



# Reporting back

Annual report and accounts 2014–2015

**PRACTICAL ACTION**  
Technology challenging poverty







Laying irrigation pipes to grow crops in arid conditions in Darfur, Sudan

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The Trustees' Annual and Strategic Report, together with the Trustees' Administrative Report (being the Companies Act Directors' Report), comprise the Trustees' Annual Report for the purposes of the Charities Act 2011 and the Companies Act 2006.

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# Joint message from the Chair and Chief Executive

Practical Action is a unique organisation able to create impact and change at scale. We are extremely proud of our work on the ground which, this year, has helped more than 1.2 million people use technology to transform their lives in one way or another. But our project work on the ground is not an end in itself: it's also a means to lever much larger scale positive change for poor people.

Our work on energy is a good example of how we are able to bring different parts of the organisation to bear on a particular issue to create greater impact. We have worked for more than 40 years to help rural communities in the developing world get access to electricity through a variety of approaches, ranging from solar lanterns to micro-hydro electricity generation and clean and efficient cooking facilities. Over the past three years of our current strategy alone, we have helped more than half a million people access electricity supplies or clean cooking facilities. Our goal, though, is not to stop there but to distil that experience into practical and policy lessons that can help others improve the way they also deliver energy services to the poor.

To that end, our Practical Answers technical information service produces standardised 'technical briefs' to help people understand different energy technologies and how they can be used, which 203,270 people downloaded from our websites during the year. In addition, our technical enquiry service, which provides a more tailored response to people looking for specific advice on energy projects, answered 1,265 energy-related enquiries during the year.

Beyond the provision of practical advice, we also seek to identify important policy lessons that could help transform the way energy access programmes are delivered around the world. For the past four years we have published, through Practical Action Publishing, an annual *Poor People's Energy Outlook* report which looks at poor people's experience of energy access policies and the real impacts of energy poverty. This report has already had huge influence, for example helping shape the Global Tracking framework used by the United Nations Sustainable Energy for All initiative. Its importance to the international energy sector is such that the UK Government's Department

for International Development has just awarded a grant of over £840,000 to Practical Action to fund the research and production for the next four issues.

Writing at this time, we also want to acknowledge the devastating earthquake that hit Nepal on 25 April 2015. Many of the communities we work with there were impacted. In some villages in the districts of Gorkha, Dhading and Rasuwa, up to 95% of houses were destroyed and many lives lost. Practical Action was able to provide immediate material support to the relief efforts in these districts, but we would especially like to pay tribute to our staff, who thankfully were all safe. The courage and generosity they displayed – immediately seeking to help as many people as possible and donating a week of their own salaries to aid relief efforts – was remarkable. We are now seeking to use our expertise in 'building back better' to help ensure the post-earthquake reconstruction takes account of future hazards, and that it is done in a way that engages communities and reflects their needs.

The past year has been an important one for Practical Action with many achievements. We are deeply grateful to everyone who has supported us over the period. We hope that this report will give you an idea of the difference Practical Action has made and a sense of the extent of the influence this unique organisation has. We look forward to 2015 and to taking yet more steps towards Technology Justice.



A handwritten signature in black ink, appearing to read 'Helena Molyneux'.

**Helena Molyneux**  
(Chair)



A handwritten signature in black ink, appearing to read 'Simon Trace'.

**Simon Trace**  
(Chief Executive)

# Trustees' Annual and Strategic Report 2014/15

## i. Review of the year and strategic objectives

Practical Action's **vision** is technology justice: a sustainable world free of poverty and injustice in which technology is used for the benefit of all.

Our **mission** is to contribute to poor people's wellbeing, using technology to challenge poverty by:

- building the capabilities of poor people to take control of their situation;
- improving their access to technical options and knowledge; and
- working with them to influence social, economic and institutional systems for innovation and the use of technology.

### Strategic plan 2012-17

To help poor people access and use technology to transform their lives, we work towards four universal goals:



#### Energy access

Sustainable access to modern energy services for all by 2030



#### Food and agriculture

A transition to sustainable systems of agriculture and natural resource management that provide food security and livelihoods for the rural poor



#### Urban water and waste

Improved access to drinking water, sanitation and waste services for the urban poor



#### Disaster risk reduction

Reduced risk of disasters for marginalised groups and communities



As a direct result of our work, the wellbeing of six million people will be improved.

Indirectly there will be millions more people who benefit from an improved ability to access technologies, services, natural resources and markets, or have risks mitigated as a result of Practical Action's knowledge, partnership and influencing work.

We will achieve scale, we will deliver wellbeing and we will move towards Technology Justice.

## Achievements and performance 2014/15

**Since we launched our current global strategy for 2012-17, we have improved the material wellbeing of 3.2 million people.**

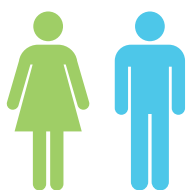
We had another year of significant and exciting achievements: transforming more people's lives than ever before, building capacity, sharing our knowledge and experience and influencing agendas at the highest levels to make a bigger impact on a global scale.

Over the course of the year we delivered our work based on the four aims of our Global Strategy: energy access, food and agriculture, urban waste and water and disaster risk reduction.

The table opposite shows the numbers of people who directly benefited from Practical Action's projects in these four areas by region. In addition to these direct impacts, our knowledge, and influencing the policy and practice of other organisations, indirectly benefited many millions more.

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# 1,222,401

reached directly by  
Practical Action's work



	Energy access	Food and agriculture	Urban water and waste	Disaster risk reduction	Other	Total direct beneficiaries
Eastern Africa	64,729	67,248	50,259	-	-	182,236
Latin America	12,690	12,530	-	18,185	-	43,405
South Asia	54,766	46,608	9,173	2,951	-	113,498
Southern Africa	53,680	20,455	43,675	-	* 97,019	214,829
Bangladesh	-	291,451	45,333	43,555	** 37,280	417,619
Sudan	11,050	239,764	-	-	-	250,814
<b>Total</b>	<b>196,915</b>	<b>678,056</b>	<b>148,440</b>	<b>64,691</b>	<b>134,299</b>	<b>1,222,401</b>
% of total	16.1	55.5	12.1	5.3	11.0	100

\* rural water and sanitation work

\*\* programme work on Extreme Poverty (Bangladesh)





## Energy access

### Sustainable access to modern energy services for all by 2030

Energy is fundamental to reducing poverty. It gives people cleaner, safer homes and improved livelihoods. Access to affordable, clean energy services can also reduce drudgery – especially for women and girls – and lead to better health and education.

But despite the availability of technical solutions, 1.1 billion people are still without any form of electricity and 2.8 billion people still cook over open fires.

Last year we helped almost 200,000 people get access to modern, sustainable energy services, with an expenditure of £3.2 million.

In Darfur, **Sudan**, 95% of households cook using solid fuels like wood, dung and charcoal, causing serious health risks. Using carbon credits and microfinance, we're helping 15,000 families replace their traditional fires with Liquid Petroleum Gas (LPG) stoves, at a cost of £77,000.

This cleaner and cheaper fuel eliminates deadly smoke from homes, saving lives and countless hours searching for firewood, and easing pressure on dwindling forest resources. As a result of the project, destruction of local forests has declined by 80kg of wood per household per month, leading to a carbon reduction of 60,000 tonnes per year.

We're using our Participatory Market System Development (PMSD) approach to bring together the key people in the local fuel markets, and working with women's associations to manage a revolving fund of micro loans to help people afford the stoves. Our experience from this project is being picked up by private sector organisations and the Ministry of Environment in Sudan has invited us to share our knowledge and experience.

In **Zimbabwe**, Practical Action has been working with Oxfam to install a solar irrigation scheme in Ruti and a micro-hydro scheme in Himalaya with funding from the European Union ACP Energy Facility. The micro-hydro scheme provides electricity for two schools, a business centre, two clinics, 20 entrepreneurs and 300 households, at a cost of £549,400.

Entrepreneurs are increasing their income. For example, shop keepers because they can store perishables, stay open longer and get extra business through mobile phone charging. Health centres can now store vaccines and drugs in refrigerators, and women giving birth at night can be guaranteed light.

In **Kenya**, we've been working with the Southern and East Africa Energy and Environment Partnership to create 600 new jobs in 220 enterprises, and provide access to briquettes made from recycled waste as an alternative sustainable and affordable energy source for 10,000 individuals, institutions and cooking establishments in Mombasa, Nairobi, Nakuru and Kisumu, for an expenditure of £152,579. The project will improve the technical and business capacity of 200 medium and small enterprises to produce, market and disseminate quality briquettes. A sustainable market for briquettes will be developed and enterprises will have access to finance to be able to produce and market good quality briquettes.

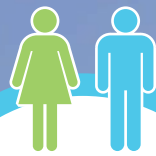
In **Peru**, we've helped 7,000 people improve their energy access. Our Healthy Schools project, which cost £73,591, uses a range of energy technologies to meet a variety of needs in the education sector, including solar energy in Rural Educational Institutions to provide access to lighting, laptops, internet, telephones, television and hot water. The Peruvian Ministry of Education has adopted the technical design and is applying it in a larger scale project.

Alongside our work on the ground, Practical Action believes that delivering impact at scale requires a focus on influencing governments, institutions and political leaders to bring universal energy access to the top of their agenda.

The issue has been well recognised by the UN Secretary General's Sustainable Energy for All initiative and the UN Decade of Sustainable Energy for All (SE4ALL) 2014-2024, but two important hurdles remain to achieving universal energy access.

Firstly, decentralised energy provision, independent from inaccessible and unreliable grids, is needed. Evidence on the need for a shift in focus from grids to off-grid solutions has been solid but largely ignored by policymakers since 2011. Secondly, energy and investment incentive policies are currently built around simplistic have/have not definitions of energy access.

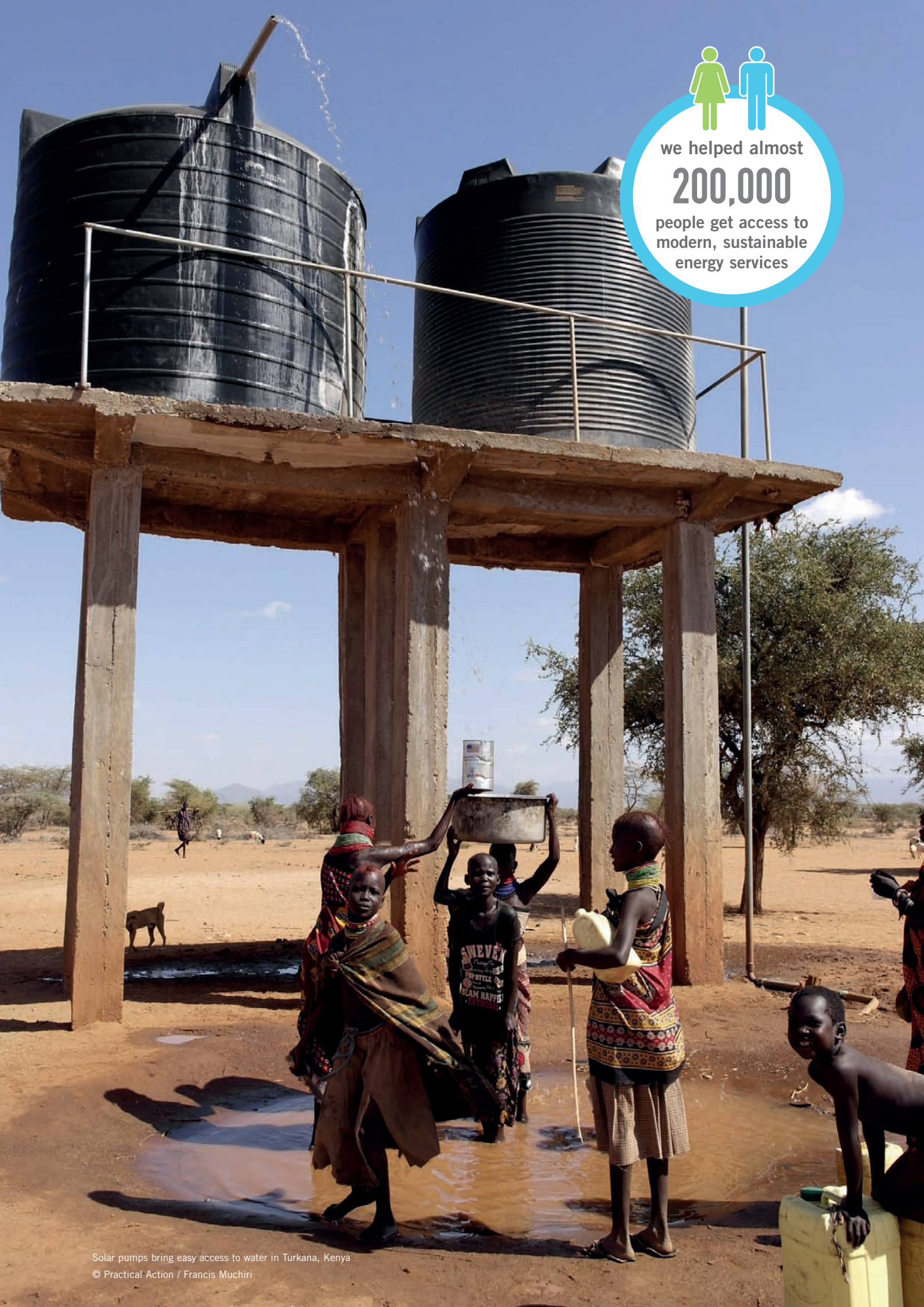




we helped almost

**200,000**

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energy services





*"My kitchen has become clean from smoke and I have not experienced any health problems since I started to cook with LPG (Liquid Petroleum Gas). I have managed to save 300 SDG (\$50) per month by switching to LPG from wood and charcoal. I use this money to pay school and university fees for my children.*

*"Cooking with LPG saves me about one or two hours a day in cooking, and I no longer spend time every day buying fuel. My husband is now also more involved in cooking, which was not the case when I was using wood and charcoal."*

**Hawa Gabir, Sudan**

Unless a more holistic understanding of access that includes quality, affordability, appropriateness and safety, is broadly adopted, energy provision efforts will not be able to spur the national-level change required to alleviate energy poverty.

