** | **8,197** | **10,670** |

The notes on pages 52 to 79 form part of these financial statements.



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## Consolidated and charity balance sheets at 31 March 2023

| | Note | Group 2023 £'000 | Group 2022 £'000 | Charity 2023 £'000 | Charity 2022 £'000 |
|---|---|---|---|---|---|
| **Fixed assets** | | | | | |
| Intangible assets | *7* | 34 | 42 | - | - |
| Tangible assets | *7* | 913 | 750 | 906 | 725 |
| Investments | *8* | 2,837 | 4,541 | 2,840 | 4,538 |
| Programme investments | *8* | - | - | 29 | 791 |
| **Total fixed assets** | | **3,784** | **5,333** | **3,775** | **6,054** |
| **Current assets** | | | | | |
| Stock | *9* | 131 | 140 | - | - |
| Debtors | *10* | 7,570 | 6,601 | 8,015 | 6,035 |
| Cash at bank and in hand | *11,19* | 8,433 | 6,912 | 8,166 | 6,505 |
| **Total current assets** | | **16,134** | **13,653** | **16,181** | **12,540** |
| Creditors: amounts falling due within one year | *12* | (10,954) | (8,301) | (10,544) | (7,666) |
| **Net current assets** | | **5,180** | **5,352** | **5,637** | **4,874** |
| Provisions for liabilities and charges | *13* | (276) | (15) | (276) | (15) |
| **Net assets before pension liability** | | **8,688** | **10,670** | **9,136** | **10,913** |
| Defined benefit pension scheme liability | 16 | ( 491) | - | ( 491) | - |
| **Net assets after pension liability** | | **8,197** | **10,670** | **8,645** | **10,913** |
| **Funds** | | | | | |
| **Restricted** | *14* | **1,991** | **2,422** | **1,991** | **2,422** |
| Unrestricted fixed assets | *14* | 946 | 792 | 906 | 725 |
| Revaluation reserve | *14* | 60 | 94 | 60 | 94 |
| General funds | | 5,200 | 7,362 | 5,687 | 7,672 |
| **Unrestricted funds net of pension liability** | *14* | **6,206** | **8,248** | **6,653** | **8,491** |
| **Total Funds** | *14* | **8,197** | **10,670** | **8,644** | **10,913** |

The net deficit for the financial year dealt within the financial statements of the parent charity was £2,269k (2022 – £154k surplus)

The notes on pages 52 to 79 form part of these financial statements

The financial statements were approved by the board on 17th November 2023.

**Martin Tyler**
Chair of the
Board of Trustees

**Fayezul Choudhury**
Chair of the Finance,
Audit and Risk Committee

**Company Number:** 00871954



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## Consolidated cash flow statement for the year ended 31 March 2023

| | Note | 2023 £'000 | 2022 £'000 |
|---|---|---|---|
| **Cash flows from operating activities:** | | | |
| **Net cash (used in)/provided by operating activities** | *17* | **348** | **(587)** |
| **Cash flows from investing activities:** | | | |
| Dividends, interest and rents from investments | | 30 | 0 |
| Purchase of property, plant and equipment | | (521) | (429) |
| **Net cash provided by/(used in) investing activities** | | **(491)** | **(429)** |
| **Net cash (used in)/provided by financing activities** | | **-** | **-** |
| Change in cash and cash equivalents in the reporting period | *18* | (143) | (1,018) |
| Cash and cash equivalents at the beginning of the reporting period | | 10,960 | 11,976 |
| **Cash and cash equivalents at the end of the reporting period** | | **10,817** | **10,960** |

The notes on pages 52 to 79 form part of these financial statements.



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# Notes on financial statements

Practical Action is a company registered and incorporated in England and Wales, limited by guarantee, without share capital and governed by its Articles of Association dated 21 February 1966 and last amended on 8 December 2021. The company registered a change in name on 25 September 2009 with registration number 871954. The company was registered as a charity with the Charity Commission on 26 April 1966. The principal address and registered office is The Robbins Building, 25 Albert Street, Rugby, Warwickshire, CV21 2SD. The principal activity is to use technology to challenge poverty in developing countries and enable communities to build on their skills and knowledge to produce sustainable and practical solutions, thus improving their lives and protecting the world around them.

The organisation is a Public Benefit Entity.

## 1. Accounting policies

The financial statements have been prepared under the historical cost convention as modified by the revaluation of fixed asset investments, and are in accordance with applicable law, the Companies Act 2006, applicable accounting standards and the 2015 Statement of Recommended Practice ('SORP') for Accounting and Reporting by Charities.

The financial statements have been prepared in accordance with Financial Reporting Standard 102 (FRS 102).

The following principal accounting policies have been applied:

### Going concern

We have set out in the Trustees' report a review of financial performance and the charity's reserves position. We have adequate financial resources and are well placed to manage the business risks. Our planning process, including financial projections, has taken into consideration the current economic climate and its potential impact on the various sources of income and planned expenditure. We have a reasonable expectation that we have adequate resources to continue in operational existence for the foreseeable future. We believe that there are no material uncertainties that call into doubt the charity's ability to continue. The financial statements have therefore been prepared on the basis that the charity is a going concern.

### Basis of consolidation

The consolidated financial statements incorporate the results of Practical Action and all of its subsidiary undertakings as at 31 March 2023 using the acquisition method of accounting. The results of subsidiary undertakings are included from the date of acquisition. Dormant companies are excluded.

No statement of financial activities is presented for the charitable company alone as the results of the subsidiary companies are separately identified within the group accounts and the charitable company is exempt from presenting such a statement under section 408 of Companies Act 2006. The group net deficit includes a net deficit from the charitable company itself of £2,269k (2022: £154k surplus).

### Income and endowment

Income is accounted for on an accruals basis in the period in which the charity is entitled to income where the amount can be measured with reasonable certainty. Where the entitlement to project or grant income is performance related the income is recognised when the conditions for entitlement have been fulfilled. Legacies are recognised when receipt is reasonably certain and the amount is quantifiable. We recognise a legacy when the executors have determined that a payment can be made following the agreement of the estate's accounts, or on notification by the executors that payment will be made. Where funds are received net of tax, and tax is recoverable, the income is recognised gross at the time of receipt. Gifts in Kind – Donated goods and services are recognised in the financial statements, as both income and expenditure, at a reasonable estimate of their value in the period in which they are donated.

### Resources expended

Expenditure is accounted for on an accruals basis and is recognised when there is a legal or constructive obligation to pay. Expenditure on charitable activities includes the direct cost of planning, staffing and operating both UK and overseas activities. It also includes support costs, which represent costs of providing the infrastructure and



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organisational services that support the charitable activities. It also includes governance costs.

## Basis of allocation of costs

The majority of costs are directly attributable to specific charitable activities. The remaining support costs relate to more than one activity and are apportioned across charitable activities and fundraising costs based on the level of expenditure of these activities.

## Fundraising costs

This is the money we spend on activities to generate donations and legacies, including the costs of keeping donors informed about our work and the administration of gifts. Costs are made up of salaries of people working in our fundraising, marketing and supporter care teams and the direct costs of running fundraising campaigns. They do not include the cost of bidding for grants and contracts shown in the financial statements as income from charitable activities.

## Governance costs

Governance costs consist of the statutory and organisational costs of operating as a charitable company.

The costs are made up of a percentage of salaries for management, company secretarial/legal costs, internal and external audit costs, meeting costs for strategic leadership team and trustees (including travel costs) and an apportionment of support costs.

## Fixed assets

Tangible fixed assets are stated at cost less any provisions for depreciation and impairment. Impairments are calculated such that the carrying value of the tangible fixed assets is the lower of its cost compared with the higher of its net realisable value and its value in use.

All fixed assets costing more than £500 are capitalised. The cost of fixed assets which have been acquired and held in the UK and International programmes is their purchase cost, together with any incidental expenses on acquisition.

Depreciation is provided to write off the cost, less estimated residual values, of all fixed assets, except freehold property spread evenly over their expected useful lives. It is calculated at the following rates:

| | |
|---|---|
| Motor vehicles | 33.3% per annum straight line |
| Computer equipment | 33.3% per annum straight line |
| Fixtures and fittings | 20.0% per annum straight line |

## Intangible assets

Intangible assets are stated at cost less any provisions for amortisation and impairment. Impairments are calculated such that the carrying value of the intangible assets is the lower of its cost compared with the higher of its net realisable value and its value in use.

All intangible assets costing more than £500 are capitalised. The cost of intangible assets which have been acquired and held in the UK and International programmes is their purchase cost, together with any incidental expenses on acquisition.

Amortisation is provided to write off the cost, less estimated residual values, of all intangible assets. It is calculated at 20.0% per annum on a straight line basis.

## Investments

Investments are shown at market value. Unrealised and realised investment gains or losses are shown net on the face of the statement of financial activities.

## Stocks

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

## Debtors

Debtors are measured at cost less any impairment.

## Cash at bank and in hand

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty or notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than 3 months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

## 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 normally recognised



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at their settlement amount after allowing for any trade discounts due.

## Pension costs

## Practical Action Employee Benefits Scheme

The charity has accounted for pension costs in accordance with FRS 102. The charity operates a defined benefits scheme in the UK, which was closed to contributions in 2002. The scheme is a registered pension scheme under chapter 2 Part 4 of the Finance Act 2004. The assets of the scheme are held separately from the assets of the charity, being represented by units in a segregated fund managed by an external investment manager.

The group also operates a defined contribution pension scheme. Contributions to this scheme are charged to the statement of financial activities in the year in which they become payable.

## 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 the settlement value, with the exception of bank loans which are subsequently measured at amortised cost using the effective interest rate method.

## Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the time of the transaction. Monetary balances held at the year-end are retranslated at the rate prevailing at that date. No provision is made against balances held which could not readily be converted to sterling as these are only held to be used in the short term in that country. Gains or losses on translation of foreign currencies are treated as credits/charges to the project for which the currency is held.

## Restricted funds

Where funds are received for specific purposes set out by the donor or implied by the terms of appeal, these are shown as restricted income in the statement of financial activities. Expenditure for the purposes specified is applied against the income and any amounts unexpended at the balance sheet date are shown within restricted funds. Deficits at the balance sheet date represent amounts expended in advance of anticipated funding.

## Unrestricted funds

The Trustees, at their discretion, may set aside funds to cover specific future costs. Such funds are shown as designated funds within unrestricted funds. Where the Trustees decide such funds are no longer required for the purposes intended, they may be released by transfer to general unrestricted funds. Unrestricted funds which are not designated are held in accordance with Practical Action's reserves policy. In order to monitor this policy, funds represented by functional fixed assets are identified separately on the face of the balance sheet within unrestricted funds.

## Operating leases

The annual rentals on operating leases are charged to the statement of financial activities on a straight line basis over the term of the lease.

## Taxation

Practical Action is a registered charity and as such is potentially exempt from taxation of its income and gains to the extent that they fall within the charity exemptions in the Corporation Taxes Act 2010 or Section 256 Taxation of Chargeable Gains Act 1992. No tax charge has arisen in the year.

Irrecoverable VAT is chargeable to the projects using the partial exemption method.



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# 2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the charity's accounting policies, which are described in Note 1, Trustees are required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects the current and future periods.

The key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are described in the accounting policies and are summarised below:

## Pension liabilities

The charity recognises its liability to its defined benefit pension scheme which involves a number of estimations as disclosed in the Pensions note 16. A liability of £491k has been recognised at the year end.

## Project issues provision

The charity recognises its potential liability as disclosed in Provisions note 13.



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# 3. Income and endowments

The table below lists funders who contributed over £250,000 to charitable activities carried out in 2022–23. These contributions are shown in line with our income recognition policy (page 52, Accounting Policies).

Our accounting policy is to recognise income when the conditions for entitlement have been fulfilled and so this may differ from amounts received from these and other funders in this period.

Income received through subsidiary entities is classified as unrestricted at the group level.

| | Unrestricted £'000 | Restricted £'000 | Total 2023 £'000 | Total 2022 £'000 |
|---|---|---|---|---|
| Bill & Melinda Gates Foundation | - | 366 | 366 | 259 |
| Carbon Trust | 29 | 173 | 202 | 572 |
| FCDO | 74 | 1,422 | 1,496 | 1,639 |
| Food and Agricultural Organisation (FAO) | 22 | 107 | 128 | 444 |
| German Technical Cooperation Agency (GIZ) | - | 425 | 425 | 486 |
| Grundfos Foundation | - | 798 | 798 | 117 |
| Endev | | 550 | 550 | 172 |
| Hivos | 2 | 112 | 114 | 404 |
| IKEA Foundation | - | 1,816 | 1,816 | 2,724 |
| Mastercard Foundation | - | 320 | 320 | |
| Old Dart Foundation | - | 344 | 344 | 424 |
| SIDA (Swedish International Development Cooperation Agency) | - | 555 | 555 | 210 |
| United Nations Children's Fund (UNICEF) | - | 212 | 212 | 343 |
| United Nations Development Programme (UNDP) | - | 658 | 658 | 1,079 |
| United Nations Environment Programme (UNEP) | - | 1,246 | 1,246 | 98 |
| United Nations Office for The Coordination Of Humanitarian Affairs (UNOCHA) | - | 2,098 | 2,098 | 721 |
| USAID | - | 335 | 335 | 249 |
| USAID (BHA) | - | 254 | 254 | - |
| ZOA | - | - | - | 170 |
| Zurich Insurance Company Ltd and its Z Zurich Foundation | - | 1,517 | 1,517 | 1,769 |
| Other (donations under £250k) | 10,942 | 2,573 | 13,515 | 15,985 |
| **Total** | **11,069** | **15,881** | **26,950** | **27,867** |



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| | Unrestricted £'000 | Restricted £'000 | Total 2023 £'000 | Total 2022 £'000 |
|---|---|---|---|---|
| **Donations and Legacies** | | | | |
| Donations | 6,935 | 1,548 | 8,483 | 9,846 |
| Legacies * | 2,652 | 728 | 3,380 | 2,950 |
| **Total Donations and Legacies** | **9,587** | **2,276** | **11,863** | **12,796** |
| **Charitable activities** | | | | |
| Grant income | 53 | 12,870 | 12,923 | 12,327 |
| Consultancy and Publishing income | 1,219 | 586 | 1,805 | 2,746 |
| **Total charitable activities** | **1,272** | **13,456** | **14,728** | **15,073** |
| **Investments** | | | | |
| Interest | 30 | - | 30 | 0 |
| **Total investments** | **30** | **0** | **30** | **0** |
| **Other** | | | | |
| Other income | 180 | 149 | 329 | -2 |
| **Total other** | **180** | **149** | **329** | **(2)** |
| **Total** | **11,069** | **15,881** | **26,950** | **27,867** |

** Approximately £3,058k of residual and £41k of reversionary legacies had been notified to the charity before 31 March 2023 but have not been recognised as income in the year as they do not meet the SORP FRS102 income recognition criteria.*

## Gifts in Kind

During the year ended 31 March 2023 Practical Action received gifts in kind totalling £174k (2022:£611k).

## Volunteers

Practical Action does not have a volunteer programme, volunteer requests are dealt with on an individual basis. In the year there the following volunteers:

— 750 volunteers supporting humanitarian projects in Kenya.



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# 4. Total resources expended

| | Grants payable £'000 | Direct costs £'000 | Support costs £'000 | Total 2023 £'000 | Total 2022 £'000 |
|---|---|---|---|---|---|
| **Fundraising:** | **-** | **2,183** | **313** | **2,496** | **2,417** |
| **Charitable activities:** | | | | | |
| Energy access | 458 | 5,188 | 810 | 6,456 | 6,228 |
| Food and agriculture | 1,314 | 7,653 | 1,287 | 10,254 | 9,244 |
| Urban water and waste | - | 1,257 | 180 | 1,437 | 2,706 |
| Disaster risk reduction | 389 | 5,664 | 869 | 6,921 | 5,803 |
| Knowledge broking | - | 655 | 94 | 749 | 777 |
| Other | - | 2 | 0 | 2 | 24 |
| Governance | - | 529 | 76 | 605 | 464 |
| **Total expenditure on charitable activities** | **2,161** | **20,948** | **3,316** | **26,425** | **25,246** |
| **Total resources expended*** | **2,161** | **23,131** | **3,629** | **28,921** | **27,663** |

**Total resources expended include £244k of costs relating to irrecoverable VAT in the UK.*

Support costs represent the costs for management and administration which is made up of Chief Executive, Marketing and Communications, Finance, People and Culture (Human Resources), Facilities and Services and Information Technology shared (central) costs. Support costs are allocated across the charitable activities in proportion to direct cost. This represents the most appropriate view of the support costs for Practical Action.

| Support costs | 2023 £'000 | 2022 £'000 |
|---|---|---|
| CEO Office | 221 | 158 |
| Marketing and Communications | 627 | 580 |
| Finance | 1,158 | 1,233 |
| IT | 532 | 510 |
| HR | 685 | 605 |
| Facilities and Services | 324 | 331 |
| Other * | 83 | (27) |
| **Total** | **3,630** | **3,390** |

** Other costs includes depreciation, UK pension service costs, VAT annual rate adjustment, re-structuring and other exceptional costs.*



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| Total expenditure on charitable activities (inclusive of support costs) | Total 2023 £'000 | Total 2022 £'000 |
|---|---|---|
| **Charitable activities:** | | |
| East Africa | 4,749 | 4,774 |
| Latin America | 3,490 | 2,785 |
| South Asia | 3,106 | 1,963 |
| Southern Africa | 1,363 | 2,293 |
| Bangladesh | 2,367 | 3,015 |
| Sudan | 5,214 | 3,835 |
| West Africa | 644 | 390 |
| International direct programme work | 4,887 | 5,727 |
| Governance costs | 605 | 464 |
| **Total expenditure on charitable activities** | **26,425** | **25,246** |

International programme work includes our global policy, Practical Action Consulting and Publishing work.



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During the year ended 31 March 2023, Practical Action made grants to partner organisations. Grants payable to partner organisations are considered to be part of the costs of activities in the furtherance of the objects of the charity because much of the charity's programme activity is carried out through grants to partner organisations that support long-term, sustainable benefits for a community, which are monitored by the charity.

| Grants to partners greater than £200k | Total 2023 £'000 | Total 2022 £'000 |
|---|---|---|
| DECOS | 316 | - |
| E4I | - | 260 |
| Kuwait patient helping fund organization Sudan | - | 243 |
| Friends of Peace and Development Organization (FPDO) | 262 | - |
| Village Education Resource Center | - | 218 |
| Welthungerhilfe (WHH) | 426 | - |
| Other | 1,157 | 1,343 |
| **Total** | **2,161** | **2,064** |

| Amounts payable to the auditor | 2023 £'000 | 2022 £'000 |
|---|---|---|
| Statutory audit | 72 | 72 |
| Other assurance services | - | - |
| Tax advisory services | - | - |
| Other financial services | 5 | 3 |
| **Total** | **77** | **75** |



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# 5. Employees

| Staff costs | 2023 £'000 | 2022 £'000 |
|---|---|---|
| Wages and salaries | 10,516 | 10,180 |
| Social security costs | 875 | 1,030 |
| Pension costs (employee benefit scheme)) | 52 | 50 |
| Pension (stakeholder scheme) | 829 | 548 |
| Staff end of service costs* | 282 | 379 |
| Redundancy, ex gratia and termination costs | 262 | 32 |
| **Total emoluments of employees** | **12,816** | **12,219** |
| Other staff costs ** | 250 | 237 |
| **Total staff costs** | **13,066** | **12,456** |

** In order to meet local employment regulations, 'end of service' payments are made to employees in country programmes when they leave employment with Practical Action. The amount of the payments are determined by the salary and length of service of the employees. Staff end of service costs change each year based on the accrued entitlement.*

*** Other staff costs consists of temporary and agency staff.*

| Average number of full time equivalent employees | 2023 Number | 2022 Number |
|---|---|---|
| Eastern Africa | 62 | 63 |
| Latin America | 71 | 74 |
| South Asia | 53 | 48 |
| Southern Africa | 20 | 33 |
| Bangladesh | 84 | 94 |
| Sudan | 33 | 64 |
| UK | 104 | 108 |
| **Total** | **427** | **484** |

| Average number of employees | 2023 Number | 2022 Number |
|---|---|---|
| Eastern Africa | 62 | 63 |
| Latin America | 72 | 74 |
| South Asia | 53 | 48 |
| Southern Africa | 20 | 33 |
| Bangladesh | 84 | 94 |
| Sudan | 33 | 64 |
| UK | 108 | 113 |
| **Total** | **432** | **489** |

During the year, employees earning more than £60,000 fell into the following bands:

| | 2023 Number | 2022 Number |
|---|---|---|
| £60,001 – £70,000 | 8 | 8 |
| £70,001 – £80,000 | 3 | 2 |
| £80,001 – £90,000 | 1 | 2 |
| £90,001 – £100,000 | - | - |
| £100,000–£110,000 | 1 | 1 |



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The CEO during the year earned a salary of £107,625.

Benefits are accruing to eight (2022: nine) higher-paid employees under Practical Action's stakeholder pension scheme, which is open to all eligible employees. Employer contributions of £58,666 (2022: £69,643) have been made into this stakeholder scheme for these higher-paid employees. Within Practical Action's Employee Benefits Scheme, benefits are accruing for no (2022: none) higher-paid employee.

Key management personnel is a term used by FRS 102 for those persons having authority and responsibility for planning, directing and controlling the activities of the charity, directly or indirectly, including any director (whether executive or otherwise) of the charity. This definition includes trustees and those members of staff who are the senior management personnel to whom the trustees have delegated significant authority or responsibility in the day-to-day running of the charity. Earnings for key management personnel, which are considered to be the Global Leadership Team (GLT) as listed on page 44 were £702k in 2022/23 and £680k in 2021/22. This represented 7 people in 2022/23 and 2021/22. Following a restructure in 2022/23 roles have been amended in 2021/22 to better reflect a like for like comparison.

Salaries and benefits of the Global Leadership Team (GLT) are overseen by the Board's Governance and People Committee in line with the policy and principles for all staff pay. These are considered by the Committee annually.

The Trustees receive no remuneration for their services. Expenses reimbursed to Trustees during the year amounted to £3,667 (2022: £24), which related to travel and refreshment costs for meetings, and postage.

Expenses were reimbursed to four trustees (2022: one Trustee).

Indemnity insurance is provided for Trustees which is incorporated into a Professional Indemnity policy for the Organisation at a total cost of £30,240 (2022 policy: £16,330).



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# 6. Net income from trading subsidiaries and summary balance sheets

The results of the principal trading subsidiaries are summarised below:

| | Practical Action Consulting 2023 £'000 | PAC India (Subsidiary of PAC UK) 2023 £'000 | PAC Nepal Private Ltd (Subsidiary of PAC UK) 2023 £'000 | PAC Malawi (Subsidiary of PAC UK) 2023 £'000 | PAC Bangladesh (Subsidiary of PAC UK) 2023 £'000 | PAC Peru (Subsidiary of PAC UK) 2023 £'000 | Practical Action Publishing 2023 £'000 |
|---|---|---|---|---|---|---|---|
| Income | 592 | 49 | 323 | - | 163 | - | 357 |
| Expenditure | (710) | (49) | (340) | - | (96) | - | (502) |
| **Net profit/(loss)** | **(118)** | **0** | **(17)** | **-** | **67** | **-** | **(145)** |
| Income per subsidiary accounts | 592 | 49 | 323 | - | 163 | - | 357 |
| Less: grants from parent charity | (89) | - | - | - | - | - | (50) |
| | **503** | **49** | **323** | **-** | **163** | **-** | **307** |
| Expenditure per accounts | (710) | (49) | (340) | - | (96) | - | (502) |
| Less: group charges | 69 | - | - | - | - | - | 48 |
| | **(641)** | **(49)** | **(340)** | **-** | **(96)** | **-** | **(454)** |
| **Net effect on group results for the year** | **(138)** | **-** | **(17)** | **-** | **67** | **-** | **(147)** |
| **Summary balance sheet** | | | | | | | |
| Fixed Assets | 2 | - | 2 | - | - | - | 36 |
| Investment | 65 | - | - | - | - | - | - |
| Net current assets/(liabilities) | (679) | (87) | 237 | (124) | 72 | 12 | (417) |
| **Net assets / (liabilities)** | **(612)** | **(87)** | **239** | **(124)** | **72** | **12** | **(381)** |
| Called up share capital | - | 29 | 35 | - | 10 | 13 | - |
| Profit & loss account | (612) | (116) | 204 | (124) | 62 | (1) | (381) |
| **Surplus/(deficit) on shareholder funds** | **(612)** | **(87)** | **239** | **(124)** | **72** | **12** | **(381)** |



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| | Practical Action Consulting 2022 £'000 | PAC India (Subsidiary of PAC UK) 2022 £'000 | PAC Nepal Private Ltd (Subsidiary of PAC UK) 2022 £'000 | PAC Malawi (Subsidiary of PAC UK) 2022 £'000 | PAC Bangladesh (Subsidiary of PAC UK) 2022 £'000 | PAC Peru (Subsidiary of PAC UK) 2022 £'000 | Practical Action Publishing 2022 £'000 |
|---|---|---|---|---|---|---|---|
| Income | 1,719 | 60 | 296 | (45) | 235 | - | 451 |
| Expenditure | (1,795) | (74) | (292) | (158) | (169) | - | (508) |
| **Net profit/(loss)** | **(76)** | **(14)** | **4** | **(203)** | **66** | **-** | **(57)** |
| Income per subsidiary accounts | 1,719 | 60 | 296 | (45) | 235 | - | 451 |
| Less: grants from parent charity | (281) | - | - | (38) | - | - | (92) |
| | **1,438** | **60** | **296** | **(83)** | **235** | **-** | **359** |
| Expenditure per accounts | (1,795) | (74) | (292) | (158) | (169) | - | (508) |
| Less: group charges | 220 | - | - | - | - | - | 51 |
| | **(1,575)** | **(74)** | **(292)** | **(158)** | **(169)** | **-** | **(457)** |
| **Net effect on group results for the year** | **(137)** | **(14)** | **4** | **(241)** | **66** | **-** | **(98)** |

| **Summary balance sheet** | | | | | | | |
|---|---|---|---|---|---|---|---|
| Fixed Assets | 1 | - | 1 | - | 3 | - | 68 |
| Investment | 65 | | | | | | |
| Net current assets/(liabilities) | (560) | (85) | 256 | (124) | - | 12 | -297 |
| **Net assets / (liabilities)** | **(494)** | **(85)** | **257** | **(124)** | **3** | **12** | **(229)** |
| Called up share capital | - | 30 | 35 | - | 10 | 13 | - |
| Profit & loss account | (494) | (115) | 222 | (124) | (7) | ( 1) | (229) |
| **Surplus/(deficit) on shareholder funds** | **(494)** | **(85)** | **257** | **(124)** | **3** | **12** | **(229)** |



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# 7. Intangible and tangible assets

| Intangible fixed assets | Total £'000 |
|---|---|
| **Group cost** | |
| At 1 April 2022 | 98 |
| Additions | 3 |
| **At 31 March 2023** | **101** |
| | |
| **Amortisation** | |
| At 1 April 2022 | 53 |
| Charge for the year | 14 |
| **At 31 March 2023** | **67** |
| | |
| **Net Book Value (NBV)** | |
| At 31 March 2022 | 45 |
| **At 31 March 2023** | **34** |

| Tangible fixed assets | Freehold and Leasehold property £'000 | Motor vehicles £'000 | Computer equipment £'000 | Furniture and other equipment £'000 | Total £'000 |
|---|---|---|---|---|---|
| **Group cost or valuation** | | | | | |
| As at 1 April 2022 | 136 | 2,142 | 1,831 | 1,409 | 5,518 |
| Additions | - | 332 | 154 | 28 | 514 |
| Disposals | - | (259) | (229) | (143) | (631) |
| **At 31 March 2023** | **136** | **2,215** | **1,756** | **1,294** | **5,401** |
| | | | | | |
| **Depreciation** | | | | | |
| As at 1 April 2022 | - | 1,887 | 1,691 | 1,190 | 4,768 |
| Charge | - | 87 | 70 | 167 | 324 |
| Disposals | - | (260) | (227) | (116) | (603) |
| **At 31 March 2023** | **-** | **1,714** | **1,534** | **1,240** | **4,488** |
| | | | | | |
| **Net Book Value (NBV)** | | | | | |
| As at 1 April 2022 | 136 | 255 | 140 | 219 | 750 |
| **As at 31 March 2023** | **136** | **501** | **222** | **53** | **913** |



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All of the charity's fixed assets are held primarily for direct charitable use.

| Tangible fixed assets of the subsidiary undertakings | NBV 2023 £'000 | NBV 2022 £'000 |
|---|---|---|
| Motor vehicles | - | - |
| Computer equipment | 6 | 5 |
| Furniture and other equipment | - | 23 |

# 8. Investments

| | Group | | Charity | |
|---|---|---|---|---|
| | 2023 £'000 | 2022 £'000 | 2023 £'000 | 2022 £'000 |
| **Cash investments** | | | | |
| Cash investments | 2,384 | 4,048 | 2,384 | 4,048 |
| Common investment fund | 456 | 490 | 456 | 489 |
| Investment bonds | (3) | 3 | - | - |
| Impairment provision | - | - | - | - |
| **Total** | **2,837** | **4,541** | **2,840** | **4,537** |
| **Programme investments** | | | | |
| Capital loans to subsidiaries | - | - | - | 653 |
| Programme investments | - | - | 29 | 138 |
| **Total** | **-** | **-** | **29** | **791** |

| Reconciliation of common investment fund: | £'000 |
|---|---|
| Historical cost | 396 |
| Opening balance at 1 April 2022 | 490 |
| Additional investment | - |
| Realised loss | (34) |
| **Closing balance at 31 March 2023** | **456** |



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The following were subsidiary undertakings at the end of the year and have all been included in the consolidated financial statements, except Dormant Companies:

| | Country of incorporation and address | Proportion of voting rights and ordinary share capital held | Nature of business |
|---|---|---|---|
| Practical Action Consulting Limited (Reg. No. 00952705) | England<br><br>The Robbins Building, 25 Albert Street, Rugby, Warwickshire, England, CV21 2SD | 100% | Consultants for agriculture and industry |
| Practical Action Publishing Limited (Reg. No. 01159018) | England<br><br>As above | 100% | Publishers and booksellers |
| Intermediate Technology Publications Limited (Dormant company Reg. No. 06424984) | England<br>Dormant company | 100% | Publishers and booksellers |
| Intermediate Technology Development Group Limited (Dormant company Reg. No. 01017062) | England<br>Dormant company | 100% | Developers of agriculture and industrial machinery |
| ATS Property Holdings Private Limited (Dormant company Reg. No. Sri-Lanka PV 6894) | Sri-Lanka<br>Dormant company | 100% | Property purchase, lease moveable, immoveable property |
| Practical Action Consulting Private Limited (Reg. No. Kathmandu, 117858/070/071) | Nepal<br><br>Practical Action, Indira House, House No.1114, Panipokhari Hill, Kathmandu, Nepal | 51% PAC, 49% PA staff | Consultants for agriculture and industry |
| Practical Action Consulting (India) Private Limited (Reg. No. Delhi, CIN U74999DL2014FTC272886 | India<br><br>Practical Action, Plot No: H-4, BJB Nagar, Lewis Road, Bhubaneswar – 751014, Odisha, India | 99.7% PAC 0.3% PAC staff | Consultants for agriculture and industry |
| Practical Action Consulting Limited (Reg. No. 14654) | Malawi<br><br>Area 6, Plot 130, P.O. Box 30108, Lilongwe, Malawi | 100% | Consultants for agriculture and industry |



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| | | | |
|---|---|---|---|
| Practical Action Consulting Bangladesh Limited (Reg. No. C-130198/2016) | Bangladesh<br><br>House 28/A, Road 5, Dhanmondi, Dhaka – 1205, Bangladesh | 99% PAC<br>1% PA staff | Consultants for agriculture and industry |
| Practical Action Consulting S.A.C Limited (Reg. No. 20601238200) | Peru<br><br>Oficina Regional de América Latina, Centro Empresarial Peruano Suizo Av. Aramburú 166 Of. 2A, Miraflores, Lima, Perú | 49% PAC<br>51% PA staff | Consultants for agriculture and industry |

# 9. Stock

| | Group | | Charity | |
|---|---|---|---|---|
| | 2023 £'000 | 2022 £'000 | 2023 £'000 | 2022 £'000 |
| Finished goods | 126 | 132 | - | - |
| Work in progress | 5 | 8 | - | - |
| **Balance sheet total** | **131** | **140** | **-** | **-** |

# 10. Debtors

| | Group | | Charity | |
|---|---|---|---|---|
| | 2023 £'000 | 2022 £'000 | 2023 £'000 | 2022 £'000 |
| Trade debtors | 3,879 | 2,460 | 3,439 | 1,924 |
| Prepayments & accrued Income | 2,858 | 3,728 | 2,619 | 3,281 |
| Amounts owed to the charity by the group | - | - | 1,251 | 488 |
| Other debtors | 832 | 413 | 706 | 342 |
| **Total** | **7,570** | **6,601** | **8,015** | **6,035** |



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# 11. Cash at bank and in hand

| | Group | | Charity | |
|---|---|---|---|---|
| | 2023 £'000 | 2022 £'000 | 2023 £'000 | 2022 £'000 |
| Cash and bank balances in UK | 6,122 | 7,721 | 6,112 | 7,694 |
| Cash and bank balances overseas | 4,690 | 3,233 | 4,432 | 2,854 |
| Petty cash | 5 | 6 | 5 | 5 |
| **Total** | **10,817** | **10,960** | **10,549** | **10,553** |

# 12. Creditors: amounts falling due within one year

| | Group | | Charity | |
|---|---|---|---|---|
| | 2023 £'000 | 2022 £'000 | 2023 £'000 | 2022 £'000 |
| Trade creditors | 573 | 637 | 498 | 527 |
| Payments received in advance* | 7,922 | 5,104 | 7,814 | 4,922 |
| Accruals | 754 | 1,039 | 556 | 745 |
| Taxation and social security | 272 | 332 | 257 | 314 |
| Other creditors | 1,433 | 1,189 | 1,419 | 1,158 |
| **Total** | **10,954** | **8,301** | **10,544** | **7,667** |

**Payments received in advance represent grants received in advance of the period to which they relate. The analysis of such payments is shown below:*

| | Group £'000 | Charity £'000 |
|---|---|---|
| Balance brought forward | 5,104 | 4,922 |
| Released to income | (5,104) | (4,922) |
| Received in year | 7,922 | 7,814 |
| **Balance carried forward** | **7,922** | **7,814** |



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# 13. Provisions

| | Balance at 1.4.22 £'000 | Provisions created £'000 | Provisions utilised £'000 | Balance at 31.3.23 £'000 |
|---|---|---|---|---|
| Project issues | 8 | 260 | (8) | 260 |
| Redundancy | 5 | 0 | (3) | 2 |
| Annual leave/retirement provision | 2 | 5 | (2) | 5 |
| Other | - | 9 | - | 9 |
| **TOTAL** | **15** | **274** | **(13)** | **276** |

# 14. Funds note

| 2023 | Opening balance 2022 £'000 | Incoming resources £'000 | Expenditure and charges £'000 | Transfer £'000 | Closing balance 2023 £'000 |
|---|---|---|---|---|---|
| **Designated reserves** | | | | | |
| Fixed asset fund | 792 | - | - | 154 | 946 |
| Revaluation reserve | 94 | - | - | (34) | 60 |
| Free reserves | 7,362 | 11,069 | 13,111 | (120) | 5,200 |
| **Total unrestricted funds** | **8,248** | **11,069** | **13,111** | **-** | **6,206** |
| Energy that transforms | 252 | 3,203 | 3,466 | - | (11) |
| Farming that works | (289) | 7,304 | 6,983 | - | 32 |
| Cities fit for people | 54 | 972 | 979 | - | 47 |
| Resilience that protects | 1,866 | 4,507 | 4,791 | - | 1,582 |
| Other | 539 | (105) | 93 | - | 341 |
| **Total restricted funds** | **2,422** | **15,881** | **16,312** | **-** | **1,991** |
| **Total funds** | **10,670** | **26,950** | **29,423** | **-** | **8,197** |



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| 2022 | Opening balance 2021 £'000 | Incoming resources £'000 | Expenditure and charges £'000 | Transfer £'000 | Closing balance 2022 £'000 |
|---|---|---|---|---|---|
| **Designated reserves** | | | | | |
| Fixed asset fund | 804 | - | - | (12) | 792 |
| Revaluation reserve | 107 | - | - | (13) | 94 |
| Free reserves | 7,838 | 12,706 | 13,207 | 25 | 7,362 |
| **Total unrestricted funds** | **8,749** | **12,706** | **13,207** | **0** | **8,248** |
| Energy that transforms | 166 | 2,944 | 2,858 | - | 252 |
| Farming that works | (30) | 5,829 | 6,088 | - | (289) |
| Cities fit for people | 50 | 1,584 | 1,580 | - | 54 |
| Resilience that protects | 1,177 | 4,564 | 3,875 | - | 1,866 |
| Other | 354 | 240 | 55 | - | 539 |
| **Total restricted funds** | **1,717** | **15,161** | **14,456** | **0** | **2,422** |
| **Total funds** | **10,466** | **27,867** | **27,663** | **0** | **10,670** |



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# 15. Total funds

| 2023 | Unrestricted funds £'000 | Restricted funds £'000 | 2023 Total £'000 | 2022 Total £'000 |
|---|---|---|---|---|
| Fixed assets | 784 | 162 | 946 | 792 |
| Investments | 2,837 | - | 2,837 | 4,541 |
| Stock | 130 | - | 130 | 140 |
| Debtors | 2,057 | 5,513 | 7,570 | 6,601 |
| Cash at bank and in hand | 4,288 | 4,146 | 8,434 | 6,912 |
| Creditor: amount due within than 1 year | ( 3,140) | ( 7,814) | ( 10,954) | (8,301) |
| Creditor: amount due after more than 1 year | - | - | - | - |
| Provisions for liabilities and charges | ( 259) | ( 16) | ( 275) | (15) |
| Pension liability | ( 491) | - | ( 491) | - |
| **Total** | **6,206** | **1,991** | **8,197** | **10,670** |

| 2022 | Unrestricted funds £'000 | Restricted funds £'000 | 2022 Total £'000 | 2021 Total £'000 |
|---|---|---|---|---|
| Fixed assets | 630 | 162 | 792 | 802 |
| Investments | 4,541 | - | 4,541 | 4,053 |
| Stock | 140 | - | 140 | 148 |
| Debtors | 1,917 | 4,684 | 6,601 | 7,019 |
| Cash at bank and in hand | 4,400 | 2,512 | 6,912 | 8,430 |
| Creditors: amount due within than 1 year | (3,373) | (4,928) | (8,301) | (9,941) |
| Creditors: amount due after more than 1 year | - | - | - | - |
| Provisions for liabilities and charges | (7) | (8) | (15) | (45) |
| Pension liability | - | - | - | - |
| **Total** | **8,248** | **2,422** | **10,670** | **10,466** |



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# 16. Pension costs and FRS 102

## Practical Action Employee Benefits Scheme

The charity operates a defined benefits scheme in the UK which was closed to contributions in 2002. The charity has accounted for pension costs in accordance with FRS 102. The scheme is a registered pension scheme under chapter 2 Part 4 of the Finance Act 2004. The assets of the scheme are held separately from the assets of the charity, being represented by units in a segregated fund managed by an external investment manager. At 1 April 2020, the latest valuation date, the actuarial value of the schemes assets was 94% of the value of past service liabilities on an ongoing (SFO) basis. However, the funding position was reassessed in March 2021 and it was revealed that there was a surplus at this later date, as a result of which the scheme trustees and the charity agreed that the charity would not be required to make any deficit contributions. The market value of the scheme's assets at the valuation date was £11,030,000, excluding money purchase AVCs. Although it was agreed that no deficit contributions would be payable, the scheme trustees and the charity agreed that the charity would pay contributions to the scheme in respect of expenses and levies at the rate of £4,202 per month from 1 April 2021, increasing by 2.5% pa with the first such increase applying from 1 April 2022.

