



PRACTICAL ACTION

ANNUAL REPORT AND ACCOUNTS 2017-2018

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Herma makes liners for cook stoves at a factory in Kisumu. She's also secretary of a local support network for female entrepreneurs. Both initiatives are supported by Practical Action.

The Trustees' and Directors' Annual and Strategic Reports, 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.

Numbers in the Trustees' and Directors' Annual and Strategic Report section of this document have been rounded.

Front cover image: Kalchi, who lives in Bajura in Nepal, tends the crops growing on her farm. Our irrigation project improved the productivity of her land and the quality of its harvest.



I attended training from Practical Action and decided to join a network to help sell my products. I have gone very far, I have a child in college through what I'm doing here. I've gained so many skills from Practical Action, I'm very happy."

Herma, an entrepreneur in Kisumu, Kenya

Welcome from the Chair and Chief Executive

Welcome to Practical Action's annual report for 2017/18. Our work directly helped 2.1 million people in their struggle for better lives in the past year. A further 4 million people benefited indirectly from our activities. This was achieved thanks to the generosity of our donors and supporters, who contributed £32 million to fund our vital work.

In our 2016/17 report, we highlighted the increasing importance of working with partners to deliver our work effectively. You'll find many examples of collaborative working throughout this year's report. On page 19 we explore our collaboration with UNHCR, the UN's Refugee Agency. This new project, supported by the IKEA Foundation, helps long-term refugee communities in Jordan and Rwanda find practical and sustainable solutions to getting vital access to energy. Our unique experience puts us in a strong position to help solve some of the problems displaced people face.

Trust in charities among the UK public has declined following recent high-profile safeguarding scandals and investigations into forceful tactics used by some charity fundraisers.

We have strong policies and board oversight in key areas like safeguarding and data protection. These make sure that we keep the trust of the people and communities we work with, our supporters and our staff. You can find out more about our approach to safeguarding on page 25.

Women living in poverty often face barriers to discovering and using the solutions and knowledge that can improve their lives. This was a challenge we identified in our 2016/17 report. This year, we've done more to integrate women's needs and aspirations into our work. We've appointed a Global Gender Advisor based in our Nairobi office to support all countries in ensuring that gender equality is at the forefront of our activities. And for the first time, we're reporting gender pay global data for our staff on page 29.

Practical Action achieved so much last year through the application of practical ingenuity, skill at working with communities, sharing knowledge widely and informing and inspiring wider change. My thanks to all the donors and supporters who made it possible. And my thanks to the staff whose high level of engagement and skill is evident. I'm proud to be Chair of such a valuable, effective and motivated organisation.



Helena Molyneux Chair of Trustees

I'm delighted to present to you this overview of Practical Action's work during the 12 months running up to April 2018. You can also read our financial statements, which show our financial activity during the year.

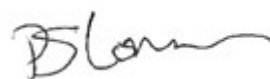
In our 2016/17 report, we introduced our new strategy and our ambition to make a positive change to the lives of 7.5 million people over three years. The data in this year's report demonstrates that we're on track to exceed our target. On page 5, you'll find out how we measured the impact of our work to track its effectiveness and sustainability. Meanwhile, stories throughout the report show the difference we make through the eyes of the people whose lives we help improve.

We promised further emphasis on energy work in our 2016/17 report, and we went on to spend £7.9 million on our energy access programme. You can find out more about this, and what it means to the people benefiting from it, on pages 8 to 11. In line with our strategic plan, our other focus areas were food and agriculture, urban water and waste and disaster risk reduction. Focusing on where we could make the biggest difference, both in the type of work we did and the geographical areas we worked in, played a big part in our success.

On a recent trip to Zimbabwe, I visited a solar energy project that has improved many lives. It has opened up sustainable, renewable energy to farms, schools, clinics and businesses. It has powered a whole community. I met my colleagues in Zimbabwe who were responsible for the design

and delivery of the project. Our Zimbabwe office is one of our 12 offices around the world. In these offices, our staff collaborate with communities, private sector companies, other development organisations and governments to achieve lasting change.

I look forward to leading Practical Action as we continue to learn from both our successes and the challenges we face. We'll also learn from others and inspire governments, companies, the private sector and donor organisations to work together. All with the shared ambition of enabling people living in poverty to improve their lives.



Paul Smith Lomas Chief Executive



Trustees' and Directors' Annual Report

WE ARE PRACTICAL ACTION

Practical Action is a global innovator. We inspire people to discover and adopt ingenious, practical ways to free themselves from poverty and disadvantage.