We are working to overcome these hurdles by calling for governments, donors, civil society and the private sector to adopt our Total Energy Access approach to define and deliver energy to people who need it. This requires understanding of who has access to energy across households, business and in the community, and how that energy is used.

To support this approach, two key documents have been launched. The first is the 2014 edition of the *Poor People's Energy Outlook*, to re-emphasise the key enabling role that energy plays in lifting people out of poverty, and the logic of and necessity to focus on efforts to boost the nascent decentralised energy sector.

The second is a new framework, *Building Energy Access Markets*, designed with the EU Energy Initiative Partnership Dialogue Facility that allows development practitioners to analyse and assess decentralised energy service markets.

We have also co-founded Power for All, a new body which seeks to accelerate universal energy access by working for policies in support of renewable, decentralised solutions – and investment specifically for such solutions – and directing grants toward sustainable market-building initiatives.

We have participated in, and influenced the shape of, a number of key external energy events.

We provided inputs to the Asian Clean Energy Forum of the Asian Development Bank in Manila and joined the SE4ALL Universal Access Committee, where we were able to make a number of interventions that fed into its review of progress on the initiative.

We have continued to serve on the steering committee of the UN SE4ALL Global Tracking Framework – the body that monitors global progress against UN targets on energy access, renewable energy and energy efficiency – and on an advisory board to the World Bank for its Readiness for Investment in Sustainable Energy (RISE) index. We also served on the steering committee and helped shape the agenda of the second SE4ALL Forum, a meeting of more than 2,000 people at the UN in New York.

We have also seen some high profile engagement in energy influencing at the national and regional level.

In **Zimbabwe**, the energy team has played an active role in the development of a new renewable energy policy that, when completed, should complement the SE4ALL goals of increasing renewable energy sources as well as the Practical Action Total Energy Access approach.

In **Kenya**, we have worked with the Ministry of Energy and Petroleum in the implementation of the SE4ALL roadmap, and as a national CSOs convenor, we have championed for the incorporation of Total Energy Access (TEA) in the SE4ALL Action Agenda and Investment Prospectus plans for Kenya.

Our office in **Nepal** has also made good progress on this front by crafting a Memorandum of Understanding signed with APEC (a government institution responsible for renewable energy technologies in Nepal) to work jointly on increasing rural energy access.



## Food and agriculture



### **A transition to sustainable systems of agriculture and natural resource management that provide food security and livelihoods for the rural poor**

Over 840 million people remain undernourished, despite increases in world food production. Most of the world's hungry are in rural households, dependent on agriculture or the use of natural resources for their livelihood. The world's population is growing and the climate is changing, impacting most on these small producers.

There is an urgent need to improve the ability of farmers to produce more food, whilst at the same time adapting to a more variable and changing climate.

Our work is focused on two areas:

- Agricultural technologies and systems that help smallholder farmers adapt to climate change; and,
- Inclusive markets for smallholder farmers through more equitable engagement with the private sector.



we helped  
**650,000**  
people improve  
their food security  
and livelihoods



This year we helped over 650,000 people improve their food security and livelihoods, with expenditure of £6.5 million.

Across Bangladesh and Nepal, over 70% of farmers live and work on small plots, often in marginal areas. Most are under threat from the impacts of climate change, including severe droughts and flooding. Practical Action has worked to build agro-ecological techniques and technologies into existing farming practices with over 50,000 smallholder farmers.

For example, in **Bangladesh**, spending £11,474, we are helping farmers to improve their soil with affordable high quality organic fertilisers. This has been achieved by linking urban waste with organic

fertiliser production, facilitating organic fertiliser market systems, and engaging government to reform their fertiliser and input subsidy policies. This led to significant improvements in quality of crops, yield and income for poor producers.

In **Kenya**, we worked with pastoral communities to bring clean water where it is needed most. As a result, 24,000 people have improved access to safe drinking water within easy reach of their homes, at a cost of £417,308.

Sharing our experience and knowledge – thus multiplying the impact of our work and that of others – is a vital part of Practical Action's distinct approach. Through our food and agriculture work, we actively share our experience and reach more people.

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Access to markets has always been a challenge for smallholder farmers in Zimbabwe. In response to this challenge, Practical Action Southern Africa is implementing a three-year project entitled Promoting Smallholder Market Engagement (PSME) in Manicaland Province, in partnership with Zambuko Trust and Farm Community Trust. It seeks to strengthen the livelihoods and increase the incomes of at least 7,490 farmers through improved participation and engagement in horticulture markets.

The project has facilitated farmers in coming together to better plan and coordinate horticultural activities, particularly in sourcing agricultural inputs and selling produce in bulk to make marketing more cost effective,

Lucia Mamhende is a 55-year-old farmer from Nyabombwe Irrigation Scheme in Nyanga. Like other farmers, she struggled to find a market for her produce

*"We used to grow crops for nothing and struggled each year to find buyers. The market engagement exercise conducted by our marketing committee has enabled us to secure a market from Paddy Veggie, in Bulawayo. Through the initiatives of the marketing committee, the company came to our irrigation scheme, and bought 360 pockets of onions from 17 farmers."*

**Lucia Mamhende, Zimbabwe**

Innovations such as a Farmer Field School have helped 240,000 farmers and pastoralists in **Sudan** improve agricultural production, animal health, access to water and access to markets, and increased their income, for an expenditure of £1,535,000.

In **Bangladesh**, the freephone Krishi Call Centre service, run jointly with the Ministry of Agriculture's Agricultural Information Service of Bangladesh, is answering over 5,000 enquiries a month on livestock, fisheries and agriculture issues,

for a cost of £795 per centre. The centre was shortlisted for an award at the World Summit on the Information Society (WSIS) for its contribution to the use of information and communication technology in agriculture.

Meanwhile, in **Nepal**, a multi-purpose agribusiness resource centre, which provides technical and business services, has increased technical and business services has increased the income of smallholder farmers who have set up commercial goat farming, micro-enterprises, agro-vet services, insurance services and also developed links with district and regional markets. The resource centre concept is being adopted by government and non-government organisations in different parts of the country.

Our policy agenda was incorporated into elements of the Kenyan government's position paper to the UNFCCC COP20 climate change talks. We are also working with the Pastoralists Parliamentary Group to advance legislation on priority issues.

The government in Sudan has adopted our practice on integrated water resource management, inclusive markets and knowledge sharing through its technical advisory delivery. In Zimbabwe, the Department of Agricultural Technical and Extension Services (Agritex) has adopted our PMSD market systems and climate change adaptation techniques, and we have worked with departments there to draft their agricultural extension policy. The regional government in Nepal is collaborating with us to support and replicate our forage seed market development approach, and in Bangladesh we are drafting a policy on organic fertiliser.

With part of £381,000 funding from the Big Lottery Fund, we have expanded our work on podcasting in **Zimbabwe** as a way of enhancing the reach of the official extension service provided by Agritex. Staff record extension messages in local languages and dialects, which are then taken to the field by knowledge brokers who use them to lead a relevant discussion. With over 35,000 isolated farmers accessing important agricultural information in this way to improve their livelihoods, this approach has been singled out by the Technical Centre for Agricultural and Rural Co-operation (CTA) as one of the Top 20 recent innovations to assist smallholder farmers in Africa.

## Urban water and waste



### Improved access to drinking water, sanitation and waste services for urban dwellers

More than half of the world's population now live in urban centres, and the number of people living in slums is increasing by 10% every year. Over a third of the developing world don't have access to decent sanitation facilities. In urban slums lack of access to household sanitation is a particular issue for women. Transmission of water-borne diseases such as cholera are exacerbated by environmental pollution and low levels of personal hygiene.

This is technology injustice. We know the clear advantages of sanitation, yet many millions of people still don't have access.

Practical Action are delivering significant water supply, sanitation and hygiene (WASH) programmes

and we are ambitious to do more. We're promoting the community-led total sanitation approach with partners and local governments, demonstrating best practice and developing innovative technologies for clean water and waste management.

Our work in urban services is driven by a commitment to Technology Justice and improved well-being, and a participatory approach – where sanitation, waste and water supply solutions are led by the communities who would normally be marginalised.

This year we have helped a quarter of a million people improve their access to drinking water, sanitation and waste services, with an expenditure of £2.7 million.

In **Kenya**, we have spent £215,449 to help 20,000 people in Nakuru get improved access to sanitation through the construction or rehabilitation of toilets. Moreover, through health education, there has been a positive change to hygiene with 70% of school pupils and 60% of residents saying they always wash their hands during the critical times. In addition,



© Practical Action / Elizabeth Dunn

Community-Led Total Sanitation (CLTS) is an innovative methodology for mobilising communities to completely eliminate open defecation.

Adapting the CLTS approach, most commonly used in rural areas, for two low-income urban settlements in Nakuru, Kenya, required considerable attention to designing – through a participatory process – low-cost toilets that meet urban public health and building regulations. Working with landlords as well as tenants, we used theatre to attract and sustain interest.

*“Before CLTS we had to rely on enforcement to get people to build sanitary latrines. Landlords would prioritise building rooms, leaving no space for latrines. CLTS made life much easier. People change willingly, rather than being forced.”*

*“The CLTS approach that we use not only triggers behaviour change, but also informs people about their rights and responsibilities. Now they come to us to follow up, say when the pit is getting full, rather than us going to them.”*

**Winnie Mouko and Solomon Ndungu, Kenya**





we helped over

**240,000**

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informal sanitation sector workers have seen a 20% increase in their income. Also in Nakuru, for a cost of £85,780, 30,000 people are now benefiting from improved solid waste management with faecal sludge removal services delivered by 30 small enterprises.

Urban infrastructure work has continued in **Nepal**, spending £640,000 to give over 9,000 people improved access to drinking water, sanitation and waste services. Examples include community and individual toilets, water pipeline extensions and surface drainage improvements in informal settlements. Through effective and widespread training and awareness raising activities the project has been successful in empowering women in marginalised communities, and leveraging funds from the municipality and other sources for the construction of this basic infrastructure. This is part of a South Asia programme toward open defecation free communities that goes beyond latrine building to ensure sanitation improvements include faecal

sludge management using informal enterprises and community services for environmental improvement.

In **Bangladesh**, our work, which cost £1,219, has included the introduction of mobile pay-to-use toilets for the market centre in Bagerhat; construction of community centres with secure water and sanitation services for over 2,000 people in Jessore and Faridpur; and the introduction of a sludge pumping and removal vehicle connected to a pilot sludge treatment centre in Satkhira.

In **Zimbabwe**, we spent £680,900 training toilet builders and enhancing community awareness of the importance of toilets and handwashing, which led to the construction of 2,822 toilets where schools and households provide locally-available materials, pit digging and builder fees. Some villages and towns are now developing local constitutions and policies prohibiting open defecation and there has been reduced illegal solid waste dumping in the towns.





© Practical Action / Paola Nina

## Disaster risk reduction



### Reduced risk of disasters for marginalised groups and communities

The scale, frequency and severity of natural disasters have risen progressively over the last 20 years. It was estimated that by 2015, over 375 million people per year are likely to be affected by climate-related disasters, which is over 50% more than the number affected during the ten years to 2010.

This year we helped reduce the risk of disasters for over 60,000 people, with expenditure of £4.7 million.

Practical Action aims to reduce the risk of disasters for marginalised groups and communities by mainstreaming Disaster Risk Reduction (DRR) into all development processes.

We believe that technology has an important role to play in alleviating people's risk to natural disasters. Practical Action is well placed to connect humanitarian disaster risk management with the need to build disaster preparedness and avoidance into development.