In arriving at the 2020 actuarial valuation above, the following assumptions were adopted:

| | 2020 |
|---|---|
| Inflation RPI | 3.0% |
| Inflation CPI | 2.3% |
| Future salary increases | 3.0% |
| Pension increases (where linked to RPI) | 3.0% |
| Discount rate before retirement | 4.0% |
| Discount rate post-retirement | 2.70% |
| Mortality base tables | S3PXA |
| Improvement in mortality rates | 1.25% (CMI 2019) |

A valuation has been performed in order to assess the disclosures required under FRS 102 as at 31 March 2023 by an independent qualified actuary.

| | 2023 | 2022 |
|---|---|---|
| Discount rate | 4.80% | 2.70% |
| Inflation (RPI) | 3.40% | 3.50% |
| Inflation (CPI) | 2.50% | 2.80% |
| Future salary increases | 4.70% | 5.00% |
| Revaluation in deferment | 2.50% | 2.80% |
| Pension increases | 3.00% | 3.50% |
| Mortality | | |
| – Base table | S3PXA | S3PXA |
| – Allowance for future improvements | CMI2019[1%] | CMI2019[1%] |



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## a) Balance Sheet Position

| | 2023 £'000 | 2022 £'000 |
|---|---|---|
| Present value of funded obligations | (8,284) | (10,629) |
| Fair value of plan assets | 7,793 | 11,633 |
| **Surplus / (deficit) per FRS102** | **(491)** | **1,004** |
| **Amounts in the balance sheet:** | | |
| Liabilities | (491) | - |
| Assets | - | - |
| **Net liability** | **(491)** | **-** |

## b) Changes in the present value of the defined benefit obligation are as follows:

| | 2023 £'000 | 2022 £'000 |
|---|---|---|
| Opening defined benefit obligation | 10,629 | 11,465 |
| Past service cost | - | - |
| Interest cost | 282 | 237 |
| Benefits paid | (410) | (321) |
| Curtailments / settlements | | - |
| Remeasurement losses / (gains) | (2,217) | (752) |
| **Defined benefit obligation at end of year** | **8,284** | **10,629** |

## c) Changes in the fair value of the scheme assets are as follows:

| | 2023 £'000 | 2022 £'000 |
|---|---|---|
| Opening fair value of scheme assets | 11,633 | 11,785 |
| Interest income | 308 | 244 |
| Remeasurement gains / (losses) | (3,723) | 50 |
| Employer contributions | 52 | (79) |
| Benefits paid | (410) | (321) |
| Expenses paid | (67) | (46) |
| **Fair value of scheme assets at the year end** | **7,793** | **11,633** |
| The actual return on the scheme assets in the year | (3,415) | 165 |



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### d) The amounts included within the Statement of Financial Activities are as follows:

| | 2023 £'000 | 2022 £'000 |
|---|---|---|
| Expenses | (67) | (46) |
| Interest on net liability | 26 | 7 |
| Past service cost | - | - |
| Curtailments / (settlements) | - | - |
| **Total amount charged within net (outgoing) resources** | **(41)** | **(39)** |
| Actual return on plan assets less interest | (3,723) | (79) |
| Experience (losses) / gain on liabilities | (317) | 11 |
| Change in assumptions | 2,534 | 741 |
| Less gains not recognised | - | - |
| **Actuarial gains recognised** | **(1,506)** | **673** |
| **Total losses recognised in the statement of financial activities** | **(1,547)** | **-** |

The actuarial loss recognised is reduced by the prior year scheme surplus.

## 17. Reconciliation of net income to net cash inflow from operating activities

| | 2023 £'000 | 2022 £'000 |
|---|---|---|
| Net expenditure/income for the reporting period (as per the statement of financial activities) | (1,971) | 202 |
| Proceeds from sale of property | - | - |
| (Gains) / losses on investments | 37 | 13 |
| Dividends, interest and rents from investments | (31) | - |
| Depreciation | 335 | 443 |
| Loss on the disposal of fixed assets | 27 | 2 |
| Decrease /(Increase) in stocks | 9 | 7 |
| (Increase)/decrease in debtors | (970) | 419 |
| Increase/(decrease) in creditors and provisions | 2,912 | (1,673) |
| Difference between the pension contributions and current service costs | - | - |
| **Net cash provided by/(used in) operating activities** | **348** | **(587)** |



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# 18. Analysis of cash and cash equivalents

| | 2023 £'000 | 2022 £'000 |
|---|---|---|
| Cash in hand | 8,433 | 6,912 |
| Cash held as part of investment portfolio (Note 8) | 2,384 | 4,048 |
| **Total cash and cash equivalents** | **10,817** | **10,960** |

# 19. Additional grants disclosures

The following donors require further details of their grants to be published in the accounts.

| Foreign Commonwealth and Development Office Grants | 2023 £'000 | 2022 £'000 |
|---|---|---|
| Grants | 1,415 | 1,523 |

| Project funding details required by FCDO | Contract Number | 2023 FCDO Funding £'000 |
|---|---|---|
| DFID aid match appeal Nepal | 205210-279 | 562 |
| Building climate and conflict resilient livelihoods | 205210-259 | 617 |
| Planting For Progress | 205210-235 | 236 |
| **Total** | | **1,415** |

| IKEA Foundation Grants | 2023 £'000 | 2022 £'000 |
|---|---|---|
| Grants | 1,816 | 2,724 |

| Project funding details required by IKEA Foundation | | 2023 IKEA Funding £'000 | 2022 IKEA Funding £'000 |
|---|---|---|---|
| RE4R | G- 1608-618 | 492 | 1,216 |
| TREYL | G- 1808-1160 | 1,324 | 1,508 |
| **Total** | | **1,816** | **2,724** |



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# 20. Commitments under operating leases

As at 31 March 2023, the group had commitments under non-cancellable operating leases as set out below:

| | 2023 Land and buildings £'000 | 2022 Land and buildings £'000 |
|---|---|---|
| **Operating lease which expire:** | | |
| Within one year | 389 | 360 |
| In two to five years | 1,042 | 1,237 |
| Over five years | 77 | 184 |
| **Total** | **1,508** | **1,781** |

The net income for the year has been stated after charging £397k (2022: £490k) for the hire of assets under operating leases.

# 21. Related party transactions

Practical Action Publishing Limited and Practical Action Consulting Limited are subsidiaries of Practical Action Group. Grants paid by the charity to the subsidiaries and gift aid received by the charity from the subsidiaries are disclosed in note 6.

A management charge of £48k (2022 £50k) and payroll costs totalling £185k (2022 £148k) were also charged to Practical Action Publishing Limited by the charity. At the year end, Practical Action Publishing Limited owed the charity £553k (pooling balance and interco loan).

A management charge of £69k (2022 £220k) and payroll costs totalling £304k (2022 £757k) were also charged to Practical Action Consulting Limited from the charity. At the year-end, Practical Action Consulting Limited owed the charity £523k.

Full declarations of interests are obtained from Trustees and Directors for their own activities outside of Practical Action governance as well as those of their close family members and those entities which they control or in which they have a significant interest. In 2023 these related parties made no donations to Practical Action.



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# 22. Financial instruments

| | 2023 £'000 | 2022 £'000 |
|---|---|---|
| Financial Instruments measured at fair value through profit and loss | 456 | 490 |

The income, expense, gains and losses in respect of financial instruments are summarised below:

| Gains/Loss on financial instruments measured at fair value through profit and loss | 2023 £'000 | 2022 £'000 |
|---|---|---|
| Financial instruments measured at fair value at the start of the year: | 490 | 503 |
| Gain/(loss) | (34) | (13) |
| Purchases | - | - |
| Financial instruments measured at fair value at the end of the year | 456 | 490 |



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# 23. Comparative statement of financial activities for the year ended 31 March 2022

This is a breakout of the prior year statement of financial activities.
(incorporating the Income and Expenditure Account)

| | Note | Unrestricted £'000 | Restricted £'000 | Total 2022 £'000 | Total 2021 £'000 |
|---|---|---|---|---|---|
| **Income and endowments from:** | | | | | |
| Donations and Legacies | *3* | 10,363 | 2,433 | 12,796 | 13,367 |
| Charitable activities | *3* | 2,360 | 12,713 | 15,073 | 16,762 |
| Investments | *3* | - | - | - | 15 |
| Other income | *3* | (17) | 15 | (2) | 295 |
| **Total income and endowments** | *3* | **12,706** | **15,161** | **27,867** | **30,439** |
| **Resources expended** | | | | | |
| Expenditure on raising funds | *4* | 2,414 | 3 | 2,417 | 2,573 |
| **Total expenditure on raising funds** | | **2,414** | **3** | **2,417** | **2,573** |
| **Expenditure on charitable activities:** | | | | | |
| Energy that transforms | *4* | 3,370 | 2,858 | 6,228 | 6,461 |
| Farming that works | *4* | 3,156 | 6,088 | 9,244 | 8,456 |
| Cities fit for people | *4* | 1,126 | 1,580 | 2,706 | 5,393 |
| Resilience that protects | *4* | 1,928 | 3,875 | 5,803 | 4,400 |
| Knowledge that inspires | *4* | 752 | 25 | 777 | 1,028 |
| Other | *4* | 461 | 27 | 488 | 918 |
| **Total expenditure on charitable activities** | | **10,793** | **14,453** | **25,246** | **26,656** |
| **Total expenditure** | *4* | **13,207** | **14,456** | **27,663** | **29,229** |
| Net gain/(loss) on investments | *8* | - | - | - | 13 |
| **Net income/(expenditure)** | | **(501)** | **705** | **204** | **1,223** |
| Transfers between funds | *14* | - | - | - | - |
| Actuarial gain on defined benefit pension scheme | *16* | - | - | - | - |
| **Net movement in funds** | | **(501)** | **705** | **204** | **1,223** |
| **Balance brought forward 01 April 2021** | | **8,749** | **1,717** | **10,466** | **9,243** |
| **Balance carried forward as at 31 March 2022** | *14, 15* | **8,248** | **2,422** | **10,670** | **10,466** |



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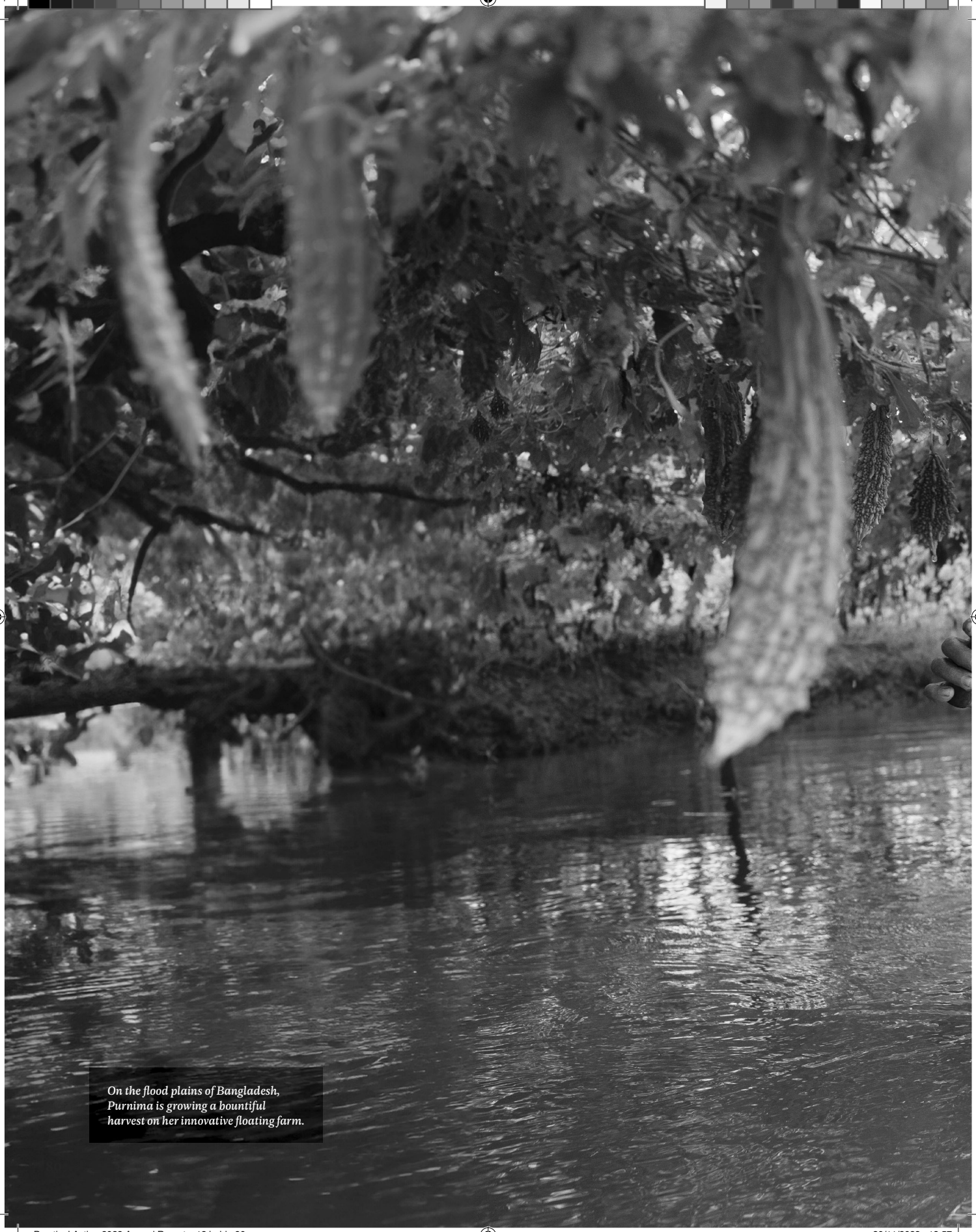

*On the flood plains of Bangladesh, Purnima is growing a bountiful harvest on her innovative floating farm.*

# BIG CHANGE
## starts small


**UK**
+44(0)1926 634400
practicalaction@practicalaction.org.uk

**Bangladesh**
+88 02 9672683
practicalaction@practicalaction.org.bd

**Kenya**
+254 20 2595 311
kenya@practicalaction.or.ke

**Latin America**
+511 441 2950
info@solucionespracticas.org.pe

**West Africa**
west.africa@practicalaction.org.uk

**Nepal**
+977 1 4423 639
practicalaction@practicalaction.org.np

**Zimbabwe**
+263 4 776 107
info@practicalaction.org.zw

**Sudan**
+249 155662474
info@practicalactionsd.org

**Rwanda**
+250 7861 42017
practicalaction.rwanda@practicalaction.org


Visit us online at to find out more about
our projects around the world.

**practicalaction.org**


The Robbins Building, 25 Albert Street,
Rugby, Warwickshire, CV21 2SD, UK.
Reg Charity No. 247257.
Patron His Majesty King Charles III, KG KT GCB OM AK QSO PC ADC


Practical
ACTION

**PRACTICAL ACTION**

England & Wales - Charity number 247257

# Accounts

## Annual Report and Accounts

# 2021 - 2022

Practical ACTION

**Big change starts small**

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*Some numbers in the Trustees' and Directors' Annual Report and Strategic Report sections have been rounded.*

*Front cover image: In Rwanda, we're supporting refugees to get access to electricity so they can take their lives off hold.*

# Welcome from the Chair and Chief Executive

## Martin Tyler, Chair of Trustees

Practical Action's vision is for a world that works better for everyone. Agriculture and cities that work for people and planet. Clean energy that transforms lives and enables more productive farming. Opportunities to create jobs and improve health and income. Climate resilience as a way of life, especially for those most affected.

The communities we work alongside, and our global team, responded brilliantly to some considerable challenges in 2021–22. As a result, our impact was felt at all levels – from households to communities to national governments and systems. We continued to make progress towards our vision.

My heartfelt thanks go to Yvonne Pinto, who chaired Practical Action for three years until the end of March 2022. Yvonne worked incredibly hard during one of the most testing times for charity leadership and international development and leaves Practical Action in a strong position. I feel privileged to take over as interim Chair of the Board from my previous position as Chair of the Finance Audit and Risk Committee.

The organisation has taken great steps forward in improving its diversity. The different backgrounds, specialisms and viewpoints present in both our Leadership Team and Board of Trustees make us a stronger, more adaptable organisation. The whole Board is absolutely committed to continuing to further challenge and help break down the barriers that create inequality throughout the world.

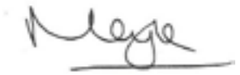
> *"Our impact was felt at all levels – from households to communities to national governments and systems."*

The ongoing effects of the pandemic, combined with economic shocks caused by the war in Ukraine, and widespread political unrest, have been devastating for many of the communities we work alongside. Many of them were already facing the worst effects of the climate crisis.

These same factors disrupted the global funding environment. Many donors and governments diverted funds or delayed or changed their decisions. However, we're confident that this will improve in 2022–23 and in the meantime, we have strong reserves with which to weather the storm.

I'm extremely proud of our teams and our partners around the world. Their determination and talent are extraordinary and have led them to deliver incredible results in challenging circumstances this year. Thanks to them, we end the year in a strong position.

What strikes me about the real impact that Practical Action has, is that while the scale of the global issues that face us can seem to be so overwhelming at times, it is often just simple interventions that can make a huge difference for individuals, and that when these are replicated and scaled up so does the impact. You'll see evidence of this philosophy throughout this report.



**Martin Tyler**

## Sarah Roberts, Chief Executive Officer

As I reflect on challenges that the world faces, I am reminded again and again about why Practical Action's work is needed more than ever. We continue to effectively link practical work grounded in the needs of communities with influential partnerships that can scale-up approaches that make a difference.

The capacity to overcome challenge is in Practical Action's DNA: we were set up to solve problems. And, over the course of the past year, our network of communities, partners and staff stepped up to considerable challenges, from continuing waves of Covid-19 to the consequences of the climate crisis.

16 million people have been reached by our work to change the systems that keep people poor and vulnerable.

I saw some of this work first-hand when I visited Nyabiheke refugee camp in Rwanda. Our partnership with UNHCR and local renewable energy providers has transformed life for residents. Streetlights are making the camp so much safer after dark, enabling everything from commerce to children's education and football games to continue when the sun goes down. Read more about this work on page 10.

The climate crisis cuts across all the work we do; people living in poverty tend to be the most vulnerable to climate change. Farmers must adapt their practices and crops in order to survive, cities continue to grow rapidly as people leave rural areas which can no longer support them, placing more pressure on services such as waste management, water supplies and sewers. In many cases, communities move from land destroyed by drought or rising sea levels to areas vulnerable to landslides and flooding.

So I joined our staff from different countries at COP26 in Glasgow where our team was working to get greater progress and investment for the people that need it most: from being part of national delegations, to amplifying the voice of those on the front line of climate change and brokering partnerships for change.

> *"16 million people have been reached by our work to change the systems that keep them poor and vulnerable.*

The Zurich Flood Resilience Alliance (page 20) continues to transform the world's approach to the biggest consequence of the climate crisis: flooding. Another of our partnerships – the Global Distributors Collective (page 13) – is increasing the effectiveness of businesses supplying millions of people living in remote, low-income communities with life-changing products such as solar energy. It's partnerships like these that have led to us being recognised by the Sustainable Markets Initiative as an exemplar of NGO-private partnerships achieving big change.

That big change must start small to work for those who need it most was central to the philosophy of our founder E.F. 'Fritz' Schumacher (page 26). This philosophy is as relevant now as when Fritz was working. But, as I look ahead, we will be redoubling our efforts to build the commitment and investment to scale up sustainable solutions and deliver the big change that the world so badly needs.

**Sarah Roberts**

# Our goals for change by 2025

**We put our expertise and ingenuity to work with communities in Africa, Asia and Latin America, so they can build resilient futures free from poverty. We influence and partner with policy makers, governments and the private sector to scale up solutions that work.**

## 6M

**Our work with partners will have improved the lives of 6 million people living in or vulnerable to poverty by 2025.**

## 20M

**By 2025, our work changing the systems that keep people in poverty will have positively impacted a further 20 million people.**

**We combine expertise across four specialist areas to achieve this:**

**Harnessing energy that transforms**
For the one billion people without access to electricity, and the three billion people without clean, safe cooking stoves.

**Cultivating farming that works**
For smallholder farmers struggling to make a sufficient income and adapt to the negative effects of climate change.

**Building resilience that protects**
For vulnerable people whose lives and livelihoods are threatened by climate-related and natural hazards.

**Making cities fit for people**
For the millions of people living in urban slums and settlements without proper sanitation, clean water and waste services.



# Our reach and impact 2021–22

**Our work reached:**

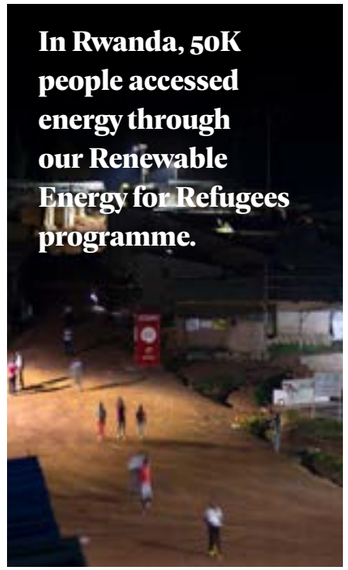
**440K**
people through our knowledge sharing platforms

**4M**
people through their families, community, or local partners

**11.6M**
people through NGOs, governments and businesses who adopted our approaches

**16M +**
people in total

**Some highlights from our impact around the world:**




In Zimbabwe, we inspired the Government to adopt 'Pfumvudza', benefitting 2.4M smallholder farmers.

To find out more about how we calculate our impact visit practicalaction.org.uk/annual-report

# Meet the changemakers

**We work with communities in the poorest parts of the world, so they can take on their toughest challenges. Our impact is achieved through the energy and generous support of like-minded individuals, and through bold collaborations with forward thinking partners, governments, international organisations and businesses. When we come together around shared goals, big change really is possible. Thank you!**

## STRATEGIC AND DELIVERY PARTNERS

### achieving shared goals

*"We've been partnering for more than four years with Practical Action on the Global Distributors Collective (GDC). It's a true joy to be working with a team that is so focused on our end goal; positively impacting the 200+ GDC members – last mile distribution companies delivering life-changing products to low-income consumers. Never has our end goal been compromised. The Practical Action team deeply listens to GDC members' needs so we can jointly act."*

**Emile Schmitz, Managing Director at Bopinc**

## SUBJECT-MATTER EXPERTS

### amplifying community voices

*"An important aspect of our projects is to address social challenges by promoting gender equality and the involvement of people with disabilities. Women have been involved equally in all project planning and implementation with their views and needs are captured in community action plans."*

**Mutaz Eltayeb, Project Manager, Practical Action**

## FUNDING PARTNERS

### kickstarting big change

*"Players of the People's Postcode Lottery are supporting Practical Action's innovative work in Rwanda. Together, we're building innovative solutions using sustainable agriculture and renewable energy in Mahama, one of the country's largest refugee camps. The project is helping people in and around the camp improve their food security, production and livelihoods with regenerative and climate-adaptive farming."*

**Laura Chow, Head of Charities at People's Postcode Lottery**

## PRIVATE COMPANIES

### supporting alternative approaches

*"We're delighted with our long-term partnership between Practical Action and Kilburn & Strode's Innovation for All Foundation. With Practical Action, we have found a partner sharing our vison for diversity and inclusion, and sustainability. We are excited that together, through innovation, we can enable communities around the world to work towards freeing themselves from poverty."*

**Caelia Bryn-Jacobsen, Partner, Kilburn & Strode**

## SUSTAINABILITY PARTNERS

### enhancing green strategies

*"Deloitte is proud to have worked with Practical Action for 2 years. Through our D2international (D2i) collaboration, we identified the opportunity to build on Practical Action's existing donor and partnership base as they aim to scale their impact in re-generative agriculture & WASH across Kenya."*

**Samantha Smith, Senior Consultant at Deloitte**

## COMMUNITY MEMBERS

### bringing innovation to life

*"My ambition is that my 'Awesome' peanut butter will become the best peanut butter company in the region. Thank you to Practical Action supporters for helping young people like me find an alternative source of sustaining our livelihoods."*

**Beryl Akoth Opiyo, Peanut Butter Producer, Kisumu, Kenya**

## INDIVIDUAL SUPPORTERS

### driving innovative solutions

*"I'd never come across an organisation that resonated so much with my own ways of living and personal beliefs. Practical Action is not about painting over rust or putting a bandage over a wound. It's about actually equipping and empowering people on the ground to improve their own situations."*

**Leyla Kazim; Presenter, Journalist and Practical Action Supporter**

# Energising futures for refugee communities

**Denyse Umubyeyi, Practical Action's Country Director in Rwanda explains:**

**We believe no-one should be left behind from the benefits of clean, reliable energy. Only a few years ago, providing electricity for cooking, lighting, heating and powering businesses, to support people living for the long term in refugee settings, was not a priority for humanitarian organisations. Our work is challenging this status quo and improving life for thousands of refugees and the communities surrounding them.**

More than 895,000 people live as refugees in Rwanda and Jordan. Among the many challenges they face each day is a lack of access to safe, affordable energy – and with this, a struggle for warmth, light, cooking, communication, and the tools to earn a living.

Working with the IKEA Foundation, the UNHCR, the Government and others, Renewable Energy for Refugees (RE4R) set out to rewrite the rule book. The project, which began in 2017 and ended in March 2022, has shown the transformative effect of renewable energy for over 83,000 refugees and their host communities.

Heating, lighting, cooking, mobile phones, tools, and appliances, enable camp residents to do business, moving from reliance on aid to economic independence. Many people assume refugees want free things, but they don't – they want jobs and secure futures. Many of them are living for decades in this situation with their lives on hold.

Esther (pictured) is a tailor, but without electricity, she struggled to earn enough money to feed her children and buy their clothes and household necessities. Now she's joined a cooperative supported by the project. Members can buy electric machines and set up their operations in the camp business centre. Here, Esther can take clients from inside and outside the camp, grow her income and support for her family.

*Esther's business is thriving now she has electricity to power her sewing machine.*

*Street lights are key to helping refugees feel safe after dark.*

## Learning from communities and sharing our knowledge

We consulted with refugee communities as partners, co-designers, customers and evaluators throughout the project so we could understand their most pressing needs and their ideas for solutions.

Streetlights quickly became a priority. People told us outdoor lights would make them feel safer, as well as meaning they could run their businesses after dark. Before streetlights, the camp residents, especially women and girls, said they felt like a dark island in the middle of a well-lit surrounding area. After the streetlights were installed they told us they felt like they were living in a ‘proper’ city.

At the end of the project, we brought the problems faced by refugees and their host communities to the attention of decision makers and shared our learning through a series of high-profile presentations.

Following on from the success of RE4R, we’re starting a new phase of work in Rwanda, while continuing to bring the issue of clean, affordable energy for refugees to the world’s attention. Two new projects are planned. One will take place thanks to funding from the Swedish International Development Agency (SIDA). The other project will be funded by the People’s Postcode Lottery and Kilburn and Strode.



## The Global Distributers Collective

National plans to roll out electricity provision often fail those living in remote and rural areas of poorer countries. This was the challenge the Global Distributors Collective (GDC) was set up to solve. The GDC supports organisations that serve low-income customers with life changing products such as solar lights and clean cookstoves.

We offer services to these ‘last mile distributors’ to help them do business more effectively – saving time, reducing costs, building capacity and developing business partnerships. Practical Action established this global collective alongside implementing partners Hystra and Bopinc.

In just five years, the GDC has grown to over 200 members in 50 countries. Thanks to this, over 33 million people have been able to buy affordable sustainable goods such as cookstoves, solar home systems, another example – which enable them to live more safely, study after dark, run small businesses that require electricity. These are people who had been left behind by the technology that could improve their lives, now able to cook safely and use electricity to power their education and businesses.

**13,389**

**In Jordan, 13,389 students are going to schools with better lighting and temperature control**

*Solar power means off-grid communities can power the electrical devices they need to run successful businesses.*

*Marvis has grown a successful business making and selling low-smoke briquettes.*



# Catalysing economic empowerment for women

**Lydia Muchiri, Practical Action’s Gender Advisor in Kenya explains:**

**A self-sustaining clean cooking industry – powered by women – is flourishing in Kenya. It’s the result of our Women in Energy Enterprises Programme, which is instilling women with the confidence, skills, knowledge, and networks to tread an unconventional path and take control of their lives and livelihoods.**

In millions of kitchens worldwide, women and girls breathe polluted air caused by dirty cooking fuel. Our vision wasn’t just for women to have access to cleaner cooking options in their own kitchens. It was to transform the whole cooking sector so that women can take part in the development, supply chain and sales of cookstoves, fuels and solar-powered products.

When the women we worked with felt empowered to take matters into their own hands, we saw a much greater spread of women as producers, sellers, and marketers of cookstoves, cleaner fuel briquettes and solar products, not only as end users.

This is the crux of our clean cookstove work – it’s not only about women’s health. It’s not even about women entrepreneurs rejecting ingrained gender roles and running successful businesses. It’s about making the whole sector work better so it creates employment opportunities in production and distribution of clean stoves and fuels so women can benefit in many more ways.

> *“Where once we saw women selling a stove to cover a one-off cost – for example, some sugar that day – we now have women seeing clean energy as a career. We have seen that women can go beyond what was always imagined for them.”*

## Overcoming ingrained social norms

Cleaner cooking has, historically, been seen as a ‘women’s affair’, and it’s been hard to convince male-dominated financiers and policymakers that it’s an important issue. For this programme to be effective, we needed to work with governments, businesses, and communities to bring household air pollution to their attention and keep it there. We needed to help empower women to start making their own changes too.

The need for action is urgent. Household air pollution caused by unclean cooking fuels – like wood, charcoal, and agricultural waste – is estimated to cause 3.2 million premature deaths a year. Women and children account for the majority of these as, in many countries, they are the ones at home preparing meals. Burning unclean fuels also causes deforestation and contributes to carbon emissions.

Through planned engagement and consultation, we worked with women to understand the barriers to success. Lack of self-confidence came up repeatedly – women felt they had no agency to run a successful energy business. Training, in partnership with the Clean Cooking Alliance, to improve their agency and technical knowledge of clean fuels and stoves, helped.

This work was carried out alongside Energia, an organisation with over 25 years' experience of building gender-equal energy access, with support from The Swedish International Development Agency (SIDA). Together, we've achieved nationwide change. The Kenyan Government has adopted a National Gender Policy for Energy, thanks to our research and advocacy work. We're helping them implement it across the country. That's big change.

**$2.4 TN**

**The cost of inaction towards clean cooking is estimated at US $2.4 trillion a year.**

# How carbon finance can scale up clean cooking

Cleaner cooking fuels and clean stoves have considerable potential to reduce carbon emissions and help countries meet their carbon reduction targets under the Paris Agreement.

We've won awards for a carbon offsetting programme that has developed a market for Liquid Petroleum Gas (LPG) involving women in the supply chain and supporting them through loans to get cooking businesses off the ground in Sudan. Now we are developing new clean cooking programmes in other countries financed through carbon offsets.

*Cleaner cooking options are boosting women's health and their incomes in Sudan.*



# Turning the tables on climate change

**Awadalla Hamid Mohamed, project manager in our Sudan team explains:**

**220,000 people in North Darfur and Kassala have benefited from a holistic approach to farming that's bringing people together to improve farming practices while restoring natural resources. The approach has been showcased as best practice at UN conventions and is being adopted by other development organisations. This replication is at the heart of what we do – sharing knowledge to achieve impact beyond what we can do alone.**

## Breaking with farming convention

We've been working in North Darfur and Kassala in Sudan for decades. These are two of the most drought-prone places in the world. Climate change has made weather patterns less predictable. Rains that used to fall no longer do. Crops that used to flourish now fail. As a result, there is competition over the remaining natural resources, made worse by centuries of conflict.

Global farming systems are bypassing millions of smallholder farmers, many of whom are living on the front line of climate change, like those in North Darfur and Kassala. We're bucking the trend by teaming up with those worst affected to build solutions that make farming work for them. Through this work, people who were once overlooked are becoming climate change pioneers that we can all learn from.

*The Korga dam runs for kilometres. It was built with our support after the community helped map the catchment area.*

## A holistic farming solution

Our approach blends agroforestry, integrated water management, increasing soil organic matter, seed systems, regenerative and conservation agriculture. Water management solutions, many of which were supported by the UN, include building and repairing dams and installing irrigation systems so water can be better managed, reforestation to restore soil quality and regreening pastureland to reduce conflict between pastoralists and farmers.

Farmers learn a wide range of skills at our farmers field schools, from organic and planet-friendly control of pests and diseases to management of livestock and processing crops. These skills mean they can adapt their farming to be more resilient to climate change.

New cooperatives and savings and loans groups, liked to local banks, make it easier for farmers to get loans so they can invest in their businesses. These groups are especially useful for women, who historically have found it more difficult to access finance.

The programme featured here is funded by UKAid and enabled by thousands of individual donations from members of the public, thanks to its Aid Match programme. The UN Environment Programme initiated this work and was our implementing partner. Our work in Sudan is also funded by the EU, UNOCHA (the UN Office for Coordination of Humanitarian Affairs) and UNDP (The UN Development Programme).

Matching your donations with UKaid

“Climate change has brought new challenges, but as a community, we’re facing these challenges together.”

**Suliman, a farmer in Darfur, Sudan**

*In North Darfur, Suliman is regreening land lost to the desert due to droughts made worse by climate change.*



**78%**

**78% of the world’s poorest people are farmers**

## Partnering with companies to improve farmer incomes and the sustainability of farming

We believe smallholder farmers should have the opportunity to go beyond subsistence farming and be able to build viable businesses and earn a decent living. It is also essential that we transition to more regenerative agriculture that maintain soil fertility and water resources, builds resilience and contributes to reducing the climate impact of our food and farming system. This belief is shared by the East West Tea Company (Yogi Tea & Choice Organics). We’ve teamed up with this private company to work with smallholder farmers in Rwanda.

Ian Brabbin, VP Global Sourcing and Sustainability, East West Tea Company says: “We buy tea from Sorwathe for our Choice Organics range and we wanted to help support the small-scale farmers in this district by improving their incomes through diversification. This will involve growing botanicals alongside their tea bushes and introducing regenerative agricultural practices to increase biodiversity, soil health and yields.”

The learning from our regenerative agriculture project in Rwanda, and similar work in Kenya, is already helping shape future plans to make agriculture an attractive and resilient employment option for many thousands more young people.

# The human impact of the climate crisis

**Miluska Ordoñez Caldas, Practical Action's and Zurich Peru's Project Specialist explains:**

**Globally, the impacts of climate change are getting worse. Weather patterns are becoming increasingly extreme and erratic. The world's poorest people, who are least to blame, are hardest hit. We're taking a multi-layered approach, from working with communities on the ground so they can adapt to the changing climate, to making sure their voices are heard at the highest level.**

## Communities adapting to escalating climate risks

Climate change, combined with population growth, urbanization and economic development, is worsening flooding in many regions. We believe that everyone should have the tools to predict and prepare for climate-related hazards like floods, to minimise the impact on their lives and livelihoods.

This vision is shared by the humanitarian, development, research and private sector partners that make up the Zurich Flood Resilience Alliance, funded by the Z Zurich Foundation and Zurich Insurance. We've been working together for decades to strengthen people's resilience to floods and other climate hazards. We work with flood prone communities and local government in resilience planning, building capacity of local governance bodies to implement agreed measures and using the lessons to influence for policy and practice change.

In Peru, we're working with the national hydro-meteorological agency to roll out our early warning systems across the country. 135,000 people are now protected by an early warning system, thanks to the activities of the Alliance. In November 2020, we expanded our programme of work to Senegal and Zimbabwe.

*With our support, Camilla has become a leader in her community, helping others prevent floods, minimise the damage they cause and recover more quickly from them.*

**"I think the answer lies within the community and the people. We can't wait for others to take action. We have to take responsibility and work within ourselves."**

**Camilla, Flood Resilience Brigade Leader in Santa Eulalia, Peru**



## Insuring against crises in Nepal

People living in poorer, flood-prone areas can lose everything when floods hit. Without the means to mitigate the risk posed by flooding, they are unable to take out insurance. When the flood waters recede, they have to start from scratch with nothing.

In Nepal, we're working with InsuResilience, the Government of Nepal and local authorities to address this challenge. The InsuResilience Global Partnership for Climate and Disaster Risk Finance and Insurance Solutions aims to strengthen the resilience of developing countries and protect the lives and livelihoods of poor and vulnerable people against the impacts of disasters. By working with communities to mitigate their vulnerability to risk, we're also opening up untapped markets to insurers.

Our expertise has led to our recognition as a local expert, with the Asia Disaster Preparedness Centre offering additional financial support to explore insurance in different climate impacted contexts in Nepal, something we are now developing.

*A flood gauge means Parvati's community can mitigate the effects of flooding.*

**$115 BILLION**

**Floods have caused $115 billion damage in the last half century**

## Keeping the needs of communities in the spotlight

Alongside our work on the ground with communities affected by climate change, we work to influence decision-makers to create policies that consider the needs of those communities and keep those needs on the global agenda. From national media coverage to shaping UN priorities, it's a continuation of our heritage and our core belief that no-one should be left behind.

We have seats in key international committees and advocacy networks and are adept at getting the perspectives of communities heard, influencing policy makers, and other organisations such as insurance companies, to adapt their approaches so that they help reduce and mitigate these risks.

This is one reason that The Guardian and Observer chose to feature us as one of four charities supporting people who are already dealing with the severe impacts of climate change in their Climate Justice Appeal.

*Local photographer on location with a community in Nepal who featured in the Guardian and Observer appeal.*

## The Terra Carta: building an economy with people and planet at its heart

In 2021, our Patron HRH Prince Charles (now King Charles III) launched the Terra Carta, a blueprint for how the private sector can help address the climate emergency and environmental degradation. The Terra Carta sets out an action plan to achieve this by 2030, by harnessing the power of Nature, combined with the transformative power, innovation, and resources of the private sector.