We work alongside communities to help people find practical solutions to poverty. Our solutions are human in scale and can be understood, managed and sustained locally. Our ways of working can be scaled up and transferred to other parts of the world. This means that our simple and inventive solutions achieve large-scale sustainable change. To achieve this long-term change, we inspire people to work together. Not only poor communities,

but change-makers across the world who want to make a lasting difference. From individuals, to partners, private enterprises of all sizes and governments.

Our breadth of expertise and skills gives us influence beyond our size. Practical Action Consulting is our technical, research, knowledge and communication arm. It offers a range of specialist services, adding rigour and know-how to our project work. It also provides expertise to a global development and private sector client list. Practical Action Publishing is another well-respected Practical Action entity. It commissions new articles and titles in emerging areas of practice and research.

In 2017-2018 we...

- Worked on the ground on 118 projects in 11 countries. Our projects focussed on energy access, food and agriculture, urban water and waste and disaster risk reduction
- Shared practical 'how-to' information with individual farmers, entrepreneurs and development practitioners
- Reduced people's vulnerability to climate change
- Unlocked economic opportunities that allowed whole communities to thrive
- Mobilised wider public engagement in the countries where we worked and globally
- Published materials which provided practical knowledge, shared global research and stimulated discussion
- Inspired students and young people – as the decision-makers of tomorrow
- Advised development agencies and others through our consulting services
- Linked with the private sector – globally, nationally and locally
- Advised governments and policy makers through our advocacy efforts.

“Through this work with Practical Action everything has changed. Our solar water pump has changed our lives dramatically. When I saw water coming out from the pump for the first time I cried tears of happiness.”

Altayeb, a resident of Kweim village, North Darfur, Sudan



People in the North Darfur village of Kweim at a solar water pump. It was installed as part of a Practical Action project.

THE YEAR IN NUMBERS



94p out of every £1
spent directly on charitable activities*

£30.1 million

spent on charitable activities



2.1 million people
benefitted directly from our work

A further **4 million** people
benefitted indirectly from our work



More than **35,000**
people made a donation to us



There were
OVER TWO MILLION
downloads of our
technical resources

We supplied books or
digital knowledge to

94% of countries in
the world

3 million 

people visited our websites

156,000

teachers and educators visited our schools pages



118 Practical Action projects
were active in 11 countries

* We explain what we mean by 'charitable activities' on page 39.

CALCULATING OUR REACH

In our 2016/17 report, we highlighted the increasing importance of working with partners to deliver our work effectively and maximise its impact. This collaborative working was a central theme to the new strategy we embarked on in 2017/18. In order to effectively measure the impact of this approach, we've changed the way we calculate the number of people who benefit from our work.

We distinguish between the people we work with directly and those who benefit from the wider impact of our

work. This offers an accurate insight into the true impact of our collaborative, holistic approach.

Some people who are benefiting directly from our work are Rose and her pupils (page 17). We've worked with Rose to set up a health club at her school. Here, she teaches children the benefits of washing their hands frequently. The children pass on their knowledge to their families at home. As a result, their families benefit indirectly from our work. Meanwhile, we've conducted public health campaigns and established the

Kisumu County Council working group. We've also written policy briefs which inform better decision making. These activities mean that many more people in the city benefit from the wider impact of the project.

This is the power of indirect impact. The people we collaborate with directly become our ambassadors and are able to increase the impact of our work. Then, through our policy, consulting, publishing and education work, we extend our reach further.