As well as demonstrating the material impact of DRR projects on the ground, we also address critical policy issues that can have large-scale impact.

Our major focus this year has been on preparing coordinated input to national, regional and global consultations on the discussions to formulate the Post-2015 Framework for Disaster Risk Reduction which was agreed at the Sendai UNISDR world conference in March 2015.

The Zurich Flood Resilience Program, a major partnership with the Zurich Insurance Company, has given us the opportunity to influence how other institutions work and produce broad guidance for the sector. At the COP20 climate change talks in Lima the programme received the UNFCCC Lighthouse Activity Momentum for Change Award, being recognised as a collaborative initiative that will save the lives and livelihoods of poor and vulnerable communities by preventing floods from becoming disasters.

Through this programme, with a total expenditure of £922k, we established effective flood resilience programmes in Peru, Bangladesh and Nepal.



In **Peru**, we have designed an early warning system to protect 200 families at risk in the flood-prone areas of Chosica, and have focused community training on DRR law, first aid and evacuation.

In **Nepal** we have worked with the Department of Hydrology and Meteorology (DHM) to upgrade meteorological stations for rainfall monitoring, and we have been working with other partners such as Nepal Red Cross to scale up our flood early warning system and livelihood approach to disaster risk reduction in the Koshi River Basin. As a result we've been able to benefit nearly 5,000 people in this area.

We have been supporting vulnerable communities along the Karnali flood plains in Nepal to strengthen their resilience through income-generating activities, such as training young people from flood-affected families to become skilled masons. Before the training many unskilled people earned just 250 rupees (\$2.5) per day but now they are earning 600 rupees (\$6) per day, which is helping them to save significantly and helping them overcome their difficulties during flooding.

In **Bangladesh**, there was catastrophic flooding in September 2014 – the worst since the massive flood of 2007. More than 340,000 people were forced from their homes and 34,000 houses were completely destroyed. For the first time in a significant flood situation we saw how our Vulnerability to Resilience project – providing flood proof housing, cattle and seed protection and safe drinking water for 2,000 people and helping a further 2,000 with income-generating activities – actually performed.

During the flood, the 79 flood-proofed tube wells installed by Practical Action became the sole safe water sources of the 8,000 residents of Sirajganj.

These hand-pumped tube wells, built on raised platforms, have put an end to water-borne diseases in Sirajganj, which are very common in flood situations.



© Practical Action / Martha Munyoro

Two flood-proof villages in Sirajganj, built by Practical Action, were undamaged by the floods of September 2014.

The cluster villages were raised several feet above the floods by building them on a plinth of sandy soil, brick and concrete, strong and high enough to last through repeated floods. Many other families have now moved their homes near the cluster villages and have started living with the same community.

"We are very happy and delighted to live in our own house. Thanks to you for making this opportunity to overcome our previous flooding vulnerability."

**Shahinur Begum, Bangladesh**

## Strengthening our role as a knowledge broker

To solve any problem, people need access to appropriate knowledge. At Practical Action, we believe that using knowledge effectively is a primary way for poor people across the world to lift themselves from poverty – yet such knowledge is often inaccessible or not appropriately presented for communities across the developing world.

We have an international reputation in the delivery of knowledge solutions at scale. The scope and quality of what we do, from directly delivering projects and producing the latest research, to disseminating our lessons and innovation through our consulting, publishing and technical information services, gives us a unique expertise in knowledge brokering.

In order to be of use to poor people across the developing world, Practical Action takes lessons and presents them in a format that allows them to be understood and re-used. This means translating knowledge into local languages and – because we know that literacy levels are not always high, and people also like to learn through listening and viewing – formatting information in the form of podcasting, radio shows, bulletin boards and presentations.

We organise a global network of resources through our technical information service, Practical Answers. These draw upon the expertise of both our staff and technical professionals working in infrastructure and enterprise development in order to provide over 2,000 knowledge products. Last year these resources were downloaded over 1.6 million times. In addition, we answered over 120,000 individual enquiries – almost double the previous year's figure, and a ten-fold increase over two years ago.

We make our publications available to the world. Practical Action has digitised and made available for online purchase all 600 books produced by the organisation over the last 40 years.

During 2014/15 we have been able to deliver infoHub – a new externally-facing repository for Practical Action's knowledge objects. The infoHub lays an excellent foundation for external linking and sharing going forwards, powering the Practical Answers technical information website. This advanced technology allows us to share our knowledge with organisations such as REEGLE and IDS.

Our experience in project delivery gives Practical Action particular strength in disseminating knowledge 'to the last mile': although the pace of technological advancement has made knowledge far more accessible to many, those that need it the most often lack the means to connect with the lessons of the wider world. We overcome this 'last mile' in innovative ways:

In **Nepal**, we build upon existing community resources. We place knowledge brokers in community libraries to help gather and respond to technical enquiries from local communities. Each library intervention costs less than £4,000, and we have answered over 50,000 technical enquiries in the last year.

In **Bangladesh**, we create markets for knowledge. We work with the Access to Information programme of the Prime Minister's Office in around 40 communities to run knowledge centres that are self-funded through selling internet services, with eight knowledge-brokers per centre to answer technical enquiries.



© Practical Action Bangladesh





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In **India**, we're using the power of speech and social media. We offer a voice-based social media platform that people in rural communities can phone and record their enquiries. These questions are responded to within 48 hours by an expert, with responses captured as a voice recording which is then available to future callers.

In **Kenya**, we're building vital community hubs for knowledge. We have been working with the Arid Lands Information Network (ALIN) to distribute publications and other information on small-scale appropriate technologies through local Community Knowledge Centres, providing information on livestock care, livelihood diversification, and drought preparedness.

In **Sudan**, we're disseminating knowledge through radio. In the Blue Nile province, Practical Action is making use of community-based radio to share information about practices that can be of benefit to rural communities, while in Darfur, we're capturing knowledge from our longstanding field work on shared water resources. Last year we began the Aqua4Darfur Partnership, and with our expertise and learning recently recognised by DFID, we are now funded to share that expertise with five INGOs and 20 national NGOs to scale up in three further states in Darfur, and three more in eastern Sudan, reaching over 33,000 people.

In **Latin America**, we're formatting lessons from the international development sector. Practical Action co-ordinates the DFID-funded Evidence and Lessons from Latin America (ELLA): a programme to research, exchange and learn from decades of international development projects to inspire development policies and practices that are grounded in evidence about what works in varied country contexts. ELLA received an A+ rating from the donor in 2014, resulting in a three-year extension.

We have continued to work within formal education in Europe to actively engage young people in global issues and help them understand how Practical Action is using science and technology to work towards our vision of technology justice. This year over 30,000 teachers downloaded Practical Action's schools materials from websites including our own. Through the EC project Make the Link, our teaching materials have been embedded in the education policy and practice of four European countries including the UK.

Practical Action Consulting's wider presence globally allows Practical Action to disseminate its lessons across a much broader geographic region in pursuit of scale and influence.

Through the delivery of consultancy contracts we have been able to influence the thinking and practice



of a number of large international development NGOs during the year. Christian Aid, for example, have adopted Practical Action's Participatory Market Systems Development approach (to make markets more inclusive, efficient and productive) in their agriculture and sustainable livelihoods programme. This collective experience will produce further innovation and evidence about how a participatory and systemic approach to market development is fundamental to help get people out of poverty.

## Practical Action Consulting

Practical Action Consulting (PAC) UK turnover dropped slightly in the 2014/15 year – from £1.8m to £1.5m. This was in part due to a reduction in throughput driven by a smaller team base in the year, but also that our work was generally of a more strategic nature where we delivered more technical assistance rather than implementation projects on the ground. Technical assistance delivery involves individual consultants providing advice based on days of inputs. Financially this is lower volume, and

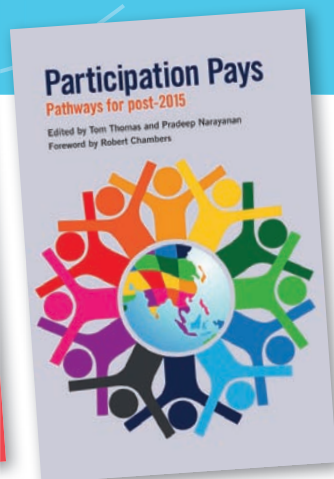
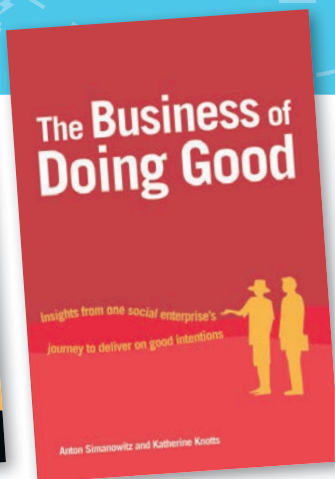
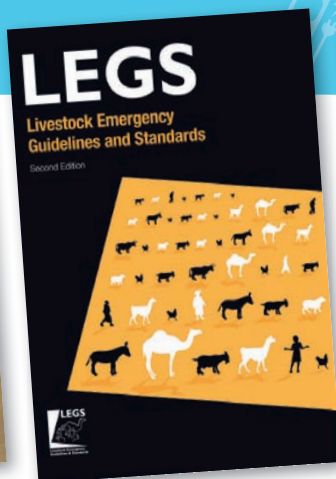
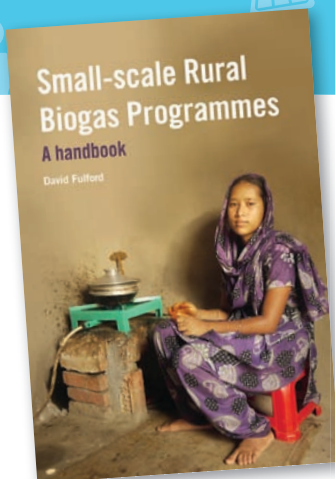
generally more influential, than delivery of larger scale on the ground implementation works. Over time the PAC delivery model is moving towards more technical assistance and less implementation.

Practical Action Consulting has expanded to Bangladesh, Peru and Malawi, and the West Africa office – a joint venture of PAC and Practical Answers – has just completed its first full year of operation. As well as winning a number of consultancies in the energy arena, our new West Africa office has also secured a grant for ICT support to USAID agriculture projects for three years.

Notable projects delivered during the year across PAC's core thematic areas of inclusive markets, climate change and energy were:

- Working with UNDP to develop a decentralised energy strategy for Africa, which was endorsed by the African Union.
- Working with the Global Village Energy Partnership (GVEP), Chatham House, UNHCR and the Norwegian Refugee Council on the Moving Energy





Initiative: an innovative project that seeks to meet the energy needs of displaced people in a safe, sustainable manner, developing solutions for heating or cooling, cooking, lighting, electrification and water and sanitation.

- Delivering pioneering Climate Smart Agriculture in Nepal. This is the first pilot project under the Mega Climate Fund, which is funded by the World Bank, the Asian Development Bank (ADB) and the Government of Nepal to promote innovative public-private partnerships around the adoption of climate-smart technologies and techniques in sugar cane, rice and maize.
- Developing a new framework with the EU Energy Initiative Partnership Dialogue Facility that helps development practitioners understand how markets for energy services work and how to intervene to improve energy services for the poor.

## Practical Action Publishing

2014/15 saw Practical Action Publishing complete its digital development and heralded the start of ambitious plans to build new publishing partnerships to increase the volume of our published works by building on the investment in the new online publishing infrastructure.

While total sales turnover was 1% up at £425k when compared with 2013/14, digital revenues were up considerably at just over £50k in line with the three-year plan for growth in this area. The main area for new digital income was in extending open-access publishing to include books as well as journals. Sales through our online bookshop, [www.developmentbookshop.com](http://www.developmentbookshop.com), grew steadily during the year in income and volume of sales of e-books.

A major investment in the enhanced online content delivery system for library and organisational customers, [www.developmentbookshelf.com](http://www.developmentbookshelf.com), has also seen the service migrated to a different supplier

platform, following the purchase of the company we had previously used for the last two years. This system has enabled us to upload more content and to provide enhanced facilities for customers.

Of the total of 20 new published books, subjects included water and sanitation (*From Infrastructure to Services*), humanitarian emergency response (*Humanitarian Needs Assessment*), well-being (*Well-being Ranking* and *Well-being and Quality of Life Assessment*), practical manuals (*Livestock Emergency Guidelines and Standards, 2nd Edition*), market access development issue (*Commercial and Inclusive Value Chains*), energy (*Small-scale Rural Biogas Programmes*), participatory development (*Participation Pays*), microfinance (*The Business of Doing Good*), and reconstruction after disaster (*Still Standing* and *Disaster Risk Management and Reconstruction in Latin America*). The three journals, *Waterlines*, *Enterprise Development and Microfinance* and *Food Chain*, continue to be published to schedule and to peer review quality targets. The majority of published works have been in line with Practical Action policy and practice change priorities.