The Zurich Flood Resilience Alliance (the Alliance) and the Global Distributors Collective (GDC) were both included in the latest impact report for the Terra Carta. Both Practical Action examples combine an innovative approach to development with private sector expertise to create sustainable change for good at scale. Read more about the Alliance on page 20 and the GDC on page 13.

King Charles is an admirer of the work of our founder, E.F. Schumacher, and has been Patron of Practical Action since 1980. We share the same goal of bringing businesses into the fight against the effects of climate change. His convening power has helped keep the issues faced by communities in the spotlight and has been instrumental in bringing our work to a wider audience. We are very grateful for his long-term support.

**Maria Claudia Valdivia Verde, Practical Action's Green Business Thematic Lead in Peru explains:**

## Creating impact at scale for long-term systems change

In November, I joined colleagues from every continent Practical Action works with at COP26 in Glasgow. We were there to amplify the voices of the people we work with, and to share what we have learned from those who are already adapting to extreme climate events.

Some of our staff were part of national delegations, directly influencing the negotiations. Others made sure that a range of people with influence on the COP outcomes were hearing what is required by the most vulnerable and focused on ensuring more support and finance is directed to meeting those needs.

Loss and damage refers to the destructive impacts of climate change that cannot be avoided either by mitigation (avoiding and reducing greenhouse gas emissions) or adaptation (adjusting to current and future climate change impacts). A new commitment to finance loss and damage was announced by Scottish First Minister Nicola Sturgeon as keynote speaker at our COP26 side event, which we hosted in partnership with Oxfam International and Prakriti Resources Institute.

We are planning to attend COP27 in Egypt, which will provide opportunities to demonstrate how practical programmes are helping people on the front line, especially in Africa, adapt to the changing climate. We will continue to push for greater funding for adaptation, and for the loss and damage caused to poorer countries for a climate emergency that is not of their making.

**"It's vital that we speak up for those who are already facing the world's toughest challenges – and who hold the key to overcoming them."**

**Colin McQuistan, Practical Action's Head of Climate and Resilience**

**120M**

**Climate change could push more than 120 million more people into poverty by 2030**

*Practical Action's Colin McQuistan, far right, shares our work in a loss and damage discussion at COP26.*

# Championing a people centred approach to the growing waste crisis

**Uttam Kumar Saha, Strategic Lead from our Bangladesh team, explains:**

**The knowledge and needs of informal waste workers are the catalyst for our work transforming city waste systems. Together, we're making cities in poorer countries cleaner, healthier, fairer places for people to live and work. In Bangladesh, we're empowering informal waste workers to lead the way revolutionising how different types of waste are managed, including an innovative way of processing thin plastics.**

## Waste: a global challenge

As cities continue to expand, waste is a growing problem. Waste that's not disposed of properly damages people's health and the environment, with people in the poorest communities most affected.

The city of Faridpur in Bangladesh typifies the challenge. It's home to a growing population of nearly 560,000 people. Waste services are lacking and the informal workers who step in face poor working conditions and discrimination.

*With our support, Rajon is leading a co-operative of waste workers who are clearing plastic from the streets of Faridpur.*

**"We've been able to build a successful family business that doesn't just collect the plastic but also sorts and processes it."**

**Rajon Mohammad Shakh, a waste entrepreneur in Faridpur, Bangladesh**



## Empowering informal workers

Our success in Faridpur has prompted the Government of Bangladesh to replicate our approach across all 329 of the country's municipalities.

Listening to the needs of undervalued informal waste workers and sharing their knowledge are at the heart of our unconventional approach. By forming co-operatives, waste workers are able to talk directly to city authorities and have a say in decision-making. Through the co-operatives, they are also able to charge a fair rate for their services and equip themselves with safety equipment.

The waste service industry consists of multiple income streams including waste collection, recycling and producing secondary products such as biogas. Our holistic approach means better lives and livelihoods for the city's poorest residents as well as cleaner streets and rivers and less plastic polluting the world's oceans.

## Turning plastic waste into wealth in Bangladesh

We are now turning our experience to address the problem of plastic pollution in our oceans. As well as locally generated plastics, the Padma River in Faridpur sees huge flows of plastic from further upstream. By extracting plastics from the river, we hope to prevent its outflow to the ocean, significantly reducing this pollution. This work will also make the city cleaner and safer and generate an income for the waste workers.

We've teamed up with two environmental clean-up companies, River Recycle and Lamor Foundation, and a local community organisation based in Faridpur – the Society Development Committee. The project is supported by the Danish Department for International Development, Danida through its market development programme.

This innovative project is establishing dignified, well-functioning waste collection and processing systems for low-grade plastic, gathered from the most polluted parts of the town: marketplaces, low-income neighbourhoods, the landfill site and the Padma River as it passes the town. State-of-the-art dredging technology will be used to collect the waste, while a new generation pyrolysis process will convert it into clean fuel and carbon.

**15-20M**

**15-20 million people in the cities of developing countries work in recycling**

## Putting people at the heart of the solution

Our new report, Managing Our Waste, was launched this year through UN-Habitat's Waste Wise Cities network. Using and adapting the very latest research frameworks from UN-Habitat and others, and with a foreword by the then Prince of Wales, the launch brought our community-first approach to a new global audience.

The report has already caught the attention of the UN Climate Champions on Open Burning of Waste. They invited us to be their strategic partner as they plan for the phasing out of open burning of waste in Africa and seek further commitments at COP27.

*Informal waste workers are key to our plan to recycle more thin plastics before they reach the ocean.*

# Over 50 years of radical change

**The ideas of our founder were considered maverick, in the 1970's. He was even accused of being a 'crank'. His philosophy has since been recognised, and his principles of sustainability, adaptability and collaboration have never been more important. Practical Action's work continues to embody his philosophy.**

**Nicola Craddock, Practical Action supporter and daughter of E.F. Schumacher**

My father – known to the world as E.F. (Fritz) Schumacher – founded Practical Action over 50 years ago. He believed that the true measure of success is not unlimited economic growth, but the wellbeing of humanity and the planet.

He was a man of action, saying "to talk about the future is only useful if it leads to action now." The action he was calling for was small-scale, community-based, sustainable solutions to the problems faced by people in the Global South. And he championed the role of ordinary people in making the world work better for everyone.

My father argued that we should reduce our reliance on non-renewable forms of energy such as fossil fuels. Practical Action's work in the sustainable energy sector is an exemplar of this at work – electricity generation from renewable sources on a human scale.

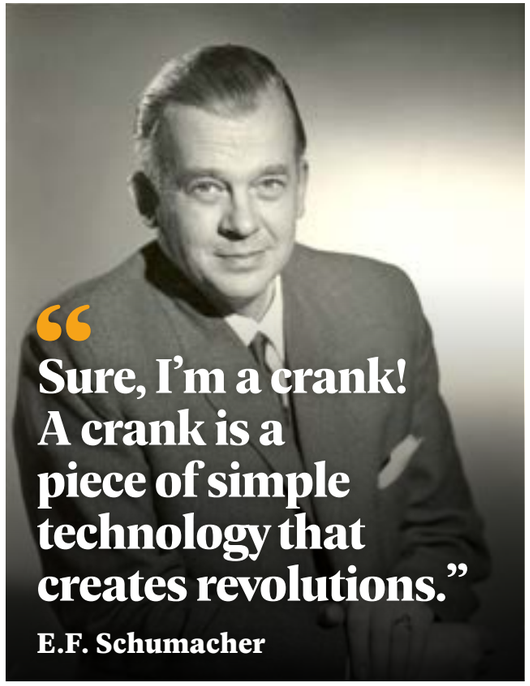
He wanted to democratise food production because he thought that everyone should have access to organic, sustainably produced food, not just a privileged few. He would be impressed by the work Practical Action is doing on regenerative farming and food, particularly the use of agroforestry techniques.

My father would have been immensely encouraged by the action to help people deal with climate impacts, and to protect natural resources.

There's widespread recognition of the problems the world faces now – but not nearly enough in the way of solutions. Practical Action is so important because it's always adapting to tackle the most vital issues, while recognising the scale of the challenge, and pioneering solutions and building the partnerships needed to transform systems and achieve positive change.

My father once said "I can't myself raise the winds that might blow us or this ship into a better world. But I can at least put up the sail so that when the wind comes, I can catch it."

Practical Action is actively putting up many more sails and raising the winds of change to help blow our planetary ship towards a more sustainable future.




**The world needs more 'cranks' to challenge the status quo and revolutionise approaches to development.**

**1965** Fritz's article in The Observer challenged conventional aid policies of the day and launched ITDG – now Practical Action.

**1970s** Hands on from the start, we joined farmers in Sudan building boats so they could transport their crops to market when the roads were flooded.

**1987** Women in Nepal used our low-smoke cook stoves to improve their health and reduce their reliance on non-renewable fuels.

**2008** In Bangladesh, we piloted the first ever treatment plant tackling the challenge of how to deal with human waste from pit latrines.

**2010** We published the first *Poor People's Energy Outlook*, challenging national planning assumptions on how to end energy poverty.

**2013** An ambitious new multi-sector partnership, the Zurich Flood Resilience Alliance, was launched to revolutionise flood resilience.

**2017** Huge swathes of Sudanese desert were transformed into fertile farmland, a success recognised with a UN Land for Life Award.

**2021** Our *Managing Our Waste* report disrupted the status quo by calling for marginalised people to be a core part of the solution.

**2022** The first Terra Carta impact report showcased the innovative ways we partnered with the private sector for a sustainable future.

# How we were funded in 2021–22

**£27.9M**
**Total income**

**£9.8M**
**Donations**

**£12.3M**
**Grants & awards**

**£2.7M**
**Consultancy & Publishing**

**£3.0M**
**Legacies**



# Total income: £27.9M

## Donations from individuals, trusts and companies: £9.8M

The ability to innovate, be flexible, adapt our work when things change and allocate finds to where they're most needed is essential. That's why we're so grateful to the individuals and community groups whose generous support accounts for most of our unrestricted donations.

Unrestricted funds are those that aren't limited to being spent on a specific project, country or work area. We're thankful to everyone who made unrestricted donations to our work in 2021–22.

## Legacies from people remembering us in their Will: £3M

To be recognised as part of someone's legacy through a gift in their Will is a wonderful tribute to the beliefs we have in common and our shared vision to achieve even greater things in the future. We're incredible grateful to those who chose to support us in this very practical and personal way.

## Income from our consultancy and publishing work: £2.7M

Over 2,000 consultants and academic contacts make up our global network, which provides specialist technical expertise to private businesses, other organisations and governments. Through our publishing work, we partner with the brightest minds to publish the latest development perspectives.

## Grants and awards from governments, trusts, companies and other institutions: £12.3M

We partner with the international development departments and embassies of national governments. These include the UK, Denmark, Germany, Netherlands, Sweden, Switzerland and the USA, as well as the Isle of Man and Jersey.

We receive significant funding from multi-national and umbrella organisations including the European Union, the Asian Development Bank and the World Bank and specialist funding frameworks such as Energising Development and the Nordic Development Fund.

In addition, we receive funding from several UN agencies: the United Nations Children's Fund (UNICEF), the United Nations Development Programme (UNDP), the United Nations Environment Programme (UNEP), the United Nations Office for The Coordination of Humanitarian Affairs (UNOCHA) and the Food and Agriculture Organization of the United Nations (UNFAO).

Funding from UK Research Councils, including the Natural Environment Research Council, has allowed us to build partnerships with several universities. These include Kings College London and Imperial College London.

Our strong partnerships with large foundations, trusts and companies provide substantial funding for our work. Partnerships include the Bill and Melinda Gates Foundation, Comic Relief, the IKEA Foundation, Zurich Insurance Company Ltd & Z Zurich Foundation, Grundfos Foundation and the Latin American Children's Trust.

In addition to the ongoing work that's funded by these partners, we were delighted to secure grants from many of them in 2021–22 that will fund exciting projects in 2022–23 and subsequent years.

# Fit for the future

Practical Action is a complex multinational organisation working in already fragile and challenging countries. These volatile times bring challenges, but also offer fresh opportunities to adapt, build new partnerships and create new solutions.

## A time of great volatility and change

Impacts of the climate crisis became more apparent in the form of frequent and severe weather events. The impact was felt around the world, with poorest people most affected. The war in Ukraine began towards the end of the reporting period, with global knock-on impacts for energy, food security and the focus of donor governments. There was ongoing civil unrest in many of the countries we work in, especially Sudan, Nepal, Bolivia and Peru. Economic uncertainty, inflation and exchange rate risks challenged our financial plans.

We're responding to this by close and adaptive management of our finances, being clear on our priorities and making informed choices about our financial commitments.

## Practical Action's role is needed more than ever...

...but there are many calls on people's attention and funding. These include poverty alleviation and social support causes in the UK and, overseas, emergency humanitarian aid responses to the war in Ukraine and the Pakistan floods. These drew attention away from longer-term development projects.

in 2022-23, we'll continue to build on the increased awareness we won when we secured the Guardian Charity Appeal, aiming to attract new supporters to Practical Action while continuing to nurture and build our very committed base of long-term supporters.

We have a history of working with communities so they can adapt to climate change and biodiversity loss. For more people to benefit, we need to develop strong evidence bases for our solutions, share them widely and scale them up. To achieve this, we're seeking to position ourselves more effectively with existing and new partners, sharing with them our vision and proposals for how large-scale systems change can be achieved across our aims and areas of expertise.

## Securing funding for longer term programmes that really demonstrate how change can happen

During the pandemic, many potential donor decisions have been delayed, adding an additional challenge to a rapidly changing funding environment. Failure to secure funding across all of the countries we work in presents a significant risk.

While we started 2022-23 well-funded for the coming year, we need to work hard to secure more long-term funding beyond that, from a diverse base of funders and donors. We have a clear plan to grow our income with greater emphasis on multiyear, multi country programme grants such as the Zurich Flood Resilience Alliance, featured in the report.

## Putting more power and leadership in the regions where we work

Practical Action's teams in the countries we work in are led and staffed by local people. We've taken great steps to bring stronger representation from these countries and the Global South more generally to the Board of Trustees.

Now we're going a step further – by developing a regional leadership structure replacing the UK-based International Directorate. We're starting in Africa and rolling out to Asia and Latin America. We're strongly committed to principles of equality, diversity and inclusion and will follow up on our global survey with concrete actions to address areas that were identified for improvement and ensuring more global roles are dispersed across the countries where we work.

## Balancing organisational agility to adapt and innovate in the face of change with compliance, strong safeguarding and robust systems

To continue to work towards our goals, we need to apply for larger grants and carry out more complex and longer-term projects. To do this, we must work with new donors in a range of partnerships, consortia arrangements and multi-layered relationships. With this in mind, we continue to maintain the robust and well-managed compliance standards that make us a trusted partner within our current funding community.

**Along with the opportunities presented by these key areas of work come risks. Read more about the key risks we're facing, and what we're doing to mitigate them, on pages 40-41.**

## Strategic Report

# FINANCIAL AFFAIRS

**Our Chief Operations Officer, Rachel Parr, reviews our finances over 2021/22**

**Practical Action has navigated its finances and operational delivery well through this difficult year impacted by both the Covid-19 pandemic and ongoing political unrest in some of the countries we operate in. We also continue to hold at the end of the year the reserves necessary to tackle the ongoing challenges of the impacts of Covid-19 and additional global volatility.**

**At £27.9m, total income was 9% down on prior year with expenditure on charitable activities declining by 4%. These decreases were primarily driven by the impact of the Covid-19 pandemic and political unrest on the pace of operational delivery. Practical Action is still exposed to some uncertainties and risks relating to the ongoing impact of the Covid-19 pandemic.**

The overall annual unrestricted deficit was £0.5m. Unrestricted general reserves closed the year at £7.3m, above the target range set by the Board of Trustees.

Unrestricted donations and legacies decreased by £1.0m (9%) overall to a total of £10.4m. This decrease was in part due to the very high levels of legacy donations received in the previous year, and partly driven by delays at the Probate Office. Our established supporters remain very engaged and committed to Practical Action's aims and approaches, whilst we also work hard to attract new supporters.

In the difficult market conditions, income from consultancy services and publishing achieved a small increase in the year of £0.1m (4%) to £2.7m.

There was an £1.4m (6%) decrease in charitable activities expenditure to £25.2m. There was little change in support costs and the costs of fundraising which both decreased slightly to £3.0m and £2.4m respectively.

Our most significant donors during the year were the IKEA Foundation, UK Foreign and Commonwealth Development Office, United Nations Development Programme and the Z Zurich Foundation and Zurich Insurance. They funded projects covering food security and resilience. Programme activity had decreased in 2021/22 when compared to the prior financial year due to the pandemic. Political unrest caused delays to our work in Peru and Sudan.

The defined benefit pension scheme, which was closed to contributions in 2002, remained in actuarial surplus. As such no actuarial charge nor gain was booked in the year: we do not judge it appropriate to recognise the surplus as a recoverable asset.

### Balance Sheet and Reserves

Total reserves (funds) at the end of the year were £10.7m, made up of £2.4m restricted reserves, £0.8m unrestricted fixed assets and general funds of £7.5m. Reserves are above the target range defined in our reserves policy of £4m to £5m based on 2021/22 figures. In the current economic circumstances this reserves position is felt to be appropriate, necessary and not excessively prudent by the Board of Trustees.

We require reserves for the following purposes:

- **Working Capital:** £2.2m. These funds are required to provide working cash and pre-financing for normal operations during the course of the year.
- **Fundraising:** to honour expenditure commitments in the event that fundraising targets are missed.
- **Grant repayment:** to be able to repay donors or inject additional money into projects if there were a failure to meet grant conditions.
- **Foreign exchange:** to support our programming in the short term when the currencies in which we receive income lose value.
- **Business continuity:** to support core activities, such as business development.

### Policy for grants

We work in partnership with a number of organisations globally and this is an important part of our work. During the financial year we granted £2.0m (2020/21: £3.4m) to our partners to support the delivery of programmes. Due diligence is carried out prior to any agreement being made and we track and monitor funds against the agreed deliverables. Partners are contracted to follow our policies and observe our standards in a range of areas including safeguarding and financial management.

### Looking forward

Practical Action has, so far, with considerable determination, ingenuity and agility from its people, partners, supporters and donors, managed to cope well with the unexpected impacts brought upon us all by the pandemic. Our primary concern has been and remains the safety of the communities with whom we work, our own and partners' staff.

While most staff have continued to work remotely during the pandemic, we have creatively adapted our programmes and approaches wherever possible. However, the pace of delivery for the benefit of those we seek to serve and spend will occasionally fall short where delivery has been adapted. The global Covid-19 pandemic has therefore led to some reduction of our projections and we anticipate needing to use £1m in unrestricted funds to finance the impact of programme disruption and delays to deliverables mandated by restricted donor awards. We continue to push our future fundraising and business development efforts and have been encouraged by the results to date.

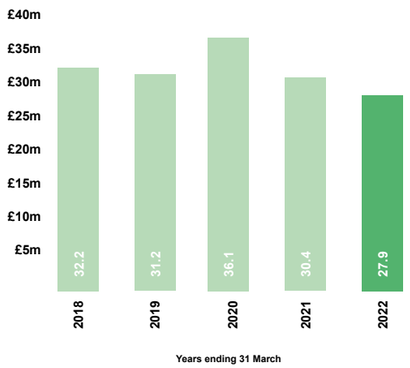
It is also worth noting that the nature of funding for the work that we do continues to shift. Many funders are reviewing their strategies, which can cause delays in decision-making but can also open up new avenues for us. Global volatility and the cost-of-living crisis means that we may find it harder to grow unrestricted funding but we see different options for growing our impact and funding in the future.

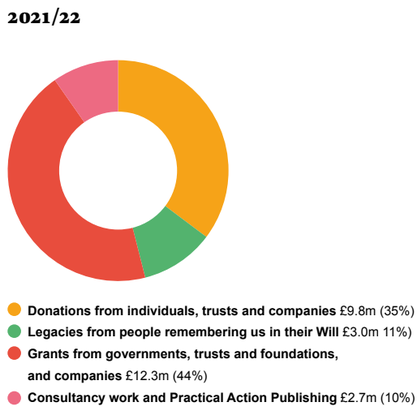
### Going Concern

Organisation changes made between 2020 and 2022, and our ongoing adaptability, enable us to cover projected costs in the years ahead, on the basis of realistic income projections. We anticipate keeping the reserves within the target range and thus retaining considerable financial resilience against future uncertainty and so we are confident that the organisation remains a going concern.

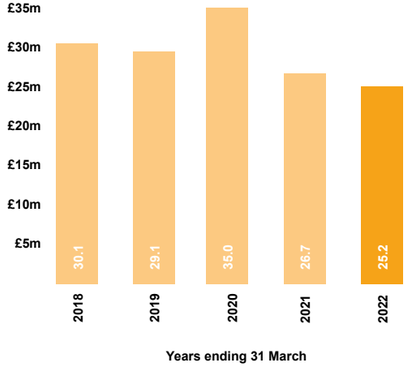
# Summary of income and expenditure

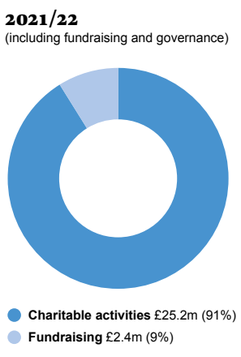
**Total annual income**




**Total expenditure on charitable activities (£m)**




We explain what we mean by charitable activities and how we allocate costs on page 51.



# Governance and administration

## The Board of Trustees

Practical Action is a registered charity (registered in England and Wales, reg. number 247257) and a company limited by guarantee (CRN 00871954).

The Board of Trustees (who are also Directors of Practical Action for the purposes of company law) govern the organisation in line with its Articles of Association, vision, mission, values, aims and charitable objectives and provides overall policy direction. They are responsible for overseeing the management of all the affairs of Practical Action and delegate day-to-day management of the organisation to the Chief Executive. The Board of Trustees have a formal schedule of matters which are reserved for their consideration and approval. These matters include but are not limited to; the approval of the organisation's objectives, strategic aims and business plans; the approval of group policies, annual reports and accounts; the appointment and removal of Trustees, Members and the Chief Executive. The Board of Trustees also approve expenditure beyond the Chief Executive's delegated authority.

The Trustees are appointed and are elected or re-elected for a term (usually three years), according to procedures set out in our Articles of Association, which is our governing document. Trustee recruitment is overseen by the Governance and People Committee and informed by a skills, experience and diversity audit of the Board. Trustee recruitment is supported by the use of specialist recruitment agencies together with public advertisements on our website, in selected publications and on a variety of sector websites. The Board of Trustees may appoint a person to be a Trustee either to fill a vacancy or as an additional Trustee. Practical Action had 11 Trustees by the end of the 2021/22 financial year.

We provide an individual induction programme and in-depth reading materials as a welcome pack for each new Trustee, covering all aspects of the role and the organisation. All Trustees are encouraged to attend external training events and seminars to enhance their skill however due to the outbreak of Covid-19 in 2020, meetings and events have been conducted virtually. These events help provide Trustees with a greater understanding of their legal responsibilities and discuss emerging issues affecting the sector. Trustees have been unable to visit international programmes in the last financial year due to Covid-19 travel restrictions.

In accordance with normal commercial practice, the organisation has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions. The insurance provides cover up to £5,000,000 on any one claim and the cost for the period ended 31 March 2022 was £25,000+ insurance tax premium.

# About the organisation

The Board of Trustees is responsible for the overall management and control of the organisation and meets at least four times a year. Trustees are not remunerated and receive no benefits from the organisation, other than the fact that Practical Action pays for Trustee Indemnity Insurance. The Trustees are allowed to claim for travel and accommodation expenses after attending face to face meetings. The Board of Trustees created two committees of the Board. Each committee includes members of Board of Trustees and may include additional members appointed for their specialist knowledge. These Committees are:

## The Finance, Audit and Risk Committee

This Committee oversees matters of financial control and performance, external and internal audit, fraud, whistleblowing and organisational risk. It also maintains an oversight of the organisation's fundraising plans and activities.

## The Governance and People Committee

This Committee reviews the composition and effectiveness of the Board and subsidiary companies as well as overseeing the Trustee recruitment process. It also oversees the terms and conditions of employment of the Strategic Leadership Team and considers reports from the organisation's International Remuneration Committees.

The Board delegates day-to-day decision making and operations to the Chief Executive and Senior Leadership Team according to an approved delegation of authority policy and schedule of delegations.

## Subsidiaries and associated organisations

The charity has two wholly owned primary purpose trading subsidiaries

registered in England and Wales – Practical Action Publishing Limited and Practical Action Consulting Limited. It also has a subsidiary registered in Senegal – Practical Action Consulting West Africa.

**Practical Action Publishing Limited** partners with the brightest minds to publish the latest development perspectives in a wide range of languages and formats - from practical 'how to' manuals to academic texts and journals; online, in print and open access formats. Its resources bridge the gap between research and practice, and have reached 184 countries worldwide.

**Practical Action Consulting Limited** provides technical assistance consultancy services to governments, NGOs, aid agencies, research institutions and the private sector, in areas closely aligned with our change ambitions. Practical Action (the Charity) is now rounding up the activities of Practical Action Consulting Limited in the UK. Consulting services will be carried out by the Charity directly.

Practical Action Consulting Limited previously expanded its legal footprint by registering a number of development consultancy subsidiaries under the Practical Action Consulting name globally (the trademark being licensed from Practical Action). These subsidiaries have been set up to further the aims and objectives of Practical Action.

— Practical Action Consulting Private Limited Nepal – a private limited company registered in Nepal. Practical Action Consulting Limited UK has a 51% shareholding.

— Practical Action Consulting (India) Private Limited – a private limited company registered in India. Practical Action Consulting Limited UK has a 99.9% shareholding.

— Practical Action Consulting Bangladesh Limited – a private limited company registered in Bangladesh Practical Action Consulting Limited UK has a 99% shareholding in the company.

— Practical Action Consulting S.A.C. – a private limited company registered in Peru. Practical Action Consulting Limited UK holds 49% shareholding.

— Practical Action Consulting Rwanda is registered as a branch of Practical Action Consulting Limited UK.

— Practical Action Consulting West Africa provides consultancy services to governments, NGOs, aid agencies, research institutions and the private sector across the ECOWAS region of West Africa.

— Practical Action Consulting Limited Malawi – a dormant private company limited by guarantee registered in Malawi. Practical Action Consulting Limited UK is one of the two members of the company.

Practical Action has two dormant subsidiaries held in order to protect our previous company names: Intermediate Technology Development Group Limited (CRN 1017062) and Intermediate Technology Publications Limited (CRN 6424984).

ATS Property Holdings (Pvt) was established as a private limited company registered in Sri Lanka in order to purchase Practical Action's office premises there. It was deemed appropriate to do this through a locally registered, wholly owned subsidiary rather than the Charity itself.

We are also affiliated with two locally-registered overseas entities carrying the Practical Action name. Practical Action is registered as an International Non-Governmental Organisation in Kenya and has a Board made up of two Kenya nationals plus three directors nominated by Practical Action in the UK. Two of these Practical Action nominees are from the Executive. As Practical Action exerts significant influence and control over this entity, for accounting purposes this entity is included in the Group's consolidated accounts as a branch office.

The Practical Action Foundation was incorporated in Delhi as a locally registered not-for-profit company. All the directors are Indian nationals not directly connected to Practical Action nor does Practical Action have a shareholding in this not-for-profit company. It is therefore not included in our Group consolidated accounts. Practical Action and Practical Action Consulting Limited (based in UK) work with the Practical Action Foundation.

## Charity Governance Code

Practical Action is committed to the highest standards of governance and seeks to make continuous improvements in line with the principles set out in the Charity Governance Code. In response to the recommendations of the Board Effectiveness Review conducted in 2019, the Governance and People Committee was formed to implement the recommendations received. Practical Action firmly believes in the requirements of the Code and has recently reviewed its board composition, board effectiveness and has just concluded significant trustee recruitment. In September 2021 the Board appointed new five Trustees with specialisms in programme development, digital development, People and Culture and other relevant areas. The new Trustee appointments also significantly increased the ethnic and cultural diversity of the Board. The Trustees confirm that the Charity is taking positive steps towards working in line with the Code in all ways where it is practicable to do so.

## Statement of Directors duties

As Company Directors, the Trustees must act in a way they consider to be in good faith and would be most likely to promote the success of the company for the benefit of all of its members as a whole both in the current period and in the long term.

In discharging their duties above, the directors of the charity carefully consider, amongst other matters, the impact of their decisions on various stakeholder groups. The groups we consider in this regard are our employees, our beneficiaries, our funders and our delivery partners as well as the wider community in which we operate. The directors recognise that building strong relationships with our stakeholders will help us to deliver our long-term strategy in line with our core values and operate the business in a sustainable way. We are committed to conducting business responsibly. The directors do not believe that there have been any key decisions faced during the year which require specific reference and have had significant impact on any of the company's stakeholder groups.

## Our fundraising philosophy

Our Supporter Promise is our public commitment to supporters that we will behave in a way that's respectful, honest and accountable. Our in-house supporter care team answers queries about fundraising from our supporters and we have a complaints procedure for investigating complaints. We received 34 complaints relating to our fundraising activities in 2021/22. The most common feedback related to the data breach which occurred in January 2021/22. We received no serious complaints relating to our fundraising activities in 2021/22.

We comply with all relevant statutory regulations, including the Charities Act 2011, the Charities (Protection and Social Investment) Act 2016, the Data Protection Act 2018, the Privacy and Electronic Communications Regulations 2003. We are registered with The Fundraising Regulator and use the Fundraising Badge to show our commitment to best practice. We adhere to the Codes of Fundraising Practice which cover all aspects of voluntary income generation in the UK. We're also members of the Institute of Fundraising.

We've developed a Fundraising Compliance Handbook and a Fundraising Policy to further support our commitment to high standards of practice. These cover current fundraising regulations, data protection, accepting and refusing donations, protecting vulnerable people and complaints procedures. For all fundraising staff, long-term and short-term objectives include knowledge and understanding of these documents and of the Codes of Fundraising Practice. Joanne Smith, a Trustee, has extensive fundraising management experience, which strengthens the Board in its fundraising governance role.

When working with a third party or partner organisation for fundraising purposes, we work closely with them to make sure they meet our own high standards of practice. We also use due diligence, mystery shopping, call listening, results evaluation and a right to audit. During the reporting period, we worked with two third party Professional Fundraising Organisations (PFOs) however, due to ongoing impact of the pandemic we still have very little on-site activity to promote payroll giving through PFOs. The PFOs carried out digital activity where this was possible.

We've focused on encouraging philanthropic giving, regular giving and legacy gifts, as well as on attracting new long-term supporters. In 2021/22, 26,702 people supported us with a gift. 1,818 of these were new donors.

Despite external challenges, our fundraising performance has allowed us to continue to invest in securing income for the future. Thanks to pledges from committed givers and other donors, at the start of the 2022/23 financial year, we're confident that 31% of our public fundraising target is already secured.

## Remuneration and staff engagement statement

Practical Action's Remuneration Policy is based on an ambition to recruit and retain skilled staff who are remunerated fairly but primarily motivated to work with us because of our mission. We aim to pay staff at a level close to the relevant market median, normally similar organisations and equivalent roles in the local employment market, using a fair and transparent pay system free from individual bias. We aim for equitable remuneration for all employees regardless of sex, race, religion, ethnic or national origin, caste, tribe, belief, age, marital status, civil partnership, pregnancy, caring responsibilities, sexual orientation, gender reassignment, gender identity or disability. Management remuneration committees are accountable for determining pay scales, benefit packages and cost-of-living awards based on a consideration of benchmarking surveys, local inflation, recruitment

and retention experience, affordability and financial performance, employment market trends, and any other relevant factors pertaining to the local context. The management remuneration committees are held to account by the Governance and People Committee of the Board. Remuneration of Executive Directors is subject to the approval of the Governance and People Committee. Chief Executive Officer's remuneration requires Board approval.

We openly consult with staff on matters important to the organisation's activities and keep people updated through regular all staff meetings and a range of digital communications. A confidential staff survey is conducted every two years to monitor key drivers of, and guide efforts to improve, staff engagement.

We have a Gender Policy and a Diversity and Dignity at Work Policy in place and believe that having a diverse workforce and inclusive workplace culture based on respect will enable us to be an effective organisation. We seek to create an inclusive workplace in which people are accepted as individuals, regardless of our differences and where we feel our contribution is valued. We value the differences that a diverse workforce brings and seek to build a culture of meritocracy, openness, fairness and transparency where we benefit from a variety of viewpoints and perspectives.

We will promote equality of opportunity and avoid discrimination on the grounds of any personal characteristic such as sex, race, religion, ethnic or national origin, caste, tribe, belief, age, marital status, civil partnership, pregnancy, caring responsibilities, sexual orientation, gender reassignment, gender identity or disability.

In 2021 we conducted a survey focussed on Equity, Diversity and Inclusion (EDI) and this has led to the creation of an action plan and our progress on implementation will be monitored by the Strategic Leadership Team and Board of Trustees. With this senior level commitment, and in response to the survey, we have formed an EDI delivery group whose activities are sponsored by our EDI lead Board member. The Strategic Leadership Team will be participating in an Inclusive Leadership learning programme to better understand how we create inclusive cultures, globally. In the UK next year we will be partnering with external EDI experts to run workshops that explore issues of race and power and we will be running focus groups to better understand and improve the experiences of women in Practical Action.

## Global gender pay data as at March 2022

We believe that the possibilities open to employees of Practical Action to participate and reach their full potential should not be defined by gender. Practical Action therefore seeks to create an inclusive workplace where people do not encounter barriers to joining, progressing or contributing based on their gender.

To fulfil our commitment, and ensure that opportunities are not defined or limited by gender, Practical Action may need to take different actions specifically aimed at addressing the barriers that people face in each of our locations and based on the local context. Because there is evidence to show that many obstacles to achieving inclusivity relate to women more than men, in practice our gender action plans may focus on addressing key difficulties that women face entering and progressing in the workplace. We are committed to understanding actual or perceived barriers to inclusivity experienced and will prioritise actions to remove or reduce these.

Whilst we do not fall within scope of the regulatory requirement to collect or report gender pay gap information, as a global organisation, and because our commitment to diversity and inclusion applies everywhere we operate, we measure and publicise our pay global gap i.e. we consider all employees based in all offices. Our global pay gap is as follows:

**Mean:**
Women are paid 37% more than men

**Median:**
Women are paid 65% more than men

This data is based on local currency to GBP exchange rates as at March 2022.

Globally, 43% of our employees are women and make up 39% of our highest paid quartile; our most senior global leadership team is made up of 64% women. The most significant driver of our gender pay gap in favour of women is the markedly different number of men and women in different locations, in particular the high proportion of women employed in our UK office (66%) where salaries are relatively high compared to other countries in which Practical Action operates and the lower proportion of women employed in country offices where salaries are lower. Excluding the UK team, 35% of Practical Action's staff are women, a figure which has remined broadly consistent over the last two years.

When looked at by location, in our largest offices we find a mixed picture of mean pay gaps ranging from between 70% in favour of women in Bangladesh to 36% in favour of men in Nepal. The largest pay gap in favour of women is in Bangladesh where overall the number of women employed is small and those women who are employed tend to be in senior, higher paid, positions. Despite having an overall pay gap in favour of women, we believe there is more we can do to explore and address the representation of women in this and other locations, particularly in our Asian offices where women only make up around 23% of the entire team. Looking at the data for Country Offices, the countries of our focus will be Bangladesh and Nepal as we have recorded notable pay gaps.

We remain committed to improving inclusion and our actions have included reviewing recruitment questions and job adverts for gender sensitivity, having a gender balanced interview panel, assessing gender awareness before appointing candidates, reviewing family friendly policies, developing an e-learning on Gender Intelligence, and launching a new Diversity and Dignity at work policy supported by Diversity and Inclusion training.

## Safeguarding

We firmly believe that nobody should experience exploitation or abuse, including sexual exploitation or abuse, bullying or harassment, and we take seriously our responsibility to protect people coming into contact with our work. We seek to create a strong and effective safeguarding culture that promotes the rights and protection of beneficiaries, community members, staff, volunteers or anyone else impacted by our activities.

The Safeguarding Policy is reviewed and approved by the Board and a designated Safeguarding Trustee. Yvonne Pinto was the Safeguarding Trustee until April 2022. Shivani Wadhwa has been appointed the new Safeguarding Trustee and oversees necessary governance arrangements for safeguarding global policies in recruitment, pre-employment screening and references are in place and designed to prevent the perpetrators of abuse from being employed through safer recruitment practices. Our employees are trained in safeguarding through both e-learning and face-to-face. Our offices continue to undertake annual self-assessments on safeguarding measures and we track compliance levels through our organisational Key Performance Indicators. We have commenced the roll out of new Safeguarding Communities Framework in three country offices and will continue to roll this out in all other locations over the next two years. Awareness of available reporting mechanisms is prioritised and people are encouraged to report concerns, including through an external anonymous reporting service. Appropriate ways to respond to issues raised are in place to investigate concerns and, where appropriate, deal with safeguarding misconduct, including through the use of disciplinary action.

Transparency is one of the ways Practical Action demonstrates its commitment to safeguarding. As such, we record, report and publish the number and type of complaints received. Regular reports of these complaints are provided to the Governance and People Committee and details of all concerns are provided. In the year 2021/22, 13 complaints were received as follows:

| Complaint type | Number of complaints |
|---|---|
| Safeguarding | 6 |
| Grievance | 1 |
| Other | 6 |
| **Total** | **13** |

Of these complaints, two serious incidents were reported to the Charity Commission during the year.

We're committed to working with the international development sector, along with other International Non-Governmental Organisations, FCDO and the UK Charity Commission, to "improve the standards and delivery of safeguards, including a culture of zero tolerance to sexual exploitation and abuse in all we do."

## Governance disclosure on carbon reporting

We are deeply concerned about climate change and its effects on everyone especially marginalised, low-income families. Core to all our work is an ambition to safeguard the planet today and for the benefit of future generations. As well as our programming and influencing work, We aim to keep its carbon footprint as small as possible. This means exploring ways to reduce footprint, while still being able to carry out work effectively.

We do this by looking at and managing the emission of greenhouse gases generated by its activities. Our programmes are designed with the aim of protecting and improving the environment.

We developed an organisational carbon reduction plan with targets. Every year, we will continue to measure our footprint. The key things being measured and will be reported on are: flights (international and national), use of vehicles, fuel and paper within offices.