OUR GLOBAL REACH

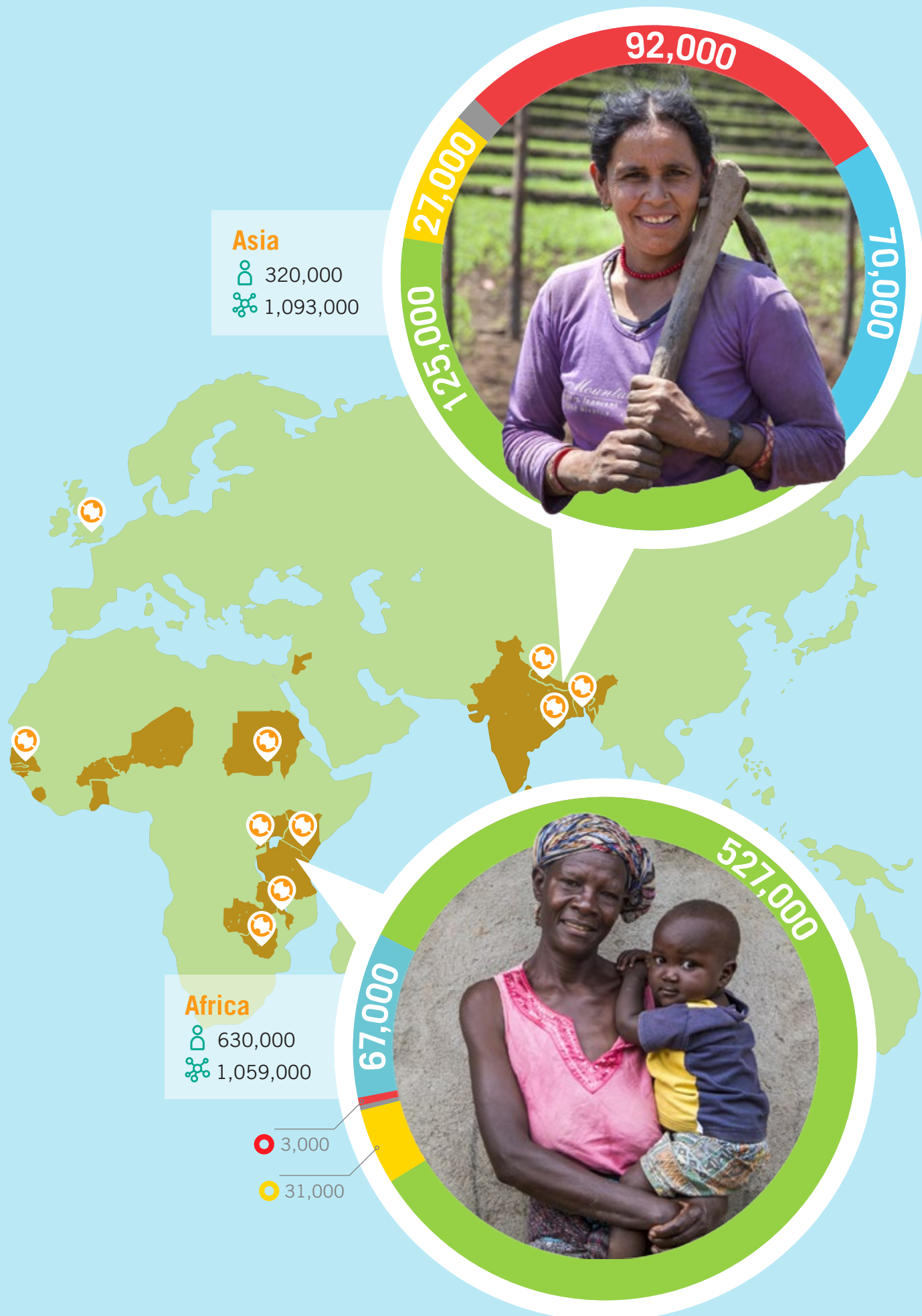
We work on the ground across Africa, Asia and Latin America. Together, we've enabled millions of people to make lasting, positive change to their lives. From potato farmers in Peru to school children in the slums of Bangladesh. We focus on where there's greatest need and we can make the biggest difference. These are the areas of energy access, food and agriculture, urban water and waste and disaster risk reduction.

We share our experience and expertise through our Consulting, Publishing and Practical Answers services. Sharing our knowledge benefits millions more people across the world, giving our work impact far beyond our projects.



Key

- Countries where Practical Action worked
- Our offices
- Direct beneficiaries
- Indirect beneficiaries
- Energy
- Urban water and sanitation
- Food and agriculture
- Disaster risk reduction



Practical Action's projects directly benefitted 201,000 people outside our focus countries; and 14,000 people benefitted from work not categorised within our four goal areas.

ENERGY ACCESS

938 million people are without any form of electricity. 3 billion people cook with wood and charcoal because they don't have clean fuel. This exposes them to deadly smoke fumes. We provide practical power in the form of renewable, locally-sourced, sustainable energy solutions. These allow people to lift themselves out of poverty.

This year, we continued our work enabling people to diversify their income streams by training them on how to make and sell clean fuel for stoves. We helped them to get the electricity they needed to expand their businesses. We made electricity available to more people and reduced the smoke they made when cooking. This improved their health and well-being.

We focused our efforts on encouraging inclusive markets and businesses. 'Inclusive' ventures are those that give people living in poverty better opportunities to buy and sell products. This results in more jobs and affordable products and services for poor communities. Our work has put us in a position to encourage policy shifts towards integrated, pro-poor national planning. This includes support for off-grid energy systems, clean cooking and energy beyond the household. With our successful track record in these areas of work, we're well-placed to help governments with their design and delivery.

Our goal is to work directly with 2.5m people to help them access energy and lift themselves out of poverty by 2020.

This year we have...

- **Reduced household air pollution by helping people get improved cooking stoves and simple smoke hoods. These can reduce indoor smoke levels by up to 80%**
- **Enabled the installation of solar-powered fridges, cooking stoves, water pumps and small-scale wind energy systems. These enable people to use sustainable, renewable forms of energy**
- **Influenced multiple private sector companies to think harder about integrating productive and sustainable energy access into their work**
- **Implemented KnowledgePoint, a collaboration with WaterAid, EngineerAid and other third sector allies. This innovative forum provides technical guidance to people working in development and aid.**

Sujan's bakery business was struggling before a micro-hydro plant was installed in Gorkha as part of a Practical Action project. He uses electricity from the plant to power new equipment.