Publishing has started to intensify its cooperation with policy and practice colleagues by producing a series of formally published *Poor Peoples' Energy Policy Briefing Papers*. Four were published in 2014/15 and were translated into French. More briefing papers are planned on Technology Justice issues next year. Translation was one of the themes of the year with *Poor People's Energy Outlook 2014* also being translated from English into French and Arabic, in association with the West Africa and Sudan offices.

Once again, publishing services work provided valuable additional income for Practical Action Publishing, with the main jobs undertaken being the publication of CARE's *International Emergency Pocketbook* on a contract basis and the provision of technical and administrative assistance to Practical Action for the development of the infoHub document repository.



## Future plans

Over the coming year we plan to build on this year's successes. We will grow our international programmes, increasing our spend over 20%.

This includes a significant expansion of our **energy** programme by 70%, to form a fifth of our work globally. We will be investing in mini-grid work in southern and eastern Africa, and improved stoves and alternative fuel supplies. Our global advocacy work on energy will continue, with another edition of the *Poor People's Energy Outlook*, supplemented by a regular briefing series on energy and our other programme goals.

We will also continue to grow our **agriculture** programme, by around 30%, making the most of our distinctive approach, which uses "climate-smart agriculture" to combat threats from drought and flooding, and a systems approach to making markets work for poor people.

Much of our **disaster risk reduction** work is embedded in agricultural programmes, but we will continue standalone DRR projects in Latin America and South Asia, where specific threats like floods and earthquakes present specific risks to vulnerable communities. This programme includes the innovative Zurich Flood Resilience Program, but also a range of other work with national governments to address national planning policies.

Our **urban water and sanitation** programme will grow by around 20%. Our focus will remain in eastern Africa, South Asia and Bangladesh, with a newly-developed programme in southern Africa, with our distinctive competence in faecal sludge treatment, waste management systems, and the processes for collecting and recycling of urban waste materials, complemented by our market systems approach.

We will increase our external engagement on **technology justice** through events and publications.

In addition to the knowledge-brokering work included within the programme goals, we will also continue to invest in standalone **knowledge** work such as our Practical Answers work on the ground, giving technical advice to grass root practitioners, and local entrepreneurs. We will also invest in new approaches to funding for our knowledge brokering services;

improve internal knowledge sharing mechanisms, and pilot a "portfolio approach" which will target our knowledge offer in advance of our policy agendas.

Practical Action Consulting is expected to grow, driven by local registration in Bangladesh which will open new opportunities. However, our consultancy office in Rwanda will close, and work already contracted will be managed from our Kenya office.

Earlier this year, Simon Trace announced that he planned to make a career move when he completes ten years as chief executive in October 2015. Practical Action has been very fortunate to have him as CEO for these ten years enabling the organisation to deliver so much to transform the lives of poor women and men.

## Principal risks and uncertainties

There are two main risks to Practical Action's income.

Firstly, the general constrained economic conditions of recent years have resulted in a voluntary fundraising market which is particularly challenging. Practical Action will have to continue to innovate and invest in order to grow this side of its income in the future.

Secondly, the Department for International Development's Programme Partnership Arrangement (PPA) funding mechanism is scheduled to close at the end of 2016. Practical Action's PPA is worth £3m a year to the organisation and will be a challenge to replace. Nevertheless, Practical Action remains in a strong financial position with healthy reserves and well positioned to deal with these uncertainties.

Security risks and risks from natural disasters pose the other main area of risk and uncertainty for the organisation. A high level of strike activity in Bangladesh, the volatility of the security situation in Darfur in Sudan and the recent earthquakes in Nepal are all examples of these types of risk, which can have serious impacts on the delivery of our project work on the ground as well as for the security of our staff. Strong emergency and security procedures combined with local knowledge are the main tools for Practical Action to manage this area of risk.





## ii. Financial review

### **Total income was £25.9m, down £4.4m on the prior year**

Voluntary income was down £1.4m, primarily due to lower legacy income, which returned to historical norms following an exceptional 2013/14. Whilst we have been successful in growing income from regular givers, which is up by 10%, we have been subject to unexpected challenges in other areas. Most notably much of our Universities fundraising programme was stopped by the collapse of our overseas challenge-events partner.

Contracts for operational programmes were down £2.9m, reflecting the volatility inherent in large grant funding. While we have had considerable success in securing further significant contracts in the year, much of the related income will not be recognised until 2015/16 as the associated work gets underway. On the basis of funding already secured we confidently expect a return to higher income levels next year.

### **Expenditure on charitable activities was £22.2m, 4% down on the prior year**

Whilst there is some volatility in expenditure, consequent on the timing of funding contracts being signed, most programmes maintained or increased expenditure in the year. However this growth was offset by planned reductions in Sri Lanka following the decision two years ago to phase out some activities.

Details and examples of how the money has been utilised are given in the review of the year.

We anticipate significant growth in programme spend in 2015/16 on the basis of a strong secured funding position.

**As planned, we ran an operational deficit of £0.8m on unrestricted funds in the year.** This follows a prior year surplus and has enabled a strong programme of work to continue in spite of income volatility.

### **FRS 17 Pension Deficit**

Practical Action's defined benefit pension scheme was closed to contributions in 2002. Following falls in bond yields and the discount rate thus applied to liabilities the pension deficit has increased by £0.5m to £1.1m.

Pension scheme trustees have agreed that the existing level of annual contributions will remain unchanged thus eliminating the deficit over a longer but still reasonable timescale.

### **Unrestricted reserves have, in total, fallen by £1.5m to £6.5m**

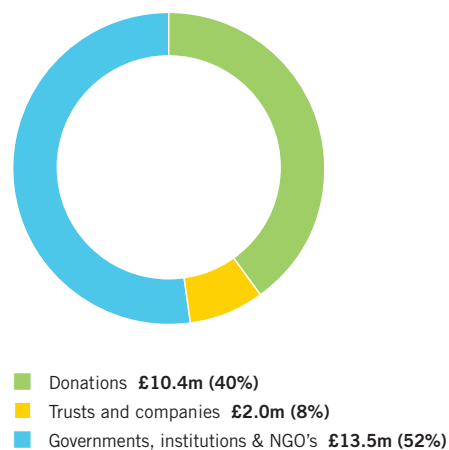
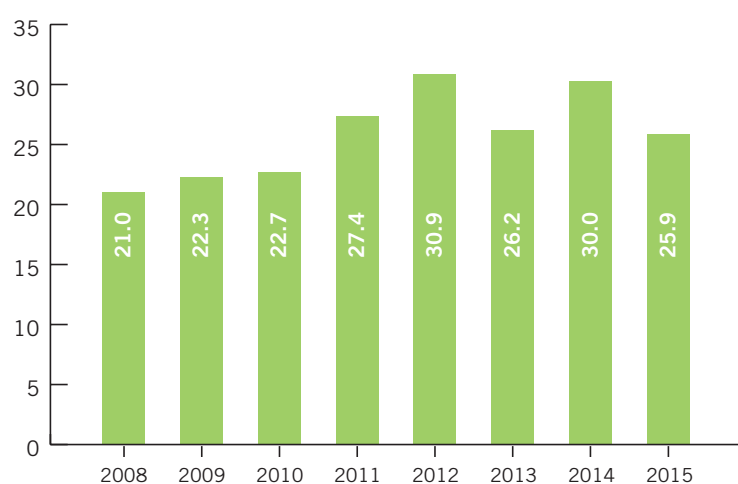
Unrestricted reserves are held to ensure programme and organisational sustainability, to cover setbacks and to take advantage of opportunities. Reserve targets are set on the basis of specific risks identified and are regularly reviewed. In relation to our restricted project funding risk we require reserves of 5% of annual project income. For our unrestricted risk we require reserves of 50% of our core grant funding from DFID (UK Department for International Development) and 30% of our annual unrestricted income. Unrestricted reserves are in line with requirements following the deficit in the year.

### **Investment policy**

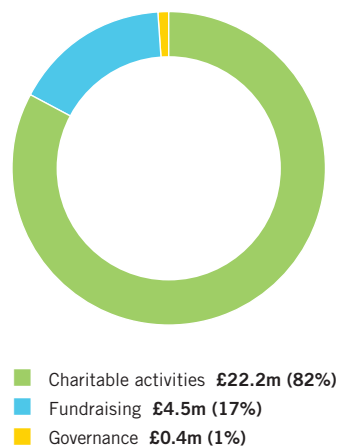
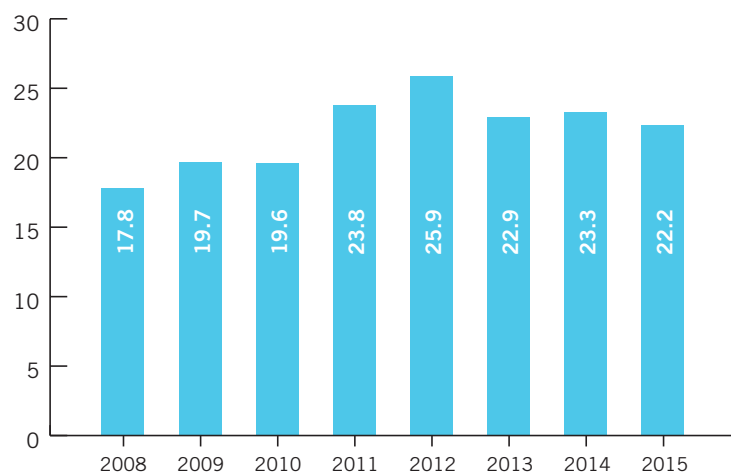
During 2014/15 Practical Action minimised investment risk by placing any cash not immediately required for operational work in fixed interest deposit accounts. Practical Action does not hold any equity investment.

## Summary of income and expenditure

### Total annual income £m



### Total expenditure on charitable activities £m



This report, which incorporates the Strategic Report, was approved by the Board on 24 July 2015 and signed on their behalf by

**Helena Molyneux**  
Director



## i. Structure, governance and management

## Legal structure

The organisation was established in 1965 and incorporated as a company limited by guarantee on 21 February 1966 under the name of the Intermediate Technology Development Group Limited. It was registered as a charity with the Charity Commission on 26 April 1966. The Charity changed its registered name to Practical Action on 25 September 2009.

The Charity's governing document is its Articles of Association dated 21 February 1966, as amended on 19 October 1995, 16 October 1997 and 27 September 2012. The Charity is governed by a Board of Trustees referred to in the governing document as "the Committee" and has a Membership. The maximum number of Members allowed in accordance with the governing document is 100 not counting those Members who are employees or ex-employees of the Charity. Currently there are 45 Members.

## Recruitment and appointment of Trustees

There is no maximum term for Trustees set out in the governing document. However there is a customary practice that a Trustee will stand down from the Board after a maximum of 9 years from the date of appointment (except for a Trustee who holds the office of Chair, Vice Chair or Treasurer who can continue to be a Trustee for a maximum of 12 years).

In accordance with the governing document one-third (or the number nearest to one-third) of the Trustees retire by rotation each year and are eligible for re-election at the Annual General Meeting. The Trustees have the power to appoint any person to be a Trustee (either to fill a casual vacancy or as an additional Trustee) so long as the total number of Trustees on the Board does not exceed the maximum number of 18. A person appointed as a Trustee during the year holds office until the next following Annual General Meeting at which time he/she is eligible for re-election but is not taken into account in determining the Trustees retiring by rotation that year. We currently have 13 Trustees.

At the time of signing this report we have just completed a successful recruitment process for new Trustees to enhance the skills and experience of our current Board, especially given the upcoming conclusion of the terms of office of three of our Trustees. We started this process in the spring with advertisements placed on a variety of recognised sector websites used for Trustee recruitment. Trustees, staff and other key stakeholders were also asked to assist by circulating the advertisement to people they felt would be interested in applying and who had the skills and experience we were looking for.

All the members of the Board, who are also Directors of the Company and Trustees of the Charity, are listed in the Legal and Administrative Details section of this Report.

## How do we recruit new Trustees?

The Remuneration and Nominations Sub Committee meets up to four times a year. One of its responsibilities is to look at the current composition of the Board to determine whether there are any skills gaps we need to fill in the short term or in looking ahead as part of our succession planning. These requirements are submitted to the Board for consideration. As with our latest round of recruitment, we use a variety of methods to get our needs known as widely as possible – advertising, networks, websites, etc. The Committee shortlists and interviews candidates for Trusteeship and puts forward recommendations to the Board for consideration and approval. All potential Trustees are asked to complete a Declaration of Eligibility Form.

## Trustee induction and training

New Trustees receive a welcome pack which includes a Trustees Job Description, governing document, list of powers reserved for collective board decision-making and matters delegated to the Board's Sub Committees or management as well as our Organisational Strategy 2012-17. Trustees are asked to complete a Conflict of Interest Declaration Form. Job Descriptions are also in place for the Chair, Vice Chair and Honorary Treasurer positions.