### UK Greenhouse gas emissions and energy use data for the period 1 April 2021 to 31 March 2022

| | 2021/22 |
|---|---|
| **UK Energy consumption used to calculate emissions (kWh)** | **106,706** |
| Energy consumption breakdown (kWh) | |
| Gas | 94,386 |
| Electricity [1] | 6,160 |
| Electricity (Publishing) | 6,160 |
| Associated greenhouse gas emissions (kg $CO)_2$ equivalent) | |
| Gas | 17,288 |
| Electricity | 2,616 |
| **Total Associated Greenhouse gas emissions (Kg $CO_2$ equivalent)** | **19,904** |
| Intensity ratio (kg $CO_2$ equivalent per square feet) | 1.68 |

[1] *Electricity kWh is an estimation calculated using the average annual consumption the period January 2021 - December 2021*

# How we manage our affairs

## How our activities deliver public benefit

The Trustees have read the Charity Commission's Summary Guidance PB1, PB2 and PB3 for Charity Trustees on the Public Benefit Requirement and have discussed as a Board the main principles contained within the Guidance. They consider that they have complied with the duty (set out in Section 17(3) of the Charities Act 2011) to have due regard to public benefit guidance published by the Commission. In exercising their powers and duties as Trustees, the Board considers that the organisation's strategies, aims and activities they have put in place are for the public benefit and this is fundamental to all areas of our operation in undertaking current activities, planning future activities and measuring outcomes. The Trustees' and Directors' Annual Report and Strategic Report explain the main activities undertaken by the organisation this year – focusing on our work with the poor women and men in developing countries where we have country and regional programmes.

## Risk management

A quarterly risk review at Group, country and regional level was carried out on behalf of the Board by the Finance Audit and Risk Committee. It confirmed that the risks to which the organisation is exposed are properly identified, reviewed and evaluated. Mitigation strategies are in place for all key risks and these are continually monitored to ensure compliance with management's risk appetite. The Group has a well-established system of internal controls which are used to govern operations. The Internal Audit function assesses the adequacy and effectiveness of these controls through a risk based internal audit programme. Overseas offices are audited every two to three years in accordance with a risk based approved plan. The Finance, Audit and Risk Committee reviews all reports and receives Group-wide quarterly updates on progress of agreed action points.

## Principal Risks

The principal organisational level risks as identified in our risk register are:

The failure to secure sufficient restricted income remains our highest risk and the one that we are most focused on. While we are well funded for 2022/23, we ended 2021/22 having secured less than our funding target for future years. We have commissioned market intelligence which will be used to inform our strategic approach to fundraising and business development and continue to focus leadership attention to address this.

In a volatile and fast changing external environment, it is vital that we are able to adapt our organisation to respond to fast evolving challenges and new opportunities, and that we attract and recruit staff with the right skill-sets for our future success. There is a risk that we lack the organisational agility to adapt quickly to these challenges. We will take learning from our adaptation to the Covid-19 pandemic and are also appointing new recruits who bring in additional skills and networks to work with a wider range of stakeholders in new ways especially at regional level.

There is a risk that we fail to adapt our business model to match income and costs. We will actively monitor and reforecast both of these to ensure we can make timely decisions to keep expenditure in line with the income we are generating.

As with many organisations, we are seeing higher staff turnover as we emerge from the Covid-19 pandemic leading to increasing time and money on recruitment. We will be developing new hybrid working practices globally.

Failure to be an inclusive organisation. In 2021-22 we conducted and communicated the results of a global EDI survey and it is critical that we remain focused on diversity and inclusion, following up on actions and areas highlighted in the survey and maintaining staff confidence that we are making changes.

Failing to implement projects in line with plans and funding agreements is risk given the changeable nature of our operating environments and the nature of our work in tackling complex problems, often working with multiple partners from government, civil society and the private sector over long timeframes. Maintaining good governance and robust oversight of programme delivery especially in an era of increased global volatility and remote working remains a critical focus.

Safeguarding events and fraud remain significant risks. We have a strong policy framework in place and continue to roll out training and awareness programmes. We have also strengthened financial controls through systems development and staff training.

The health and safety of our staff is a risk we remain alert to. We have put in place measures to ensure that all our staff can work safely in light of Covid-19 and are renewing travel security training as restrictions are lifted.

Cybersecurity threats are increasing in frequency and severity. It is a risk that we have well managed but that we must remain alert to. All staff receive regular training in cybersecurity issues.

## Trustees' responsibilities for the financial statements

The Trustees (who are also Directors of Practical Action for the purposes of company law) are responsible for preparing the Trustees' Annual Report and Accounts (which includes the Annual and Strategic Reports being the Companies Act Directors' Report) for each financial year, which give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the Charity and Group and of the results of the Group for that period. In preparing those financial statements, the Trustees are required to:

- Select suitable accounting policies and then apply them consistently;
- Follow applicable accounting standards, subject to any material departures disclosed and explained in the notes to the financial statements;
- Make sound judgments and estimates that are reasonable and prudent;
- Prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the charitable group will continue in operation.

The Trustees confirm that they have complied with the above requirements in preparing the financial statements.

The Trustees are responsible for maintaining 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. Trustees are also responsible for safeguarding the assets of the Charity and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. In accordance with company law, as the company's directors, we certify that:

- So far as each director is aware, there is no relevant audit information* of which the company's auditors are unaware.
- Each director had taken all the steps (such as making enquiries of other directors and the auditors and any other steps required by the director's duty to exercise due care, skill and diligence) that he or she ought to have taken in his or her duty as a director, in order to make himself or herself aware of any relevant audit information* and to establish that the company's auditors are aware of that information.

** Relevant audit information is defined as: "information needed by the company's auditors in connection with preparing their report".*

## Auditors

A resolution will be proposed at the Annual General Meeting that our current auditors Crowe U.K. LLP be re-appointed as auditors of the organisation for the ensuing year.

The Trustees are pleased to present the Trustees' Report and Accounts for the Charity for the year ended 31 March 2022, which have been prepared in accordance with the Charity Statement of Recommended Practice – SORP 2015 and the Companies Act 2006.

# Corporate directory

## Legal and administrative details

**Charity name:** Practical Action. Practical Action is a company limited by guarantee and is a Charity.

**Charity number:** 247257

**Company number:** 871954

**Registered office:** The Robbins Building, 25 Albert Street, Rugby, Warwickshire, CV21 2SD

**Auditors:** Crowe U.K. LLP, Statutory Auditor, Black Country House, Rounds Green Road, Oldbury, B69 2DG

**Bankers:** Barclays Bank plc, North Street, Rugby, Warwickshire, CV21 2AN

**Solicitors:** Farrer & Co LLP, 66 Lincoln's Inn Fields, London, WC2A 3LH

## Executives

**Chief Executive**
Sarah Roberts [1]

**Chief Operating Officer**
Rachel Parr [2]

**Fundraising, Marketing and Communications Director**
Rachel Hudson [3]

**Impact, Influence and Innovation Director**
Simon Hotchkin [4]

**Africa Director**
Akinyi Walender [5]

**International Director for Latin America and Asia**
Yolanda Weldring [6]

**Bangladesh Director**
Shawkat Begum [7]

**South Asia Director**
Achyut Luitel [8]

**Latin America Director**
Alicia Quezada [9]

**Kenya Director**
Susan Maina [10]

**Rwanda Director**
Denyse Umubyeyi [11]

**Sudan Director**
Muna Eltahir [12]

**West Africa Director**
Edwin Obiero [13]

**Zimbabwe Director**
Emmanuel Madhara [14] (interim)

**Executives who served in the period**

Farida Aliwa, *East Africa Director (to July 2021)*
Alex Bush, *Interim East Africa Director, then Interim Africa Director (July 2021 to September 2022)*
John Lockett, *Finance and Services Director (to 8 July 2021)*
Kudzai Marovanidze, *Southern Africa Director (to September 2022)*
Amy Mina, *International Director, (to July 2021)*
Steve Page, *Interim Finance and Services Director (June 2021 to August 2022)*
Paul Smith Lomas, *Chief Executive (to April 2021)*
Lucy Stevens, *Interim Influence and Impact Director (April 2021 to September 2022)*

## Trustees

Practical Action is a charitable company and so its directors are also its Trustees for the purpose of charity law. The Trustees serving during the year and since the year-end were as follows:

Martin Tyler (Chair)
Fayezul Choudhury
Graham Young
Ian Thornton
Joanne Smith
Rachel Sibande
(appointed September 7th 2021)
Bill Liao
(appointed September 7th 2021)
Mourad Wahba
(appointed September 7th 2021)
Shivani Wadhwa
(appointed September 7th, 2021)
Matt Haikin
(appointed September 7th, 2021)
Hope Chigudu
(appointed April 20th, 2022)
Brenda Lipson
(stood down October 27th, 2021)
Helena Wayth
(stood down October 2nd 2021)
Yvonne Pinto
(stood down 1st April 2022)

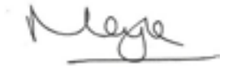
**Governance and People Committee (previously known as Organisation Committee)**

Shivani Wadhwa (Chair)
Fayezul Choudhury
Graham Young
Martin Tyler
Mourad Wahba
Brenda Lipson
(stood down October 27th 2021)
Helena Wayth
(stood down October 2nd 2021)

**Finance, Audit and Risk Committee**
Fayezul Choudhury (Chair)
Martin Tyler
Joanne Smith
Bill Liao
Graham Young

**Secretary**
John Lockett
(resigned 8th July 2021)
Steve Page
(8th July 2021 – 16th August 2022)
Rachel Parr
(appointed 1st September 2022 )

This report, which incorporates the Trustees' and Directors' Annual Report and Strategic Report, was approved by the Board on 22nd November 2022 and signed on their behalf by:



**Martin Tyler**
Director (Chair)

# Independent Auditor's Report to the Members of Practical

## Opinion

We have audited the financial statements of Practical Action ('the charitable company') and its subsidiaries ('the group') for the year ended 31 March 2022 which comprise Consolidated Statement of Financial Activities, Consolidated Balance Sheet, Consolidated Statement of Cash Flows, and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

— give a true and fair view of the state of the group's and the charitable company's affairs as at 31 March 2022 and of the group's income and expenditure, for the year then ended;

— have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and

— have been prepared in accordance with the requirements of the Companies Act 2006.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's or the group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

## Other information

The trustees are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## Opinions on other matters prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of our audit

— the information given in the trustees' report, which includes the directors' report prepared for the pur-poses of company law, for the financial year for which the financial statements are prepared is con-sistent with the financial statements; and

— the directors' report included within the trustees' report have been prepared in accordance with appli-cable legal requirements.

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

In light of the knowledge and understanding of the group and charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the directors' report included within the trustees' report.

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

— adequate and proper accounting records have not been kept; or

— the financial statements 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.

## Responsibilities of Trustees

As explained more fully in the trustees' responsibilities statement set out on page 41, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

## Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members including internal specialists and significant component audit teams. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charitable company and group operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws

and regulations we considered in this context were the Companies Act 2006, the Charities Act 2011 together with the Charities SORP (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charitable company's and the group's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company and the group for fraud. The laws and regulations we considered in this context for the UK operations were General Data Protection Regulation (GDPR), Health and safety legislation, Employment legislation and Anti-fraud, bribery and corruption legislation. We also considered compliance with local legislation for the group's overseas operating segments.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within income recognition and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management, internal audit, component auditors and the Finance, Audit & Risk Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, sample testing on income, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission, and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

These inherent limitations are particularly significant in the case of misstatement resulting from fraud as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, collusion or the provision of intentional misrepresentations.

## Use of our report

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 auditor's 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.

**Kerry Brown**
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor
Black Country House
Rounds Green Road
Oldbury
B69 2DG

**Date:** 23rd November 2022



# Financial statements

### Consolidated statement of financial activities for the year ended 31 March 2022
(incorporating the income and expenditure statement)

| | Note | Unrestricted £'000 | Restricted £'000 | Total 2022 £'000 | Total 2021 £'000 |
|---|---|---|---|---|---|
| **Income and endowments from:** | | | | | |
| Donations and Legacies | *3* | 10,363 | 2,433 | 12,796 | 13,367 |
| Charitable activities | *3* | 2,360 | 12,713 | 15,073 | 16,762 |
| Investments | *3* | - | - | - | 15 |
| Other income | *3* | (17) | 15 | (2) | 295 |
| **Total income and endowments** | *3* | **12,706** | **15,161** | **27,867** | **30,439** |
| **Resources expended** | | | | | |
| Expenditure on raising funds | *4* | 2,414 | 3 | 2,417 | 2,573 |
| **Total expenditure on raising funds** | | **2,414** | **3** | **2,417** | **2,573** |
| **Expenditure on charitable activities:** | | | | | |
| Energy that transforms | *4* | 3,370 | 2,858 | 6,228 | 6,461 |
| Farming that works | *4* | 3,156 | 6,088 | 9,244 | 8,456 |
| Cities fit for people | *4* | 1,126 | 1,580 | 2,706 | 5,393 |
| Resilience that protects | *4* | 1,928 | 3,875 | 5,803 | 4,400 |
| Knowledge that inspires | *4* | 752 | 25 | 777 | 1,028 |
| Other | *4* | 461 | 27 | 488 | 918 |
| **Total expenditure on charitable activities** | | **10,793** | **14,453** | **25,246** | **26,656** |
| **Total expenditure** | *4* | **13,207** | **14,456** | **27,663** | **29,229** |
| Net gain/(loss) on investments | *8* | - | - | - | 13 |
| **Net income/(expenditure)** | | **(501)** | **705** | **204** | **1,223** |
| Transfers between funds | *14* | - | - | - | - |
| Actuarial gain on defined benefit pension scheme | *16* | - | - | - | - |
| **Net movement in funds** | | **(501)** | **705** | **204** | **1,223** |
| **Balance brought forward 01 April 2021** | | **8,749** | **1,717** | **10,466** | **9,243** |
| **Balance carried forward as at 31 March 2022** | *14, 15* | **8,248** | **2,422** | **10,670** | **10,466** |

The notes on pages 50 to 76 form part of these financial statements.

## Consolidated and charity balance sheets at 31 March 2022

| | Note | Group 2022 £'000 | Group 2021 £'000 | Charity 2022 £'000 | Charity 2021 £'000 |
|---|---|---|---|---|---|
| **Fixed assets** | | | | | |
| Intangible assets | 7 | 42 | 48 | - | - |
| Tangible assets | 7 | 750 | 754 | 725 | 702 |
| Investments | 8 | 4,541 | 4,053 | 4,538 | 4,049 |
| Programme investments | 8 | - | - | 791 | 240 |
| **Total fixed assets** | | **5,333** | **4,855** | **6,054** | **4,991** |
| **Current assets** | | | | | |
| Stock | 9 | 140 | 148 | - | - |
| Debtors | 10 | 6,601 | 7,019 | 6,035 | 6,176 |
| Cash at bank and in hand | 11,18 | 6,912 | 8,430 | 6,505 | 8,563 |
| **Total current assets** | | **13,653** | **15,597** | **12,540** | **14,739** |
| Creditors: amounts falling due within one year | 12 | (8,301) | (9,941) | (7,666) | (8,937) |
| **Net current assets** | | **5,352** | **5,656** | **4,874** | **5,802** |
| Provisions for liabilities and charges | 13 | (15) | (45) | (15) | (34) |
| **Net assets before pension liability** | | **10,670** | **10,466** | **10,913** | **10,759** |
| **Defined benefit pension scheme liability** | 16 | - | - | - | - |
| **Net assets after pension liability** | | **10,670** | **10,466** | **10,913** | **10,759** |
| **Funds** | | | | | |
| **Restricted** | 14 | **2,422** | **1,717** | **2,422** | **1,717** |
| Unrestricted fixed assets | 14 | 792 | 804 | 725 | 702 |
| Revaluation reserve | 14 | 94 | 107 | 94 | 107 |
| General funds | | 7,362 | 7,838 | 7,672 | 8,233 |
| **Unrestricted funds net of pension liability** | 14 | **8,248** | **8,749** | **8,491** | **9,042** |
| **Total Funds** | 14 | **10,670** | **10,466** | **10,913** | **10,759** |

The net surplus for the financial year dealt with in the financial statements of the parent charity was £154k (2021 - £1,189k)

The notes on pages 50 to 76 form part of these financial statements.

The financial statements were approved by the board on 22nd November 2022.

**Martin Tyler**
Trustee

**Fayezul Choudhury**
Trustee

**Company Number:** 00871954



## Consolidated cash flow statement for the year ended 31 March 2022

| | Note | 2022 £'000 | 2021 £'000 |
|---|---|---|---|
| **Cash flows from operating activities:** | | | |
| **Net cash (used in)/provided by operating activities** | 17 | **(587)** | **2,154** |
| **Cash flows from investing activities:** | | | |
| Dividends, interest and rents from investments | | - | 11 |
| Purchase of property, plant and equipment | | (429) | (166) |
| **Net cash provided by/(used in) investing activities** | | **(429)** | **(155)** |
| **Net cash (used in)/provided by financing activities** | | **-** | **-** |
| Change in cash and cash equivalents in the reporting period | | (1,016) | 1,999 |
| Cash and cash equivalents at the beginning of the reporting period | | 11,976 | 9,977 |
| **Cash and cash equivalents at the end of the reporting period** | 18 | **10,960** | **11,976** |

The notes on pages 50 to 76 form part of these financial statements.

# Notes on financial statements

Practical Action is a company registered and incorporated in England and Wales, limited by guarantee, without share capital and governed by its Articles of Association dated 21 February 1966 and last amended on 8 December 2021. The company registered a change in name on 25 September 2009 with registration number 871954. The company was registered as a charity with the Charity Commission on 26 April 1966. The principal address and registered office is The Robbins Building, 25 Albert Street, Rugby, Warwickshire, CV21 2SD. The principal activity is to use technology to challenge poverty in developing countries and enable communities to build on their skills and knowledge to produce sustainable and practical solutions, thus improving their lives and protecting the world around them.

The organisation is a Public Benefit Entity.

## 1. Accounting policies

The financial statements have been prepared under the historical cost convention as modified by the revaluation of fixed asset investments, and are in accordance with applicable law, the Companies Act 2006, applicable accounting standards and the 2015 Statement of Recommended Practice ('SORP') for Accounting and Reporting by Charities.

The financial statements have been prepared in accordance with Financial Reporting Standard 102 (FRS 102).

The following principal accounting policies have been applied:

### Going concern

We have set out in the Trustees' report a review of financial performance and the charity's reserves position. We have adequate financial resources and are well placed to manage the business risks. Our planning process, including financial projections, has taken into consideration the current economic climate and its potential impact on the various sources of income and planned expenditure. We have a reasonable expectation that we have adequate resources to continue in operational existence for the foreseeable future. We believe that there are no material uncertainties that call into doubt the charity's ability to continue. The financial statements have therefore been prepared on the basis that the charity is a going concern.

We have revised our future income projections downward but are taking action to bring costs down in line. We are monitoring income carefully and result from the first part of 2021/22 are encouraging with unrestricted income holding steady and several major new grants having been secured. We entered the crisis in a robust financial position with reserves at the top of our target range and while we will draw on reserves in the year ahead we expect them to remain within or close to the target range, maintaining our financial resilience to further shocks.

### Basis of consolidation

The consolidated financial statements incorporate the results of Practical Action and all of its subsidiary undertakings as at 31 March 2022 using the acquisition method of accounting. The results of subsidiary undertakings are included from the date of acquisition. Dormant companies are excluded.

No statement of financial activities is presented for the charitable company alone as the results of the subsidiary companies are separately identified within the group accounts and the charitable company is exempt from presenting such a statement under section 408 of Companies Act 2006. The group net income includes net income from the charitable company itself of £153k (2021: £2,428k).

### Income and endowments

Income is accounted for on an accruals basis in the period in which the charity is entitled to income where the amount can be measured with reasonable certainty. Where the entitlement to project or grant income is performance related the income is recognised when the conditions for entitlement have been fulfilled. Legacies are recognised when receipt is reasonably certain and the amount is quantifiable. We recognise a legacy when the executors have determined that a payment can be made following the agreement of the estate's accounts, or on notification by the executors that payment will be made. Where funds are received net of tax, and tax is recoverable, the income is recognised gross at the time of receipt. Gifts in Kind – Donated goods and services are recognised in the financial statements, as both income and expenditure, at a reasonable estimate of their value in the period in which they are donated.

### Resources expended

Expenditure is accounted for on an accruals basis and is recognised when there is a legal or constructive obligation to pay. Expenditure on charitable activities includes the direct cost of planning, staffing and operating both UK and overseas activities. It also includes support costs, which represent costs of providing the infrastructure and organisational services that support the charitable activities. It also includes governance costs.

### Basis of allocation of costs

The majority of costs are directly attributable to specific charitable activities. The remaining support costs relate to more than one activity and are apportioned across charitable activities and fundraising costs based on the level of expenditure of these activities.

### Fundraising costs

This is the money we spend on activities to generate donations and legacies, including the costs of keeping donors informed about our work and the administration of gifts. Costs are made up of salaries of people working in our fundraising, marketing and supporter care teams and the direct costs of running fundraising campaigns. They do not include the cost of bidding for grants and contracts shown in the financial statements as income from charitable activities.

### Governance costs

Governance costs consist of the statutory and organisational costs of operating as a charitable company.

The costs are made up of a percentage of salaries for management, company secretarial/legal costs, internal and external audit costs, meeting costs for strategic leadership team and trustees (including travel costs) and an apportionment of support costs.

### Fixed assets

Tangible fixed assets are stated at cost less any provisions for depreciation and impairment. Impairments are calculated such that the carrying value of the tangible fixed assets is the lower of its cost compared with the higher of its net realisable value and its value in use.

All fixed assets costing more than £500 are capitalised. The cost of fixed assets which have been acquired and held in the UK and International programmes is their purchase cost, together with any incidental expenses on acquisition.

Depreciation is provided to write off the cost, less estimated residual values, of all fixed assets, except freehold property spread evenly over their expected useful lives. It is calculated at the following rates:

| | |
|---|---|
| Motor vehicles | 33.3% per annum straight line |
| Computer equipment | 33.3% per annum straight line |
| Fixtures and fittings | 20.0% per annum straight line |

### Intangible assets

Intangible assets are stated at cost less any provisions for amortisation and impairment. Impairments are calculated such that the carrying value of the intangible assets is the lower of its cost compared with the higher of its net realisable value and its value in use.

All intangible assets costing more than £500 are capitalised. The cost of intangible assets which have been acquired and held in the UK and International programmes is their purchase cost, together with any incidental expenses on acquisition.

Amortisation is provided to write off the cost, less estimated residual values, of all intangible assets. It is calculated at 20.0% per annum on a straight line basis.

### Investments

Investments are shown at market value. Unrealised and realised investment gains or losses are shown net on the face of the statement of financial activities.

### Stocks

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

### Debtors

Debtors are measured at cost less any impairment.

### Cash at bank and in hand

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty or notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than 3 months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

### 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 normally recognised at their settlement amount after allowing for any trade discounts due.

### Pension costs

### Practical Action Employee Benefits Scheme

The charity has accounted for pension costs in accordance with FRS 102. The charity operates a defined benefits scheme in the UK, which was closed to contributions in 2002. The scheme is a registered pension scheme under chapter 2 Part 4 of the Finance Act 2004. The assets of the scheme are held separately from the assets of the charity, being represented by units in a segregated fund managed by an external investment manager.

The group also operates a defined contribution pension scheme. Contributions to this scheme are charged to the statement of financial activities in the year in which they become payable.

### 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 the settlement value, with the exception of bank loans which are subsequently measured at amortised cost using the effective interest rate method.

### Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the time of the transaction. Monetary balances held at the year-end are retranslated at the rate prevailing at that date. No provision is made against balances held which could not readily be converted to sterling as these are only held to be used in the short term in that country. Gains or losses on translation of foreign currencies are treated as credits/charges to the project for which the currency is held.

### Restricted funds

Where funds are received for specific purposes set out by the donor or implied by the terms of appeal, these are shown as restricted income in the statement of financial activities. Expenditure for the purposes specified is applied against the income and any amounts unexpended at the balance sheet date are shown within restricted funds. Deficits at the balance sheet date represent amounts expended in advance of anticipated funding.

### Unrestricted funds

The Trustees, at their discretion, may set aside funds to cover specific future costs. Such funds are shown as designated funds within unrestricted funds. Where the Trustees decide such funds are no longer required for the purposes intended, they may be released by transfer to general unrestricted funds. Unrestricted funds which are not designated are held in accordance with Practical Action's reserves policy. In order to monitor this policy, funds represented by functional fixed assets are identified separately on the face of the balance sheet within unrestricted funds.

### Operating leases

The annual rentals on operating leases are charged to the statement of financial activities on a straight line basis over the term of the lease.

### Taxation

Practical Action is a registered charity and as such is potentially exempt from taxation of its income and gains to the extent that they fall within the charity exemptions in the Corporation Taxes Act 2010 or Section 256 Taxation of Chargeable Gains Act 1992. No tax charge has arisen in the year.

Irrecoverable VAT is chargeable to the projects using the partial exemption method.



## 2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the charity's accounting policies, which are described in Note 1, Trustees are required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects the current and future periods.

The key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are described in the accounting policies and are summarised below:

### Pension liabilities

The charity recognises its liability to its defined benefit pension scheme which involves a number of estimations as disclosed in the Pensions note 17. No such liability has been recognised in 2022 (2021:£nil)

### Project issues provision

The charity recognises its potential liability as disclosed in Provisions note 13.

# 3. Income and endowments

The table below lists funders who contributed over £250,000 to charitable activities carried out in 2021–22. These contributions are shown in line with our income recognition policy (page 4, Accounting Policies).

Our accounting policy is to recognise income when the conditions for entitlement have been fulfilled and so this may differ from amounts received from these and other funders in this period.

Income received through subsidiary entities is classified as unrestricted at the group level.

| | Unrestricted £'000 | Restricted £'000 | Total 2022 £'000 | Total 2021 £'000 |
|---|---|---|---|---|
| Bill & Melinda Gates Foundation | - | 259 | 259 | 323 |
| Carbon Trust | 572 | - | 572 | 444 |
| European Union | 61 | - | 61 | 498 |
| FCDO | 117 | 1,523 | 1,640 | 1,170 |
| Food and Agricultural Organisation (FAO) | 8 | 436 | 444 | 1,392 |
| German Technical Cooperation Agency (GIZ) | 101 | 385 | 486 | 448 |
| Grundfos Foundation | - | 117 | 117 | 769 |
| Hivos | 92 | 312 | 404 | 390 |
| IKEA Foundation | - | 2,724 | 2,724 | 2,377 |
| Isle Of Man Government | - | 71 | 71 | 338 |
| Old Dart Foundation | - | 424 | 424 | 289 |
| SIDA (Swedish International Development Cooperation Agency) | - | 210 | 210 | 640 |
| United Nations Children's Fund (UNICEF) | - | 343 | 343 | 740 |
| United Nations Development Programme (UNDP) | 19 | 1,060 | 1,079 | 866 |
| United Nations Environment Programme (UNEP) | - | 98 | 98 | 690 |
| United Nations Office for The Coordination Of Humanitarian Affairs (UNOCHA) | - | 721 | 721 | 527 |
| ZOA | - | 170 | 170 | 1,238 |
| Zurich Insurance Company Ltd and its Z Zurich Foundation | - | 1,769 | 1,769 | 1,309 |
| Other (donations under £250k) | 11,736 | 4,539 | 16,275 | 15,991 |
| **Total** | **12,706** | **15,161** | **27,867** | **30,439** |

| | Unrestricted £'000 | Restricted £'000 | Total 2022 £'000 | Total 2021 £'000 |
|---|---|---|---|---|
| **Donations and Legacies** | | | | |
| Donations | 7,413 | 2,433 | 9,846 | 9,667 |
| Legacies * | 2,950 | - | 2,950 | 3,700 |
| **Total Donations and Legacies** | **10,363** | **2,433** | **12,796** | **13,367** |
| **Charitable activities** | | | | |
| Grant income | 134 | 12,192 | 12,327 | 14,128 |
| Consultancy and Publishing income | 2,226 | 521 | 2,746 | 2,634 |
| **Total charitable activities** | **2,360** | **12,713** | **15,073** | **16,762** |
| **Investments** | | | | |
| Interest | - | - | - | 15 |
| **Total investments** | **-** | **-** | **-** | **15** |
| **Other** | | | | |
| Other income | (17) | 15 | (2) | 295 |
| **Total other** | **(17)** | **15** | **(2)** | **295** |
| **Total** | **12,706** | **15,161** | **27,867** | **30,439** |

** Approximately £2,549k of residual and £41k of reversionary legacies had been notified to the charity before 31 March 2022 but have not been recognised as income in the year as they do not meet the SORP FRS102 income recognition criteria.*

## Gifts in Kind

During the year ended 31 March 2022 Practical Action received gifts in kind totalling £611k (2021:£26k).

## Volunteers

Practical Action does not have a volunteer programme, volunteer requests are dealt with on an individual basis. In the year there the following volunteers:

— 625 volunteers supporting humanitarian projects in Kenya;
— 110 volunteers supporting humanitarian projects in Bangladesh.

# 4. Total resources expended

| | Grants payable £'000 | Direct costs £'000 | Support costs £'000 | Total 2022 £'000 | Total 2021 £'000 |
|---|---|---|---|---|---|
| **Fundraising:** | **-** | **2,120** | **297** | **2,417** | **2,573** |
| **Charitable activities:** | | | | | |
| Energy access | 581 | 4,882 | 765 | 6,228 | 6,461 |
| Food and agriculture | 654 | 7,456 | 1,134 | 9,244 | 8,456 |
| Urban water and waste | 428 | 1,945 | 333 | 2,706 | 5,393 |
| Disaster risk reduction | 394 | 4,698 | 711 | 5,803 | 4,400 |
| Knowledge broking | - | 680 | 97 | 777 | 1,028 |
| Other | 7 | 14 | 3 | 24 | 473 |
| Governance | - | 414 | 50 | 464 | 445 |
| **Total expenditure on charitable activities** | **2,064** | **20,089** | **3,093** | **25,246** | **26,656** |
| **Total resources expended*** | **2,064** | **22,209** | **3,390** | **27,663** | **29,229** |

**Total resources expended include £230k of costs relating to irrecoverable VAT in the UK.*

Support costs represent the costs for management and administration which is made up of Chief Executive, Marketing and Communications, Finance, People and Culture (Human Resources), Facilities and Services and Information Technology shared (central) costs. Support costs are allocated across the charitable activities in proportion to direct cost. This represents the most appropriate view of the support costs for Practical Action.

| Support costs | 2022 £'000 | 2021 £'000 |
|---|---|---|
| CEO Office | 158 | 122 |
| Marketing and Communications | 580 | 763 |
| Finance | 1,233 | 950 |
| IT | 510 | 486 |
| HR | 605 | 538 |
| Facilities and Services | 331 | 307 |
| Other * | (27) | 698 |
| **Total** | **3,390** | **3,864** |

** Other costs includes depreciation, UK pension service costs, VAT annual rate adjustment, re-structuring and other exceptional costs.*

| Total expenditure on charitable activities (inclusive of support costs) | Total 2022 £'000 | Total 2021 £'000 |
|---|---|---|
| **Charitable activities:** | | |
| East Africa | 4,774 | 4,230 |
| Latin America | 2,785 | 2,529 |
| South Asia | 1,963 | 2,471 |
| Southern Africa | 2,293 | 3,553 |
| Bangladesh | 3,015 | 3,662 |
| Sudan | 3,835 | 3,549 |
| West Africa | 390 | 413 |
| International direct programme work | 5,727 | 5,804 |
| Governance costs | 464 | 445 |
| **Total expenditure on charitable activities** | **25,246** | **26,656** |

International direct programme work includes our Global Policy and Practical Action.

During the year ended 31 March 2022, Practical Action made grants to partner organisations. Grants payable to partner organisations are considered to be part of the costs of activities in the furtherance of the objects of the charity because much of the charity's programme activity is carried out through grants to partner organisations that support long-term, sustainable benefits for a community, which are monitored by the charity.

| Grants to partners greater than £200k | Total 2022 £'000 | Total 2021 £'000 |
|---|---|---|
| E4I | 260 | 260 |
| Kuwait patient helping fund organization Sudan | 243 | 243 |
| Norwegian Refugee Council | - | 526 |
| Sustainable Agricultural Technology | - | 265 |
| Village Education Resource Centre | 218 | - |
| Other | 1,343 | 2,116 |
| **Total** | **2,064** | **3,410** |

| Amounts payable to the auditor | 2022 £'000 | 2021 £'000 |
|---|---|---|
| Statutory audit | 72 | 85 |
| Other assurance services | - | 13 |
| Other financial services | 3 | 3 |
| **Total** | **75** | **101** |



# 5. Employees

| Staff costs | 2022 £'000 | 2021 £'000 |
|---|---|---|
| Wages and salaries | 10,180 | 11,557 |
| Social security costs | 1,030 | 838 |
| Pension costs (employee benefit scheme)) | 50 | 49 |
| Pension (stakeholder scheme) | 548 | 567 |
| Staff end of service costs* | 379 | 311 |
| Redundancy, ex gratia and termination costs | 32 | 197 |
| **Total emoluments of employees** | **12,219** | **13,519** |
| Other staff costs ** | 237 | 108 |
| **Total staff costs** | **12,456** | **13,627** |

** In order to meet local employment regulations, 'end of service' payments are made to employees in country programmes when they leave employment with Practical Action. The amount of the payments are determined by the salary and length of service of the employees. Staff end of service costs change each year based on the accrued entitlement.*

*** Other staff costs consists of temporary and agency staff.*

| Average number of full time equivalent employees | 2022 Number | 2021 Number |
|---|---|---|
| Eastern Africa | 63 | 58 |
| Latin America | 74 | 69 |
| South Asia | 48 | 57 |
| Southern Africa | 33 | 47 |
| Bangladesh | 94 | 94 |
| Sudan | 64 | 64 |
| UK | 108 | 114 |
| **Total** | **484** | **503** |

| Average number of employees | 2022 Number | 2021 Number |
|---|---|---|
| Eastern Africa | 63 | 58 |
| Latin America | 74 | 69 |
| South Asia | 48 | 57 |
| Southern Africa | 33 | 51 |
| Bangladesh | 94 | 94 |
| Sudan | 64 | 65 |
| UK | 113 | 117 |
| **Total** | **489** | **511** |

During the year, employees earning more than £60,000 fell into the following bands:

| | 2022 Number | 2021 Number |
|---|---|---|
| £60,001 - £70,000 | 8 | 9 |
| £70,001 - £80,000 | 2 | 2 |
| £80,001 - £90,000 | 2 | 3 |
| £90,001 - £100,000 | - | 1 |
| £100,000-£110,000 | 1 | - |

The CEO during the year earned a salary of £100,417.

Benefits are accruing to nine (2021: twelve) higher-paid employees under Practical Action's stakeholder pension scheme, which is open to all eligible employees. Employer contributions of £69,643 (2021: £89,732) have been made into this stakeholder scheme for these higher-paid employees. Within Practical Action's Employee Benefits Scheme, benefits are accruing for no (2021: none) higher-paid employee.

Key management personnel is a term used by FRS 102 for those persons having authority and responsibility for planning, directing and controlling the activities of the charity, directly or indirectly, including any director (whether executive or otherwise) of the charity. This definition includes trustees and those members of staff who are the senior management personnel to whom the trustees have delegated significant authority or responsibility in the day-to-day running of the charity. For Practical Action, our Strategic Leadership Team (SLT) consists of those executives listed on page 60. In 2021/22 the total cost of SLT was £1,081k (2020/21 £992k). In 2021/22 this represented 19 people (2020/21 12 people).

Salaries and benefits of the Strategic Leadership Team (SLT) are overseen by the Board's Governance and People Committee in line with the policy and principles for all staff pay. These are considered by the Committee annually.

The Trustees receive no remuneration for their services. Expenses reimbursed to Trustees during the year amounted to £24 (2021: £54), which related to travel and refreshment costs for meetings, and postage.

Expenses were reimbursed to one trustee (2021: one Trustee).

Indemnity insurance is provided for Trustees which is incorporated into a Professional Indemnity policy for the Organisation at a total cost of £16,330 (2021 policy: £11,550).