“ The electricity is much better and much more reliable. As a result, my business has almost tripled in size.”

Sujan, a baker in Gorkha, Nepal

WHAT WE'VE ACHIEVED



285,000 people benefiting directly from our work improving access to modern, sustainable energy services

A further **490,000** people benefiting indirectly from our energy access work

£7.9 million spent on our energy access programme

SUCCESS STORY



Violet's successful retail business

Violet is married with three grown-up children and lives in the village of Mashaba in Gwanda, Zimbabwe. This area of the country is largely rural and much of it has no electricity supply.

The lack of electricity was a challenge for Violet when she left her job in healthcare to open her own grocery shop. She chose to change her career in the hope that she would be able to save some money for her retirement, but her fledgling business was hampered because she was unable to use fridges or freezers.

"It was so hard to work without electricity because people wanted quality food and drinks. The business was very low. Income was very low due to lack of electricity."

As part of our project to bring sustainable, renewable energy to rural communities, we collaborated with local authorities to help install a solar-powered mini-grid in the area. Violet immediately saw business improve, with people visiting her shop from increasingly further afield to buy refrigerated products. She's also selling

solar lamps, making sustainable, renewable light available to the people in her community.

"After electrification my income was 50% higher. I am able to stock more because of electricity and the demand is higher. People like cold drinks and I can now sell meat and yogurt that I keep in a refrigerator. Now we see much more people from other places buying things from us like the soft drinks and people can buy solar lamps from the energy kiosk. My brother's son was using one of them to write assignments."

The positive impact that this project has had on Violet's life isn't limited to improving her shop. It's also helped her become more connected to her community, allowed her to improve her home and given her new ambitions for the expansion of her business. In rural Zimbabwe, women often face restrictions when it comes to earning their own money and running businesses. Now, as a successful business owner, Violet is an inspiration to those around her.



With the money I have made already I have built a house on the back of the shop. With the cash my plans are to buy a car to ferry the goods and to assist others like senior citizens and participate in the development of the community. Thanks to this project I am more financially secure."

Violet, a business owner in Mashaba, Zimbabwe



Violet in her grocery shop.

FEATURED PROJECT



From darkness to light

Many rural areas in Zimbabwe and Malawi are, like the area Violet lives in, deprived and isolated. They're not connected to the national electricity grid and are unlikely to ever be connected because they are so remote. Even if they were connected, it would cost too much for most people living there to use the electricity. We took a fresh look at this problem. We identified a solution that was affordable and offered sustainable renewable energy to the people who needed it.

Violet is one of many people in rural Zimbabwe and Malawi who has benefited from our Sustainable Energy for Rural Communities project. This project is supported by the European Union, the OPEC Fund for International Development and the Global Environment Facility Small Grants Programme. Our partners are SNV Netherlands Development Organisation, Debane Trust in Zimbabwe, Hivos, Churches Action in Relief and Development (CARD) and Environment Africa in Malawi. The project began in 2015 and is due to end in 2019, with a total amount of £5.6 million being spent. A new solar mini-grid is powering irrigation systems that help farmers survive droughts, grow food and sell surplus crops to earn a living. Alongside this project's successes, there have also been technical challenges, caused by the size of the mini-grid and the cutting-edge nature of the technology used. The biggest of these lies in balancing the amount of energy generated with the amount of energy that's used. These challenges have caused delays in the delivery of parts of the project, but we're committed to overcoming these.



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Poor People's Energy Outlook 2017 looks at the mix of technologies and funding needed to achieve energy goals.

INSPIRING DEBATE



Poor People's Energy Outlook

Our flagship publication, *Poor People's Energy Outlook*, engages people and organisations. It influences policies that improve the lives of people without electricity. This ground-breaking resource is the result of collaboration between our consulting, publishing and policy teams. The 2017 edition was funded by a £218,000 project fund from the Department for International Development. It considers how best to finance national integrated energy plans for Bangladesh, Kenya and Togo. The report looks at the mix of technologies and funding needed to achieve national and global goals. It also explores the roles of civil society and the private and public sectors in making this a reality.

This series of publications, along with the supporting policy briefs, has influenced decision-making at the highest level. Most

“The energy access sector is in dire need of this kind of empirical analysis.”

Dr Sebastian Groh, North South University, Bangladesh

recently, we were asked to take part in a Government-supported working group on integrated energy planning. Participants included the World Bank and other global authorities. It opened up discussions with the global energy and services group, Engie. They asked for our advice on how to make energy accessible and affordable to people living in poverty.