New Trustees attend an induction day at Head Office where they meet with senior management and key employees. We are able to familiarise them with the Charity's organisational structure, ways of working and decision-making processes, strategic plans and targets as well as an update on what we have achieved so far including our financial performance. Newly appointed Trustees are also given the opportunity to have more in-depth meetings with senior management or other key staff should they wish to know more about a particular function or area of our work.

All new and existing Trustees are encouraged to attend appropriate external training events and seminars to enhance their current skills and experience, provide a greater understanding of their legal responsibilities and discuss emerging issues affecting the sector. In order to enhance their knowledge of our core work we hold twice yearly Trustee workshops (outside of Board meeting time) focusing on a particular theme or programme.

We also have a small budget towards the cost of one or two Trustees' visits to an international programme each year. We feel these visits are extremely beneficial in

developing Trustees' knowledge of the complexities and challenges of our programme work and provides Trustees with an opportunity to meet staff, key partners, other stakeholders and beneficiaries in the field.

## Best Practice in Governance

In the autumn of 2014 we conducted our regular review of Board Performance in the form of a governance survey completed by Trustees and senior management. The Board discussed the key findings from the survey at its December 2014 and March 2015 meetings.

We were pleased to see that there were many positive aspects coming out of the survey. Current governance was perceived to be working well overall and confidence was high in the Board, the Chair, Chief Executive and the Board's Sub Committees. However, recognising the geographical limitations of a UK-based Board, more could be done to improve the profile of Trustees group-wide as well as their accountability across the Group. Accountability through the Board meeting structure was only one avenue and Trustees were encouraged to use the bursary to visit our overseas programmes or to structure visits to coincide with personal or work related plans.

In looking at how the Board could work more effectively, it was felt that more could be done to shift Board focus on to looking forward and free up other items to give more prominence on the agenda to strategic issues. Reviewing our strategic priorities for the remainder of our Organisational Strategy 2012-17 was considered by the Board in December 2014. Our new Chair has already taken a number of initiatives forward to improve Board performance in chairing Board meetings; setting the Board agenda times to fit the role and functioning of the Board; focus on the external environment; and in developing the relationship between the Chair, the Board members and the directors.


As part of our current strategy the Board and the senior management team (known as the Strategic Leadership Team or SLT) have been looking at our future governance requirements in a changing world and are currently considering some options for change.

## Organisation

The Board of Trustees is responsible for the overall management and control of the Charity and meets quarterly.

Emma Crewe and John Heskett stepped down from the Board during the year after seven and nine





years respectively. We thank them for the valuable contribution they have made.

The two Sub Committees of the Board are listed below. Their Terms of Reference have been agreed by the Board:

**The Finance Audit and Risk Sub Committee** oversees matters of financial control, external and internal audit and organisational risk affecting the Charity;

**The Remuneration & Nominations Sub Committee** oversees the terms and conditions of employment of the senior management and is currently leading the recruitment process for the new CEO. It also reviews the composition and balance of the Trustee Board and oversees the Trustee search and selection process.

All members of the Board of Trustees give their time voluntarily and receive no benefits from the Charity. Expenses reclaimed by Trustees from the Charity are set out in the Notes accompanying the accounts.

The Chief Executive is appointed by the Trustees to manage the day to day running of the Charity under the powers delegated to him by the Board as set out in the document “Board of Trustees’ delegation of authority to the Chief Executive and to the Sub Committees”. We are sad that after ten years as Chief Executive, Simon Trace will be leaving the charity at the end of October 2015. We thank Simon for his inspiration, leadership, dedication and commitment to Practical Action over these past ten years and wish him well for the future. At the time of writing the recruitment process for Simon’s successor is well underway.

The SLT has executive responsibilities and comprises the Chief Executive and 12 directors which includes the six Country/Regional Directors responsible for managing each of our international programmes. The Managing Directors of Practical Action Consulting Ltd and Practical Action Publishing Ltd are also part of the SLT. See the Legal and Administrative Details section of this Report for a detailed list.

In March 2014 we started phasing out some of our activities in Sri Lanka while maintaining a minimal presence in country overseen by our South Asia office. We will be continuing some projects for up to the next three years until the end of our current Organisational Strategy 2012-17. Please see the Trustees’ Annual Strategic Report for details of our future plans.

Practical Action’s remuneration policy is based on an ambition to recruit and retain skilled staff who are remunerated fairly but who are primarily motivated to work with us because of our mission. To that end we

aim to pay staff at rates that are comparable to the median rate in the charity sector for similar jobs in the local employment market in each country we work in, subject to considerations of affordability for the organisation. This policy extends to all staff, including directors and senior management team members. We ensure that we adhere to this policy by employing third-party agencies to carry out regular (usually triennial) market surveys in the UK and in our international offices. These surveys highlight where we are adhering to, or drifting away from, the sector median, and enable remedial action to be taken where necessary.

We have an Equal Opportunities Policy in place and the Charity is committed to promoting equality of opportunity for all staff and job applicants. We aim to create a working environment in which all individuals are able to make best use of their skills, free from discrimination or harassment.

We encourage staff representation. All of our international offices have staff representation groups and some look at particular aspects of employment such as staff surveys and salary benchmarking. In the UK we have staff representation with the Unite Union. We also have a UK staff working group which is non-representative but is consulted by management and is a channel for providing views and opinions of staff.

We are pleased to see that the results of the latest NGO survey, carried out by Agenda Consulting with staff in Head Office and our overseas programmes, put us in the top 25% of UK NGOs in terms of staff satisfaction and engagement.

## Related parties

The Charity has two wholly owned trading subsidiaries:

**Practical Action Publishing Ltd** – Activities comprise book and journal publishing, book distribution and publishing services, mainly for development professionals, practitioners and researchers worldwide. These activities are in line with the Charity’s charitable objectives.

**Practical Action Consulting Ltd** – Provides high quality, independent and professional advice to governments, NGOs, aid agencies and the private sector. These activities are in line with the Charity’s charitable objectives. It operates regional offices in the UK, Eastern, Western and Southern Africa, Asia and Latin America. During the year it expanded its operations by registering two subsidiaries both carrying the Practical Action Consulting name. The first one is Practical Action



Consulting Private Ltd registered as a private limited company in Nepal. The second is Practical Action Consulting (India) Private Ltd registered as a private limited company in India. For both these subsidiaries Practical Action Consulting Ltd holds a majority shareholding and they have been set up to further the aims and objectives of the parent company. At the time of writing Practical Action Consulting Ltd plans to proceed with more locally registered legal entities in Bangladesh, Malawi, West Africa and Peru.

Practical Action Consulting works in the following main sectors: energy, water and sanitation, market development, agriculture and food production, disaster risk reduction, knowledge and communications and adaptation to climate change. Practical Action Consulting's expertise in these sectors includes technology assessment and feasibility studies, social and economic analysis, market appraisals, policy option assessments, private and public sector involvement, institutional and organisational development.

We have two dormant subsidiaries held in order to protect our previous company names: Intermediate Technology Development Group Ltd (CRN 1017062) and Intermediate Technology Publications Ltd (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, and we are at present still holding this for this purpose.

We are also associated 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 four directors nominated by Practical Action in the UK. Three of these Practical Action nominees are from the Executive and the other a Practical Action Trustee. 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 in December 2014. All the directors are Indian nationals. Practical Action and Practical Action Consulting Ltd work with this foundation in India.

The Charity Board continues its practice of nominating a Trustee Representative as directors to each of the trading subsidiary boards.

## Risk management

An organisation-wide risk strategy is in place which consists of:

- A framework of risk registers covering the seven individual country/regional programmes and a Group risk register which consolidates strategic level risk for the organisation.
- Risks are identified, assessed and monitored through the organisation's key governance structures and by reference to internal audit reports. Risk is managed at operational level by risk owners and overseen by designated monitors.
- A consolidated organisation-wide risk report is reviewed by the full Board of Trustees annually, or more frequently if significant risks are identified.
- The frequency of internal audit visits is risk based, with all business areas being audited at least once every two years. All audit reports are submitted to the Finance Audit and Risk Sub Committee for review and discussion.

Practical Action's operations carry inherent risks, as its work is predominantly in developing countries where operating conditions are often challenging.


The Charity has identified a number of significant external risks including conflict, political instability, weak education, legal and governance institutions and limited penetration of the formal banking system. The response to these risks is an evolving one and internal controls to take account of these include regular management, technical support and internal audit visits to every country/regional office. In addition, due to the on-going economic climate, adapting to the changing requirements of donors is a key risk that we are monitoring and on which we are taking appropriate action when required.

## Charity's main objectives

The objects of the Charity, as set out in its Memorandum which forms part of the Articles of Association, are to benefit the public through:

"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."





Practical Action's overall aim is to contribute to the eradication of poverty in developing countries by developing and using technology, and by demonstrating results, sharing knowledge and influencing others. For 50 years, we have been working closely with some of the world's poorest people – using simple technology to fight poverty and transform their lives for the better.

How well we have performed so far to these objectives is explained in the Trustees' Annual and Strategic Report.

## 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 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 Charity's strategies, aims and activities they have put in place are for the public benefit and this is fundamental to all areas of the Charity's operations in undertaking current activities, planning future activities and measuring outcomes. The Trustees' Annual and Strategic Report explains in detail the main activities undertaken by the Charity this year – focusing on our work with the poor women and men in developing countries where we have country and regional programmes.

## Trustees' responsibilities in relation to the financial statements

The Trustees (who are also Directors for the purposes of company law) are responsible for preparing the Trustees' Annual Report and Accounts (which includes the Trustees' Annual and Strategic Report as well as the Trustees' Administrative Report 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 judgements 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.

Note: Relevant 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 Crowe Clark Whitehill LLP be re-appointed as auditors of the Charity for the ensuing year.

The Trustees are pleased to present the Trustees' Report and Accounts for the Charity for the year ended 31st March 2015 which have been prepared in accordance with the Charity Statement of Recommended Practice – SORP 2005 and the Companies Act 2006.

## ii. 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 Schumacher Centre, Bourton on Dunsmore, Rugby, Warwickshire, CV23 9QZ

**Auditors:**

Crowe Clark Whitehill LLP, St Bride's House, 10 Salisbury Square, London, EC4Y 8EH

**Bankers:**

Barclays Bank plc, North Street, Rugby, Warwickshire, CV21 2AN

**Solicitors:**

Bates Wells and Braithwaite, 10 Queen Street Place, London, EC4R 1BE

### Directors and Trustees

The Directors of the Company are its Trustees for the purpose of charity law and throughout this report are collectively referred to as the Trustees. The Trustees serving during the year and since the year end were as follows:

#### Board of Trustees

Helena Molyneux (Chair)  
Roger Clarke (Vice Chair)  
Nigel Saxby-Soffe (Treasurer)  
Mary Chadwick  
Emma Crewe (resigned 9 October 2014)  
Dominic Haslam  
Mahmood Hassan  
John Heskett (resigned 18 June 2014)  
Imran Khan  
Brenda Lipson  
Alison Marshall  
James Smith  
Paul Turner  
Veronica Walford  
Angus Walker  
Helena Wayth (appointed 23 July 2015)  
Graham Young (appointed 23 July 2015)

#### Trustees' sub committees

**Remuneration & Nominations Sub Committee**

Helena Molyneux (Chair)  
Roger Clarke  
Nigel Saxby-Soffe

**Finance Audit & Risk Sub Committee**

Nigel Saxby-Soffe (Chair)  
Mary Chadwick  
Veronica Walford  
Angus Walker

**Secretary**

Pat Adey



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## Executives

### Chief Executive Officer

Simon Trace

### Bangladesh

Hasin Jahan (appointed 1 July 2015)

Veena Khaleque (resigned 31 January 2015)

### East Africa

Grace Mukasa

### Finance and Services Director

John Lockett

### International Director, Policy & Practice, Programmes

Paul Smith Lomas

### Latin America

Alfonso Carrasco

### Marketing & Communications Director

Margaret Gardner

### Director for Policy & Practice

Astrid Walker-Bourne

### Director, Programme Support

Barnaby Peacocke

### South Asia

Achyut Luitel

### Southern Africa

Kudzai Marovanidze (appointed 13 October 2014)

Ernest Mupunga (resigned 18 July 2014)

### Sri Lanka

Achyut Luitel (from 1 July 2014 as  
Regional Director of South Asia)

Vishaka Hidellage (resigned 30 June 2014)

### Sudan

Muna Eltahir (appointed 5 November 2014)

Waleed Elbashir (resigned 25 August 2014)

### Practical Action Consulting Ltd

Greg Beeton – Managing Director

### Practical Action Publishing Ltd

Toby Milner – Managing Director

This report, which incorporates the Directors' Report, was approved by the Board on 24 July 2015 and signed on their behalf by

**Helena Molyneux**

Director

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

We have audited the financial statements of Practical Action for the year ended 31 March 2015 which comprise the Consolidated Statement of Financial Activities, the Group and Company Balance Sheets, the Consolidated Cash Flow Statement and the related notes numbered 1 to 25.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 company's members as a body, for our audit work, for this report, or for the opinions we have formed.

## Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Trustees' Responsibilities, the Trustees (who are also the directors of the charitable company for the purpose of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

## Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Strategic Report and the Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

## Opinion on financial statements

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 2015 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.





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

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

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

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

- the parent charitable company has not kept adequate accounting records; or
- the parent charitable 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.

*Pesh Framjee*

**Pesh Framjee**  
Senior Statutory Auditor for and on behalf of

**Crowe Clark Whitehill LLP**  
Statutory Auditor  
London

31 July 2015

# Financial statements

## Consolidated statement of financial activities for the year ended 31 March 2015

(incorporating the income and expenditure statement of total recognised gains and losses)

	Note	Unrestricted £'000	Restricted £'000	Total 2015 £'000	Total 2014 £'000
<b>INCOMING RESOURCES</b>					
<b>Incoming resources from generated funds:</b>					
Voluntary income [donations, legacies etc.]	2	9,370	1,642	11,012	12,442
Investment income	2	47	-	47	74
<b>Incoming resources from activities in furtherance of the charity's objectives:</b>					
Contracts for operational programmes		4,494	8,144	12,638	15,613
Other incoming resources		1,976	276	2,252	2,123
<b>TOTAL INCOMING RESOURCES</b>	<b>2</b>	<b>15,887</b>	<b>10,062</b>	<b>25,949</b>	<b>30,252</b>
<b>RESOURCES EXPENDED</b>					
<b>Cost of generating funds:</b>					
Cost of generating voluntary income	3,6	4,468	-	4,468	4,238
Fundraising trading: cost of goods sold and other costs		-	-	-	5
<b>TOTAL COSTS OF GENERATING FUNDS</b>		<b>4,468</b>	<b>-</b>	<b>4,468</b>	<b>4,243</b>
<b>Charitable Activities:</b>					
Energy access	3	1,994	1,195	3,189	3,190
Food and agriculture	3	2,527	3,931	6,458	5,641
Urban water and waste	3	1,086	1,661	2,747	3,007
Disaster risk reduction	3	2,057	2,687	4,744	5,220
Knowledge broking	3	2,463	45	2,508	2,298
Other	3	1,732	866	2,598	3,897
<b>TOTAL COSTS OF CHARITABLE ACTIVITIES</b>		<b>11,859</b>	<b>10,385</b>	<b>22,244</b>	<b>23,253</b>
<b>Governance costs</b>	<b>3</b>	<b>405</b>	<b>-</b>	<b>405</b>	<b>328</b>
<b>TOTAL RESOURCES EXPENDED</b>	<b>3</b>	<b>16,732</b>	<b>10,385</b>	<b>27,117</b>	<b>27,824</b>
<b>Net incoming/(outgoing) resources before recognised gains and losses</b>		<b>(845)</b>	<b>(323)</b>	<b>(1,168)</b>	<b>2,428</b>
Gain/(Loss) on investment assets	8	11	-	11	(2)
Actuarial (losses)/gain on defined benefit pension scheme	17	(668)	-	(668)	126
<b>NET MOVEMENT ON FUNDS</b>		<b>(1,502)</b>	<b>(323)</b>	<b>(1,825)</b>	<b>2,552</b>
<b>Balance brought forward 1 April 2014</b>		<b>8,034</b>	<b>1,501</b>	<b>9,535</b>	<b>6,983</b>
<b>Fund balances carried forward as at 31 March 2015</b>	<b>15, 16</b>	<b>6,532</b>	<b>1,178</b>	<b>7,710</b>	<b>9,535</b>

All amounts relate to continuing activities

All recognised gains and losses are included in the statement of financial activities.

The notes on pages 35 to 52 form part of these financial statements.

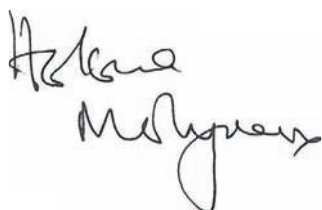


# Consolidated and company balance sheet at 31 March 2015

	Note	Group		Charity	
		2015 £'000	2014 £'000	2015 £'000	2014 £'000
FIXED ASSETS					
Intangible assets	7	15	11	-	-
Tangible assets	7	1,631	1,612	1,626	1,611
Investments	8	4,434	4,417	4,450	4,417
Programming investments	8	-	-	259	259
Total fixed assets		6,080	6,040	6,335	6,287
CURRENT ASSETS					
Stock	9	82	107	-	-
Debtors	10	4,427	4,504	3,563	3,853
Investment Property	10	-	500	-	500
Cash at bank & in hand	11	5,533	4,128	5,544	4,052
Total current assets		10,042	9,239	9,107	8,405
Creditors: amounts falling due within one year	12	(6,979)	(4,708)	(6,282)	(4,256)
Net current assets		3,063	4,531	2,825	4,149
Creditors: amounts falling due after more than one year	13	(67)	(83)	(67)	(83)
Provisions for liabilities and charges	14	(250)	(312)	(250)	(210)
Net assets before pension liability		8,826	10,176	8,843	10,143
Defined benefit pension scheme liability	17	(1,116)	(641)	(1,116)	(641)
NET ASSETS AFTER PENSION LIABILITY		7,710	9,535	7,727	9,502
FUNDS					
Restricted	15	1,178	1,501	1,178	1,501
Unrestricted Fixed assets	15	1,333	1,398	1,333	1,398
Revaluation reserve		68	56	68	56
Pension reserve		(1,116)	(641)	(1,116)	(641)
General Funds	15	6,247	7,221	6,264	7,188
Unrestricted funds including pension liability		6,532	8,034	6,549	8,001
TOTAL FUNDS		7,710	9,535	7,727	9,502

The notes on pages 35 to 52 form part of these financial statements.

The financial statements were approved by the Board on 24 July 2015



**H. Molyneux**  
Director



**N. Saxby-Soffe**  
Director

## Consolidated cash flow statement for the year ended 31 March 2015

	Note	2015 £'000	2014 £'000
<b>Net cash inflow from operating activities</b>	18	1,777	937
<b>Returns on investment and servicing of finance</b>			
Interest received	2	27	49
<b>Capital expenditure and financial investment</b>			
Purchase of tangible fixed assets	7	(374)	(361)
Cash investment	8	(7)	(169)
<b>Financing</b>			
(Decrease) in bank loans		(18)	(37)
<b>Increase in cash</b>	19	<b>1,405</b>	<b>419</b>

The notes on pages 35 to 52 form part of these financial statements.

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# Notes on financial statements

## 1. Accounting policies

The financial statements have been prepared under the historical cost convention as modified by the revaluation of fixed asset investment, and are in accordance with applicable law, the Companies Act 2006 and applicable accounting standards, and the 2005 Statement of Recommended Practice ('SORP') for Accounting and Reporting by Charities. 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 (pages 21 to 22). 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 2015 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 S230 Companies Act 2006. The group net incoming resources include net outgoing resources from the charitable company itself of £1,778,012 (2014: net incoming resources £2,692,296).

The Company has taken the exemption under section 400 of the Companies Act 2006 not to prepare intermediary consolidated accounts.

### Incoming resources

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. 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.

### Basis of allocation of costs

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

### Fundraising costs

These consist of salaries, expenditure and support costs relating to the fundraising and supporter servicing 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 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

No depreciation is provided for freehold property because the accumulated depreciation is not material, as it is expected that it will have a useful life over 50 years and residual value is likely to exceed book value. An annual impairment test is carried out on the UK property.

### **Intangible assets**

These represent digital assets and included at cost less amortisation at 20% 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.

### **Pension costs**

The pension costs for the defined benefit pension scheme are treated in accordance with FRS 17. The following elements are charged to the SOFA; the service cost of pension provision relating to the period, together with the cost of any benefits relating to past service (allocated to staff costs); the net return on financing which is a charge equal to the increase in the present value of the scheme liabilities and a credit equivalent to the charity's long-term expected return on assets (allocated to staff costs); and the actuarial gain or loss on the schemes assets and liabilities (allocated to other recognised gains and losses). The difference between the market value of the assets of the scheme and the present value of accrued pension liabilities is shown as an asset or liability on the balance sheet.

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.

### **Foreign currencies**

The 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 charges/credits 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.

### **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.

### **Conduit funding**

The Charity occasionally acts as agent for other organisations and receives funds on their behalf. These funds are not recognised as income and are excluded from the SOFA and balance sheet.

### **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. Income

An analysis of group income by donors contributing over £250,000 is given below:

	Unrestricted £'000	Restricted £'000	Total 2015 £'000	Total 2014 £'000
Big Lottery	-	252	252	421
Christian Aid	40	170	210	320
Comic Relief	-	205	205	411
DFID	2,905	1,869	4,774	5,867
European Community	-	2,490	2,490	3,511
FONDOEMPLO	-	242	242	300
United Nations Childrens Fund	12	291	303	530
United Nations Development Programme	26	1,123	1,149	989
USAID	-	75	75	717
WASTE advisers on urban environment and development	-	286	286	-
Zurich Insurance Company Ltd and its Z Zurich Foundation	60	891	951	1,077
Other (donations under £250k)	12,844	2,168	15,012	16,109
<b>TOTAL</b>	<b>15,887</b>	<b>10,062</b>	<b>25,949</b>	<b>30,252</b>

	Unrestricted £'000	Restricted £'000	Total 2015 £'000	Total 2014 £'000
<b>Voluntary income</b>				
Donations & gifts	7,547	1,632	9,179	9,450
Legacies*	1,823	10	1,833	2,992
	<b>9,370</b>	<b>1,642</b>	<b>11,012</b>	<b>12,442</b>
<b>Investment income</b>				
Rental	20	-	20	25
Interest	27	-	27	49
	<b>47</b>	<b>-</b>	<b>47</b>	<b>74</b>
Grants	2,909	8,144	11,053	13,767
Other income	1,557	276	1,833	1,703
Subsidiaries	2,004	-	2,004	2,266
<b>TOTAL</b>	<b>15,887</b>	<b>10,062</b>	<b>25,949</b>	<b>30,252</b>

\* Approximately £197k of residual and £164k of reversionary legacies have not been recognised as income in the year to 31 March 2015.

### 3. Total resources expended

	Grants payable £'000	Direct costs £'000	Support costs £'000	2015 Total costs £'000	2014 Total costs £'000
<b>Fundraising:</b>	-	3,458	1,010	4,468	4,243
Charitable Activities:					
Energy access	536	2,194	459	3,189	3,190
Food and agriculture	1,065	4,464	929	6,458	5,641
Urban water and waste	392	1,961	394	2,747	3,007
Disaster risk reduction	960	3,102	682	4,744	5,220
Knowledge broking	52	2,095	361	2,508	2,298
Other	620	1,601	377	2,598	3,897
<b>Total Charitable Activities</b>	<b>3,625</b>	<b>15,417</b>	<b>3,202</b>	<b>22,244</b>	<b>23,253</b>
<b>Governance</b>	-	-	405	405	328
<b>TOTAL RESOURCES EXPENDED*</b>	<b>3,625</b>	<b>18,875</b>	<b>4,617</b>	<b>27,117</b>	<b>27,824</b>

During the year ended 31 March 2015, Practical Action made grants to partner organisations. Grants payable to partner organisations are considered to be part of the costs of activities in furtherance of the objects of the charity because much of the charity's programme activity is carried out through grants to local organisations that support long-term, sustainable benefits for a community, which are monitored by the charity. A list of grants awarded can be obtained from the Finance Director at UK Head Office.

Other charitable activities include rural water, sanitation and health programme activities in Southern Africa, and costs that cut across other themes.

\*\* Total resources expended includes £171k of costs relating to irrecoverable VAT in UK

Charitable Activities: Expenditure split by country/region	Grants payable £'000	Direct costs £'000	Support costs £'000	2015 Total costs £'000	2014 Total costs £'000
<b>Charitable Activities:</b>					
East Africa	70	1,954	527	2,551	3,052
Latin America	418	3,409	611	4,438	4,814
South Asia	1,034	2,224	256	3,514	4,617
Southern Africa	481	2,016	456	2,953	2,896
Bangladesh	638	1,658	343	2,639	3,317
Sudan	502	1,675	308	2,485	1,963
Head Office direct programme work	482	2,481	701	3,664	2,594
<b>Total Charitable Activities</b>	<b>3,625</b>	<b>15,417</b>	<b>3,202</b>	<b>22,244</b>	<b>23,253</b>

The support costs represent the costs for the Chief Executive/Country Director, Finance, HR, Facilities and Services and Information Technology by country. This represents the most appropriate view of the support costs for Practical Action.