# 6. Net income from trading subsidiaries and summary balance sheets

The results of the principal trading subsidiaries are summarised below:

| | Practical Action Consulting 2022 £'000 | PAC India (Subsidiary of PAC UK) 2022 £'000 | PAC Nepal Private Ltd (Subsidiary of PAC UK) 2022 £'000 | PAC Malawi (Subsidiary of PAC UK) 2022 £'000 | PAC Bangladesh (Subsidiary of PAC UK) 2022 £'000 | PAC Peru (Subsidiary of PAC UK) 2022 £'000 | Practical Action Publishing 2022 £'000 |
|---|---|---|---|---|---|---|---|
| Income | 1,719 | 60 | 296 | (45) | 235 | - | 451 |
| Expenditure | (1,795) | (74) | (292) | (158) | (169) | - | (508) |
| **Net profit/(loss)** | **(76)** | **(14)** | **4** | **(203)** | **66** | **-** | **(57)** |
| Income per subsidiary accounts | 1,719 | 60 | 296 | (45) | 235 | - | 451 |
| Less: grants from parent charity | (281) | - | - | (38) | - | - | (92) |
| | **1,438** | **60** | **296** | **(83)** | **235** | **-** | **359** |
| Expenditure per accounts | (1,795) | (74) | (292) | (158) | (169) | - | (508) |
| Less: group charges | 220 | - | - | - | - | - | 51 |
| | **(1,575)** | **(74)** | **(292)** | **(158)** | **(169)** | **-** | **(457)** |
| **Net effect on group results for the year** | **(137)** | **(14)** | **4** | **(241)** | **66** | **-** | **(98)** |

| **Summary balance sheet** | | | | | | | |
|---|---|---|---|---|---|---|---|
| Fixed Assets | 1 | - | 1 | - | 3 | - | 68 |
| Investment | 65 | | | | | | |
| Net current assets/(liabilities) | (560) | (85) | 256 | (124) | - | 12 | -297 |
| **Net assets / (liabilities)** | **(494)** | **(85)** | **257** | **(124)** | **3** | **12** | **(229)** |
| Called up share capital | - | 30 | 35 | - | 10 | 13 | - |
| Profit & loss account | (494) | (115) | 222 | (124) | (7) | ( 1) | (229) |
| **Surplus/(deficit) on shareholder funds** | **(494)** | **(85)** | **257** | **(124)** | **3** | **12** | **(229)** |

| | Practical Action Consulting 2021 £'000 | PAC India (Subsidiary of PAC UK) 2021 £'000 | PAC Nepal Private Ltd (Subsidiary of PAC UK) 2021 £'000 | PAC Malawi (Subsidiary of PAC UK) 2021 £'000 | PAC Bangladesh (Subsidiary of PAC UK) 2021 £'000 | PAC Peru (Subsidiary of PAC UK) 2021 £'000 | PAC West Africa (Subsidiary of PAC UK) 2021 £'000 | Practical Action Publishing 2021 £'000 |
|---|---|---|---|---|---|---|---|---|
| Income | 1,960 | 102 | 396 | 314 | 156 | - | 251 | 560 |
| Expenditure | (1,932) | (104) | (346) | (273) | (281) | - | (191) | (559) |
| **Net profit/(loss)** | **28** | **(2)** | **50** | **41** | **(125)** | **-** | **60** | **1** |
| Income per subsidiary accounts | 1,960 | 102 | 396 | 314 | 156 | - | 251 | 560 |
| Less: grants from parent charity | (442) | - | - | (158) | - | - | (73) | (134) |
| | **1,518** | **102** | **396** | **156** | **156** | **-** | **178** | **426** |
| Expenditure per accounts | (1,932) | (104) | (346) | (273) | (281) | - | (191) | (559) |
| Less: group charges | 170 | - | - | - | - | - | - | 50 |
| | **(1,762)** | **(104)** | **(346)** | **(273)** | **(281)** | **-** | **(191)** | **(509)** |
| **Net effect on group results for the year** | **(244)** | **(2)** | **50** | **(117)** | **(125)** | **-** | **(13)** | **(83)** |

| Summary balance sheet | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Fixed Assets | 1 | - | 1 | 1 | 4 | - | 3 | 93 |
| Investment | 65 | - | - | - | - | - | - | - |
| Net current assets/(liabilities) | (426) | ( 73) | 252 | 50 | (67) | 12 | 70 | (260) |
| **Net assets / (liabilities)** | **(360)** | **(73)** | **253** | **51** | **(63)** | **12** | **73** | **(167)** |
| Called up share capital | - | 29 | 35 | - | 10 | 13 | 13 | - |
| Profit & loss account | (360) | ( 102) | 218 | 51 | (73) | ( 1) | 60 | (167) |
| **Surplus/(deficit) on shareholder funds** | **(360)** | **(73)** | **253** | **51** | **(63)** | **12** | **73** | **(167)** |



# 7. Intangible and tangible assets

| Intangible fixed assets | Total £'000 |
|---|---|
| **Group cost** | |
| At 1 April 2021 | 86 |
| Additions | 6 |
| **At 31 March 2022** | **92** |
| **Amortisation** | |
| At 1 April 2021 | 38 |
| Charge for the year | 12 |
| **At 31 March 2022** | **50** |
| **Net Book Value (NBV)** | |
| At 31 March 2021 | 48 |
| **At 31 March 2022** | **42** |

| Tangible fixed assets | Freehold and Leasehold property £'000 | Motor vehicles £'000 | Computer equipment £'000 | Furniture and other equipment £'000 | Total £'000 |
|---|---|---|---|---|---|
| **Group cost or valuation** | | | | | |
| As at 1 April 2021 | 136 | 1,899 | 1,742 | 1,389 | 5,166 |
| Additions | - | 160 | 249 | 20 | 429 |
| Disposals | - | (68) | (10) | - | (78) |
| **At 31 March 2022** | **136** | **1,991** | **1,981** | **1,409** | **5,517** |
| **Depreciation** | | | | | |
| As at 1 April 2021 | - | 1,796 | 1,621 | 995 | 4,412 |
| Charge | - | 129 | 108 | 194 | 431 |
| Disposals | - | (68) | (8) | - | (76) |
| **At 31 March 2022** | **-** | **1,857** | **1,721** | **1,189** | **4,767** |
| **Net Book Value (NBV)** | | | | | |
| As at 1 April 2021 | 136 | 104 | 121 | 393 | 754 |
| **As at 31 March 2022** | **136** | **134** | **260** | **220** | **750** |

All of the charity's fixed assets are held primarily for direct charitable use.

| Tangible fixed assets of the subsidiary undertakings | NBV 2022 £'000 | NBV 2021 £'000 |
|---|---|---|
| Motor vehicles | - | - |
| Computer equipment | 5 | 5 |
| Furniture and other equipment | 23 | 47 |

## 8. Investments

| | Group | | Charity | |
|---|---|---|---|---|
| | 2022 £'000 | 2021 £'000 | 2022 £'000 | 2021 £'000 |
| **Cash investments** | | | | |
| Cash investments | 4,048 | 3,546 | 4,048 | 3,546 |
| Common investment fund | 490 | 503 | 490 | 503 |
| Investment bonds | 3 | 4 | - | - |
| Impairment provision | - | - | - | - |
| **Total** | **4,541** | **4,053** | **4,538** | **4,049** |
| **Programme investments** | | | | |
| Capital loans to subsidiaries * | - | - | 653 | 224 |
| Programme investments | - | - | 138 | 16 |
| **Total** | **-** | **-** | **791** | **240** |

| Reconciliation of common investment fund: | £'000 |
|---|---|
| Historical cost | 396 |
| Opening balance at 1 April 2021 | 503 |
| Additional investment | - |
| Realised loss | (13) |
| **Closing balance at 31 March 2022** | **490** |

** Capital loans are interest bearing, secured by fixed and floating charges and have no fixed repayment period and Practical Action does not intend to recall the loans in the next four years.*



The following were subsidiary undertakings at the end of the year and have all been included in the consolidated financial statements, except Dormant Companies:

| | Country of incorporation and address | Proportion of voting rights and ordinary share capital held | Nature of business |
|---|---|---|---|
| Practical Action Consulting Limited (Reg. No. 00952705) | England<br><br>The Robbins Building, 25 Albert Street, Rugby, Warwickshire, England, CV21 2SD | 100% | Consultants for agriculture and industry |
| Practical Action Publishing Limited (Reg. No. 01159018) | England<br><br>As above | 100% | Publishers and booksellers |
| Intermediate Technology Publications Limited (Dormant company Reg. No. 06424984) | England<br>Dormant company | 100% | Publishers and booksellers |
| Intermediate Technology Development Group Limited (Dormant company Reg. No. 01017062) | England<br>Dormant company | 100% | Developers of agriculture and industrial machinery |
| ATS Property Holdings Private Limited (Dormant company Reg. No. Sri-Lanka PV 6894) | Sri-Lanka<br>Dormant company | 100% | Property purchase, lease moveable, immoveable property |
| Practical Action Consulting Private Limited (Reg. No. Kathmandu, 117858/070/071) | Nepal<br><br>Practical Action, Indira House, House No.1114, Panipokhari Hill, Kathmandu, Nepal | 51% PAC, 49% PA staff | Consultants for agriculture and industry |
| Practical Action Consulting (India) Private Limited (Reg. No. Delhi, CIN U74999DL2014FTC272886 | India<br><br>Practical Action, Plot No: H-4, BJB Nagar, Lewis Road, Bhubaneswar – 751014, Odisha, India | 99.7% PAC 0.3% PAC staff | Consultants for agriculture and industry |
| Practical Action Consulting Limited (Reg. No. 14654) | Malawi<br><br>Area 6, Plot 130, P.O. Box 30108, Lilongwe, Malawi | 100% | Consultants for agriculture and industry |

| | | | |
|---|---|---|---|
| Practical Action Consulting Bangladesh Limited (Reg. No. C-130198/2016) | Bangladesh<br><br>House 28/A, Road 5, Dhanmondi, Dhaka – 1205, Bangladesh | 99% PAC<br>1% PA staff | Consultants for agriculture and industry |
| Practical Action Consulting S.A.C Limited (Reg. No. 20601238200) | Peru<br><br>Oficina Regional de América Latina, Centro Empresarial Peruano Suizo Av. Aramburú 166 Of. 2A, Miraflores, Lima, Perú | 49% PAC<br>51% PA staff | Consultants for agriculture and industry |

## 9. Stock

| | Group | | Charity | |
|---|---|---|---|---|
| | 2022 £'000 | 2021 £'000 | 2022 £'000 | 2021 £'000 |
| Finished goods | 132 | 141 | - | - |
| Work in progress | 8 | 7 | - | - |
| **Balance sheet total** | **140** | **148** | **-** | **-** |

## 10. Debtors

| | Group | | Charity | |
|---|---|---|---|---|
| | 2022 £'000 | 2021 £'000 | 2022 £'000 | 2021 £'000 |
| Trade debtors | 2,460 | 2,550 | 1,924 | 2,178 |
| Prepayments & accrued Income | 3,728 | 3,948 | 3,281 | 3,144 |
| Amounts owed to the charity by the group | - | - | 488 | 504 |
| Other debtors | 413 | 521 | 342 | 350 |
| **Total** | **6,601** | **7,019** | **6,035** | **6,176** |

## 11. Cash at bank & in hand

The balance held at year-end includes £2.96m (2021: £4.0m) of project specific funds which are held in foreign currency bank accounts.



## 12. Creditors: amounts falling due within one year

| | Group | | Charity | |
|---|---|---|---|---|
| | 2022 £'000 | 2021 £'000 | 2022 £'000 | 2021 £'000 |
| Trade creditors | 637 | 509 | 527 | 382 |
| Payments received in advance* | 5,104 | 6,905 | 4,922 | 6,705 |
| Accruals | 1,039 | 934 | 745 | 632 |
| Taxation and social security | 332 | 522 | 314 | 433 |
| Other creditors | 1,189 | 1,071 | 1,158 | 712 |
| Amounts owed to subsidiaries and associated undertakings | - | - | - | 73 |
| **Total** | **8,301** | **9,941** | **7,666** | **8,937** |

* Payments received in advance represent grants received in advance of the period to which they relate. The analysis of such payments is shown below:

| | Group £'000 | Charity £'000 |
|---|---|---|
| Balance brought forward | 6,905 | 6,705 |
| Released to income | (6,905) | (6,705) |
| Received in year | 5,104 | 4,922 |
| **Balance carried forward** | **5,104** | **4,922** |

## 13. Provisions

| | Balance at 1.4.21 £'000 | Provisions created £'000 | Provisions utilised £'000 | Balance at 31.3.22 £'000 |
|---|---|---|---|---|
| Project issues | 23 | 0 | (15) | 8 |
| Redundancy | 11 | 0 | (6) | 5 |
| Annual leave/retirement provision | 11 | 2 | (11) | 2 |
| **Total** | **45** | **2** | **(32)** | **15** |

## 14. Funds note

| 2022 | Opening balance 2021 £'000 | Incoming resources £'000 | Expenditure and charges £'000 | Transfer £'000 | Closing balance 2022 £'000 |
|---|---|---|---|---|---|
| **Designated reserves** | | | | | |
| Fixed asset fund | 804 | - | - | (12) | 792 |
| Revaluation reserve | 107 | - | - | (13) | 94 |
| Free reserves | 7,838 | 12,706 | 13,207 | 25 | 7,362 |
| **Total unrestricted funds** | **8,749** | **12,706** | **13,207** | **0** | **8,248** |
| Energy that transforms | 166 | 2,944 | 2,858 | - | 252 |
| Farming that works | (30) | 5,829 | 6,088 | - | (289) |
| Cities fit for people | 50 | 1,584 | 1,580 | - | 54 |
| Resilience that protects | 1,177 | 4,564 | 3,875 | - | 1,866 |
| Other | 354 | 240 | 55 | - | 539 |
| **Total restricted funds** | **1,717** | **15,161** | **14,456** | **-** | **2,422** |
| **Total funds** | **10,466** | **27,867** | **27,663** | **-** | **10,670** |

Transfers to the revaluation reserves represents a £13k decrease in the value of the Common Investment Fund. Material fund balances carried forward are in respect of the Zurich Flood Resilience Programme.

| 2021 | Opening balance 2020 £'000 | Incoming resources £'000 | Expenditure and charges £'000 | Transfer £'000 | Closing balance 2021 £'000 |
|---|---|---|---|---|---|
| **Designated reserves** | | | | | |
| Fixed asset fund | 846 | - | - | (42) | 804 |
| Revaluation reserve | 94 | - | - | 13 | 107 |
| Free reserves | 7,160 | 14,510 | 13,861 | 29 | 7,838 |
| **Total unrestricted funds** | **8,100** | **14,510** | **13,861** | **-** | **8,749** |
| Energy that transforms | 179 | 2,757 | 2,770 | - | 166 |
| Farming that works | 36 | 5,823 | 5,888 | - | (29) |
| Cities fit for people | 35 | 3,737 | 3,722 | - | 50 |
| Resilience that protects | 428 | 3,590 | 2,841 | - | 1,177 |
| Other | 465 | 22 | 134 | - | 353 |
| **Total restricted funds** | **1,143** | **15,929** | **15,355** | **-** | **1,717** |
| **Total funds** | **9,243** | **30,439** | **29,216** | **-** | **10,466** |



## 15. Total funds

| 2022 | Unrestricted funds £'000 | Restricted funds £'000 | 2022 Total £'000 | 2021 Total £'000 |
|---|---|---|---|---|
| Fixed assets | 630 | 162 | 792 | 802 |
| Investments | 4,541 | - | 4,541 | 4,053 |
| Stock | 140 | - | 140 | 148 |
| Debtors | 1,917 | 4,684 | 6,601 | 7,019 |
| Cash at bank and in hand | 4,400 | 2,512 | 6,912 | 8,430 |
| Creditor: amount due within than 1 year | (3,373) | (4,928) | (8,301) | (9,941) |
| Creditor: amount due after more than 1 year | - | - | - | 0 |
| Provisions for liabilities and charges | (7) | (8) | (15) | (45) |
| Pension liability | - | - | - | - |
| **Total** | **8,248** | **2,422** | **10,670** | **10,466** |

| 2021 | Unrestricted funds £'000 | Restricted funds £'000 | 2021 Total £'000 | 2020 Total £'000 |
|---|---|---|---|---|
| Fixed assets | 640 | 162 | 802 | 1,058 |
| Investments | 4,053 | - | 4,053 | 999 |
| Stock | 148 | - | 148 | 129 |
| Debtors | 2,195 | 4,824 | 7,019 | 8,279 |
| Cash at bank and in hand | 4,971 | 3,459 | 8,430 | 9,468 |
| Creditors: amount due within than 1 year | (3,236) | (6,705) | (9,941) | (10,512) |
| Creditors: amount due after more than 1 year | - | - | 0 | 0 |
| Provisions for liabilities and charges | (22) | (23) | (45) | (178) |
| Pension liability | - | - | 0 | 0 |
| **Total** | **8,749** | **1,717** | **10,466** | **9,243** |

# 16. Pension costs and FRS 102

## Practical Action Employee Benefits Scheme

The charity operates a defined benefits scheme in the UK which was closed to contributions in 2002. The charity has accounted for pension costs in accordance with FRS 102. The scheme is a registered pension scheme under chapter 2 Part 4 of the Finance Act 2004. The assets of the scheme are held separately from the assets of the charity, being represented by units in a segregated fund managed by an external investment manager. At 1 April 2020, the latest valuation date, the actuarial value of the schemes assets was 94% of the value of past service liabilities on an ongoing (SFO) basis. However, the funding position was reassessed in March 2021 and it was revealed that there was a small surplus at this later date, as a result of which the scheme trustees and the charity agreed that the charity would not be required to make any deficit contributions. The market value of the scheme's assets at 1 April 2020 was £11,030,000, excluding money purchase AVCs. Although it was agreed that no deficit contributions would be payable, the scheme trustees and the charity agreed that the charity would pay contributions to the scheme in respect of expenses and levies at the rate of £4,202 per month from 1 April 2021, increasing by 2.5% pa with the first such increase applying from 1 April 2022.

In arriving at the 2020 actuarial valuation above, the following assumptions were adopted:

| | 2020 |
|---|---|
| Inflation RPI | 3.0% |
| Inflation CPI | 2.3% |
| Future salary increases | 3.0% |
| Pension increases (where linked to RPI) | 3.0% |
| Discount rate before retirement | 4.0% |
| Discount rate post-retirement | 2.7% |
| Mortality base tables | S3PXA |
| Improvement in mortality rates | 1.25% (CMI 2019) |

A valuation has been performed in order to assess the disclosures required under FRS 102 as at 31 March 2022 by an independent qualified actuary.

| | 2022 | 2021 |
|---|---|---|
| Discount rate | 2.7% | 2.1% |
| Inflation (RPI) | 3.5% | 3.2% |
| Inflation (CPI) | 2.8% | 2.5% |
| Future salary increases | 5.0% | 4.7% |
| Revaluation in deferment | 2.8% | 2.5% |
| Pension increases | 3.5% | 3.2% |
| Mortality | | |
| – Base table | S3PXA | S3PXA |
| – Allowance for future improvements | CMI2019[1%] | CMI2019[1%] |



### a) Balance Sheet Position

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| Present value of funded obligations | (10,629) | (11,465) |
| Fair value of plan assets | 11,633 | 11,785 |
| **Surplus / (deficit) per FRS102** | **1,004** | **320** |
| **Amounts in the balance sheet:** | | |
| Liabilities | - | - |
| Assets | - | - |
| **Net liability** | **-** | **-** |

### b) Changes in the present value of the defined benefit obligation are as follows:

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| Opening defined benefit obligation | 11,465 | 10,716 |
| Interest cost | 237 | 233 |
| Benefits paid | (321) | (306) |
| Curtailments / settlements | - | - |
| Remeasurement losses / (gains) | (752) | 822 |
| **Defined benefit obligation at end of year** | **10,629** | **11,465** |

### c) Changes in the fair value of the scheme assets are as follows:

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| Opening fair value of scheme assets | 11,785 | 11,052 |
| Interest income | 244 | 240 |
| Remeasurement gains / (losses) | 50 | 49 |
| Employer contributions | (79) | 796 |
| Benefits paid | (321) | (306) |
| Expenses paid | (46) | (46) |
| **Fair value of scheme assets at the year end** | **11,633** | **11,785** |
| The actual return on the scheme assets in the year | 165 | 1,036 |

### d) The amounts included within the Statement of Financial Activities are as follows:

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| Expenses | (46) | (46) |
| Interest on net liability | 7 | 7 |
| Past service cost | - | - |
| Curtailments / (settlements) | - | - |
| **Total amount charged within net (outgoing) resources** | **(39)** | **(39)** |
| Actual return on plan assets less interest | (79) | 796 |
| Experience (losses) / gain on liabilities | 11 | (45) |
| Change in assumptions | 741 | (777) |
| Less gains not recognised | - | 65 |
| **Actuarial gains recognised** | **673** | **39** |
| **Total gains recognised in the statement of financial activities** | **-** | **-** |

Actuarial gains have been recognised to the extent that the previous deficit is eliminated but no asset is recognised.

## 17. Reconciliation of net income to net cash inflow from operating activities

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| Net expenditure/income for the reporting period (as per the statement of financial activities) | 202 | 1,223 |
| Proceeds from sale of property | | |
| (Gains) / losses on investments | 13 | (13) |
| Dividends, interest and rents from investments | - | ( 11) |
| Depreciation | 443 | 394 |
| Loss on the disposal of fixed assets | 2 | 22 |
| Decrease /(Increase) in stocks | 7 | (18) |
| (Increase)/decrease in debtors | 419 | 1,261 |
| Increase/(decrease) in creditors and provisions | (1,673) | (704) |
| Difference between the pension contributions and | - | - |
| current service costs | - | - |
| **Net cash provided by/(used in) operating activities** | **(587)** | **2,154** |



## 18. Analysis of cash and cash equivalents

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| Cash in hand | 6,912 | 8,430 |
| Cash held as part of investment portfolio (Note 8) | 4,048 | 3,546 |
| **Total cash and cash equivalents** | **10,960** | **11,976** |

## 19. Additional grants disclosures

The following donors require further details of their grants to be published in the accounts.

| Foreign Commonwealth and Development Office Grants | 2022 £'000 | 2021 £'000 |
|---|---|---|
| Grants | 1,523 | 1,127 |

| Project funding details required by FCDO | Contract Number | 2022 FCDO Funding £'000 |
|---|---|---|
| Poor People's Energy Outlook | 204343-106 | 49 |
| Safe Pair Of Hands UK Aid Match | 205210-217 | 129 |
| Leave No One Behind | 300462-101 | 50 |
| Planting For Progress | 205210-235 | 793 |
| Building climate & conflict resilient livelihoods | 205210-259 | 502 |
| **Total** | | **1,523** |

| IKEA Foundation Grants | 2022 £'000 | 2021 £'000 |
|---|---|---|
| Grants | 2,724 | 2,402 |

| | | 2022 IKEA Funding €'000 |
|---|---|---|
| RE4R | G- 1608-618 | 1,216 |
| TREYL | G- 1808-1160 | 1,508 |
| **Total** | | **2,724** |

## 20. Commitments under operating leases

'As at 31 March 2022, the company had annual commitments under non-cancellable operating leases as set out below:

| | 2022 Land and buildings £'000 | 2021 Land and buildings £'000 |
|---|---|---|
| **Operating lease which expire:** | | |
| Within one year | 360 | 389 |
| In two to five years | 1,237 | 1,137 |
| Over five years | 184 | 313 |
| **Total** | **1,781** | **1,839** |

The net income for the year has been stated after charging £490k (2021: £456k) for the hire of assets under operating leases.

## 21. Related party transactions

Practical Action Publishing Limited and Practical Action Consulting Limited are subsidiaries of Practical Action Group. Grants paid by the charity to the subsidiaries and gift aid received by the charity from the subsidiaries are disclosed in note 6.

A management charge of £50k (2020/21 £50k) and payroll costs totalling £148k (2020/21 £203k) were also charged to Practical Action Publishing Limited by the charity. At the year end, Practical Action Publishing Limited owed the charity £482k (pooling balance and interco loan).

A management charge of £220k (2020/21 £170k) and payroll costs totalling £725k (2020/21 £757k) were also charged to Practical Action Consulting Limited from the charity. At the year-end, Practical Action Consulting Limited owed the charity £722k.

Full declarations of interests are obtained from Trustees and Directors for their own activities outside of Practical Action governance as well as those of their close family members and those entities which they control or in which they have a significant interest. In 2021/22 these related parties made donations in aggregate to Practical Action of £60.



## 22. Financial instruments

| | 2022 £'000 | 2021 £'000 |
|---|---|---|
| Financial Instruments measured at fair value through profit and loss | 490 | 503 |

The income, expense, gains and losses in respect of financial instruments are summarised below:

| Gains/Loss on financial instruments measured at fair value through profit and loss | 2022 £'000 | 2021 £'000 |
|---|---|---|
| Financial instruments measured at fair value at the start of the year: | 503 | 490 |
| Gain/(loss) | (13) | 13 |
| Purchases | - | - |
| Financial instruments measured at fair value at the end of the year | 490 | 503 |

# 23. Comparative statement of financial activities for the year ended 31 March 2021

This is a breakout of the prior year statement of financial activities.
(incorporating the Income and Expenditure Account)

| | Note | Unrestricted £'000 | Restricted £'000 | Total 2021 £'000 |
|---|---|---|---|---|
| **Income and endowments from:** | | | | |
| Donations and Legacies | *3* | 11,402 | 1,965 | 13,367 |
| Charitable activities | *3* | 2,802 | 13,960 | 16,762 |
| Investments | *3* | 15 | - | 15 |
| Other income | *3* | 291 | 4 | 295 |
| **Total income and endowments** | | **14,510** | **15,929** | **30,439** |
| **Resources expended** | | | | |
| Expenditure on raising funds | *4* | 2,573 | - | 2,573 |
| **Total expenditure on raising funds** | | **2,573** | **-** | **2,573** |
| **Expenditure on charitable activities:** | | | | |
| Energy that transforms | *4* | 3,692 | 2,769 | 6,461 |
| Farming that works | *4* | 2,567 | 5,889 | 8,456 |
| Cities fit for people | *4* | 1,671 | 3,722 | 5,393 |
| Resilience that protects | *4* | 1,559 | 2,841 | 4,400 |
| Knowledge that inspires | *4* | 1,006 | 22 | 1,028 |
| Other | *4* | 806 | 112 | 918 |
| **Total expenditure on charitable activities** | | **11,301** | **15,355** | **26,656** |
| **Total expenditure** | *4* | **13,874** | **15,355** | **29,229** |
| Net gain / (loss) on investments | *8* | 13 | - | 13 |
| **Net income / (expenditure)** | | **649** | **574** | **1,223** |
| Transfers between funds | | - | - | - |
| Actuarial gain on defined benefit pension scheme | *17* | - | - | - |
| **Net movement in funds** | | **649** | **574** | **1,223** |
| **Balance brought forward 1 April 2020** | | **8,100** | **1,143** | **9,243** |
| **Balance carried forward as at 31 March 2021** | *15,16* | **8,749** | **1,717** | **10,466** |

# BIG CHANGE
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**UK**
+44(0)1926 634400
practicalaction@practicalaction.org.uk

**Bangladesh**
+88 02 9672683
practicalaction@practicalaction.org.bd

**Eastern Africa**
+254 20 2595 311
practicalaction@practicalaction.or.ke

**Latin America**
+511 441 2950
info@solucionespracticas.org.pe

**South Asia**
+977 1 4423 639
practicalaction@practicalaction.org.np

**Southern Africa**
+263 4 776 107
info@practicalaction.org.zw

**Sudan**
+249 155662474
info@practicalactionsd.org

**West Africa**
west.africa@practicalaction.org.uk


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**practicalaction.org**


The Robbins Building, 25 Albert Street,
Rugby, Warwickshire, CV21 2SD, UK.
Reg Charity No. 247257.


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England & Wales - Charity number 247257

# Accounts

Annual Report and Accounts

# 2020 - 2021

Big change starts small

Practical ACTION

Our vision is for

# A WORLD THAT WORKS BETTER FOR EVERYONE

*We're working with communities in Sudan to regreen farmland lost to the desert due to climate change.*

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*Numbers in the Trustees' and Directors' Annual Report and Strategic Report sections have been rounded.*

***Front cover image: In Zimbabwe, Adivela is improving her family's health and her livelihood using planet-friendly farming techniques.***

# Welcome from the Chair and Chief Executive

## Yvonne Pinto, Chair of Trustees

Even before the Covid-19 pandemic, 2020/21, my first full year as Chair of Trustees, was planned to be pivotal for Practical Action. We had already committed to a review of our governance and a refresh of our strategy, to account for the external environment. Our aim was to bring Practical Action's five decades of experience to bear on a world that urgently needs to transition. Both to become more inclusive of all people and to respond to the climate crisis, especially its impact on people in the communities we work with.

> *"I'm proud of the impact the organisation has achieved, despite considerable challenges."*

Covid-19 added further urgency to this review and forced us to innovate to find new ways of delivering impact to the people we work with. Despite these innovations, the pandemic impaired our ability to deliver all our programmes as planned and this has had an impact on our income. However, we were overwhelmed by the support shown by our donors and partners. Our unrestricted income from individuals, family trusts and other donors surpassed all records, for which we are truly grateful.

Amid all this change, and in a rapidly developing external environment, we undertook a comprehensive governance review that drew on the experiences of directors from our global practice around the world. As a result, we've strengthened our governance and Terms of Reference. We've clarified our expectations of one another and taken efforts to diversify the Board, to bring in lived-in experience of the places in which we work, and to foster an environment where collective intelligence, discussion and decision-making is done in a fully inclusive way.

We've used the uncertainty of the last 12 months to invest in a modern and forward-looking vision for the future. There are many challenges ahead, especially in a rapidly changing funding and social landscape. With these in mind, we have worked hard to by ensure our systems, structures and finances are aligned to cope with the effects of the ongoing pandemic and expected future challenges. This involved independent external evaluation, engagement across the organisation and with external stakeholders, a deep-dive into our agricultural work, and staff-trustee working groups on significant issues.

Our updated strategy, and the new ways we have developed to measure our progress towards our aims transparently, are major achievements in 2020/21. I would like to pay tribute to Paul Smith Lomas who served as Chief Executive Officer from 2015-2021, leading the organisation through a period of growth and through the first year of the pandemic. And to welcome Sarah Roberts into the role of CEO, with the mission of advancing the new strategy and our approach to impact.

I'm incredibly proud of our teams and our partners around the world – whose passion and talent are second to none – and who have constantly punched above their weight to deliver extraordinary results in challenging circumstances this year.

It's these partnerships with people and organisations, that made the continuation of our work during the pandemic possible. Their support and expertise mean we're continuing to make progress towards our shared goals.

**Yvonne Pinto**

## Sarah Roberts, Chief Executive Officer

It's a privilege to be writing this welcome as Practical Action's new Chief Executive, having stepped into the role of interim CEO towards the end of the reporting period. I'd like to offer my heartfelt thanks to Paul Smith Lomas for leading the organisation through a period of growth and change, and to the supporters, partners and staff who make our work possible.

> *"I'm a passionate believer that our core vision for a world that works better for everyone is needed more than ever."*

I joined Practical Action because we work on the issues that really matter for the future of our world. Agriculture and cities that work for people and planet, energy that transforms lives and enables more productive farming and dealing with the climate emergency. This report shows that, despite all the challenges we faced during the year, we delivered significant impact in these goal areas at all levels, from community to systemic.

And our work is needed more than ever. Having arrived at Practical Action just as the pandemic was moving across the globe, I have seen how Covid-19 has added significantly to the vulnerability of the world's poorest. Much of the progress made towards the world's Sustainable Development Goals is moving into reverse. More people are vulnerable to hunger and poverty – and less able to cope with the effects of the climate crisis.

The need for radical responses has also accelerated innovation in key areas of policy and economics, new ways of working and new coalitions, and thinking about what is required for the future, which gives us new opportunities to change the systems that keep people poor and vulnerable.

Throughout this period of crisis and uncertainty, I have been hugely impressed with the way our staff and partners have innovated and adapted so that critical work can continue. Our strategy to 2025 sets out ambitious targets for our work with communities and how we will use our influence to link change on the ground to achieve change at scale. Partnerships are fundamental to achieving our aims and we are developing a range of new collaborations as well building on long-standing relationships.

In November 2021, I'll be part of the global Practical Action team at the UN Climate Change Conference (COP26). Our role as official observer enables us to influence the discussions, support negotiators from Global South, challenge the level of ambition, and encourage international cooperation and collaboration. We have built a range of direct relationships with decision makers, which give us influence on key agendas in the run up to COP26. Crucially, we help bring the voices of the communities most affected by climate change to the negotiating table and advocate for climate finance that delivers for them.

I'm a passionate believer that our core vision for a world that works better for everyone is needed more than ever. As I look forward to the year ahead, I'm reminded also of our heritage. The philosophy of our founder, E.F. Schumacher inspires so much of our work. His principles of sustainability, adaptability and collaboration have never been more relevant. You'll see them reflected throughout this report.

**Sarah Roberts**

# BIG CHANGE
## starts small

### Our Schumacher heritage remains important today

We were founded over 50 years ago by radical economist E.F. Schumacher, who challenged the conventional aid thinking of the day. He believed in solutions suited to context, equipping people with the skills and knowledge to change their situation, economic systems that work for all, and living within the planet's means. While development approaches have changed, these founding beliefs still drive us, and have more widely come of age.

Our approach today is still based on these founding beliefs. We remain deeply rooted in the reality of people living in poverty.

We start small, to understand what's already working and how improvements can be made. We develop innovative, community-powered and locally owned solutions that achieve transformative change in lives and livelihoods.

But we aim 'big' – focussing on what will deliver the systems change required and the best role we can play.

We seek bold collaborations to work at scale. We are a trusted partner for communities, governments and international organisations and increasingly, the private sector.

*"An ounce of practice is generally worth more than a ton of theory."*
*E.F. Schumacher*



### An ambitious strategy for a changing world

The pandemic has exposed just how fragile modern economics are. And now the world is waking up to the power of local, sustainable, community-powered solutions to tough problems.

Our strategy builds on our strengths and lessons from the last three years. While it takes the ongoing impact of the pandemic into account, it has been created to achieve long-term, systemic change.

Our work with communities on the ground will be supported by influencing work with policy-makers and governments. This will ensure the voices of the most vulnerable are heard and that solutions can be scaled up to achieve the greatest impact.

This is our chance to drive forward a new way, where renewable power, planet-friendly farming and sustainable livelihoods come to the fore.

*Image (left): Bibana's cookstove business is transforming the health of her community in Kenya, boosting the local economy.*

## Our goals for 2025

# 6 MILLION

**Our work with partners will have improved the lives of 6 million people living in, or vulnerable to, poverty.**

# 20 MILLION

**Our work on systems change will have positively impacted a further 20 million people.**

## Expertise for

# IMPACT

We work in four specialist areas, each with their own goals. However, our most impactful work combines our expertise across issues, to solve complex and interconnected problems, such as supporting smallholder farmers with renewable energy that can increase yields and open up bigger opportunities for the wider economy.

## HARNESSING ENERGY THAT TRANSFORMS

**For the one billion people without electricity, and the three billion people without clean cooking solutions.**

We're bringing together rural communities, displaced people, energy providers and decision makers to put clean energy to work.

**By 2025, our work with partners will have led to affordable, low-carbon energy access and cleaner cooking for two million people in 'last mile' communities and 18 million people through wider systems change.**

## BUILDING RESILIENCE THAT PROTECTS

**For vulnerable people whose lives and livelihoods are threatened by climate-related and natural hazards.**

We're working with people threatened by natural and climate related hazards, reducing vulnerability and minimizing the impact on their lives and livelihoods.

**By 2025, our work with partners will have enhanced risk knowledge systems so that four million people living in hazard-prone, climate-vulnerable communities are better protected.**

## MAKING CITIES FIT FOR PEOPLE

**For the millions of people living in urban slums and settlements without proper sanitation, clean water and waste services.**

Our work with communities is making cities in poorer countries cleaner, healthier, fairer places for people to live and work, with clean water for drinking and sewage safely contained, collected and processed.

**By 2025, our work with partners will have led to improved water, sanitation and waste management services for one million people living in slum communities and a further 2.4 million people through wider systems change.**

## CULTIVATING FARMING THAT WORKS

**For smallholder farmers struggling to make a sufficient income and adapt to the negative effects of climate change.**

We're teaming up with smallholder farmers, many of whom are women, so they can adapt to climate change and achieve a good standard of living.

**By 2025, our work with partners will have improved food security and incomes for two million people in rural communities and a further one million people through wider systems change.**

# How we contribute to SYSTEMS IMPACT

**The problems of climate change, poverty and environmental degradation exist because the core systems that underpin our world are failing. Changing these systems is beyond any one business, government, NGO (Non-Governmental Organisation) or individual. It needs people to work together, pooling their skills and resources on a global scale. This approach allows us to develop solutions that work for people at all levels of society, and for the living systems we rely on.**

However, in a complex and interconnected world, systems change is not linear and happens at multiple levels over multiple timescales. These changes may take years to achieve, and are brought about through the actions of many, including ourselves.

Everything we do at Practical Action is designed around the needs of the people we work with, and to contribute to changing the systems that hold them back. That's why we work in varied and connected ways, to achieve impact:

## 1. SOWING THE SEEDS OF CHANGE

Developing community led solutions and evidence of what solutions work, and what doesn't. And piloting new approaches to entrenched problems.

## 2. CULTIVATING STRONG GROWTH

Building on practical success and lessons learned, with our partners, to create wider impact in communities at a national or regional level.

## 3. REAPING GLOBAL HARVESTS

Connecting key players from the private and public sectors with communities, so proven high-tech and low-tech solutions can contribute to sustained big change.



# Reporting on our progress

Systems changes are challenging to measure. Especially when our work may contribute just one input to a much larger change, with multiple inputs over time. But as an organisation committed to big, systemic change, we believe it is important to measure and report on our progress as transparently as possible.

Over the last year we have updated both how we measure our activities, and how we assess their outcomes.

## Measuring our reach

We measure the reach of our activities annually, across different groups of people within a system. These groups may intersect and overlap, but this approach provides a measure of how many people we have reached with a potential benefit in a given year. Previously we have reported on direct and indirect reach. This year we have introduced an additional measure of systemic reach.

### Direct reach:

Measures the number of people who benefit from participating directly in our projects and activities.

### Indirect reach:

Measures the number of additional people who benefit beyond project participants. These are typically extended family members and the wider local community, as well as people reached through partners whom we have supported – such as local NGOs, or local government authorities.

### Systemic reach:

Measures the wider groups of people reached by those equipped to deliver change at scale – such as the privatesector and national governments. We measure systemic reach where we can demonstrate a clear causal link, and these numbers may vary significantly year on year. For example, our influencing work may contribute to a policy change that creates the enabling environment for large numbers of people to benefit in the future. Or our work with the private sector may result in changes to their business models that deliver rapid ongoing benefits to many people.

## Demonstrating positive outcomes

As well as measuring the reach of our work, we've introduced new global indicators that report on resulting outcomes. These figures tell us about the positive effects recorded in the lives of communities we work with.

Our global indicators include the number of new jobs and businesses created; the number of changes made to the enabling environment that support our strategic aims; and how many of our projects are designed around specific gender needs.

In addition, we will report against a range of outcomes that relate to our core aims. For example this reporting could include the number and percentage of people with improved food security within a target area; or the number and percentage of people with better waste management systems within an identified slum community.

**This is how we will measure progress towards our strategic objectives – from the positive changes to individuals' lives through our projects, to our contribution to wider systemic change.**

## Meet the changemakers

**We achieved this reach and impact by working with partners to take solutions from small and local to systemic and global. By convening the right mix of people at the right time, we were able to create meaningful change in many more lives than by acting alone.**

**The six stories on the following pages demonstrate the impact we've achieved in different contexts and at different scales. From a pilot project that's set to overturn the status quo of urban migration in Kenya, to a partnership that's already changed the game for millions in flood-prone areas around the world – and is set to do even more...**

# Adapting to achieve impact in a TURBULENT YEAR

**Our strong and trusted partnerships with individual supporters, large funding organisations and local delivery partners mean we've been able continue working with communities during the pandemic. The support and expertise of our partners has allowed us to pivot and adapt existing projects, as well as launch new initiatives, continuing to make progress towards our shared goals.**

## The challenge

Covid-19 has had a devastating effect in many of the countries we work in. For many people, abiding by strict lockdown measures was impossible. Others faced significant setbacks in their livelihoods and living conditions. The pandemic has led to rates of extreme poverty rising for the first time in 20 years and reversed much of the progress made towards the World's Sustainable Development Goals. The result is many more people vulnerable to hunger and poverty – and less able to cope with the effects of the rapidly-escalating climate crisis.

## Our goal

We took rapid action to protect the lives and livelihoods of the communities we work with safely, balancing our immediate response with our longer-term goals. We teamed up with private businesses, local authorities and national governments to limit the spread of the virus, work with communities to keep essential services running and support longer-term recovery.

*"I had to keep working despite the risks of Covid-19, but I couldn't afford to buy PPE. Now that I have the PPE from Practical Action I can do my job without worrying about being infected or passing on any infection to my family."*

**Sumati Naik, informal waste worker in Faridpur, Bangladesh**



## What we achieved in 2020/21

In the slums of Kisumu, Kenya, we worked with companies who make hygiene and cleaning products to provide emergency supplies for free to people who can't afford them. We distributed supplies to 21,000 people and enabled 19,000 people to access water closer to their homes. As a result, people have been able to keep their families healthy during the pandemic.

We used our influence with the Government of Bangladesh to highlight the challenges faced by informal waste workers in the country during the pandemic. This prompted the Government to approve vaccinations for all sanitation workers, meaning that tens of thousands of people working in hazardous conditions can now protect themselves and their families and continue to earn a living safely.

We worked with the Government of Peru on a pilot project to bring remote learning to isolated communities. Travelling to school here was already difficult – restrictions due to Covid-19 made it impossible. This pilot, which started with 16 schools, has been so successful we're now working with the Government to scale it up to reach 200,000 children.