SHARING KNOWLEDGE



Making mini grids profitable

A green mini grid is an electricity grid that runs on a sustainable energy source, such as solar. It operates independently from the country's primary, national electricity grid. As well as leading on the creation of the Green Mini Grid facility in Kenya, we're influential in the sector more generally. We work directly with communities and developers as well as contributing to wider strategic thinking.

We identified a challenge early on in the Kenya project. Developers were struggling to establish a financially viable model because they couldn't sell all the energy they generated. Meanwhile, community members wanted to use more energy but didn't have the money or skills to do so. We worked with communities to develop business plans that made good use of the new energy. These included chilling milk to improve prices and reduce spoilage. Another strategy was mechanising feed

production for cows so they make more milk. We also developed new household and small business financial services products. These enabled people to buy new equipment and set up small businesses. More widely, due to our successful policy work, the tools we helped create and develop are now being standardised across Kenya. An example of how our holistic approach delivers large-scale impact.

INNOVATING THROUGH TECHNOLOGY



Safer cooking saves lives

Many people in the developing world find it difficult to collect enough fuel to cook with. Gathering fuel is generally done by women and it's fraught with dangers. Women risk being attacked and even raped during their search for firewood. Aside from this immediate danger, the

firewood they rely on for fuel exposes them and their children to deadly smoke fumes. Household smoke kills more people globally than tuberculosis, AIDS and malaria combined.

One of the ways we've helped people to overcome these challenges is by introducing more fuel-efficient stoves. These are both affordable and easy to use. They burn less wood, which means fewer risky trips for firewood and less dangerous smoke during cooking. We've also developed low-smoke briquettes, which are easy to make and store. We show people how to make them from affordable, locally-available materials. As well as making briquettes for their own use, people can make money by selling them. Thousands of families in Sudan, Kenya, India and Nepal now have clean kitchens, clean lungs and more money to spend on essentials.



Damaris makes low-cost, low-smoke cooking fuel out of locally-available materials after receiving training from Practical Action.



At first, I was an installer of stoves. Now I am making my own briquettes. I am making my own money and I'm feeling very empowered."

Damaris, an entrepreneur in Kisumu, Kenya

FOOD AND AGRICULTURE

800 million people are undernourished, despite an increase in global food production. Most of the world's hungry live in rural households. The changing climate makes people even more vulnerable. Farmers struggle to cope in the face of severe droughts and other extreme weather events.

We've implemented solutions that combine traditional agriculture practices with advances in technology and science. We use innovative approaches that maximise harvests while protecting the soil and other natural resources. This approach is often referred to as 'agroecology'. Our work also enabled people to use renewable energy and data about the weather. This enabled them to cope better with the changing climate and improve their resilience to droughts and floods.

Alongside our successes, there has been disappointment. In 2015 we joined

a consortium of organisations, called Access to Capital for Rural Enterprise. The consortium's intention was to match small businesses in poor rural areas with international investors. We collaborated with small businesses to help them create business plans and investment bids. We worked with investors, highlighting the advantages of investing in these fledgling businesses. Unfortunately, the complexity and volatility of the economies in the countries we worked in, which included Sudan and Zimbabwe, meant that business plans were tricky and time consuming to create and investors were reticent about investing. After learning lessons and forging partnerships that will be beneficial in future, the project ended in 2017/18 without securing any investment deals.

Our goal is to work directly with 2.5m people on sustainable agriculture

methods, helping them to protect their own future.

This year we have...

- **combined agroecology and our knowledge of markets to create opportunities for people. They've been helped to use natural resources in a more productive and sustainable way and to get a better price for their surplus food**
- **worked with smallholder farmers, the private sector and the Government to introduce new ways of working. These help people to use renewable energy technologies such as solar-powered irrigation, which can dramatically increase the size of their harvests**
- **collaborated with communities to give smallholder farmers the information and knowledge they need to farm their land and adapt to the changing climate**
- **Influenced national policy. Our approach to increasing the harvests of farms on sandbars has been included in the Bangladesh National Agriculture Policy 2018.**

“ I'm excited to be part of the training programme on better methods of farming introduced by Practical Action. It has allowed me to become more independent financially.”

Anastacia, a farmer in Gwanda, Zimbabwe



Anastacia presents some of her farm's surplus crop, which she plans to sell at a local market.

WHAT WE'VE ACHIEVED



996,000 people benefiting directly from our work to improve the productivity of their land or livestock

A further **643,000** people benefiting indirectly from our food and agriculture work

£11.8 million spent on our food and agriculture programme

SUCCESS STORY



Nara Bahadur's bountiful harvest

Nara Bahadur is in his late forties and lives with his wife and children in Jumla in the Karnali region of Nepal, one of the remotest parts of the country.