#### Governance costs

	2015 £'000	2014 £'000
Salaries	84	76
Company secretarial/legal costs	1	5
Internal and External Audit Costs	191	153
Meeting Expenses (including trustees travel)	34	24
Trustee international project visit	2	2
Apportionment of support costs	92	68
<b>TOTAL</b>	<b>404</b>	<b>328</b>



### 3. Total resources expended (cont.)

#### External audit costs

	2015 £'000	Restated 2014 £'000
Fees payable to company's auditors for the audit of the company's annual accounts	51	44
Fees payable to company's auditors for the audit of the company's subsidiaries pursuant to legislation	7	7
Fees payable to the company's auditors for the audit of the company's overseas branches	46	40
<b>TOTAL AUDIT FEES</b>	<b>104</b>	<b>91</b>
Tax services	1	3
Other services	36	13
<b>TOTAL NON-AUDIT FEES</b>	<b>37</b>	<b>16</b>

### 4. Employees

	2015 £'000	Restated 2014 £'000
<b>Staff costs consist of:</b>		
Wages and salaries	9,508	9,795
Social security costs	746	784
Pension costs (see note 17)	76	63
Pension (stakeholder scheme)	350	306
Overseas staff end of service costs*	332	303
<b>Total emoluments of employees</b>	<b>11,012</b>	<b>11,251</b>
Other staff costs	603	470
<b>TOTAL STAFF COSTS</b>	<b>11,615</b>	<b>11,721</b>

\*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.

#### Average number of full time equivalent employees

	2015 Number	2014 Number
Eastern Africa	48	63
Latin America	106	115
South Asia	95	118
Southern Africa	44	44
Bangladesh	133	138
Sudan	66	73
UK	101	101
<b>Total</b>	<b>593</b>	<b>652</b>

#### Average number of employees

	2015 Number	2014 Number
Eastern Africa	48	63
Latin America	106	115
South Asia	95	118
Southern Africa	44	44
Bangladesh	133	138
Sudan	66	73
UK	107	110
<b>Total</b>	<b>599</b>	<b>661</b>

## 4. Employees (cont.)

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

	2015 Number	2014 Number
£60,001 - £70,000	4	5
£70,001 - £80,000	1	1
£80,001 - £90,000	1	-
£90,001 - £100,000	-	1
£100,001 - £110,000	1	-
£110,001 - £120,000	1	1

The salary of the highest paid employee includes expatriate allowances. The CEO was paid £101,972 which includes 10% in lieu of employers pension contributions. Benefits are accruing to four (2014: four) higher-paid employees under Practical Action's stakeholder pension scheme, which is open to all eligible employees. Employer contributions of £22,909 (2014: £33,748) have been made into this stakeholder scheme for these higher-paid employees. Within Practical Action's Employee Benefits Scheme, benefits are accruing for three (2014: three) higher-paid employees.

The Trustees receive no remuneration for their services. Expenses reimbursed to Trustees during the year amounted to £3,073 (2014: £6,725), which related to travel and refreshment costs for meetings, telephone and postage.

Expenses were reimbursed to seven Trustees (2014: seven Trustees)

Indemnity insurance is provided for Trustees at a cost of £3,776.

## 5. Net income from trading subsidiaries and summary balance sheet

The results of the principal trading subsidiaries are summarised below:

	Practical Action Consulting 2015 £'000	PAC India (subsidiary of PAC) 2015 £'000	PAC Nepal (subsidiary of PAC) 2015 £'000	Practical Action Publishing 2015 £'000	Practical Action Consulting 2014 £'000	Practical Action Publishing 2014 £'000
Income	1,930	40	386	573	1,998	599
Expenditure	(2,018)	(78)	(376)	(575)	(2,144)	(592)
<b>Net (Loss)/profit</b>	<b>(88)</b>	<b>(38)</b>	<b>10</b>	<b>(2)</b>	<b>(146)</b>	<b>7</b>

### The amount included in the consolidated statement of financial activities is arrived at as follows:

Income per subsidiary accounts	1,930	40	386	573	1,998	599
Less: interest receivable	-	-	-	-	(5)	-
Less: grants from parent company	(227)	-	-	(148)	(148)	(179)
	<b>1,703</b>	<b>40</b>	<b>386</b>	<b>425</b>	<b>1,845</b>	<b>420</b>
Expenditure per accounts	(2,018)	(78)	(376)	(575)	(2,144)	(592)
Less: group charges	113	-	-	90	98	89
	<b>1,905</b>	<b>(78)</b>	<b>(376)</b>	<b>(485)</b>	<b>(2,046)</b>	<b>(503)</b>
<b>Net effect on Group results for the year</b>	<b>(203)</b>	<b>(38)</b>	<b>10</b>	<b>88</b>	<b>(201)</b>	<b>(83)</b>



## 5. Net income from trading subsidiaries and summary balance sheet (cont.)

	Practical Action Consulting 2015 £'000	PAC India (subsidiary of PAC) 2015 £'000	PAC Nepal (subsidiary of PAC) 2015 £'000	Practical Action Publishing 2015 £'000	Practical Action Consulting 2014 £'000	Practical Action Publishing 2014 £'000
<b>Summary balance sheet</b>						
Fixed Assets	51	-	1	15	3	11
Net current assets	150	(6)	41	54	218	60
Loans from parent charity	(160)	-	-	(80)	(160)	(80)
<b>Net Assets /(liabilities)</b>	<b>41</b>	<b>(6)</b>	<b>42</b>	<b>(11)</b>	<b>61</b>	<b>(9)</b>
Called up share capital	-	32	32	-	-	-
Profit and Loss account	41	(38)	10	(11)	61	(9)
<b>Surplus/(deficit) on shareholders' funds</b>	<b>41</b>	<b>(6)</b>	<b>42</b>	<b>(11)</b>	<b>61</b>	<b>(9)</b>

## 6. Cost of generating funds: Fundraising costs

	2015 £'000	2014 £'000
Costs related to donations, gifts and legacy income	4,468	4,238
<b>TOTAL</b>	<b>4,468</b>	<b>4,238</b>

## 7. Tangible assets

	Freehold property £'000	Motor vehicles £'000	Computer equipment £'000	Fixtures & fittings £'000	Total £'000
<b>Group Cost</b>					
At 1 April 2014	1,215	1,975	1,265	925	5,380
Additions	-	151	184	39	374
Disposals	-	(412)	(162)	(29)	(603)
<b>At 31 March 2015</b>	<b>1,215</b>	<b>1,714</b>	<b>1,287</b>	<b>935</b>	<b>5,151</b>
<b>Depreciation</b>					
At 1 April 2014	-	1,840	1,094	834	3,768
Charge for the year	-	136	167	46	349
Disposals	-	(408)	(162)	(27)	(597)
<b>At 31 March 2015</b>	<b>-</b>	<b>1,568</b>	<b>1,099</b>	<b>853</b>	<b>3,520</b>
<b>Net Book Value (NBV)</b>					
At 31 March 2014	1,215	135	171	91	1,612
<b>At 31 March 2015</b>	<b>1,215</b>	<b>146</b>	<b>188</b>	<b>82</b>	<b>1,631</b>

All of the charity's fixed assets are held primarily for direct charitable use.

All of the above assets are owned by the charity apart from the following:

	NBV 2015 £'000	NBV 2014 £'000
Computer equipment	3	3

## Intangible assets

	Total £'000
<b>Group Cost</b>	
At 1 April 2014	13
Additions	9
<b>At 31 March 2015</b>	<b>22</b>
<b>Amortisation</b>	
At 1 April 2014	2
Charge for the year	5
<b>At 31 March 2015</b>	<b>7</b>
<b>Net Book Value (NBV)</b>	
At 31 March 2014	11
<b>At 31 March 2015</b>	<b>15</b>



## 8. Investments

	Group		Charity	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
<b>Cash investments</b>				
Cash investments	4,320	4,314	4,320	4,314
Common investment fund	114	103	130	103
Investment bonds	43	-	43	-
Impairment provision	(43)	-	(43)	-
<b>TOTAL</b>	<b>4,434</b>	<b>4,417</b>	<b>4,450</b>	<b>4,417</b>
<b>Programme investments</b>				
Capital loans to subsidiaries	-	-	240	240
Programme investments	-	-	19	19
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>259</b>	<b>259</b>

Capital loans are interest bearing, secured by a fixed and floating charge and have no fixed repayment period and Practical Action does not intend to recall the loan 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:

	Country of Incorporation	Proportion of voting rights and ordinary share capital held	Nature of business
Practical Action Consulting Limited (Reg No 00952705)	England	100%	Consultants for agriculture and industry
Practical Action Publishing Limited (Reg No 01159018)	England	100%	Publishers and booksellers
Intermediate Technology Publications Limited (Dormant Company Reg No 06424984)	England	100%	Publishers and booksellers
Intermediate Technology Development Group Limited (Dormant company Reg No 01017062)	England	100%	Developers of agriculture and industrial machinery
ATS Property Holdings Private Limited (Dormant company Reg No, Sri-Lanka PV 6894)	Sri Lanka	100%	Property purchase, lease moveable, immoveable property
Practical Action Consulting Private Limited (Reg No Kathmandu, 117858/070/071)	Nepal	51% PAC, 49% PA	Consultants for agriculture and industry
Practical Action Consulting (India) Private Limited (Reg No, Delhi, CIN U74999DL2014FTC272886)	India	100%	Consultants for agriculture and industry
<b>Reconciliation of Common investment fund:</b>			<b>£'000</b>
Historical cost			46
Opening balance at 1 April 2014			102
Recognised gain			11
<b>Closing balance at 31 March 2015</b>			<b>113</b>

## 9. Stock

	Group		Charity	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Finished goods	75	102	-	-
Work in progress	7	5	-	-
<b>TOTAL</b>	<b>82</b>	<b>107</b>	<b>-</b>	<b>-</b>

## 10. Debtors

	Group		Charity	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Trade debtors	1,245	1,717	608	1,221
Prepayments & accrued income	2,544	1,974	2,235	1,830
Other debtors	638	813	720	802
<b>TOTAL</b>	<b>4,427</b>	<b>4,504</b>	<b>3,563</b>	<b>3,853</b>

Valuation of investment property as provided by John Roberts & Co (Hertfordshire) as at 8 April 2014 (£500k)

## 11. Cash at bank & in hand

The balance held at year end includes £4.0m of project specific funds which are held in project specific bank accounts. £2.4m was received towards the end of the year as advance payment for project activities to take place during the next financial year.

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

	Group		Charity	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Payments received in advance	4,254	2,284	4,188	2,198
Trade creditors	757	508	414	338
Taxation and social security	213	241	201	199
Accruals and deferred income	519	358	410	326
Other creditors	1,216	1,298	1,049	1,176
Bank loan: one year	20	19	20	19
<b>TOTAL</b>	<b>6,979</b>	<b>4,708</b>	<b>6,282</b>	<b>4,256</b>

## 12. Creditors: amounts falling due within one year (cont.)

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	2,284	2,198
Released to income	(2,284)	(2,198)
Received in year	4,254	4,188
<b>BALANCE CARRIED FORWARD</b>	<b>4,254</b>	<b>4,188</b>

## 13. Creditors: amounts falling due after more than one year

	Group		Charity	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
<b>Bank loan: unsecured</b>				
1-2 years	40	19	40	19
2-5 years	16	45	16	45
More than 5 years	-	10	-	10
<b>Other creditors: unsecured</b>				
2-5 years	11	9	11	9
<b>TOTAL</b>	<b>67</b>	<b>83</b>	<b>67</b>	<b>83</b>

The unsecured bank loan forms a credit fund for loans to beneficiaries of the charity to finance small scale hydro-electric schemes in Peru.

## 14. Provisions

	Balance at 1.4.14 £'000	Provision created £'000	Provision utilised £'000	Balance at 31.3.15 £'000
Project issues	126	99	(126)	99
Rent/tax liability	110	32	-	142
Redundancy	76	9	(76)	9
<b>TOTAL</b>	<b>312</b>	<b>140</b>	<b>202</b>	<b>250</b>

Most of the provisions are expected to be settled within the next two to three years.

The provisions relating to project issues represents potential repayment arising from outstanding project issues/claims that are currently being addressed.