## Future plans

As well as adapting and pivoting existing projects, the unprecedented nature of the pandemic has led to new coalitions, new ways of working and accelerated innovation in key areas. An example is an innovative new project we've launched in Bangladesh in partnership with private sector business River Recycle, the Lamor Foundation and the Ministry of Foreign Affairs of Denmark, Danida

The project, which launched in July 2021, is creating jobs for low-wage rubbish collectors, while also preventing plastic waste in the Padma River from entering the ocean. It uses cutting edge technology to collect low-grade plastic from the most polluted parts of the river then convert the waste into a high-grade oil, which can be used for transportation. This project not only supports long-term recovery from the pandemic by boosting employment, but will act as a pilot that, if successful, can be scaled-up in Bangladesh and replicated elsewhere.

SOWING THE SEEDS OF CHANGE

# 726K

**In Bangladesh, we reached 726,000 people living in slums and settlements with better sanitation, water and waste services in 2020/21**

## Supporting entrepreneurs for

# PEOPLE AND PLANET

**Many of our projects work towards more than one of our strategic aims. Our clean cookstove work in Africa is improving health and supporting women entrepreneurs to create thriving businesses - while also reducing carbon emissions. On a global scale, our work with over 200 last mile distributors in over 50 countries is bringing more life-changing products to the people who need them most.**

## The challenge

Almost three billion people don't have clean, safe cooking facilities. Cooking with wood and charcoal damages their health as well as contributing to carbon emissions. The local entrepreneurs who are best placed to make and distribute clean cooking solutions are held back by a lack of business skills and contacts. It's more vital than ever that we find innovative ways to create clean fuels to protect health, power progress and protect natural resources.

## Our goal

Our goal is to bring together communities, energy providers and decision makers to put sustainable, clean energy solutions to work for the people who need them most. We're working with communities around the world to make it easier to buy, sell and use clean cooking fuels and equipment.

*Entrepreneurs in Kenya with an example of the low-smoke cookstove that's boosting health and incomes.*



## What we achieved in 2020/21

In Kenya, women have played an integral role in making and promoting the use of improved cookstoves and briquettes, an alternative cooking fuel that emits less smoke than traditional fuels. Natural resources are conserved, health is improved and jobs are created. As well as the stoves and briquettes, these entrepreneurs sell other essential, life-changing products such as solar lights and water filters to those who need them most – low income customers in remote, under-served communities.

For entrepreneurs, this work means they can build successful businesses, inspire others and earn enough money to educate their children. Many of their customers can buy life-changing products for the first time. Whole communities can see a long-term boost to their health and financial security.

*"My family is financially secure because of my clean cooking business. I plan to save money so that I can invest more and employ others so they can also be successful."*

**Laventer, clean energy entrepreneur in Busia, Kenya**

Through the Global Distributors Collective (GDC), we're bringing more life-changing products to the people who need them most. The GDC offers business support services that help last-mile distributors save time, reduce costs, build capacity and develop commercial partnerships. We established the GDC alongside implementing partners Hystra and Bopinc. Together, we're dedicated to supporting distributors to help them reach millions of unserved customers with life-changing products, such as clean cookstoves, solar lights and water filters.

## Future work

The GDC is at the heart of our plans to scale up our energy work. Our target for 2025 is that our work with partners will have led to a further 18 million people having access to affordable low-carbon energy, for household, business and community uses. This would represent a positive systemic shift in the way energy products are distributed.



# 33M

**To date, GDC members have reached 33,000,000 people in last mile households with life-changing products**

## Enabling young farmers to build

# THRIVING BUSINESSES

**We refuse to accept that the only future for food production is an agricultural system that damages the planet, while farmers often struggle to earn a decent living. Our work with young farmers in Kenya is helping buck the trend of urban migration and demonstrating that a regenerative approach to agriculture can be profitable.**

## The challenge

Farming in poorer, isolated parts of the world has always been difficult. Climate change has caused disruption to weather patterns that have made it even tougher. Many young people growing up in rural areas don't see farming as a profitable career option. There is an exodus of young people leaving rural areas of Kenya to find work in the cities. This damaging trend is causing rural economies to stagnate and food production to slump. Communities, NGOs and the government of Kenya have struggled to implement solutions that make farming an attractive livelihood for young people.

## Our goal

We're aiming to breathe new life into rural economies by demonstrating that regenerative agriculture can create viable business opportunities for young people and thriving local economies. We know that farmers can succeed, while also preserving natural resources. Our goal is to address the inefficiencies and inequalities present in the existing system to make success possible.

*Planet-friendly techniques are making farming work for young people in Kenya.*



## What we achieved in 2020/21

Our work with young people in rural areas, in partnership with the IKEA Foundation, is building a business case to demonstrate that regenerative agriculture can be commercially successful. We're working with an initial cohort of 6,000 young women and men, enhancing their business skills based on a planet-friendly approach to farming.

The regenerative farming techniques we're championing includes reusing waste products from one part of the farm elsewhere. For example, chicken poo makes an excellent fertiliser for vegetables and can help improve soil health. Using techniques like this, young farmers can achieve independence and a good standard of living, while protecting the environment and giving them skills for the future.

It's not just about farming techniques. We're also supporting young people with the business side of things. That includes identifying new business opportunities and gaps in the market and finding the best suppliers. Meanwhile, we're working to improve the poultry, groundnut and tomato value chains, so farmers can sell their produce for the best possible price. And we're chairing working groups, made up of commercial providers and government agencies, to tackle access to finance, training services and market information.

*"I never considered farming as a career because I thought it couldn't be profitable. With the training I've had in farming techniques and business skills I feel confident I can succeed."*

**Everlyne, young farmer in Homa Bay, Kenya**

## Future work

Over the longer term, we're hoping to impact 80,000 young people by demonstrating the viability of businesses in the agricultural sector. We'll transform local market systems and create demand for products and services provided by young people to ensure the programme's long-term sustainability.

By 2021, we aim for our work with partners to have improved food security and incomes for two million people in rural communities around the world and a further one million people through wider, systemic change.

SOWING THE SEEDS OF CHANGE

# 300K

**Our work with partners in 2020/21 means 300,000 more farmers worldwide have higher income or better food security**

## Empowering women to create

# CITY-WIDE CHANGE

**We know that creating and improving jobs can offset people's need for aid and that empowering women is a powerful driver of social change. Our work with women waste workers in Bangladesh does both these things and is on the cusp of creating city-wide change in Faridpur.**

## The challenge

The population of urban slums and settlements continues to grow, with the needs of the poorest and most vulnerable often overlooked. Lives are at risk from a lack of clean water services and inadequate and unsafe sewage and refuse management. In Bangladesh, a growing urban population is putting greater strain on city infrastructures. In this environment, the needs of people in the slums are often overlooked. Informal waste workers, many of them women, work in a dangerous environment, while also facing exclusion and discrimination.

## Our goal

Our aim is to work with our partners to make cities in developing countries cleaner, healthier, fairer places for people to live and work. By 2025 our goal is to reach one million people living in slums in 21 towns and cities around the world. We'll do this by identifying whoever is already providing a waste service, however informally, so we can build on existing solutions. Then we'll adapt our work so that we can replicate our success in other towns and cities. It's a tried and tested approach that's already working in Faridpur, Bangladesh.

*Alo (centre, with certificate) on the day her cooperative won a national award for its sustainable and innovative project ideas.*



## What we achieved in 2020/21

We've teamed up with women working as informal waste workers in the slums of Faridpur to boost their incomes, improve their working conditions and gain greater recognition of their vital role in the city. It starts with protective clothing such as gloves to protect workers hand from cuts that could result in infection, and masks to protect against viruses like Covid-19. We then help form cooperatives, which gives them more credibility and influence with decision makers. Together, we convince authorities that when informal waste workers have more of a voice, everyone in society benefits.

We have been able to influence national policy so that informal waste and sanitation work is included under the category of 'hazardous work', giving those workers access to an important national Labour Welfare fund from which they were previously excluded. Informal workers now have more rights and opportunities, as well as the confidence to further improve their circumstances.

*"Being part of the cooperative means we can make our voices heard by the local authority and improve our lives and working conditions through the pandemic and beyond."*

**Alo, community leader in Faridpur, Bangladesh**

## Future work

Other municipalities are now interested in adopting our approach. We'll work with them to implement the solutions we've developed. Our priority will be getting the best possible outcomes for informal waste workers and slum communities. Another example of broad, systemic change resulting from our community-led approach – big change that starts small.

We formed partnerships during the year with three commercial companies in Bangladesh to bring state-of-the-art treatment technologies to Faridpur. Their investments should improve commercial viability by increasing the value of the end products from treatment of faecal sludge, organic kitchen waste, and thin plastics.



**73%**

**The number of working days lost to illness or injury dropped by 73% among the informal sanitation workers we supported in Bangladesh**

# Improving food security on a NATIONAL SCALE

**Small-scale solutions can lead to big change. This core principle was central to the philosophy of our founder, radical economist E.F. Schumacher. Our work developing and promoting a farming technique called Pfumvudza in Zimbabwe shows it's as relevant today as ever. After working with smallholder farmers to use this innovative technique, we've passed the baton to the Government of Zimbabwe, who are rolling it out across the country.**

## The challenge

More of the world's people rely on agriculture for their survival than any other occupation. But three quarters of the world's poorest people are farmers, confirming that agriculture simply isn't working for the most of them. Zimbabwe's agricultural sector is predominantly smallholders, who are reliant on rain-fed crops. Climate change is altering the weather patterns, and they are becoming less predictable and more extreme. Low rainfall, drought and cyclones have led to extreme hardship. The impact on many smallholder's livelihoods, food and nutrition is devastating.

## Our goal

Our aim is to work with rural communities to build farming systems that connect nature (climate, land, water, plants and animals) with people (culture, economics and society). Sometimes referred to as 'agroecology', this approach can enable smallholder farmers to achieve a decent standard of living, whilst protecting the environment and building natural resources. The result is a sustainable alternative to intensive agriculture, with the potential to transform the lives of millions of families.

*A field of nutritious maize means a boost to Shuwiso's health and income.*



## What we achieved in 2020/21

One of the solutions we've been supporting farmers to put into action is Pfumvudza. This innovative idea was originally developed by a local NGO and involves planting in small pot holes that trap water. It means a family can grow enough food for a year on a small plot of land with limited water. Any remaining land is freed up to grow cash crops to earn an income.

After the government of Zimbabwe's Secretary for Agriculture visited our programme, the government decided to scale the approach. This means it will reach a further 1.8 million farmers. Even more farmers will be reached with the inclusion of the approach in the government's overall agricultural policy. The subsequent increased food production has the potential to reach 5m people – about 1/3 of the population of Zimbabwe.

*"From my first year of using Pfumvudza as a way of farming, and demonstrating it to others in the village, my crops never failed. The rainfall was erratic as usual, but we got a good harvest."*

**Shuwiso, farmer from Makoni in Zimbabwe**

## Future work

We're implementing other planet-friendly farming techniques in other parts of Africa. In Malawi, erratic rainfall caused by climate change means shrinking harvests. Combined with a lack of reliable access to markets, many farmers struggle to make an income. We'll work with women farmers, who face additional gender barriers, to grow more using greenhouses and solar drip irrigation. We'll support them to overcome gender barriers by forming cooperatives. With new farming techniques and greater selling power, women farmers in Malawi will be able to make a living from farming despite climate change.



**700%**

**Farmers using Pfumvudza saw a 700% increase in average yields when compared to conventional farming**

## Creating impact for long-term

# SYSTEMS CHANGE

**Our work as part of the Zurich Flood Resilience Alliance shows what's possible when we start with a clear idea of the big change we want to achieve then develop and refine our approach as we learn what works. As our learning grows, we replicate elements of our solutions in different contexts and locations, adapting all the while and never losing sight of our commitment to long term systemic change.**

## The challenge

Flooding affects an average of 250 million people per year. More than any other natural hazard. Across the world, climate change, growing populations and unsustainable land use are increasing flood risk. And when an area floods, it's the poorest communities who suffer the most.

## Our goal

Our goal is to work with flood-prone communities to make resilience a way of life. We'll do this by advising people how to adapt their lives to a changing climate and by putting plans and systems in place to predict disasters and minimise their impact. We aim to reach 4 million people by 2025.

*Community-led design is at the heart of the work of the Zurich Flood Resilience Alliance.*



## What we achieved in 2020/21

We've been part of the Zurich Flood Resilience Alliance since 2013. At the start of the reporting period, this partnership had already reached over 225,000 people directly across 13 programs in nine countries. The Alliance expanded to new countries in 2020/21 - Zimbabwe, Senegal and Bolivia. It also increased in scope, to more urban environments and heat resilience, and in terms of influence.

We introduced digital technology to help local volunteers monitor, predict and evacuate their communities as early as possible before floods happen. And we provided the tools and knowledge that residents and local business owners need to increase their resilience to future floods, so that they can invest in future success.

In Peru, our Early Warning System work which initially benefitted 10,000 people, has been used as evidence in the national approach. We have influenced the government to invest over £10 million in developing early warning systems, to reduce the risk to lives and livelihoods of people vulnerable to flood risks.

*"Practical Action and the Z Zurich Foundation have been working in partnership since 2008. In 2021, we have extended our work together further in Peru and Nepal and started new work in Zimbabwe and Bolivia, focused on supporting communities to develop resilience in the face of increased flood risks. I'm delighted that we can continue on our journey together helping some of the most vulnerable people in the world shape a more climate resilient future."*

**David Nash, Climate Change and Partnerships Senior Manager at Z Zurich Foundation**

## Future work

We're expanding the reach of our work in partnership with the Zurich Flood Resilience Alliance. This means supporting more people to deal with more climate related hazards in more contexts. For example, we plan to extend our expertise to urban environments.

REAPING GLOBAL HARVESTS

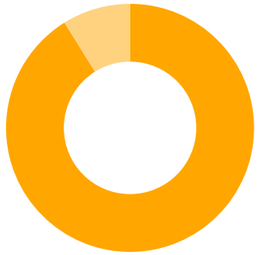
# 221K

**Our work with partners in 2020/21 means that 221,000 more people are protected by early warning or climate information services**

# Our reach and impact in 2020–2021...

**£30.4 M**
We raised £30.4 million in 2020/21

**£26.7 M**
We spent £26.7 million on our work



91p out of every £1 was spent on charitable activities

**96 PROJECTS**
We delivered 96 projects on the ground in 12 countries.

We provided technical & specialist expertise in

**30 COUNTRIES**

**16M PEOPLE**
have been impacted by our work to change the systems that keep people poor.

We worked with

**2M PEOPLE**
directly and

**2.2M PEOPLE**
indirectly.



## Progress towards the four key aims in our strategy in 2020/21

**173K** **£6.5M**
We reached 173,000 people, whilst spending £6,461,000 on our energy programme

**609K** **£8.5M**
We reached 609,000 people, whilst spending £8,456,000 on our farming programme

**875K** **£5.4M**
We reached 875,000 people, whilst spending £5,393,000 on our cities programme

**296K** **£4.4M**
We reached 296,000 people, whilst spending £4,400,000 on our resilience programme

# Community of support

**Our impact is achieved through a unique network of individual supporters, local, national and international partners, government organisations and forward-thinking companies and funders. Our shared goals and combined expertise mean that together we can take on some of the world's toughest challenges.**

## COMMUNITY MEMBERS

### are catalysts for change

*"Our community worked with Practical Action to install solar-powered irrigation and found out about seeds that grow better as the climate changes. We have so many natural resources in our country and there are lots of opportunities. If we give our best and work hard then anything is possible."*

**Chaha Bahadur, farmer from Bajura in Nepal**

## NATIONAL GOVERNMENTS

### support global development

*"Jersey is proud to have worked with Practical Action for over 35 years. Our partnership has helped hundreds of thousands of people lift themselves out of poverty, driven by Practical Action's empirical, innovative and results-driven approach to development."*

**Simon Boas, Executive Director,
Jersey Overseas Aid**

## SUBJECT-MATTER EXPERTS

### showcase solutions that work

*"We're contributing to global climate policy discussions. In November's UN Climate Conference (COP26) Practical Action will be an Admitted Observer. The UK Government will be showcasing our work with farmers re-greening the desert in Sudan to show how people can adapt to the changing climate ."*

**Maria Goss, Agriculture Systems and
Innovation Leader, Practical Action**

## INDIVIDUAL SUPPORTERS

### drive innovative solutions

*"I chose to support Practical Action because they are very clear about what they do. And very grassroots. The stories of the people they are working with really spoke to me."*

**Natasha Awuku, Practical Action supporter**

## LOCAL DELIVERY PARTNERS

### make things happen on the ground

*"We spent a year on research and development to create one of the most energy efficient, solar powered refrigerated containers on the market. We are excited to take this innovation to the field."*

**Joanna Gentili, CEO of African Mini Grids,
our partner in Kenya and Malawi**

## FUNDING PARTNERS

### kick-start big change

*"IKEA Foundation is committed to funding innovative solutions that tackle the world's gravest problem – climate change. Our partnership with Practical Action is an opportunity to create resilient livelihoods on a thriving planet."*

**Elton Mudyazvivi, Programme Manager
at IKEA Foundation**

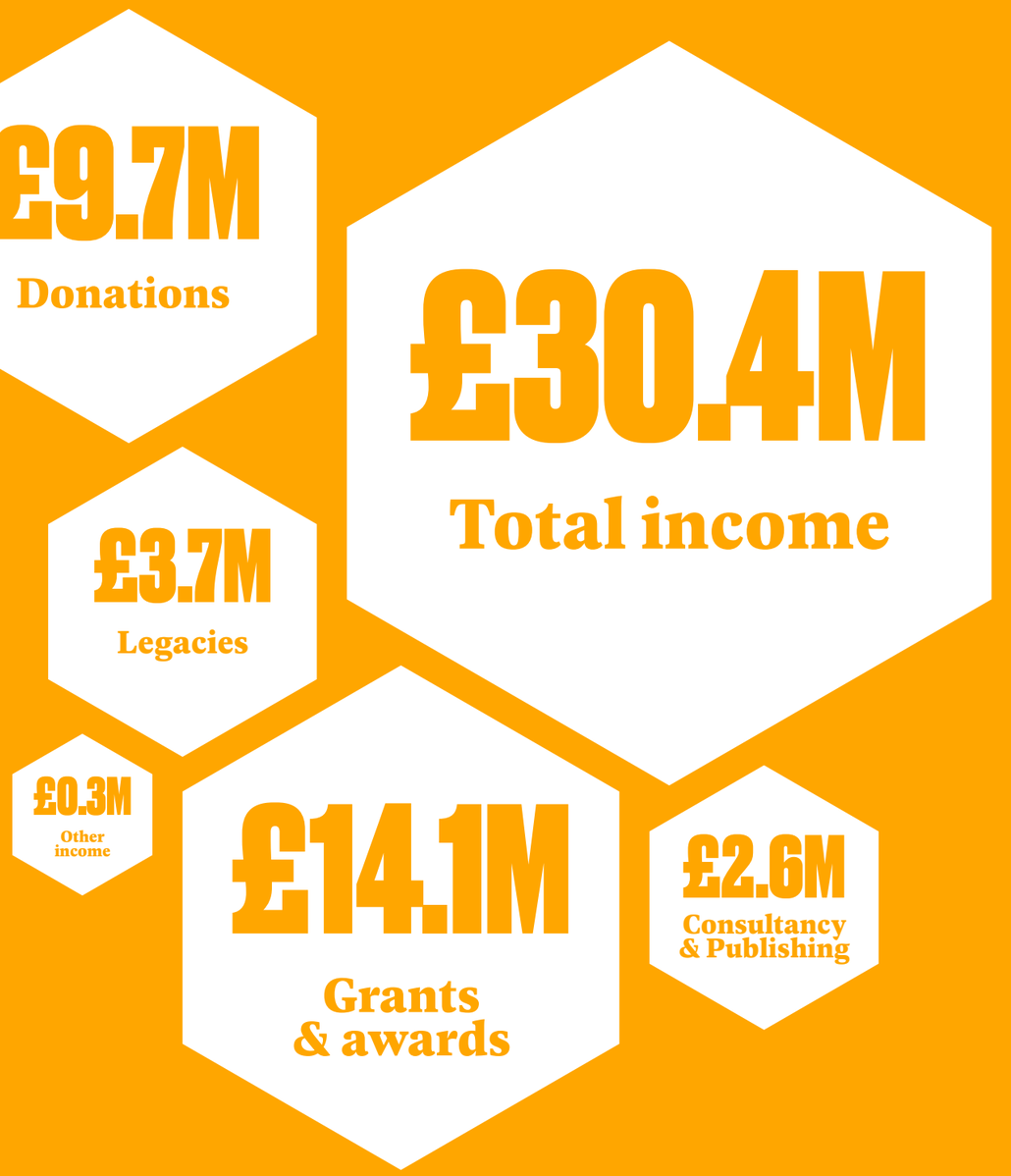
## PRIVATE COMPANIES

### provide specialist insight

*"Together with our partners, the Grundfos Foundation provides access to clean water and we're delighted to continue our partnership with Practical Action in the arid Turkana region, home to Kenya's most vulnerable nomadic communities."*

**Kim Nøhr Skibsted, Executive Director, Grundfos Foundation**

# How we were funded in 2020–21






# Total income: £30.4M

## Donations from individuals, trusts and companies: £9.7M

Amid the turbulence of an uncertain year, our individual supporters rose to the challenge and supported our work when it was needed most. We're so grateful to the individuals and community groups whose generous support accounts for the majority of our unrestricted donations – which were well above target for the reporting period.

Our Turning the Tables on Climate Change appeal, which ended in March 2021, raised over £3.15 million, including £1.48 million of match funding by the UK Government. The project, which starts in spring 2022, will help farmers in Nepal and around the world thrive in the new climate reality.

## Legacies from people remembering us in their Will: £3.7M

There is no greater privilege for an organisation like us than to be recognised as part of someone's legacy through a gift in their Will. It's a wonderful tribute to the beliefs we have in common and our shared vision to achieve even greater things in the future.

## Income from our consultancy and publishing work: £2.6M

Our network of over 2,000 consultants and academic contacts from across the globe provides specialist technical expertise to private businesses, other organisations and governments. Our publishing work sees us partner with the brightest minds to publish the latest development perspectives.

## Grants and awards from governments, trusts, companies and other institutions: £14.1M

Our partners include the international development departments and embassies of national governments, including the UK, Denmark, Germany, Netherlands, Sweden, Switzerland and the USA, as well as the Isle of Man and Jersey.

We receive significant funding from multi-national and umbrella organisations, including the European Union, UN agencies, the Asian Development Bank and the World Bank and specialist funding frameworks such as Energising Development and the Nordic Development Fund. Funding from UK Research Councils, including the Natural Environment Research Council, has allowed us to build partnerships with several universities. These include Kings College London and Imperial College London.

We have strong partnerships with large foundations, trusts and companies, which provide significant funding for our work. These include the Bill and Melinda Gates Foundation, Comic Relief, the IKEA Foundation, Zurich Insurance Company Ltd & Z Zurich Foundation, Grundfos Foundation and the Latin American Children's Trust.

In addition to the ongoing work that's funded by these partners, we were delighted to secure grants from many of them in 2020–21 that will fund exciting projects in 2021–22 and subsequent years.

# Fit for the future

We've achieved significant impact this year against a backdrop of accelerating climate change and the Covid-19 pandemic. As we look ahead, we are focusing on a number of key areas to ensure that Practical Action maintains relevance, secures the funding it needs, and attracts the people and partners to work with us to achieve maximum positive impact in the future.

## Continuing to adapt to the pandemic

We'll continue to work with our partners to adapt to the ongoing effects of Covid-19. For example, we're partnering with the Government of Peru to develop apps that mean students in remote areas will be able to access education resources from home. The unprecedented nature of the pandemic has led to accelerated innovation in key areas of policy and economics, new ways of working and new coalitions and thinking about what is required for the future. We'll position ourselves at the heart of these conversations to ensure that the voices of the most vulnerable are heard.

## Diversifying our donor base

Securing the funding we need is vital to our ongoing viability. We are investing in diversifying our donor base and attracting new support. In 2020/21 we secured £12.4m of new grants, awards and contracts that, together with income from grants secured in earlier years and the unrestricted income we generate every year from donations and legacies, will contribute to funding our work over the next 3-5 years. However, there is still a need to attract more funding investment if we are to achieve our impact goals.

The funding environment for UK based INGOs (International Non-Governmental Organisations) is changing rapidly, with Brexit, the reduction of the UK aid budget and merger of DFID into the FCDO specific factors that affect us. We are already making good progress in our strategy of diversifying our donor base, working with a wider range of institutions, and positioning Practical Action as an attractive partner for foundations and private sector funders. But with the rapidly changing landscape this activity is ever more critical.

## Putting diversity, equity and inclusion at the heart of our mission

Our vision of a world that works better for everyone can only be achieved if we are truly inclusive, diverse and fully embrace equity and inclusion across all that we do. In 2020-21, we launched an organisation-wide initiative to re-examine our structures, culture and ways of working. In 2020 we founded an internationally led Diversity, Equity and Inclusion group which in 2021 launches a global survey as the start of a listening process that ensures staff everywhere we work are being heard, valued, respected and included. Learnings from this will inform global people and culture strategies and future leadership actions.

## Maintaining organisational agility with new partnerships

We have set a clear direction through our 2025 strategy and new business plans. To deliver these plans, we'll build and develop partnerships that give us the breadth and depth of expertise needed to deliver change at scale. These will include new and unfamiliar relationships with the private sector and those who may work in different ways and approach issues from a different perspective to those we are accustomed to.

## Influencing policy makers to achieve big change

We have built a range of direct influencing relationships with national governments along with international agencies and civil society coalitions during the reporting period. This gives us access and influence on key bodies and agendas in the run up to COP26 in November 2021. Our official observer status will enable us to influence the discussions, support negotiators from developing countries, challenge the level of ambition, and encourage international cooperation and collaboration.

**Along with the opportunities presented by these key areas of work come risks. Read more about the key risks we're facing, and what we're doing to mitigate them, on pages 40-41.**

*In Nepal, our partnership with local seed suppliers is helping farmers turn the tables on climate change.*

## Strategic Report

# FINANCIAL AFFAIRS

**Our Finance and Services Director, Steve Page, reviews our finances over 2020/21**

**Practical Action has navigated its finances and operational delivery very well through this difficult year impacted by the Covid-19 pandemic. We have the reserves and options necessary to continue to tackle the ongoing challenges of the impacts of climate change, Covid-19 and our four change ambitions (Cities, Energy, Farming and Resilience).**

**At £30.4m total income was 16% down on prior year with expenditure on charitable activities declining by 24%. These decreases were, of course, primarily driven by the impact of the Covid-19 pandemic on the pace of operational delivery. Practical Action is still exposed to some ongoing uncertainties and risks relating to the ongoing impact of the Covid-19 pandemic.**

The overall annual unrestricted surplus was £0.6m as we promptly implemented a global restructure, reducing our number of staff by 27 people which included the closure of the Development Education Unit. These regrettably difficult decisions are never easy on all involved to implement, and we thank those who left the organisation, those who stayed and the employee representatives who guided the consultation, for their patience and abilities to accept and adapt to the changes made.

Unrestricted general reserves closed the year at £7.9m, slightly above the target range set by the Board of Trustees.

Unrestricted donations and legacies increased by £1.1m (11%) overall to a total of £11.4m. This increase was driven by the generosity of our loyal established supporters including a successful UK Aid Match campaign for Nepal. Our established supporters remain very engaged and committed to Practical Action's aims and approaches. However, attracting a new generation remains an ongoing challenge which we are working hard to address.

In the understandably difficult market conditions income from consultancy services and publishing decreased by in the year by £273k (9%) to £2.6m.

There was an £8.1m (24%) decrease in charitable activities expenditure to £26.7m. There was no growth in Support costs and the costs of fundraising which stayed broadly consistent at £3.5m and £2.6m respectively.

Our most significant donors during the year were for IKEA, UN Food & Agriculture Organization, ZOA and Zurich Insurance / Foundation funded projects covering Renewable Energy for refugees, food security and resilience. Programme activity had decreased in 2020/21 when compared to the prior financial year due to two reasons:

(i) Covid-19 delays which for example affected our IKEA funded "RE4R" work in Kenya and Rwanda

(ii) Programmes ending during the financial year, therefore with only part year activity in 2020/21 such as UNICEF funded "L4L" and UNDP funded "SHF Kasala" in Sudan.

The defined benefit pension scheme, which was closed to contributions in 2002, remained in surplus. As such no actuarial charge nor gain was booked in the year: we do not judge it appropriate to recognise the surplus as a recoverable asset.

## Balance Sheet and Reserves

Total reserves (funds) at the end of the year were £10.5m, made up of £1.7m restricted reserves, £0.8m unrestricted fixed assets and general funds of £7.9m. Reserves are slightly above the target range defined in our reserves policy, £6.1m - £7.1m based on 2021/22 budgets. In the current circumstances still dominated by the uncertainty of the direct and indirect impacts of Covid-19 on the people we serve and on our organisation, this reserves position is felt to be appropriate, necessary and not excessively prudent by the Board of Trustees.

We require funds for the following purposes:

**Working Capital:** £2.6m. These funds are required to provide working cash and pre-financing for normal operations during the course of the year.

Our reserves policy requires us to hold between £3.5m and £4.5m in contingency against the following principal risks:

- **Fundraising:** to honour expenditure commitments in the event that fundraising targets are missed.
- **Grant repayment:** to be able to repay donors or inject additional money into projects if there were a failure to meet grant conditions.
- **Foreign exchange:** to support our programming in the short term when the currencies in which we receive income lose value.
- **Business continuity:** to support core activities, such as business development, in the event that we miss grant funding targets.

## Policy for grants

We work in partnership with a number of organisations globally and this is an important part of our work. During the financial year we granted £1.3m (2019/20: £4.8m) to our partners (amounts in excess of £0.2m only included) to support the delivery of programmes. Due diligence is carried out prior to any agreement being made and we track and monitor funds against the agreed deliverables. Partners are contracted to follow our policies and observe our standards in a range of areas including safeguarding and financial management.

## Looking forward

Practical Action has, so far, with considerable determination, ingenuity and agility from its people, partners, supporters and donors, managed to cope relatively well with the unexpected impacts brought upon us all by the global Covid-19 pandemic. Our primary concern has been and remains the safety of the communities with whom we work, our own and partners' staff. While most staff have continued to work remotely and we have creatively adapted our programmes and approaches wherever possible, the pace of delivery for the benefit of those we seek to serve, and spend will inevitably occasionally fall short of original targets.

The global Covid-19 crisis has therefore negatively impacted our financial projections. We still anticipate needing to use £1m in unrestricted funds to finance the impact of programme disruption and delays to deliverables mandated by restricted donor awards.

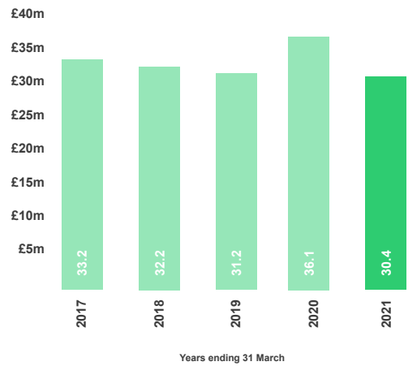
We continue to push our future fundraising and business development efforts and have been encouraged by the results to date. It is also worth noting that the nature of funding for international development NGOs is undergoing a shift, with Public Private Sector Partnerships and digital engagement with individual supporters adding to the existing landscape. Nevertheless the impact of the economic sluggishness associated with the wake of the Covid-19 pandemic will impact our ability to grow our unrestricted funding and we have moderated our future projections. We have also moderated our restricted income projections in light of the impact of Covid-19 and other developments for some of our donors.

## Going Concern

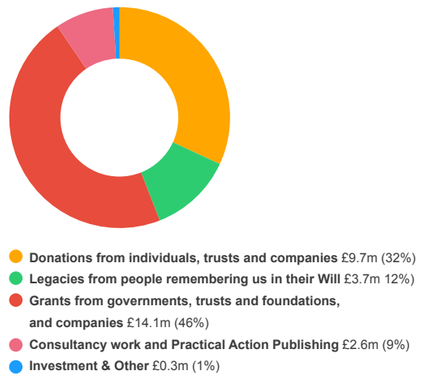
The changes we have made through both the 2020 global restructure and our ongoing adaptability, enable us to cover projected costs in the years ahead, on the basis of realistic income projections. We anticipate being able to keep reserves within or close to the target range and thus retain considerable financial resilience against further shocks. Our reserves level is adequate to the funding risks faced in the coming years, even in worst case scenarios, and we are confident that the organisation remains a going concern.

# Summary of income and expenditure

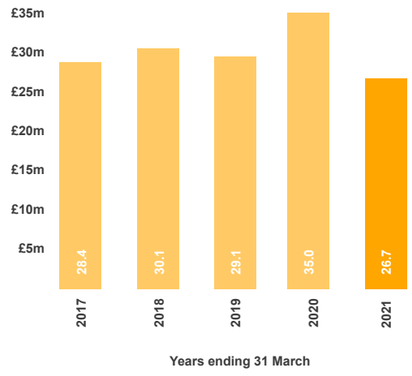
### Total annual income



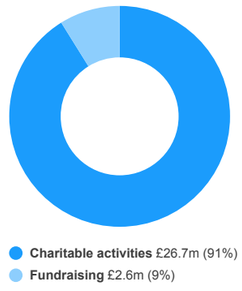

### 2020/21




### Total expenditure on charitable activities (£m)




### 2020/21
(including fundraising and governance)




We explain what we mean by charitable activities on page 51.

# Governance and administration

## The Board of Trustees

Practical Action is a registered charity (registered in England and Wales, reg. number 247257) and a company limited by guarantee (CRN 00871954).

The Board of Trustees (who are also Directors of Practical Action for the purposes of company law) govern the organisation in line with its Articles of Association, vision, mission, values, aims and charitable objectives and provides overall policy direction. They are responsible for overseeing the management of all the affairs of Practical Action and delegate day-to-day management of the organisation to the Chief Executive. The Board of Trustees have a formal schedule of matters which are reserved for their consideration and approval. These matters include but are not limited to; the approval of the organisation's objectives, strategic aims and business plans; the approval of group policies, annual reports and accounts; the appointment and removal of Trustees, Members and the Chief Executive. The Board of Trustees also approve expenditure beyond the Chief Executive's delegated authority.

The Trustees are appointed and are elected or re-elected for a term (usually three years), according to procedures set out in our Articles of Association, which is our governing document. Trustee recruitment is conducted by the Governance and People Committee (formerly known as the Organisation Committee). Trustee recruitment advertisements are placed on our website, in selected publications and on a variety of sector websites. The Board of Trustees may appoint a person to be a Trustee either to fill a vacancy or as an additional Trustee, as long as the total number does not exceed 18. Any Trustee appointed during the year holds office until the next AGM when he or she stands for election by the Members but does not count as part of the rotation for that year. Practical Action had 8 Trustees by the end of the 2019/20 financial year.

We provide an individual induction programme and in-depth reading materials as a welcome pack for each new Trustee, covering all aspects of the role and the organisation. All Trustees are encouraged to attend external training events and seminars to enhance their skills. These events help provide Trustees with a greater understanding of their legal responsibilities and discuss emerging issues affecting the sector. Training includes induction days to meet senior management and key employees to familiarise themselves with the organisation. Trustees also attend workshops and visit international programmes to develop their knowledge of our programme work and impact.

In accordance with normal commercial practice, the organisation has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions. The insurance provides cover up to £5,000,000 on any one claim and the cost for the period ended 31 March 2021 was £11,550 + insurance tax premium.

## New Trustees

We've been proactively taking action to diversify our Board of Trustees. An inspiring and diverse group of new Trustees joined our Board in September 2021. The Biographies of all trustees can be found on our website at www.practicalaction.org/our-people

## About the organisation

The Board of Trustees is responsible for the overall management and control of the organisation and meets at least four times a year. Trustees are not remunerated and receive no benefits from the organisation, other than the fact that Practical Action pays for Trustee Indemnity Insurance. The Trustees are allowed to claim for travel and accommodation expenses after attending meetings. The Board of Trustees created two committees of the Board. Each committee includes members of Board of Trustees and may include additional members appointed for their specialist knowledge. These Committees are:

### The Finance, Audit and Risk Committee

This Committee oversees matters of financial control and performance, external and internal audit, fraud, whistleblowing and organisational risk. It also maintains an oversight of the organisation's fundraising plans and activities.

### The Governance and People Committee (previously known as the Organisation Committee)

This Committee reviews the composition and effectiveness of the Board and subsidiary companies as well as overseeing the Trustee recruitment process. It also oversees the terms and conditions of employment of the Strategic Leadership Team and considers reports from the organisation's

International Remuneration Committees.

The Board delegates day-to-day decision making and operations to the Chief Executive and Senior Leadership Team according to an approved delegations policy and schedule of delegations.

## Subsidiaries and associated organisations

The charity has two wholly owned primary purpose trading subsidiaries registered in England and Wales – Practical Action Publishing Limited and Practical Action Consulting Limited. It also has a subsidiary registered in Senegal – Practical Action Consulting West Africa.

**Practical Action Publishing Limited** partners with the brightest minds to publish the latest development perspectives in a wide range of languages and formats – from practical 'how to' manuals to academic texts and journals; online, in print and open access formats. Its resources bridge the gap between research and practice, and have reached 184 countries worldwide.

**Practical Action Consulting Limited** provides technical assistance consultancy services to governments, NGOs, aid agencies, research institutions and the private sector, in areas closely aligned with our change ambitions.

Practical Action Consulting Limited has expanded its legal footprint by registering a number of development consultancy subsidiaries under the Practical Action Consulting name globally (the trademark being licensed from Practical Action). These subsidiaries have been set up to further the aims and objectives of Practical Action

- Practical Action Consulting Private Limited Nepal – a private limited company registered in Nepal. Practical Action Consulting Limited UK has a 51% shareholding.
- Practical Action Consulting (India) Private Limited – a private limited company registered in India. Practical Action Consulting Limited UK has a 99.9% shareholding.
- Practical Action Consulting Limited Malawi – a private company limited by guarantee registered in Malawi. Practical Action Consulting Limited UK is one of the two members of the company.
- Practical Action Consulting Bangladesh Limited – a private limited company registered in Bangladesh Practical Action Consulting Limited UK has a 99% shareholding in the company.
- Practical Action Consulting S.A.C. – a private limited company registered in Peru. Practical Action Consulting Limited UK holds 49% shareholding.
- Practical Action Consulting Rwanda is registered as a branch of Practical Action Consulting Limited UK.
- The organisation also registered a branch office of Practical Action Consulting Limited in Nepal in order to comply with local government requirements to deliver a particular three-year project for Agriculture Commercialisation and Trade.

**Practical Action Consulting West Africa** provides consultancy services to governments, NGOs, aid agencies, research institutions and the private sector across the ECOWAS region of West Africa.

Practical Action has two dormant subsidiaries held in order to protect our previous company names: Intermediate Technology Development Group Limited (CRN 1017062) and Intermediate Technology Publications Limited (CRN 6424984).

ATS Property Holdings (Pvt) was established as a private limited company registered in Sri Lanka in order to purchase Practical Action's office premises there. It was deemed appropriate to do this through a locally registered, wholly owned subsidiary rather than the Charity itself.