Nara Bahadur found it impossible to make a living by growing vegetables on his farm. He wasn't able to afford good quality seeds and he didn't know how to store his harvest so that it would stay fresh. The produce he took to market was low-quality and didn't raise enough money to pay for life's necessities.

To provide for his family, Nara Bahadur spent several years working across the border in India as a porter. The job was hard work, poorly paid and he had to spend long periods of time away from his home and loved ones.

"I didn't like the way I was treated by my employers in India – they didn't respect me. The work was hard. I had to carry heavy items on my back to multi-storey buildings."

Nara Bahadur has permanent scarring on his forehead from the straps he had to use to secure the heavy loads on his

back. Doing this menial work for so many years away from his family also took its toll on his mental health.

We reintroduced affordable, traditional seed varieties into the local area. We trained Nara Bahadur on simple irrigation techniques he could use to ensure a bountiful and nutritious harvest. We provided training on storage methods, which helped prevent his produce from being spoiled by the elements or pests. Nara Bahadur is now able to support his family through vegetable farming.

The fresh fruits and vegetables that Nara Bahadur sells at market are improving the health of his community. They're also stimulating the local economy. In the meantime, we're working with the local markets and authorities that Nara Bahadur deals with to promote the spread of these practices and drive inclusive and sustainable growth. At last, Nara Bahadur is able to look forward to the future. He even has ambitions to expand his business by leasing more land where he will grow vegetables to sell.



I could barely afford salt and oil for my family. I am grateful because I can now afford education and good food. I am now able to manage nutritious food and vegetables for my family."

Nara Bahadur, a farmer in Jumla, Nepal



Nara Bahadur on his vegetable farm.

FEATURED PROJECT

Bigger harvests for smallholder farmers

In some of the poorest districts of Nepal, smallholder farmers struggle to produce enough food to feed their families. Isolation, poor infrastructure and erratic rainfall make the situation worse. Most people are dependent on farming. Many men, like Nara Bahadur, migrate to India for work, leaving women to manage families and farms on their own. Good seeds are the foundation of a successful harvest, but they are often not available to smallholder farmers. Instead, farmers must buy expensive seeds from further afield. These

may be of low quality and not well suited to local conditions.

The European Union and Jersey Overseas Aid are supporting us with funding to help address these problems. The project is called BICAS, which stands for Building Inclusive and Sustainable Growth Capacity of Civil Society Organisations in Agriculture and Forest Sectors. Our partners in the project are Saipal Development Society, Human Resource Centre and Sustainable and Equitable Development Academy

(SEDA) Nepal. The project started in 2016 and is due to continue until 2019. As part of this project, we've upgraded water mills to extract more water for consumption, crops and livestock. We've reintroduced traditional seed varieties that suit the local environment. They also produce a bountiful and valuable harvest. We've trained existing small businesses so they can expand and diversify into the buying and selling of these seeds. This improves their own prospects and those of the farmers they work alongside.

Dinanath with his family, outside their small business, Rishi Veterinary Farm.



Due to the new seed business my customer base has increased drastically by sixty percent and my profit has risen by more than twenty per cent. Farmers were reluctant to use the new seeds at first, but when they saw the benefits they were interested."

Dinanath, a business owner in Nawalparasi, Nepal

EDUCATION

Teaching children about global food challenges

To continue to combat global poverty, we need to make sure that the next generation has the desire and the skills to continue our work. We work with schools across the UK to help young people see how innovative solutions can ease poverty and change lives.

Last year, a new GCSE subject called *Food Preparation and Nutrition* was introduced in the United Kingdom. We recognised this as an opportunity

to fill the need for materials around food security and provenance. We developed a set of materials based on our agriculture work that explores how people in different countries grow and buy food. These were immediately recommended and shared by influential teachers and educators. The Food Teachers Centre, a UK network of over 4,000 teachers, went on to recommend our materials in their training programme.



Thank you for sending through your new resources, they look great, clear, user-friendly, and very well presented. I would be very happy to signpost these on our website and in our teacher training sessions."

Gill Taylor, a design and technology subject advisor in Cambridge, UK

New irrigation technology in the pipeline

In parts of Rwanda and Kenya, a lack of good irrigation systems means that crops often don't get enough water to grow properly. We have a wealth of experience when it comes to approaching this kind of problem with innovative solutions. Our knowledge puts us in strong position to work in partnership with other experts to improve things for struggling farmers.