## 15. Funds note

	Opening balance £'000	Incoming resources £'000	Expenditure and charges £'000	Transfer £'000	Closing balance £'000
<b>Designated reserves</b>					
Fixed asset fund	1,398			(64)	1,334
Revaluation Reserve	56		11		67
<b>TOTAL</b>	<b>1,454</b>	<b>-</b>	<b>11</b>	<b>(64)</b>	<b>1,401</b>
Free Reserves	6,580	15,887	(17,401)	64	5,131
<b>Total unrestricted funds</b>	<b>8,034</b>	<b>15,887</b>	<b>(17,390)</b>	<b>-</b>	<b>6,532</b>
Energy access	77	1,101	(1,195)		(17)
Food and agriculture	251	3,907	(3,931)		227
Urban water and waste	41	1,703	(1,661)		83
Disaster risk reduction	956	2,490	(2,687)		759
Other	176	861	(911)		126
<b>Total restricted funds</b>	<b>1,501</b>	<b>10,062</b>	<b>(10,385)</b>	<b>-</b>	<b>1,178</b>
<b>TOTAL FUNDS</b>	<b>9,535</b>	<b>25,949</b>	<b>(27,775)</b>	<b>-</b>	<b>7,710</b>

## 16. Total funds

	Unrestricted funds £'000	Restricted funds £'000	2015 Total £'000	2014 Total £'000
Fixed assets	1,420	226	1,646	1,623
Investments	4,434	-	4,434	4,417
Programme related investments	-	-	-	-
Stock	82	-	82	107
Debtors	3,182	1,245	4,427	5,004
Cash at bank & in hand	1,516	4,017	5,533	4,128
Creditor: amount due within one year	(2,725)	(4,254)	(6,979)	(4,708)
Creditor: amount due after more than one year	(11)	(56)	(67)	(83)
Provisions for liabilities and charges	(250)	-	(250)	(312)
Pension liability	(1,116)	-	(1,116)	(641)
<b>TOTAL</b>	<b>6,532</b>	<b>1,178</b>	<b>7,710</b>	<b>9,535</b>

## 17. Pension costs and FRS17

The charity has accounted for pension costs in accordance with FRS 17. This scheme was closed to contributions in 2002.

### Practical Action Employee Benefits Scheme

The company operates a defined benefits scheme in the UK. The scheme is a registered pension scheme under chapter 2 Part 4 of the Finance Act 2004. Contributions paid by the company to the scheme during the year ending 31 March 2015 amounted to £210,000. This contribution of £210,000 was determined by an independent qualified actuary, on the basis of the 2014 triennial valuation, and was designed to eliminate the deficit over a seven year period from 2014.

The assets of the scheme are held separately from the assets of the company, being represented by units in a segregated fund managed by an external investment manager. At 1 April 2014, the latest valuation date, the actuarial value of the schemes assets was 89% of the value of past service liabilities on an ongoing basis. The market value of the Scheme's assets at the valuation date was £8,284,000, excluding money purchase AVCs. In arriving at the 2014 actuarial valuation above, the following assumptions were adopted:

	2014
Inflation assumption	
RPI	3.1%
CPI	2.4%
Salary increase assumption	4.6%
Rate of increase in pensions in payment	3.1%
Rate of increase in pensions in deferment	2.4%
Investment return pre-retirement	5.0%
Investment return post-retirement	4.1%

A valuation has been performed in order to assess the disclosures required under FRS17 as 31 March 2015 by an independent qualified actuary.

	2015 £'000	2014 £'000
<b>a) The amounts recognised in the balance sheet are as follows:</b>		
Present value of funded obligations	(10,652)	(8,943)
Fair value of plan assets	9,536	8,302
<b>Deficit</b>	<b>(1,116)</b>	<b>(641)</b>

<b>Amounts in the balance sheet:</b>		
Liabilities	(1,116)	(641)
Assets	-	-
<b>Net liability</b>	<b>(1,116)</b>	<b>(641)</b>

	2015 £'000	2014 £'000
<b>b) Changes in the present value of the defined benefit obligation are as follows:</b>		
Opening defined benefit obligation	8,942	8,953
Service cost	76	63
Interest cost	393	384
Employee contributions	-	-
Actuarial losses (gains)	1,535	(133)
Benefits paid	(294)	(324)
<b>Defined benefit obligation at end of year</b>	<b>10,652</b>	<b>8,943</b>

## 17. Pension costs and FRS17 (cont.)

	2015	2014
	£'000	£'000
<b>c) Changes in the fair value of the scheme assets are as follows:</b>		
Opening fair value of scheme assets	8,302	8,015
Expected return	452	408
Actuarial gains (losses)	867	(7)
Employer contributions	210	210
Employee contributions	-	-
Benefits paid	(294)	(324)
<b>Fair value of scheme assets at the year end</b>	<b>9,537</b>	<b>8,302</b>

	2015	2014
	£'000	£'000
<b>d) The amounts included within the Statement of Financial Activities are as follows:</b>		
Current service cost	(76)	(63)
Interest on pension liabilities	(393)	(384)
Expected return on scheme assets	452	408
Past service cost	-	-
<b>Total amount charged within net (outgoing) resources</b>	<b>(17)</b>	<b>(39)</b>
<b>Actuarial losses</b>	<b>(668)</b>	<b>126</b>
<b>Total amount charged to the Statement of Financial Activities</b>	<b>(685)</b>	<b>87</b>

Practical Action expects to contribute £210,000 to its defined benefit pension scheme in 2015

The cumulative total of recognised actuarial losses is (£1,775k)

<b>e) From 1 January 2015 the expected rate of return on all scheme assets is set equal to the discount rate which is 3.3%.</b>					
	2015	2014	2013	2012	2011
	£'000	£'000	£'000	£'000	£'000
The actual return on the scheme assets in the year	1,319	401	911	229	467



## 17. Pension costs and FRS17 (cont.)

<b>f) Principal assumptions at the balance sheet date (expressed as weighted averages)</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
Discount rate	3.30%	4.40%	4.30%	4.90%	5.60%
Expected return on scheme assets	3.30%	5.47%	5.13%	5.62%	6.53%
Rate of increase in salaries	4.40%	4.90%	4.80%	4.80%	4.90%
Rate of increase of pensions in payment	2.90%	3.40%	3.30%	3.30%	3.40%
Rate of increase of pensions in deferment	2.20%	2.70%	2.60%	2.80%	2.90%
Assumes life expectancy on retirements age 60:					
Retiring today - males	26.8	26.7	26.7	26.6	21.5
Retiring today - females	28.3	29.2	29.2	29.1	23.9
Retiring in 20 years - males	29.1	28.8	28.8	28.7	23.4
Retiring in 20 years - females	30.7	31.2	31.2	31.1	25.8

From January 2011, the Government has changed the inflation measure in respect of statutory minimum pension increases applying to pensions from RPI to CPI. A review of the Trust Deed and Rules has been undertaken which indicates that RPI should still be the measure for increasing pensions after retirement but for increases before retirement future increases will be in line with CPI. The results and disclosures presented in this note are based on RPI for increases after retirement and CPI for increases before retirement.

<b>g) The amounts for the current and previous periods are as follows:</b>	<b>2015 £000</b>	<b>2014 £000</b>	<b>2013 £000</b>	<b>2012 £000</b>	<b>2011 £000</b>
Defined benefit obligation	10,652	8,943	8,953	7,956	7,268
Scheme assets	9,537	8,302	8,015	7,132	6,951
Surplus / (deficit)	(1,115)	(641)	(938)	(824)	(317)
Experience adjustments on scheme liabilities	(195)	69	(43)	258	(16)
Experience adjustments on scheme assets	867	(7)	510	(224)	38
<b>Total (loss)/gain on STRGL</b>	<b>(668)</b>	<b>126</b>	<b>(296)</b>	<b>(719)</b>	<b>165</b>

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

	<b>2015 £'000</b>	<b>2014 £'000</b>
Net (expenditure)/incoming resources	(1,168)	2,428
Interest received	(27)	(49)
Depreciation charge	349	408
Loss on disposal of fixed assets	3	40
Decrease/(Increase) in stocks	25	3
Decrease/(Increase) in debtors and short term investments	577	(118)
Increase/(Decrease) in creditors and provisions	2,211	(1,604)
Difference between pension contributions and current service costs	(193)	(171)
<b>Net cash inflow from operating activities</b>	<b>1,777</b>	<b>937</b>

## 19. Reconciliation of net cash flow to movement in net funds

	2015 £'000	2014 £'000
Movement in cash in the period	1,405	419
Cash movement from change in debt financing	15	47
Movement in net funds in the period	1,420	466
Net funds brought forward	4,026	3,560
<b>Net funds carried forward</b>	<b>5,446</b>	<b>4,026</b>

## 20. Analysis of changes in net funds

	1.4.14 £'000	Cash £'000	31.3.15 £'000
Cash at bank and in hand	4,128	1,405	5,533
Debt due within 1 year	(19)	(1)	(20)
Debt due after 1-2 years	(19)	(21)	(40)
Debt due after 2-5 years	(45)	29	(16)
Debt due after 5 years	(19)	8	(11)
<b>NET FUNDS</b>	<b>4,026</b>	<b>1,420</b>	<b>5,446</b>

## 21. Contingent liability

The charity has entered into a range of agreements, in support of charitable activities, resulting in contingent liabilities totalling £43,297.

In fulfilment of contract requirements, the charity has entered into three agreements with Banco de Credito del Peru.

The first agreement is to provide a bank guarantee to the value of S/. 96,097 (c. £21,392) as required by Programa Nacional de Saneamiento Rural (Peruvian donor) on the project - Social supervision - investment and post-investment phases in the provinces of Chucuito, Puno and San Roman.

The second agreement is to provide a bank guarantee to the value of S/. 41,666 (c. £9,275) as required by Fondo Empleo (Peruvian donor) on the project – Increasing commercial and productive competitiveness of coffee producers from Alfonso De Alvarado district in San Martin Region.

The third agreement is to provide a bank guarantee to the value of USD 18,326 (c. £12,630) as required by the Inter-American Institute for Cooperation on Agriculture (regional donor) on the project – Improved stoves through family micro-credit in Cajamarca.

## 22. Big Lottery Fund

The following are the restricted fund movements relating to grants from the Big Lottery Fund:

2015	Socioeconomic <sup>1</sup> Empowerment of Tsunami £'000	Horticulture <sup>2</sup> Production and Marketing for improved livelihoods £'000	Sustainable <sup>3</sup> Lagoons and Livelihoods £'000	Total £'000
Opening Balance	-	-	-	-
Income Deferred in 13/14	-	(6)	(4)	(10)
Income Received in 14/15	-	(127)	(112)	(239)
Income Accrued for 14/15	-	-	(4)	(4)
Income Deferred to 15/16	-	1	-	1
<b>TOTAL INCOME</b>	<b>-</b>	<b>(132)</b>	<b>(120)</b>	<b>(252)</b>
Expenditure	-	132	120	252
<b>CLOSING BALANCE</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

2014	Socioeconomic <sup>1</sup> Empowerment of Tsunami £'000	Horticulture <sup>2</sup> Production and Marketing for improved livelihoods £'000	Sustainable <sup>3</sup> Lagoons and Livelihoods £'000	Total £'000
Opening Balance	-	-	-	-
Income Deferred in 12/13	(42)	-	-	(42)
Income Accrued in 12/13	-	-	1	1
Income claimed in 12/13 but not paid until 13/14	-	-	21	21
Income Received in 13/14	(55)	(235)	(121)	(411)
Income Accrued for 13/14	-	-	-	-
Income Deferred to 14/15	-	6	4	10
<b>TOTAL INCOME</b>	<b>(97)</b>	<b>(229)</b>	<b>(95)</b>	<b>(421)</b>
Expenditure	97	229	95	421
<b>CLOSING BALANCE</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

1. Socioeconomic Empowerment of Tsunami affected communities (SET)

2. Horticulture Production and Marketing for improved livelihoods for smallholder farmers in Manicaland – Zimbabwe

3. Sustainable Lagoons and Livelihoods – Sri Lanka



**LOTTERY FUNDED**



## 23. Department for International Development grants

The company has received the following grants, amongst others, from the Department for International Development (DFID):

	2015 £'000	2014 £'000
<b>Grants</b>	<b>2,891</b>	<b>2,891</b>

### 2015: Project funding details required by DFID

	Contract Number	DFID Funding
DFID Partnership Programme Agreement	-	2,891



## 24. Commitments under operating leases

As at 31 March 2015, the company had annual commitments under non-cancellable operating leases as set out below:

	2015		2014	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
<b>Operating leases which expire:</b>				
Within one year	31	-	125	-
In two to five years	71	-	736	-
Over five years	52	-	63	-
<b>TOTAL</b>	<b>154</b>	<b>-</b>	<b>924</b>	<b>-</b>

The net income for the year has been stated after charging £382k (2014: £307k) for the hire of assets under operating leases.

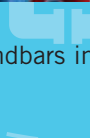
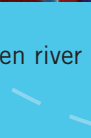
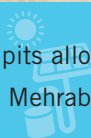
## 25. Related Party Transactions

The group has taken advantage of the exemption under Financial Reporting Standard 8 not to disclose transactions with subsidiary companies included in these consolidated accounts. There were no other related party transactions.



Innovative compost pits allow pumpkins to be grown even on barren river sandbars in Bangladesh

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