We are also affiliated with two locally-registered overseas entities carrying the Practical Action name. Practical Action is registered as an International Non-Governmental Organisation in Kenya and has a Board made up of two Kenya nationals plus three directors nominated by Practical Action in the UK. Two of these Practical Action nominees are from the Executive. As Practical Action exerts significant influence and control over this entity, for accounting purposes this entity is included in the Group's consolidated accounts as a branch office.

The Practical Action Foundation was incorporated in Delhi as a locally registered not-for-profit company. All the directors are Indian nationals not directly connected to Practical Action nor does Practical Action have a shareholding in this not-for-profit company. It is therefore not included in our Group consolidated accounts. Practical Action and Practical Action Consulting Limited (based in UK) work with the Practical Action Foundation.



## Charity Governance Code

Practical Action is committed to the highest standards of governance and seeks to make continuous improvements in line with the principles set out in the Charity Governance Code. A Board Effectiveness Review was conducted to help strengthen the governance of the Board, its Committees and the Senior Management. In response to the recommendations of the Board Effectiveness Review, the Governance and People Committee was formed to implement the recommendations received. Practical Action firmly believes in the requirements of the Code and is recently reviewing its board composition, board effectiveness and is currently carrying out trustee recruitment. The Trustees confirm that the Charity is taking positive steps towards working in line with the Code in all ways where it is practicable to do so.

## Our fundraising philosophy

Our Supporter Promise is our public commitment to supporters that we will behave in a way that's respectful, honest and accountable. Our in-house supporter care team answers queries about fundraising from our supporters and we have a complaints procedure for investigating complaints. We received 11 complaints relating to our fundraising activities in 2020/21. The most common feedback related to frequency of mailings and the campaign content or fulfilment. We received no serious complaints relating to our fundraising activities in 2020/21.

We comply with all relevant statutory regulations, including the Charities Act 2011, the Charities (Protection and Social Investment) Act 2016, the Data Protection Act 2018, the Privacy and Electronic Communications Regulations 2003. We are registered with The Fundraising Regulator and use the Fundraising Badge to show our commitment to best practice. We adhere to the Codes of Fundraising Practice which cover all aspects of voluntary income generation in the UK. We're also members of the Institute of Fundraising.

We've developed a Fundraising Compliance Handbook and a Fundraising Policy to further support our commitment to high standards of practice. These cover current fundraising regulations, data protection, accepting and refusing donations, protecting vulnerable people and complaints procedures. For all fundraising staff, long-term and short-term objectives include knowledge and understanding of these documents and of the Codes of Fundraising Practice. Joanne Smith, a Trustee, has extensive fundraising management experience, which strengthens the Board in its fundraising governance role.

When working with a third party or partner organisation for fundraising purposes, we work closely with them to make sure they meet our own high standards of practice. We also use due diligence, mystery shopping, call listening, results evaluation and a right to audit. During the reporting period, we worked with three third party Professional Fundraising Organisations (PFOs) however, due to the pandemic most planned activity especially relating to payroll giving elicited through PFOs was put on hold due to staff furlough and the work at home directive. The PFOs carried out a lower level of digital activity where this was possible.

We've focused on encouraging philanthropic giving, regular giving and legacy gifts, as well as on attracting new long-term supporters. In 2020-21, 29,750 people supported us with a gift. 2,860 of these were new donors, we saw an uplift in new donors towards the end of the year for our UK Aid Match campaign and will continue to build our efforts in attracting new supporters in the coming year.

Despite the challenges, our fundraising performance has allowed us to continue to invest in securing income for the future. Thanks to pledges from committed givers and other donors, at the start of the 2021-22 financial year, we're confident that 29% of our public fundraising target is already secured.

## Remuneration, equal opportunities and staff engagement statement

Practical Action's **remuneration** policy is based on an ambition to recruit and retain skilled staff who are remunerated fairly but primarily motivated to work with us because of our mission. We aim to pay staff at a level close to the relevant market median, normally similar organisations and equivalent roles in the local employment market, using a fair and transparent pay system free from individual bias. We aim for equitable remuneration for all employees regardless of sex, race, religion, caste, tribe, belief, age, marital status, pregnancy, caring responsibilities, sexual orientation, gender or disability. Management remuneration committees are accountable for determining pay scales, benefit packages and cost-of-living awards based on a consideration of benchmarking surveys, local inflation, recruitment and retention experience, affordability and financial performance, employment market trends, and any other relevant factors pertaining to the local context. The management remuneration committees are held to account by the Governance and People Committee of the Board. Remuneration of Executive Directors is subject to the

approval of the Governance and People Committee. Chief Executive Officer's remuneration requires Board approval.

We have a **Gender** Policy and a **Diversity and Dignity at Work** Policy in place and believe that having a diverse workforce and inclusive workplace culture based on respect will enable us to be an effective organisation. We seek to create an inclusive workplace in which people are accepted as individuals, regardless of their differences and where they feel their contribution is valued. We value the differences that a diverse workforce brings and seek to build a culture of meritocracy, openness, fairness and transparency where we benefit from a variety of viewpoints and perspectives.

We will promote equality of opportunity and avoid discrimination on the grounds of any personal characteristic such as gender, race, religion, ethnic or national origin, caste, tribe, belief, age, marital status, pregnancy, caring responsibilities, sexual orientation, or disability.

We openly consult with staff on matters important to the organisation's activities and keep people updated through regular all-staff meetings and a range of digital communications. A confidential staff survey is conducted every two years to monitor key drivers of, and guide efforts to improve, staff engagement. Our most recent survey recorded award winning levels of employee engagement in all of our offices.

## Global gender pay data as at March 2021

We believe that the possibilities open to employees of Practical Action to participate and reach their full potential should not be defined by gender. Practical Action therefore seeks to create an inclusive workplace for all staff. We do not believe that an inclusive workplace requires an equal number of women and men but we do believe that our people should not encounter barriers to joining, progressing or contributing based on gender.

To fulfil our commitment and ensure that opportunities are not defined or limited by gender, Practical Action may need to take different actions specifically aimed at addressing the barriers that people face in each of our locations based on the local context. Because there is evidence to show that many obstacles to achieving inclusivity relate to women more than men, in practice our gender action plans may focus on addressing key difficulties that women face entering and progressing in the workplace. We are committed to understanding actual or perceived barriers to inclusivity experienced by any member of staff and will prioritise actions to remove or reduce these.

Whilst we do not fall within scope of the regulatory requirement to collect or report gender pay gap information, as a global organisation, and because our commitment to diversity and inclusion applies everywhere we operate, we measure and publicise our pay global gap i.e. we consider all employees based in all offices. Our global pay gap is as follows:

**Mean:**
Women are paid 46% more than men.

This is an increase of 13 percentage points compared to 2019/20.

**Median:**
Women are paid 54% more than men.

This is an increase of 29 percentage points compared to 2019/20.

This data is based on local currency to GBP exchange rates as at March 2021.

Globally, 41% of our employees are women and make up 63% of our highest paid quartile; our most senior global leadership team is also made up of 64% women. The most significant driver of our gender pay gap in favour of women is the markedly different number of men and women in different locations, in particular the high proportion of women employed in our UK office (70%) where salaries are relatively high compared to other countries in which Practical Action operates and the lower proportion of women employed in country offices where salaries are lower. Excluding the UK team, 33% of Practical Action's staff are women which is broadly consistent with last year. When looked at by location, in our largest offices we find a mixed picture of mean pay gaps ranging from between 85% in favour of women to 35% in favour of men. The largest pay gap in favour of women is in Bangladesh where overall the number of women employed is small and those women who are employed tend to be in senior, higher paid, positions. Despite having an overall pay gap in favour of women, we believe there is more we can do to explore and address the representation of women in this and other locations, particularly in our Asian offices where women only make up around 10% of the entire team.

We remain committed to improving inclusion and our actions have included reviewing recruitment questions and job adverts for gender sensitivity, having a gender balanced interview panel, assessing gender awareness before appointing candidates, reviewing family friendly policies, developing an e-learning module on Gender Intelligence, and launching a new Diversity and Dignity at work policy supported by Diversity and Inclusion training.

The pandemic has created additional challenges for our staff. Many people have had to juggle work with childcare, care of sick or elderly relatives, or other new domestic responsibilities. We recognised that women often faced more challenges of this sort than men. Our staff are our most valuable asset and we supported all of them with their mental, emotional and physical wellbeing throughout this turbulent period.

We will continue to:

- Identify potential barriers that inhibit people from joining and progressing within the global Practical Action team
- Support the professional development and internal promotion of our people
- Strengthen an awareness of gender issues in our team and create a working environment where people feel included regardless of any personal characteristic
- Recognise diversity of the contexts we work in and tailoring our approaches accordingly

## Safeguarding

We firmly believe that nobody should experience exploitation or abuse, including sexual exploitation or abuse, bullying or harassment, and we take seriously our responsibility to protect people coming into contact with our work. We seek to create a strong and effective safeguarding culture that promotes the rights and protection of beneficiaries, community members, staff, volunteers or anyone else impacted by our activities.

The Safeguarding Policy is reviewed and approved by the Board and a designated Safeguarding Trustee, Yvonne Pinto, oversees necessary governance arrangements for safeguarding. Global policies in recruitment, pre-employment screening and references are in place and designed to prevent the perpetrators of abuse from being employed through safer recruitment practices. Our employees are trained in safeguarding through both e-learning and face-to-face. We have developed and launched a self-assessment framework for safeguarding. Awareness of available reporting mechanisms is prioritised and people are encouraged to report concerns, including through an external anonymous reporting service. Appropriate ways to respond to issues raised are in place to investigate concerns and, where appropriate, deal with safeguarding misconduct, including through the use of disciplinary action.

Transparency is one of the ways Practical Action demonstrates its commitment to safeguarding. As such, we record, report and publish the number and type of complaints received. Regular reports of these complaints are provided to the Governance and People Committee and details of all concerns are provided. In the year 2020/21, 15 complaints were received as follows:

| Complaint type | Number of complaints |
|---|---|
| Safeguarding | 5 |
| Grievance | 5 |
| Other | 5 |
| **Total** | **15** |

Of these complaints, four serious incidents were reported to the Charity Commission during the year. Two safeguarding complaints were upheld and appropriate action taken to respond to the concern, support the complainants and mitigate future risks.

We're committed to working with the international development sector, along with other International Non-Governmental Organisations, FCDO and the UK Charity Commission, to "improve the standards and delivery of safeguards, including a culture of zero tolerance to sexual exploitation and abuse in all we do."

## Governance disclosure on carbon reporting

Core to all of Practical Action's work is an ambition to safeguard the planet today and for the benefit of future generations. Our programmes are designed with the aim of protecting and improving the environment.

We also recognise our responsibility to minimise our negative impacts including our own carbon emissions.

The disclosure on the next page is given to meet UK regulatory requirements, in line with our statutory obligation as a UK registered company.

# How we manage our affairs

## How our activities deliver public benefit

The Trustees have read the Charity Commission's Summary Guidance PB1, PB2 and PB3 for Charity Trustees on the Public Benefit Requirement and have discussed as a Board the main principles contained within the Guidance. They consider that they have complied with the duty (set out in Section 17(3) of the Charities Act 2011) to have due

## UK greenhouse gas emissions and energy use data from 1 April 2020 to 31 March 2021

| | 2020/21 |
|---|---|
| **UK Energy consumption used to calculate emissions (kWh)** | **83,342** |
| Energy consumption breakdown (kWh) | |
| Gas | 69,405 |
| Electricity | 8,028 |
| Electricity (Publishing) | 5,909 |
| Associated greenhouse gas emissions (kg $CO)_2$ equivalent) | |
| Gas | 12,761 |
| Electricity | 3,249 |
| **Total Associated Greenhouse gas emissions (Kg $CO_2$ equivalent)** | **16,011** |
| Intensity ratio (kg $CO_2$ equivalent per square feet) | 1.35 |

regard to public benefit guidance published by the Commission. In exercising their powers and duties as Trustees, the Board considers that the organisation's strategies, aims and activities they have put in place are for the public benefit and this is fundamental to all areas of our operation in undertaking current activities, planning future activities and measuring outcomes. The Trustees' and Directors' Annual Report and Strategic Report explain the main activities undertaken by the organisation this year – focusing on our work with the poor women and men in developing countries where we have country and regional programmes.

## Risk management

A quarterly risk review at Group, country and regional level was carried out on behalf of the Board by the Finance Audit and Risk Committee. It confirmed that the risks to which the organisation is exposed are properly identified, reviewed and evaluated. Mitigation strategies are in place for all key risks and these are continually monitored to ensure compliance with management's risk appetite. The Group has a well-established system of internal controls which are used to govern operations. The Internal Audit function assesses the adequacy and effectiveness of these controls through a risk based internal audit programme. Overseas offices are audited every two to three years in accordance with a risk based approved plan. The Finance, Audit and Risk Committee reviews all reports and receives Group-wide quarterly updates on progress of agreed action points.

## Principal Risks

The principal organisational level risks as identified in our risk register are:

The risk of failing to secure sufficient restricted income for future years. The UK's exit from the EU and changes in the way the UK's aid budget will be managed and reduced have and will affect two of our historically most significant donors. Some trusts and other donors' capacity to fund has been impacted by the economic impact of the Covid-19 crisis, whilst others are reviewing their priorities. We have been successful in developing new funding partnerships over the past years and have embraced new funding mechanisms such as the UK Aid-Match programme and carbon financing. However, we are conscious that we need to continue to sharpen our offer and our business development capabilities to ensure that we can fund our ambitious strategic objectives.

Failing to implement projects in line with plans and funding agreements is always a challenge given the changeable nature of our operating environments and the nature of our work. The Covid-19 crisis, which has affected all our programmes simultaneously, has exacerbated these risks. The extent and duration of lock-downs is very variable and many of our programmes were able to restart rapidly. In other places we are continuing to communicate with our donors and to find new and creative ways to implement our projects.

Despite having award-winning levels of staff engagement, this has become a particular risk in the context of widespread remote working, the change programme that was implemented and with the changes of personnel in certain senior management roles. We have put in place a range of measures to help staff through all of this and keep all staff engaged. We have an active programme of internal communication globally involving all of the locations in which we work.

Safeguarding events and fraud remain significant risks particularly with reduced levels of day-to-day oversight of staff and partners. We have a strong policy framework in place and continue to roll out training and awareness programmes. We have also strengthened financial controls through implementation of an online authorisation system.

The health, safety of staff is a risk we remain alert to. We have put in place measures to ensure that all our staff can work safely in light of Covid-19 and have put in place psychological support services for all staff globally.

Strategically, an external review indicated that we are bringing about systems change but that there is more to do to ensure it is the norm across all that we do. We are conducting a mid-term review of our strategy which is expected to result in a more clearly articulated route-to-scale for each of our change ambitions along with clear means to capture the indirect impacts of our work.

## Trustees' responsibilities for the financial statements

The Trustees (who are also Directors of Practical Action for the purposes of company law) are responsible for preparing the Trustees' Annual Report and Accounts (which includes the Annual and Strategic Reports being the Companies Act Directors' Report) for each financial year, which give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the Charity and Group and of the results of the Group for that period. In preparing those financial statements, the Trustees are required to:

- Select suitable accounting policies and then apply them consistently;
- Follow applicable accounting standards, subject to any material departures disclosed and explained in the notes to the financial statements;
- Make sound judgments and estimates that are reasonable and prudent;
- Prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the charitable group will continue in operation.

The Trustees confirm that they have complied with the above requirements in preparing the financial statements.

The Trustees confirm that they have complied with the above requirements in preparing the financial statements.

The Trustees are responsible for maintaining 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. Trustees are also responsible for safeguarding the assets of the Charity and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. In accordance with company law, as the company's directors, we certify that:

- So far as each director is aware, there is no relevant audit information* of which the company's auditors are unaware.
- Each director had taken all the steps (such as making enquiries of other directors and the auditors and any other steps required by the director's duty to exercise due care, skill and diligence) that he or she ought to have taken in his or her duty as a director, in order to make himself or herself aware of any relevant audit information* and to establish that the company's auditors are aware of that information.

**Relevant audit information is defined as: "information needed by the company's auditors in connection with preparing their report".*

## Auditors

A resolution will be proposed at the Annual General Meeting that our current auditors Crowe U.K. LLP be re-appointed as auditors of the organisation for the ensuing year.

The Trustees are pleased to present the Trustees' Report and Accounts for the Charity for the year ended 31 March 2021, which have been prepared in accordance with the Charity Statement of Recommended Practice – SORP 2015 and the Companies Act 2006.

# Corporate directory

## Legal and administrative details

**Charity name:** Practical Action. Practical Action is a company limited by guarantee and is a Charity.

**Charity number:** 247257

**Company number:** 871954

**Registered office:** The Robbins Building, 25 Albert Street, Rugby, Warwickshire, CV21 2SD

**Auditors:** Crowe U.K. LLP, Black Country House, Rounds Green Road, Oldbury, B69 2DG

**Bankers:** Barclays Bank plc, North Street, Rugby, Warwickshire, CV21 2AN

**Solicitors:** Farrer & Co LLP, 66 Lincoln's Inn Fields, London, WC2A 3LH

## Executives

**Chief Executive**
Paul Smith Lomas
*(resigned 30 April 2021)*
Sarah Roberts [9]
*(appointed 1 September 2021)*

**Fundraising, Marketing and Communications Director**
Rachel Hudson [8]

**Finance and Services Director**
John Lockett *(resigned 8th July 2021)*
Steve Page [11]
*(Interim – joined 8th June 2021)*

**Influence and Impact Director**
Lucy Stevens [6]
*(Interim – appointed 1st April 2021)*

**International Director**
Amy Mina
*(resigned 6th July 2021)*
Yolanda Weldring [12]
*(Interim – joined 4th August 2021)*

**East Africa Director**
Farida Aliwa
*(resigned 20th August 2021)*
Alex Bush [2] *(Interim – appointed 1st September 2021)*

**Sudan Director**
Muna Eltahir [7]

**Bangladesh Director**
Shawkat Begum [10]

**South Asia Director**
Achyut Luitel [1]

**Southern Africa Director**
Kudzai Marovanidze [5]

**Latin America Director**
Alicia Quezada [3]

**West Africa Director**
Mattia Vianello
*(resigned 5th April 2021)*
Edwin Obiero [4]
*(joined – 1st September 2021)*

## Trustees

Practical Action is a charitable company and so its directors are also its Trustees for the purpose of charity law. The Trustees serving during the year and since the year-end were as follows:

Yvonne Pinto [13] (Chair)
Martin Tyler [17] (joined 1st April 2020)
Brenda Lipson [20]
Fayezul Choudhury [19] (joined 1st April 2020)
Graham Young [16]
Helena Wayth [15]
Ian Thornton [14]
Joanne Smith [18]
Bill Liao (joined September 2021)
Shivani Wadhwa (joined September 2021)
Mourad Wahba (joined September 2021
Rachel Sibande (joined September 2021)
Matt Haikin (joined September 2021)
James Smith (stood down 9th July 2020)
Nigel Saxby-Soffe (stood down 10th December 2020)
Roger Clarke (stood down 10th December 2020)
Waleed Elbashir Elobeid (stood down 10th December 2020)

**Governance and People Committee (previously known as Organisation Committee)**

Fayezul Choudhury (Chair)
Brenda Lipson
Graham Young
Helena Wayth
Martin Tyler
Nigel Saxby-Soffe (stood down 10th December 2020)
Roger Clarke (stood down 10th December 2020)

**Finance, Audit and Risk Committee**
Martin Tyler (Chair)
Joanne Smith
Graham Young
Fayezul Choudhury
Nigel Saxby-Soffe (stood down 10th December 2020)

**Secretary**
John Lockett (resigned 8th July 2021)
Steve Page (appointed 8th July 2021)

This report, which incorporates the Trustees' and Directors' Annual Report and Strategic Report, was approved by the Board on 25th October 2021 and signed on their behalf by:

**Yvonne Pinto**
Director (Chair)

# Independent Auditor's Report to the Members of Practical

## Opinion

We have audited the financial statements of Practical Action ('the charitable company') and its subsidiaries ('the group') for the year ended 31 March 2021 which comprise Consolidated Statement of Financial Activities, Consolidated Balance Sheet, Consolidated Statement of Cash Flows, and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

— give a true and fair view of the state of the group's and the charitable company's affairs as at 31 March 2021 and of the group's income and expenditure, for the year then ended;

— have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and

— have been prepared in accordance with the requirements of the Companies Act 2006.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's or the group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

## Other information

The trustees are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## Opinions on other matters prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of our audit

— the information given in the trustees' report, which includes the directors' report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and

— the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

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

In light of the knowledge and understanding of the group and charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the directors' report included within the trustees' report.

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

— adequate and proper accounting records have not been kept; or

— the financial statements 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.

## Responsibilities of Trustees

As explained more fully in the trustees' responsibilities statement set out on page 41, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

## Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members including internal specialists and significant component audit teams. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charitable company and group operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws

and regulations we considered in this context were the Companies Act 2006, the Charities Act 2011 together with the Charities SORP (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charitable company's and the group's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company and the group for fraud. The laws and regulations we considered in this context for the UK operations were General Data Protection Regulation (GDPR), Health and safety legislation, Employment legislation and Anti-fraud, bribery and corruption legislation. We also considered compliance with local legislation for the group's overseas operating segments.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

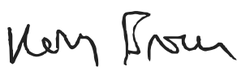
We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within income recognition and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management, internal audit, component auditors and the Finance, Audit & Risk Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, sample testing on income, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission, and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

These inherent limitations are particularly significant in the case of misstatement resulting from fraud as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, collusion or the provision of intentional misrepresentations.

## Use of our report

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 auditor's 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.



**Kerry Brown**
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor
Black Country House
Rounds Green Road
Oldbury
B69 2DG

**Date:** 16th November 2021



# Financial statements

### Consolidated statement of financial activities for the year ended 31 March 2021
(incorporating the income and expenditure statement)

| | Note | Unrestricted £'000 | Restricted £'000 | Total 2021 £'000 | Total 2020 £'000 |
|---|---|---|---|---|---|
| **Income and endowments from:** | | | | | |
| Donations and Legacies | *3* | 11,402 | 1,965 | 13,367 | 11,124 |
| Charitable activities | *3* | 2,802 | 13,960 | 16,762 | 24,555 |
| Investments | *3* | 15 | - | 15 | 17 |
| Other income | *3* | 291 | 4 | 295 | 376 |
| **Total income and endowments** | *3* | **14,510** | **15,929** | **30,439** | **36,072** |
| **Resources expended** | | | | | |
| Expenditure on raising funds | *4* | 2,573 | - | 2,573 | 2,851 |
| **Total expenditure on raising funds** | | **2,573** | **-** | **2,573** | **2,851** |
| **Expenditure on charitable activities:** | | | | | |
| Energy that transforms | *4* | 3,692 | 2,769 | 6,461 | 9,726 |
| Farming that works | *4* | 2,567 | 5,889 | 8,456 | 10,423 |
| Cities fit for people | *4* | 1,671 | 3,722 | 5,393 | 8,717 |
| Resilience that protects | *4* | 1,559 | 2,841 | 4,400 | 4,138 |
| Knowledge that inspires | *4* | 1,006 | 22 | 1,028 | 960 |
| Other | *4* | 806 | 112 | 918 | 1,048 |
| **Total expenditure on charitable activities** | | **11,301** | **15,355** | **26,656** | **35,012** |
| **Total expenditure** | *4* | **13,874** | **15,355** | **29,229** | **37,863** |
| Net gain/(loss) on investments | *8* | 13 | - | 13 | 11 |
| **Net income/(expenditure)** | | **649** | **574** | **1,223** | **(1,780)** |
| Actuarial gain on defined benefit pension scheme | *16* | - | - | - | - |
| Transfers between funds | *14* | - | - | - | - |
| **Net movement in funds** | | **649** | **574** | **1,223** | **(1,780)** |
| **Balance brought forward 01 April 2020** | | **8,100** | **1,143** | **9,243** | **11,023** |
| **Balance carried forward as at 31 March 2021** | *14, 15* | **8,749** | **1,717** | **10,466** | **9,243** |

The notes on pages 50 to 78 form part of these financial statements.

## Consolidated and charity balance sheets at 31 March 2021

| | Note | Group 2021 £'000 | Group 2020 £'000 | Charity 2021 £'000 | Charity 2020 £'000 |
|---|---|---|---|---|---|
| **Fixed assets** | | | | | |
| Intangible assets | 7 | 48 | 28 | - | - |
| Tangible assets | 7 | 754 | 1,030 | 702 | 931 |
| Investments | 8 | 4,053 | 999 | 4,049 | 999 |
| Programme investments | 8 | - | - | 240 | 235 |
| **Total fixed assets** | | **4,855** | **2,057** | **4,991** | **2,165** |
| **Current assets** | | | | | |
| Stock | 9 | 148 | 129 | - | - |
| Debtors | 10 | 7,019 | 8,279 | 6,176 | 7,349 |
| Cash at bank and in hand | 11,18 | 8,430 | 9,468 | 8,563 | 9,687 |
| **Total current assets** | | **15,597** | **17,876** | **14,739** | **17,036** |
| Creditors: amounts falling due within one year | 12 | (9,941) | (10,512) | (8,937) | (9,465) |
| **Net current assets** | | **5,656** | **7,364** | **5,802** | **7,571** |
| Provisions for liabilities and charges | 13 | (45) | (178) | (34) | (166) |
| **Net assets before pension liability** | | **10,466** | **9,243** | **10,759** | **9,570** |
| **Defined benefit pension scheme liability** | 16 | - | - | - | - |
| **Net assets after pension liability** | | **10,466** | **9,243** | **10,759** | **9,570** |
| **Funds** | | | | | |
| **Restricted** | 14 | **1,717** | **1,143** | **1,717** | **1,143** |
| Unrestricted fixed assets | 14 | 804 | 846 | 702 | 718 |
| Revaluation reserve | 14 | 107 | 94 | 107 | 94 |
| General funds | | 7,838 | 7,160 | 8,233 | 7,615 |
| **Unrestricted funds net of pension liability** | 14 | **8,749** | **8,100** | **9,042** | **8,427** |
| | 14 | **10,466** | **9,243** | **10,759** | **9,570** |

The net surplus for the financial year dealt with in the financial statements of the parent charity was £1,189k (2020 - £1,607k deficit)

The notes on pages 50 to 78 form part of these financial statements.

The financial statements were approved by the board on 25th October 2021.

**Yvonne Pinto**
Trustee

**Martin Tyler**
Trustee

**Company Number:** 00871954



## Consolidated cash flow statement for the year ended 31 March 2021

| | Note | 2021 £'000 | 2020 £'000 |
|---|---|---|---|
| **Cash flows from operating activities:** | | | |
| **Net cash (used in)/provided by operating activities** | 17 | **2,154** | **(2,458)** |
| **Cash flows from investing activities:** | | | |
| Dividends, interest and rents from investments | | 11 | 17 |
| Purchase of property, plant and equipment | | (166) | (384) |
| **Net cash provided by/(used in) investing activities** | | **(155)** | **(367)** |
| **Cash flows from financing activities:** | | | |
| (Repayments of)/additional borrowing | | - | (3) |
| **Net cash (used in)/provided by financing activities** | | **-** | **(3)** |
| Change in cash and cash equivalents in the reporting period | | 1,999 | (2,828) |
| Cash and cash equivalents at the beginning of the reporting period | | 9,977 | 12,805 |
| **Cash and cash equivalents at the end of the reporting period** | 18 | **11,976** | **9,977** |

The notes on pages 50 to 78 form part of these financial statements.

# Notes on financial statements

Practical Action registration number 871954, is a company registered and incorporated in England and Wales, limited by guarantee, without share capital and governed by its Articles of Association dated 21 February 1966 and last amended on 27 September 2012. The company was registered as a charity with the Charity Commission on 26 April 1966. The principal address and registered office is The Robbins Building, 25 Albert Street, Rugby, Warwickshire, CV21 2SD. The principal activity is to use technology to challenge poverty in developing countries and enable communities to build on their skills and knowledge to produce sustainable and practical solutions, thus improving their lives and protecting the world around them.

The organisation is a Public Benefit Entity.

## 1. Accounting policies

The financial statements have been prepared under the historical cost convention as modified by the revaluation of fixed asset investments, and are in accordance with applicable law, the Companies Act 2006, applicable accounting standards and the 2015 Statement of Recommended Practice ('SORP') for Accounting and Reporting by Charities.

The financial statements have been prepared in accordance with Financial Reporting Standard 102 (FRS 102).

The following principal accounting policies have been applied:

### Going concern

We have set out in the Trustees' report a review of financial performance and the charity's reserves position. We have adequate financial resources and are well placed to manage the business risks. Our planning process, including financial projections, has taken into consideration the current economic climate and its potential impact on the various sources of income and planned expenditure. We have a reasonable expectation that we have adequate resources to continue in operational existence for the foreseeable future. We believe that there are no material uncertainties that call into doubt the charity's ability to continue. The financial statements have therefore been prepared on the basis that the charity is a going concern.

The Covid-19 crisis has resulted in exceptional disruption and uncertainty about the future. Our field work has been disrupted but the large majority of staff globally have continued to work remotely and we have adapted our programmes and approaches to enable our programmes to continue, albeit with some delays. We have revised our future income projections downward and are taking action to bring costs down. We are monitoring income carefully and the initial results from the first half of 2021 /22 are satisfactory for both unrestricted income and the securing of new restricted grants. We entered the crisis in a robust financial position with reserves at the top of our target range and while we may draw on reserves in the year ahead we expect them to remain within or close to the target range, maintaining our financial resilience to further shocks. We entered the crisis in a robust financial position with reserves at the top of our target range and while we will draw on reserves in 2021-22 we expect them to remain within or close to the target range, maintaining our financial resilience to further shocks.

### Basis of consolidation

The consolidated financial statements incorporate the results of Practical Action and all of its subsidiary undertakings as at 31 March 2021 using the acquisition method of accounting. The results of subsidiary undertakings are included from the date of acquisition. Dormant companies are excluded.

No statement of financial activities is presented for the charitable company alone as the results of the subsidiary companies are separately identified within the group accounts and the charitable company is exempt from presenting such a statement under section 408 of Companies Act 2006. The group net income includes net income from the charitable company itself of £2,428k (2020: £1,607k net expenditure).

### Income and endowments

Income is accounted for on an accruals basis in the period in which the charity is entitled to income where the amount can be measured with reasonable certainty. Where the entitlement to project or grant income is performance related the income is recognised when the conditions for entitlement have been fulfilled. Legacies are recognised when receipt is reasonably certain and the amount is quantifiable. We recognise a legacy when the executors have determined that a payment can be made following the agreement of the estate's accounts, or on notification by the executors that payment will be made. Where funds are received net of tax, and tax is recoverable, the income is recognised gross at the time of receipt. Gifts in Kind – Donated goods and services are recognised in the financial statements, as both income and expenditure, at a reasonable estimate of their value in the period in which they are donated. Government grants have been included as 'income from charitable activities'. Restricted income for grants is accrued at the point of expenditure, provided all the conditions of the grant have been met and reversed out in the next period. Unrestricted income for grants is recognised at the point of grant agreement or on the receipt of cash where there is no grant agreement.

### Resources expended

Expenditure is accounted for on an accruals basis and is recognised when there is a legal or constructive obligation to pay. Expenditure on charitable activities includes the direct cost of planning, staffing and operating both UK and overseas activities. It also includes support costs, governance costs and termination benefits. Support costs represent the costs of providing the infrastructure and organisational services that support the charitable activities. Governance costs are discussed below. Termination benefits represent costs associated with the termination of employment before retirement date, or where the employee accepts voluntary redundancy in exchange for these benefits.

### Basis of allocation of costs

The majority of costs are directly attributable to specific charitable activities. The remaining support costs relate to more than one activity and are apportioned across charitable activities and fundraising costs based on the level of expenditure of these activities.

### Fundraising costs

This is the money we spend on activities to generate donations and legacies, including the costs of keeping donors informed about our work and the administration of gifts. Costs are made up of salaries of people working in our fundraising, marketing and supporter care teams and the direct costs of running fundraising campaigns. They do not include the cost of bidding for grants and contracts, which are shown in the financial statements as income from charitable activities.

### Governance costs

Governance costs consist of the statutory and organisational costs of operating as a charitable company.

The costs are made up of a percentage of salaries for management, company secretarial/legal costs, internal and external audit costs, meeting costs for strategic leadership team and trustees (including travel costs) and an apportionment of support costs.

### Fixed assets

Tangible fixed assets are stated at cost less any provisions for depreciation and impairment. Impairments are calculated such that the carrying value of the tangible fixed assets is the lower of its cost compared with the higher of its net realisable value and its value in use.

All fixed assets costing more than £500 are capitalised. The cost of fixed assets which have been acquired and held in the UK and International programmes is their purchase cost, together with any incidental expenses on acquisition.

Depreciation is provided to write off the cost, less estimated residual values, of all fixed assets, except freehold property spread evenly over their expected useful lives. It is calculated at the following rates:

| | |
|---|---|
| Motor vehicles | 33.3% per annum straight line |
| Computer equipment | 33.3% per annum straight line |
| Fixtures and fittings | 20.0% per annum straight line |

### Intangible assets

Intangible assets are stated at cost less any provisions for amortisation and impairment. Impairments are calculated such that the carrying value of the intangible assets is the lower of its cost compared with the higher of its net realisable value and its value in use.

All intangible assets costing more than £500 are capitalised. The cost of intangible assets which have been acquired and held in the UK and International programmes is their purchase cost, together with any incidental expenses on acquisition.

Amortisation is provided to write off the cost, less estimated residual values, of all intangible assets. It is calculated at 20.0% per annum on a straight line basis.

### Investments

Investments are shown at market value. Unrealised and realised investment gains or losses are shown net on the face of the statement of financial activities.

### Stocks

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

### Debtors

Debtors are measured at cost less any impairment.

### Cash at bank and in hand

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty or notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than 3 months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

### 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 normally recognised at their settlement amount after allowing for any trade discounts due.

### Pension costs

### Practical Action Employee Benefits Scheme

The charity has accounted for pension costs in accordance with FRS 102. The charity operates a defined benefits scheme in the UK, which was closed to contributions in 2002. The scheme is a registered pension scheme under chapter 2 Part 4 of the Finance Act 2004. The assets of the scheme are held separately from the assets of the charity, being represented by units in a segregated fund managed by an external investment manager.

The group also operates a defined contribution pension scheme. Contributions to this scheme are charged to the statement of financial activities in the year in which they become payable.

### 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 the settlement value, with the exception of bank loans which are subsequently measured at amortised cost using the effective interest rate method.

### Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the time of the transaction. Monetary balances held at the year-end are retranslated at the rate prevailing at that date. No provision is made against balances held which could not readily be converted to sterling as these are only held to be used in the short term in that country. Gains or losses on translation of foreign currencies are treated as credits/charges to the project for which the currency is held.

### Restricted funds

Where funds are received for specific purposes set out by the donor or implied by the terms of appeal, these are shown as restricted income in the statement of financial activities. Expenditure for the purposes specified is applied against the income and any amounts unexpended at the balance sheet date are shown within restricted funds. Deficits at the balance sheet date represent amounts expended in advance of anticipated funding.

### Unrestricted funds

The Trustees, at their discretion, may set aside funds to cover specific future costs. Such funds are shown as designated funds within unrestricted funds. Where the Trustees decide such funds are no longer required for the purposes intended, they may be released by transfer to general unrestricted funds. Unrestricted funds which are not designated are held in accordance with Practical Action's reserves policy. In order to monitor this policy, funds represented by functional fixed assets are identified separately on the face of the balance sheet within unrestricted funds.

### Operating leases

The annual rentals on operating leases are charged to the statement of financial activities on a straight line basis over the term of the lease.



### Taxation

Practical Action is a registered charity and as such is potentially exempt from taxation of its income and gains to the extent that they fall within the charity exemptions in the Corporation Taxes Act 2010 or Section 256 Taxation of Chargeable Gains Act 1992. No tax charge has arisen in the year.

Irrecoverable VAT is chargeable to the projects using the partial exemption method.

## 2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the charity's accounting policies, which are described in Note 1, Trustees are required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects the current and future periods.

The key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are described in the accounting policies and are summarised below:

### Pension liabilities

The charity recognises its liability to its defined benefit pension scheme which involves a number of estimations as disclosed in the Pensions note 16. No such liability has been recognised in 2021 (2020:£nil).

### Project issues provision

The charity recognises its potential liability as disclosed in audito note 13.

# 3. Income and endowments

The table below lists funders who contributed over £250,000 to charitable activities carried out in 2021-22. These contributions are shown in line with our income recognition policy (page 50, Accounting Policies).

Our accounting policy is to recognise income when the conditions for entitlement have been fulfilled and so this may differ from amounts received from these and other funders in this period.

Income received through subsidiary entities is classified as unrestricted at the group level.

| | Unrestricted £'000 | Restricted £'000 | Total 2021 £'000 | Total 2020 £'000 |
|---|---|---|---|---|
| Bill & Melinda Gates Foundation | - | 323 | 323 | 807 |
| Carbon Trust | 444 | - | 444 | 436 |
| Christian Aid | - | 46 | 46 | 262 |
| European Union | 43 | 455 | 498 | 1,069 |
| Food and Agricultural Organisation (FAO) | - | 1,392 | 1,392 | 1,883 |
| German Technical Cooperation Agency (GIZ) | 7 | 441 | 448 | 511 |
| Grundfos Foundation | - | 769 | 769 | 371 |
| Hivos | 87 | 303 | 390 | 290 |
| IKEA Foundation | - | 2,377 | 2,377 | 4,188 |
| International Organization for Migration | - | 38 | 38 | 297 |
| Isle Of Man Government | - | 338 | 338 | 322 |
| Old Dart Foundation | - | 289 | 289 | - |
| RTI International | 195 | 20 | 215 | - |
| SIDA (Swedish International Development Cooperation Agency) | - | 640 | 640 | 715 |
| UK Government Foreign Commonwealth and Development Office (FCDO) | 43 | 1,127 | 1,170 | 1,438 |
| United Nations Children's Fund (UNICEF) | - | 740 | 740 | 1,773 |
| United Nations Development Programme (UNDP) | 23 | 843 | 866 | 2,781 |
| United Nations Environment Programme (UNEP) | - | 690 | 690 | 593 |
| United Nations Office for The Coordination Of Humanitarian Affairs (UNOCHA) | - | 527 | 527 | - |
| USAID | 9 | - | 9 | 445 |
| ZOA | - | 1,238 | 1,238 | 1,733 |
| Zurich Insurance Company Ltd and its Z Zurich Foundation | - | 1,309 | 1,309 | 1,050 |
| Other (donations under £250k) | 13,659 | 2,024 | 15,683 | 15,108 |
| **Total** | **14,510** | **15,929** | **30,439** | **36,072** |



| | Unrestricted £'000 | Restricted £'000 | Total 2021 £'000 | Total 2020 £'000 |
|---|---|---|---|---|
| **Donations and Legacies** | | | | |
| Donations * | 7,702 | 1,965 | 9,667 | 7,897 |
| Legacies ** | 3,700 | - | 3,700 | 3,227 |
| **Total Donations and Legacies** | **11,402** | **1,965** | **13,367** | **11,124** |
| **Charitable activities** | | | | |
| Grant income | 493 | 13,635 | 14,128 | 21,648 |
| Consultancy and Publishing income | 2,309 | 325 | 2,634 | 2,907 |
| **Total charitable activities** | **2,802** | **13,960** | **16,762** | **24,555** |
| **Investments** | | | | |
| Interest | 15 | - | 15 | 17 |
| **Total investments** | **15** | **-** | **15** | **17** |
| **Other** | | | | |
| Other income | 291 | 4 | 295 | 376 |
| **Total other** | **291** | **4** | **295** | **376** |
| **Total** | **14,510** | **15,929** | **30,439** | **36,072** |

** Included within donations is approximately £37k of Coronavirus Job Retention Scheme income.*

***Approximately £190k of residual and £41k of reversionary legacies had been notified to the charity before 31 March 2021 but have not been recognised as income in the year as they do not meet the SORP FRS102 income recognition criteria.*

The prior year has been updated due to the reclassification of funds between donations and grant income. This provides better comparison between financial years.