This year, we began a partnership with Azur Innovation, a research, development and consultancy company. They specialise in technology creation and management. They also share our passion for innovative solutions. Together, we consulted and surveyed manufacturers, distributors, financiers and customers. We identified a pump engine that uses the expansion and contraction of gas to drive a piston, and found a variant that is extremely reliable. We're now working with Azur Innovation to build a prototype. This solution has the potential to increase the amount of water getting to acres of crops in poor areas of Kenya and Rwanda. This will result in more bountiful harvests and a brighter future for people who are reliant on farming for their food and livelihoods.



Knowledge is power

Many farmers in poorer regions get by on very little money and are vulnerable to unforeseen setbacks. They need to be able to improve their farming methods conveniently and without having to resort to taking out large loans. In South America, online resources and mobile phone applications are a good way of supporting farmers. This is because many of them already use the internet and own mobile phones or smartphones.

Through Practical Answers, our grassroots knowledge service, we coordinate six sector-specific agricultural information portals in South America. On these portals, we collate trustworthy resources about things like cooperative

opportunities and financial services. We base our advice on research and our experience of small-scale agricultural practice. We also draw on the expertise of other trusted organisations. This open sharing of knowledge using an accessible channel is particularly valuable to female farmers and those who belong to minority ethnic groups. These are people who find it more difficult than others to get hold of the knowledge they need to be successful. For these people, our information portals are a powerful source of partnerships and knowledge. They also complement our project work on the ground.



Rosalba maintains the cocoa dryer as part of a project supported by Practical Action.



We want to demonstrate that as groups of women, we can take our business forward. Partnership should be where women work in more areas."

Rosalba, member of the Association of Entrepreneurial Women of Tucupí, Bolivia

URBAN WATER AND WASTE



Karen, outside the community centre where she teaches her community about good hygiene practices.

“Through the support of Practical Action, I was trained to become a community health volunteer. I feel that my work has had a major impact in the community. I am proud to say that Practical Action also installed water points and this has reduced water borne diseases.”

Karen, a Community Health Volunteer in Nyalenda, Kenya

Clean drinking water, proper sanitation and adequate sewage disposal are basic human needs. But many millions of people still find it difficult to get these things. More than half of the world's population live in urban centres. The number living in slums is increasing by 10% every year. Over a third of people living in the developing world don't have decent sanitation facilities. In urban slums, lack of household sanitation is a particular issue for women. Pollution and inadequate handwashing facilities make transmission of water-borne diseases such as cholera more likely.

This year, we continued our work to get drinking water, sanitation and waste services to people living in slums and other poor urban areas. We focused our efforts on delivering safely-managed sanitation and water and on improving hygiene behaviour. We encouraged decision-makers to plan and budget for waste management in a way that's more inclusive of informal waste workers and delivers a better service.

Our goal is to work directly with 1.3m people to help them get clean water, toilets and waste disposal by 2020.

This year we have...

- Improved access to safe drinking water and sanitation services for communities in Odisha in India, with the support of H&M Foundation, who donated £1 million to help us build improved toilets and waste treatment systems
- Promoted a community-led holistic approach to sanitation with partners and local governments. We demonstrated best practice and developed innovative technologies for clean water and waste management
- Provided education about menstrual hygiene to young girls and women, while breaking taboos on the subject, through regular radio broadcasts and free health consultations
- Worked with national and city governments to make sure that people on low incomes are included in sanitation planning
- Collaborated with high-level policy makers, particularly in the UK, Kenya, Bangladesh and Nepal. We highlighted the needs of the urban poor and influenced national policies relating to urban water and waste.

WHAT WE'VE ACHIEVED



141,000 people benefiting directly from our work to improve access to clean water, sanitation and waste services

A further **540,000** people benefiting indirectly from our urban water and waste work

£2.1 million spent on our urban water and waste programme

SUCCESS STORY



Rose's school health club

Rose has been teaching at Pandpieri Primary in Obungu, a slum in the Kenyan city of Kisumu, for 16 years. The school has more than a thousand pupils aged between three and 15. The children Rose teaches grow up surrounded by human waste. Due to the lack of clean water and sanitation, many of them have suffered from the sometimes fatal effects of ongoing diarrhoea, which prevent the gut from effectively absorbing nutrients.

"Children would suffer from diarrhoea and stomach aches. There was a time when there was a cholera outbreak and one of our staff members passed away."

As part of our work in Kisumu, we've helped the school to set up a health club. This club teaches children about the importance of good hygiene. Rose teaches at the new health club and believes it's been extremely valuable for the children in her care. Most of these children live in homes without

clean water or adequate sanitation, so increasing their awareness of health issues and the importance of handwashing has been crucial.

"The health club taught children to have their own personal water bottles instead of using their dirty hands to drink directly from the tap. Before, children didn't use soap when washing their hands. Children have been taught to make soap at school. They even sell surplus to sustain the club. When the children go to the toilet, they now wash their hands with soap. The health club do demonstrations at assembly for proper handwashing to the rest of the school."