## Gifts in Kind

During the year ended 31 March 2021 Practical Action received gifts in kind totalling £26k (2020:£nil).

## Volunteers

Practical Action does not have a volunteer programme, volunteer requests are dealt with on an individual basis. In the year there were the following volunteers:

— 384 volunteers in the projects implementation team in Kenya

# 4. Total resources expended

| | Grants payable £'000 | Direct costs £'000 | Support costs £'000 | Total 2021 £'000 | Total 2020 £'000 |
|---|---|---|---|---|---|
| **Fundraising:** | **-** | **2,233** | **340** | **2,573** | **2,851** |
| **Charitable activities:** | | | | | |
| Energy that transforms | 1,081 | 4,520 | 860 | 6,461 | 9,726 |
| Farming that works | 1,054 | 6,273 | 1,129 | 8,456 | 10,423 |
| Cities fit for people | 814 | 3,859 | 720 | 5,393 | 8,717 |
| Resilience that protects | 426 | 3,387 | 587 | 4,400 | 4,138 |
| Knowledge that inspires | - | 892 | 136 | 1,028 | 960 |
| Other | 35 | 375 | 63 | 473 | 579 |
| Governance | - | 416 | 29 | 445 | 469 |
| **Total expenditure on charitable activities** | **3,410** | **19,722** | **3,524** | **26,656** | **35,012** |
| **Total resources expended*** | **3,410** | **21,955** | **3,864** | **29,229** | **37,863** |

**Total resources expended include £236k of costs relating to irrecoverable VAT in the UK.*

Support costs represent the costs for management and administration which is made up of Chief Executive, Marketing and Communications, Finance, People and Culture (Human Resources), Facilities and Services and Information Technology shared (central) costs. Support costs are allocated across the charitable activities in proportion to direct cost. This represents the most appropriate view of the support costs for Practical Action. £385k of shared programme support management and quality assurance costs have been included in direct charitable activities.

| Support costs | 2021 £'000 | 2020 £'000 |
|---|---|---|
| CEO's office | 122 | 170 |
| Marketing and communications | 763 | 981 |
| Finance | 950 | 903 |
| IT | 486 | 476 |
| HR | 538 | 606 |
| Facilities and services | 307 | 331 |
| Other * | 698 | 431 |
| **Total** | **3,864** | **3,898** |

** Other costs includes depreciation, UK pension service costs, VAT annual rate adjustment, re-structuring and other exceptional costs.*

| Total expenditure on charitable activities (inclusive of support costs) | Total 2021 £'000 | Total 2020 £'000 |
|---|---|---|
| **Charitable activities:** | | |
| East Africa | 4,230 | 4,226 |
| Latin America | 2,529 | 2,864 |
| South Asia | 2,471 | 3,884 |
| Southern Africa | 3,553 | 5,090 |
| Bangladesh | 3,662 | 5,936 |
| Sudan | 3,549 | 5,528 |
| West Africa | 413 | 508 |
| International programme work | 5,804 | 6,507 |
| Governance costs | 445 | 469 |
| **Total expenditure on charitable activities** | **26,656** | **35,012** |

International programme work includes our Global Policy, Practical Action Consulting and Practical Answers knowledge work.

During the year ended 31 March 2021, Practical Action made grants to partner organisations. Grants payable to partner organisations are considered to be part of the costs of activities in the furtherance of the objects of the charity because much of the charity's programme activity is carried out through grants to partner organisations that support long-term, sustainable benefits for a community, which are monitored by the charity.

| Grants to partners greater than £200k | Total 2021 £'000 | Total 2020 £'000 |
|---|---|---|
| Adventist Development and Relief Agency | - | 367 |
| Center for Community Development Nepal | - | 219 |
| COPPADES | - | 219 |
| E4I | 260 | - |
| Jasmar Human Security Organisation | - | 254 |
| Kuwait patient helping fund organization Sudan | 243 | - |
| NMB | - | 321 |
| Norwegian Refugee Council | 526 | 1,131 |
| OSVSWA | - | 269 |
| Save the Children | - | 463 |
| Sudan Vision | - | 664 |
| Sustainable Agricultural Technology | 265 | 412 |
| SUVO | - | 210 |
| UNITAR | - | 238 |
| Other * | 2,116 | 2,118 |
| **Total** | **3,410** | **6,885** |

** Included within other is all other grants to partners less than £200k.*

| Amounts payable to the auditor | 2021 £'000 | 2020 £'000 |
|---|---|---|
| Statutory audit | 85 | 107 |
| Other assurance services | 13 | 1 |
| Other financial services | 3 | 1 |
| **Total** | **101** | **109** |



# 5. Employees

| Staff costs | 2021 £'000 | 2020 £'000 |
|---|---|---|
| Wages and salaries | 11,557 | 12,388 |
| Social security costs | 838 | 896 |
| Pension costs (employee benefit scheme) | 49 | 48 |
| Pension (stakeholder scheme) | 567 | 563 |
| Staff end of service costs* | 311 | 284 |
| Redundancy, ex gratia and termination costs** | 197 | 138 |
| **Total emoluments of employees** | **13,519** | **14,317** |
| Other staff costs *** | 108 | 337 |
| **Total staff costs** | **13,627** | **14,654** |

**In order to meet local employment regulations, 'end of service' payments are made to employees in country programmes when they leave employment with Practical Action. The amount of the payments are determined by the salary and length of service of the employees. Staff end of service costs change each year based on the accrued entitlement.*

***All redundancy, ex gratia and termination costs were paid in 2020/21.*

**** Other staff costs consists of temporary and agency staff.*

| Average number of full time equivalent employees | 2021 Number | 2020 Number |
|---|---|---|
| Eastern Africa | 58 | 56 |
| Latin America | 69 | 71 |
| South Asia | 57 | 71 |
| Southern Africa | 47 | 65 |
| Bangladesh | 94 | 153 |
| Sudan | 64 | 75 |
| UK | 114 | 116 |
| **Total** | **503** | **607** |

| Average number of employees | 2021 Number | 2020 Number |
|---|---|---|
| Eastern Africa | 58 | 56 |
| Latin America | 69 | 71 |
| South Asia | 57 | 71 |
| Southern Africa | 51 | 65 |
| Bangladesh | 94 | 153 |
| Sudan | 65 | 75 |
| UK | 117 | 119 |
| **Total** | **511** | **610** |

During the year, employees earning more than £60,000 fell into the following bands:

| | 2021 Number | 2020 Number |
|---|---|---|
| £60,001- £70,000 | 9 | 7 |
| £70,001- £80,000 | 2 | 2 |
| £80,001- £90,000 | 3 | 2 |
| £90,001- £100,000 | 1 | 1 |

The CEO during the year earned a salary of £97,503.

Benefits are accruing to twelve (2020: ten) higher-paid employees under Practical Action's stakeholder pension scheme, which is open to all eligible employees. Employer contributions of £89,732 (2020: £69,346) have been made into this stakeholder scheme for these higher-paid employees. Within Practical Action's Employee Benefits Scheme, benefits are accruing for no (2020: one) higher-paid employee.

Key management personnel is a term used by FRS 102 for those persons having authority and responsibility for planning, directing and controlling the activities of the charity, directly or indirectly, including any director (whether executive or otherwise) of the charity. This definition includes trustees and those members of staff who are the senior management personnel to whom the trustees have delegated significant authority or responsibility in the day-to-day running of the charity. For Practical Action, our Strategic Leadership Team (SLT) consists of those executives listed on page 42. In 2020/21 the total cost of SLT was £992k (2019/20 £969k). In 2020/21 this represented 12 people (2019/20 13 people).

Salaries and benefits of the Strategic Leadership Team (SLT) are overseen by the Governance and People Committee in line with the policy and principles for all staff pay. These are considered by the Governance and People Committee annually.

The Trustees receive no remuneration for their services. Expenses reimbursed to Trustees during the year amounted to £55 (2020: £2,937), which related to travel and refreshment costs for meetings, and postage.

Expenses were reimbursed to one Trustee (2020: five Trustees).

Indemnity insurance is provided for Trustees which is incorporated into a Professional Indemnity policy for the Organisation at a total cost of £11,550 (2020 policy: £11,760).



# 6. Net income from trading subsidiaries and summary balance sheets

The results of the principal trading subsidiaries are summarised below:

| | Practical Action Consulting 2021 £'000 | PAC India (Subsidiary of PAC UK) 2021 £'000 | PAC Nepal Private Ltd (Subsidiary of PAC UK) 2021 £'000 | PAC Malawi (Subsidiary of PAC UK) 2021 £'000 | PAC Bangladesh (Subsidiary of PAC UK) 2021 £'000 | PAC Peru (Subsidiary of PAC UK) 2021 £'000 | PAC West Africa (Subsidiary of PAC UK) 2021 £'000 | Practical Action Publishing 2021 £'000 |
|---|---|---|---|---|---|---|---|---|
| Income | 1,960 | 102 | 396 | 314 | 156 | - | 251 | 560 |
| Expenditure | (1,932) | (104) | (346) | (273) | (281) | - | (191) | (559) |
| **Net profit/(loss)** | **28** | **(2)** | **50** | **41** | **(125)** | **-** | **60** | **1** |
| Income per subsidiary accounts | 1,960 | 102 | 396 | 314 | 156 | - | 251 | 560 |
| Less: grants from parent charity | (442) | - | - | (158) | - | - | (73) | (134) |
| | **1,518** | **102** | **396** | **156** | **156** | **-** | **178** | **426** |
| Expenditure per accounts | (1,932) | (104) | (346) | (273) | (281) | - | (191) | (559) |
| Less: group charges | 170 | - | - | - | - | - | - | 50 |
| | **(1,762)** | **(104)** | **(346)** | **(273)** | **(281)** | **-** | **(191)** | **(509)** |
| **Net effect on group results for the year** | **(244)** | **(2)** | **50** | **(117)** | **(125)** | **-** | **(13)** | **(83)** |

| **Summary balance sheet** | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Fixed Assets | 1 | - | 1 | 1 | 4 | - | 3 | 93 |
| Investment | 65 | - | - | - | - | - | - | - |
| Net current assets/(liabilities) | (426) | ( 73) | 252 | 50 | (67) | 12 | 70 | (260) |
| **Net assets / (liabilities)** | **(360)** | **(73)** | **253** | **51** | **(63)** | **12** | **73** | **(167)** |
| Called up share capital | - | 29 | 35 | - | 10 | 13 | 13 | - |
| Profit & loss account | (360) | ( 102) | 218 | 51 | (73) | ( 1) | 60 | (167) |
| **Surplus/(deficit) on shareholder funds** | **(360)** | **(73)** | **253** | **51** | **(63)** | **12** | **73** | **(167)** |

| | Practical Action Consulting 2020 £'000 | PAC India (Subsidiary of PAC UK) 2020 £'000 | PAC Nepal (Subsidiary of PAC UK) 2020 £'000 | PAC Malawi (Subsidiary of PAC UK) 2020 £'000 | PAC Bangladesh (Subsidiary of PAC UK) 2020 £'000 | PAC Peru (Subsidiary of PAC UK) 2020 £'000 | Practical Action Publishing 2020 £'000 |
|---|---|---|---|---|---|---|---|
| Income | 2,091 | 51 | 310 | 383 | 668 | - | 552 |
| Expenditure | (2,171) | (77) | (304) | (424) | (643) | - | (626) |
| **Net profit/(loss)** | **(80)** | **(26)** | **6** | **(41)** | **25** | **-** | **(74)** |
| Income per subsidiary accounts | 2,091 | 51 | 310 | 383 | 668 | - | 552 |
| Less: interest receivable | 1 | - | - | - | - | - | 0 |
| Less: grants from parent charity | (416) | - | - | - | - | - | (100) |
| Less: intercompany grants | (251) | - | - | - | - | - | - |
| | **1,425** | **51** | **310** | **383** | **668** | **-** | **452** |
| Expenditure per accounts | ( 2,171) | ( 77) | ( 304) | ( 424) | ( 643) | - | ( 626) |
| Less: group charges | 170 | - | - | - | - | - | 50 |
| Less: intercompany grants | 97 | - | - | - | - | - | - |
| | **(1,904)** | **(77)** | **(304)** | **(424)** | **(643)** | **-** | **(576)** |
| **Net effect on group results for the year** | **(479)** | **(26)** | **6** | **(41)** | **25** | **-** | **(124)** |

| **Summary balance sheet** | | | | | | | |
|---|---|---|---|---|---|---|---|
| Fixed Assets | 67 | - | - | 27 | - | - | 98 |
| Net current assets/(liabilities) | (384) | ( 61) | 202 | ( 17) | 61 | 12 | (266) |
| **Net Assets / (liabilities)** | **(317)** | **(61)** | **202** | **10** | **61** | **12** | **(168)** |
| Called up share capital | - | 31 | 34 | - | 10 | 13 | - |
| Profit & loss account | (317) | ( 92) | 168 | 10 | 51 | ( 1) | (168) |
| **Surplus/(deficit) on shareholder funds** | **(317)** | **(61)** | **202** | **10** | **61** | **12** | **(168)** |



# 7. Intangible and tangible assets

| Intangible fixed assets | Total £'000 |
|---|---|
| **Group cost** | |
| At 1 April 2020 | 55 |
| Additions | 31 |
| **At 31 March 2021** | **86** |
| **Amortisation** | |
| At 1 April 2020 | 27 |
| Charge for the year | 11 |
| **At 31 March 2021** | **38** |
| **Net Book Value (NBV)** | |
| At 31 March 2020 | 28 |
| **At 31 March 2021** | **48** |

| Tangible fixed assets | Freehold and Leasehold property £'000 | Motor vehicles £'000 | Computer equipment £'000 | Furniture and other equipment £'000 | Total £'000 |
|---|---|---|---|---|---|
| **Group cost or valuation** | | | | | |
| As at 1 April 2020 | 136 | 1,893 | 1,685 | 1,366 | 5,080 |
| Additions | - | 34 | 78 | 23 | 135 |
| Disposals | - | (28) | (21) | - | (49) |
| **At 31 March 2021** | **136** | **1,899** | **1,742** | **1,389** | **5,166** |
| **Depreciation** | | | | | |
| As at 1 April 2020 | - | 1,730 | 1,521 | 800 | 4,051 |
| Charge | - | 76 | 119 | 195 | 390 |
| Disposals | - | (10) | (19) | - | (29) |
| **At 31 March 2021** | **-** | **1,796** | **1,621** | **995** | **4,412** |
| **Net Book Value (NBV)** | | | | | |
| As at 1 April 2020 | 136 | 165 | 161 | 568 | 1,030 |
| **As at 31 March 2021** | **136** | **103** | **121** | **394** | **754** |

All of the charity's fixed assets are held primarily for direct charitable use.

| Tangible fixed assets of the subsidiary undertakings | NBV 2021 £'000 | NBV 2020 £'000 |
|---|---|---|
| Motor Vehicles | - | 25 |
| Computer Equipment | 5 | 7 |
| Furniture and Other Equipment | 47 | 67 |

## 8. Investments

| | Group | | Charity | |
|---|---|---|---|---|
| | 2021 £'000 | 2020 £'000 | 2021 £'000 | 2020 £'000 |
| **Cash investments** | | | | |
| Cash investments | 3,546 | 509 | 3,546 | 509 |
| Common investment fund | 503 | 490 | 503 | 490 |
| Investment bonds | 4 | 13 | - | 13 |
| Impairment provision | - | (13) | - | (13) |
| **Total** | **4,053** | **999** | **4,049** | **999** |
| **Programme investments** | | | | |
| Capital loans to subsidiaries * | - | - | 224 | 224 |
| Programme investments | - | - | 16 | 11 |
| **Total** | **-** | **-** | **240** | **235** |

| Reconciliation of common investment fund: | £'000 |
|---|---|
| Historical cost | 396 |
| Opening balance at 1 April 2020 | 490 |
| Additional investment | - |
| Realised gain | 13 |
| **Closing balance at 31 March 2021** | **503** |

** Capital loans are interest bearing, secured by fixed and floating charges and have no fixed repayment period and Practical Action does not intend to recall the loans in the next four years.*



The following were subsidiary undertakings at the end of the year and have all been included in the consolidated financial statements, except Dormant Companies:

| | Country of incorporation and address | Proportion of voting rights and ordinary share capital held | Nature of business |
|---|---|---|---|
| Practical Action Consulting Limited (Reg. No. 00952705) | England<br><br>The Robbins Building, 25 Albert Street, Rugby, Warwickshire, England, CV21 2SD | 100% | Consultants for agriculture and industry |
| Practical Action Publishing Limited (Reg. No. 01159018) | England<br><br>As above | 100% | Publishers and booksellers |
| Intermediate Technology Publications Limited (Dormant company Reg. No. 06424984) | Dormant company | 100% | Publishers and booksellers |
| Intermediate Technology Development Group Limited (Dormant company Reg. No. 01017062) | Dormant company | 100% | Developers of agriculture and industrial machinery |
| ATS Property Holdings Private Limited (Dormant company Reg. No. Sri-Lanka PV 6894) | Dormant company | 100% | Property purchase, lease moveable, immoveable property |
| Practical Action Consulting Private Limited (Reg. No. Kathmandu, 117858/070/071) | Nepal<br><br>Practical Action, Indira House, House No.1114, Panipokhari Hill, Kathmandu, Nepal | 51% PAC, 49% PA staff | Consultants for agriculture and industry |
| Practical Action Consulting (India) Private Limited (Reg. No. Delhi, CIN U74999DL2014FTC272886 | India<br><br>Practical Action, Plot No: H-4, BJB Nagar, Lewis Road, Bhubaneswar – 751014, Odisha, India | 99.7% PAC 0.3% PAC staff | Consultants for agriculture and industry |
| Practical Action Consulting Limited (Reg. No. 14654) | Malawi<br><br>Area 6, Plot 130, P.O. Box 30108, Lilongwe, Malawi | 100% | Consultants for agriculture and industry |

| | | | |
|---|---|---|---|
| Practical Action Consulting Bangladesh Limited (Reg. No. C-130198/2016) | Bangladesh<br><br>House 28/A, Road 5, Dhanmondi, Dhaka – 1205, Bangladesh | 99% PAC<br>1% PA staff | Consultants for agriculture and industry |
| Practical Action Consulting S.A.C Limited (Reg. No. 20601238200) | Peru<br><br>Oficina Regional de América Latina, Centro Empresarial Peruano Suizo Av. Aramburú 166 Of. 2A, Miraflores, Lima, Perú | 49% PAC<br>51% PA staff | Consultants for agriculture and industry |

## 9. Stock

| | Group | | Charity | |
|---|---|---|---|---|
| | 2021 £'000 | 2020 £'000 | 2021 £'000 | 2020 £'000 |
| Finished goods | 141 | 115 | - | - |
| Work in progress | 7 | 14 | - | - |
| **Balance sheet total** | **148** | **129** | **-** | **-** |

## 10. Debtors

| | Group | | Charity | |
|---|---|---|---|---|
| | 2021 £'000 | 2020 £'000 | 2021 £'000 | 2020 £'000 |
| Trade debtors | 2,550 | 2,397 | 2,178 | 2,045 |
| Prepayments & accrued income | 3,948 | 4,448 | 3,144 | 3,816 |
| Amounts owed to the charity by the group | - | - | 504 | 175 |
| Other debtors | 521 | 1,434 | 350 | 1,313 |
| **Total** | **7,019** | **8,279** | **6,176** | **7,349** |

## 11. Cash at bank & in hand

The balance held at year-end includes £4.0m (2020: £4.0m) of project specific funds which are held in foreign currency bank accounts.



## 12. Creditors: amounts falling due within one year

| | Group | | Charity | |
|---|---|---|---|---|
| | 2021 £'000 | 2020 £'000 | 2021 £'000 | 2020 £'000 |
| Trade creditors | 509 | 584 | 382 | 483 |
| Payments received in advance* | 6,905 | 7,436 | 6,705 | 7,085 |
| Accruals | 934 | 965 | 632 | 829 |
| Taxation and social security | 522 | 328 | 433 | 250 |
| Other creditors | 1,071 | 1,199 | 712 | 818 |
| Amounts owed to subsidiaries and associated undertakings | - | - | 73 | - |
| **Total** | **9,941** | **10,512** | **8,937** | **9,465** |

*Payments received in advance represent grants received in advance of the period to which they relate. The analysis of such payments is shown below:

| | Group £'000 | Charity £'000 |
|---|---|---|
| Balance brought forward | 9,890 | 9,759 |
| Released to income | (9,890) | (9,759) |
| Received in year | 6,905 | 6,705 |
| **Balance carried forward** | **6,905** | **6,705** |

## 13. Provisions

| | Balance at 1.4.20 £'000 | Provisions created £'000 | Provisions utilised £'000 | Balance at 31.3.21 £'000 |
|---|---|---|---|---|
| Project issues | 166 | 54 | (197) | 23 |
| Redundancy | 6 | 11 | (6) | 11 |
| Annual leave/retirement provision | 6 | 8 | (3) | 11 |
| **Total** | **178** | **73** | **(206)** | **45** |

Project issues provisions represent estimated funds returnable to donors where Practical Action has not spent funds received in accordance with donor wishes.

Redundancy provisions relate to employees leaving employment with Practical Action. The amounts payable are determined by the salary and length of service of the employees. The provision is released when payments are made to employees on departure.

Annual leave provisions are calculated based on the salary and annual leave balance of the employees.

# 14. Funds note

| 2021 | Opening balance 2020 £'000 | Incoming resources £'000 | Expenditure and charges £'000 | Transfer £'000 | Closing balance 2021 £'000 |
|---|---|---|---|---|---|
| **Designated reserves** | | | | | |
| Fixed asset fund | 846 | - | - | (42) | 804 |
| Revaluation reserve | 94 | - | - | 13 | 107 |
| Free reserves | 7,160 | 14,510 | 13,861 | 29 | 7,838 |
| **Total unrestricted funds** | **8,100** | **14,510** | **13,861** | **-** | **8,749** |
| Energy that transforms | 179 | 2,757 | 2,770 | - | 166 |
| Farming that works | 36 | 5,823 | 5,888 | - | (29) |
| Cities fit for people | 35 | 3,737 | 3,722 | - | 50 |
| Resilience that protects | 428 | 3,590 | 2,841 | - | 1,177 |
| Other | 465 | 22 | 134 | - | 353 |
| **Total restricted funds** | **1,143** | **15,929** | **15,355** | **-** | **1,717** |
| **Total funds** | **9,243** | **30,439** | **29,216** | **-** | **10,466** |

The fixed asset fund represents the net book value of tangible and intangible assets originally funded from free reserves. The transfer from the fund represents capital additions less disposal proceeds and depreciation.

The revaluation reserve Represents the difference between the historic cost of the common investment fund and the revalued amount. Transfers to the revaluation reserves represents a £13k increase in the value of the Common Investment Fund.

The free reserves represent the free funds of the charity not designated for particular purposes.

The restricted funds represent the funds that have been designated to spend in line with the objectives of the organisational aims.



| 2020 | Opening balance 2019 £'000 | Incoming resources £'000 | Expenditure and charges £'000 | Transfer £'000 | Closing balance 2020 £'000 |
|---|---|---|---|---|---|
| **Designated reserves** | | | | | |
| Fixed asset fund | 774 | - | - | 72 | 846 |
| Revaluation reserve | 83 | - | - | 11 | 94 |
| Free reserves | 8,800 | 13,514 | 15,286 | 132 | 7,160 |
| **Total unrestricted funds** | **9,657** | **13,514** | **15,286** | **215** | **8,100** |
| Energy that transforms | 212 | 5,163 | 5,196 | - | 179 |
| Farming that works | (30) | 7,841 | 7,775 | - | 36 |
| Cities fit for people | 33 | 6,508 | 6,506 | - | 35 |
| Resilience that protects | 670 | 2,880 | 2,907 | ( 215) | 428 |
| Other | 481 | 166 | 182 | - | 465 |
| **Total restricted funds** | **1,366** | **22,558** | **22,566** | **(215)** | **1,143** |
| **Total funds** | **11,023** | **36,072** | **37,852** | **-** | **9,243** |

# 15. Total funds

| 2021 | Unrestricted funds £'000 | Restricted funds £'000 | 2021 Total £'000 | 2020 Total £'000 |
|---|---|---|---|---|
| Fixed assets | 640 | 162 | 802 | 1,058 |
| Investments | 4,053 | - | 4,053 | 999 |
| Stock | 148 | - | 148 | 129 |
| Debtors | 2,195 | 4,824 | 7,019 | 8,279 |
| Cash at bank and in hand | 4,971 | 3,459 | 8,430 | 9,468 |
| Creditors: amount due within than 1 year | ( 3,236) | ( 6,705) | ( 9,941) | (10,512) |
| Creditors: amount due after more than 1 year | - | - | - | 0 |
| Provisions for liabilities and charges | ( 22) | ( 23) | ( 45) | (178) |
| Pension liability | - | - | - | - |
| **Total** | **8,749** | **1,717** | **10,466** | **9,243** |

| 2020 | Unrestricted funds £'000 | Restricted funds £'000 | 2020 Total £'000 | 2019 Total £'000 |
|---|---|---|---|---|
| Fixed assets | 845 | 213 | 1,058 | 1,177 |
| Investments | 999 | - | 999 | 731 |
| Stock | 129 | - | 129 | 138 |
| Debtors | 3,973 | 4,306 | 8,279 | 9,232 |
| Cash at bank and in hand | 5,593 | 3,875 | 9,468 | 12,553 |
| Creditors: amount due within than 1 year | (3,427) | (7,085) | (10,512) | (12,613) |
| Creditors: amount due after more than 1 year | - | - | - | (3) |
| Provisions for liabilities and charges | (12) | (166) | (178) | (192) |
| Pension liability | - | - | - | - |
| **Total** | **8,100** | **1,143** | **9,243** | **11,023** |



# 16. Pension costs and FRS 102

## Practical Action Employee Benefits Scheme

The charity operates a defined benefits scheme in the UK which was closed to contributions in 2002. The charity has accounted for pension costs in accordance with FRS 102. The scheme is a registered pension scheme under chapter 2 Part 4 of the Finance Act 2004. The assets of the scheme are held separately from the assets of the charity, being represented by units in a segregated fund managed by an external investment manager. At 1 April 2020, the latest valuation date, the actuarial value of the schemes assets was 94% of the value of past service liabilities on an ongoing (SFO) basis. However, the funding position was reassessed in March 2021 and it was revealed that there was a small surplus at this later date, as a result of which the scheme trustees and the charity agreed that the charity would not be required to make any deficit contributions. The market value of the scheme's assets at 1 April 2020 was £11,030,000, excluding money purchase AVCs. Although it was agreed that no deficit contributions would be payable, the scheme trustees and the charity agreed that the charity would pay contributions to the scheme in respect of expenses and levies at the rate of £4,202 per month from 1 April 2021, increasing by 2.5% pa with the first such increase applying from 1 April 2022.

In arriving at the 2020 actuarial valuation above, the following assumptions were adopted:

| | 2020 |
|---|---|
| Inflation RPI | 3.0% |
| Inflation CPI | 2.3% |
| Future salary increases | 3.0% |
| Pension increases (where linked to RPI) | 3.0% |
| Discount rate before retirement | 4.0% |
| Discount rate post-retirement | 1.7% |
| Mortality base tables | S3PXA |
| Improvement in mortality rates | 1.25% (CMI 2019) |

A valuation has been performed in order to assess the disclosures required under FRS 102 as at 31 March 2021 by an independent qualified actuary.

| | 2021 | 2020 |
|---|---|---|
| Discount rate | 2.1% | 2.2% |
| Inflation (RPI) | 3.2% | 2.4% |
| Inflation (CPI) | 2.5% | 1.7% |
| Future salary increases | 4.7% | 3.9% |
| Revaluation in deferment | 2.5% | 1.7% |
| Pension increases | 3.2% | 2.4% |
| Mortality | | |
| – Base table | S3PXA | S2PXA |
| – Allowance for future improvements | CMI2019[1%] | CMI2016[1%] |

### a) Balance Sheet Position

| | 2021 £'000 | 2020 £'000 |
|---|---|---|
| Present value of funded obligations | (11,465) | (10,716) |
| Fair value of plan assets | 11,785 | 11,052 |
| **Surplus / (deficit) per FRS102** | **320** | **336** |
| **Amounts in the balance sheet:** | | |
| Liabilities | - | - |
| Assets | - | - |
| **Net liability** | **-** | **-** |

### b) Changes in the present value of the defined benefit obligation are as follows:

| | 2021 £'000 | 2020 £'000 |
|---|---|---|
| Opening defined benefit obligation | 10,716 | 10,943 |
| Interest cost | 233 | 259 |
| Benefits paid | (306) | (286) |
| Remeasurement losses / (gains) | 822 | (200) |
| **Defined benefit obligation at end of year** | **11,465** | **10,716** |

### c) Changes in the fair value of the scheme assets are as follows:

| | 2021 £'000 | 2020 £'000 |
|---|---|---|
| Opening fair value of scheme assets | 11,052 | 11,188 |
| Interest income | 240 | 265 |
| Remeasurement gains / (losses) | 796 | (73) |
| Employer contributions | 49 | 48 |
| Benefits paid | (306) | (286) |
| Expenses paid | (46) | (90) |
| **Fair value of scheme assets at the year end** | **11,785** | **11,052** |
| The actual return on the scheme assets in the year | 1,036 | 192 |



### d) The amounts included within the Statement of Financial Activities are as follows:

| | 2021 £'000 | 2020 £'000 |
|---|---|---|
| Expenses | (46) | (90) |
| Interest on net liability | 7 | 6 |
| **Total amount charged within net (outgoing) resources** | **(39)** | **(84)** |
| Actual return on plan assets less interest | 796 | (73) |
| Experience (losses) / gain on liabilities | (45) | 68 |
| Change in assumptions | (777) | 132 |
| Less gains not recognised | 65 | (43) |
| **Actuarial gains recognised** | **39** | **84** |
| **Total gains recognised in the statement of financial activities** | **-** | **-** |

Actuarial gains have been recognised to the extent that the previous deficit is eliminated but no asset is recognised.

## 17. Reconciliation of net income to net cash inflow from operating activities

| | 2021 £'000 | 2020 £'000 |
|---|---|---|
| Net (expenditure) / income for the reporting period (as per the statement of financial activities) | 1,223 | (1,780) |
| (Gains) / losses on investments | (13) | (10) |
| Dividends, interest and rents from investments | (11) | ( 17) |
| Depreciation | 394 | 499 |
| Loss on the disposal of fixed assets | 22 | 4 |
| Decrease / (Increase) in stocks | (18) | 8 |
| (Increase) / decrease in debtors | 1,261 | 951 |
| Increase / (decrease) in creditors and provisions | (704) | (2,113) |
| **Net cash provided by/(used in) operating activities** | **2,154** | **(2,458)** |

## 18. Analysis of cash and cash equivalents

| | 2021 £'000 | 2020 £'000 |
|---|---|---|
| Cash in hand | 8,430 | 9,468 |
| Cash held as part of investment portfolio (Note 8) | 3,546 | 509 |
| **Total cash and cash equivalents** | **11,976** | **9,977** |

## 19. Contingent liabilities

In fulfilment of other contractual requirements, the charity has entered into an agreement with Prime Bank Ltd in Bangladesh in support of charitable activities, resulting in contingent liabilities totalling £38,167.

The agreement is to provide a bank guarantee to the value of 4,465,550 BDT (c. £38,167) as required by the Bangladesh Rural Electrification Board (BREB) on the project –Translating Electricity Supply into Improvements of Rural Households.



## 20. Additional grants disclosures

The following donors require further details of their grants to be published in the accounts.

| Foreign Commonwealth and Development Office (formerly Department for International Development) Grants | 2021 £'000 | 2020 £'000 |
|---|---|---|
| Grants | 1,127 | 1,396 |

| Project funding details required by FCDO | Contract Number | 2021 FCDO Funding £'000 |
|---|---|---|
| Poor People's Energy Outlook | 204343-106 | 40 |
| Safe Pair Of Hands UK Aid Match | 205210-217 | 372 |
| Leave No One Behind | 300462-101 | 282 |
| Planting For Progress | 205210-235 | 344 |
| Building climate & conflict resilient livelihoods | 205210-259 | 89 |
| **Total** | | **1,127** |

| IKEA Foundation Grants | 2021 £'000 | 2020 £'000 |
|---|---|---|
| Grants | 2,402 | 3,997 |

| Project funding details required by IKEA Foundation | Contract Number | 2021 IKEA Funding £'000 | 2021 IKEA Funding €'000 | 2020 IKEA Funding £'000 | 2020 IKEA Funding €'000 |
|---|---|---|---|---|---|
| RE4R | G- 1608-618 | 1,516 | 1,688 | 3,124 | 3,573 |
| TREYL | G- 1808-1160 | 886 | 1,003 | 873 | 998 |
| **Total** | | **2,402** | **2,691** | **3,997** | **4,571** |

## 21. Commitments under operating leases

As at 31 March 2021, the group had commitments under non-cancellable operating leases as set out below:

| | 2021 Land and buildings £'000 | 2020 Land and buildings £'000 |
|---|---|---|
| **Operating lease which expire:** | | |
| Within one year | 389 | 441 |
| In two to five years | 1,137 | 1,223 |
| Over five years | 313 | 439 |
| **Total** | **1,839** | **2,103** |

The net income for the year has been stated after charging £456k (2020: £530k) for the hire of assets under operating leases.

## 22. Related party transactions

Practical Action Publishing Limited and Practical Action Consulting Limited are subsidiaries of Practical Action Group. Grants paid by the charity to the subsidiaries and gift aid received by the charity from the subsidiaries are disclosed in note 6.

A management charge of £50k (2019/20 £50k) and payroll costs totalling £203k (2019/20 £227k) were also charged to Practical Action Publishing Limited by the charity. At the year end, Practical Action Publishing Limited owed the charity £346k.

A management charge of £170k (2019/20 £170k) and payroll costs totalling £757k (2019/20 £979k) were also charged to Practical Action Consulting Limited from the charity. At the year-end, Practical Action Consulting Limited owed the charity £851k and were owed £73k by the charity.

Full declarations of interests are obtained from Trustees and Directors for their own activities outside of Practical Action governance as well as those of their close family members and those entities which they control or in which they have a significant interest. In 2020/21 these related parties made donations in aggregate to Practical Action of £405.



## 23. Financial instruments

| | 2021 £'000 | 2020 £'000 |
|---|---|---|
| Financial Instruments measured at fair value through profit and loss | 503 | 490 |

The income, expense, gains and losses in respect of financial instruments are summarised below:

| Gains/Loss on financial instruments measured at fair value through profit and loss | 2021 £'000 | 2020 £'000 |
|---|---|---|
| Financial instruments measured at fair value at the start of the year: | 490 | 479 |
| Gain/(loss) | 13 | 11 |
| Purchases | 0 | - |
| Financial instruments measured at fair value at the end of the year | 503 | 490 |

# 24. Comparative statement of financial activities for the year ended 31 March 2020

This is a breakout of the prior year statement of financial activities. (incorporating the Income and Expenditure Account)

| | Note | Unrestricted £'000 | Restricted £'000 | Total 2020 £'000 |
|---|---|---|---|---|
| **Income and endowments from:** | | | | |
| Donations and Legacies | *3* | 10,272 | 852 | 11,124 |
| Charitable activities | *3* | 2,849 | 21,706 | 24,555 |
| Investments | *3* | 17 | - | 17 |
| Other income | *3* | 376 | - | 376 |
| **Total income and endowments** | | **13,514** | **22,558** | **36,072** |
| **Resources expended** | | | | |
| Expenditure on raising funds | *4* | 2,851 | - | 2,851 |
| **Total expenditure on raising funds** | | **2,851** | **-** | **2,851** |
| **Expenditure on charitable activities:** | | | | |
| Energy that transforms | *4* | 4,530 | 5,196 | 9,726 |
| Farming that works | *4* | 2,648 | 7,775 | 10,423 |
| Cities fit for people | *4* | 2,211 | 6,506 | 8,717 |
| Resilience that protects | *4* | 1,231 | 2,907 | 4,138 |
| Knowledge that inspires | *4* | 886 | 74 | 960 |
| Other | *4* | 940 | 108 | 1,048 |
| **Total expenditure on charitable activities** | | **12,446** | **22,566** | **35,012** |
| **Total expenditure** | | **15,297** | **22,566** | **37,863** |
| Net gain / (loss) on investments | *8* | 11 | - | 11 |
| **Net income / (expenditure)** | | **(1,772)** | **(8)** | **(1,780)** |
| Transfers between funds | *17* | 215 | (215) | - |
| Actuarial gain on defined benefit pension scheme | | - | - | - |
| **Net movement in funds** | | **(1,557)** | **(223)** | **(1,780)** |
| **Balance brought forward 1 April 2019** | | **9,657** | **1,366** | **11,023** |
| **Balance carried forward as at 31 March 2020** | *15,16* | **8,100** | **1,143** | **9,243** |

*We worked with Nkosikhona in Zimbabwe to develop planet-friendly farming solutions that are boosting his community's harvests without costing the planet.*

# BIG CHANGE
## starts small


**UK**
+44(0)1926 634400
practicalaction@practicalaction.org.uk

**Bangladesh**
+88 02 9672683
practicalaction@practicalaction.org.bd

**Eastern Africa**
+254 20 2595 311
practicalaction@practicalaction.or.ke

**Latin America**
+511 441 2950
info@solucionespracticas.org.pe

**South Asia**
+977 1 4423 639
practicalaction@practicalaction.org.np

**Southern Africa**
+263 4 776 107
info@practicalaction.org.zw

**Sudan**
+249 155662474
info@practicalactionsd.org

**West Africa**
west.africa@practicalaction.org.uk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**practicalaction.org**


The Robbins Building, 25 Albert Street,
Rugby, Warwickshire, CV21 2SD, UK.
Reg Charity No. 247257.
Patron HRH The Prince of Wales, KG, KT, GCB


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