The children learn about hygiene through dance and singing, as well as more traditional methods. This mix of teaching styles helps keep their interest. They're picking up the new messages quickly and are taking them home to inspire the rest of their families.

Rose at Pandpieri Primary School



I have a little boy of my own, he is only 5 years old. He has seen handwashing demonstrations and now at home, he tells me, no it's not done this way! It's really impacting on children, they can now show other children how to do it the right way."

Rose, a teacher in Obungu, Kenya

FEATURED PROJECT



Total sanitation in Kisumu

Thousands of people like Rose are healthier because of our improvements to drinking water, sanitation and waste services. We helped Kisumu residents get handwashing facilities and clean water as part of our KisumuSAN project. This project was principally funded by Comic Relief and our main partners were Umande Trust and Kisumu Urban Apostolate Programme (KUAP). We've strengthened relationships with local authorities so that residents of slums now play a role in decision-making. Meanwhile, 120 community volunteers are championing better sanitation, under the supervision of public health officers. Also, technical training and business coaching

is being given to builders and people who empty the waste pits.

We're continuing our work in Kisumu through our Safe Pair of Hands project, which will start in the 2018/19 financial year. Our Safe Pair of Hands campaign raised £1.2 million in public donations for this project. This was a UK Aid Match appeal in partnership with the Department for International Development (DFID), who doubled the value of all UK donations we received. As a result, the appeal raised £2.4 million.

Matching your
donations with



INSPIRING DEBATE



A safer start in life

This year, we published a briefing paper called A safer start in life: handwashing and child health in Kisumu, Kenya. In it, we outline the situation of handwashing and child health in informal settlements in Kisumu. We then explore how we and our partners are addressing it and what others need to do. We call for a clearer understanding of the barriers to better hand hygiene among children under five and their carers. At the same time, we endorse community action to address wider environmental sanitation challenges. We encourage greater recognition of the link between diarrhoea, malnutrition and diminished life prospects. We stress the significance of hygiene and handwashing in breaking this cycle. We also call for greater funding for hygiene programmes by national governments and donors.

Briefing papers like this one are a key tool when it comes to engaging partners and local governments. They have the potential to influence policy at a local and national level. In Kenya, we're part of a group of organisations contributing to the new Sanitation Policy for Kisumu County. This policy goes a long way to recognising the role that the informal sector plays in delivering a good service.

Sara outside the toilet we helped her build on her property as part of our project in Kisumu.



“Before, my tenants said they wouldn't pay their rent because there was no toilet. I couldn't afford one. Now I've been able to build a toilet and things are better.”

Sara, a landlord in Kisumu, Kenya

Not so fantastic plastic

The waste generated by disposable plastic products is a major problem in the developing world because there's often no easy way to dispose of it. One of our popular education resources in the UK is the Plastics Challenge. This makes pupils aware of the impact of plastic on people around the world, as well as on the environment.

Kate Hanson, a biology teacher at Culloden Academy in Scotland, is one of the teachers who has used this resource. Our materials were just what she had been looking for to engage her students in global issues and encourage them to take action. Kate delivered several challenges, including Beat the Flood and Stop the Spread to her class. She also helped us develop an on-line

training programme as part of the Girls into Global STEM project. This EU-funded project aims to engage more school students and especially girls in STEM (science, technology, engineering and maths) subjects and subsequently in STEM related careers. We reached over 1,000 teachers with our training during the year.



I really liked that the Plastics Challenge helped pupils understand the global impact of plastics."

Kate Hansen, a Practical Action trainer and biology teacher at Culloden Academy, Inverness



Pupils at Culloden Academy show the work they produced as part of the Plastics Challenge.

FEATURED PROJECT

Our work with refugees

We're seeing the highest levels of displacement on record, with nearly 70 million people uprooted and over 20 million refugees worldwide. Conflict and war has forced families to flee from their homes, leaving behind everything and setting up new lives, often in camps. Lack of basic services and infrastructure keeps them dependent on aid. It affects their health and forces them to put careers, aspirations and personal development on hold. Refugees are often in these situations for a long time, with no safe home to return to. Nearly a million people belonging to the Rohingya community have fled persecution in Myanmar. They're now living in makeshift

shelters in Cox's Bazar, in neighbouring Bangladesh. Agencies have constructed toilet facilities and drilled boreholes for drinking water. This managed the immediate crisis, but now the refugees need longer-term solutions.

We have a wealth of experience creating innovative solutions to the problems faced by people living in poverty. This puts us in a unique position to contribute to solving the wider problem of long-term displacement. We devised portable faecal sludge management units made of steel with waterproof protection at the camps in the Ukhyia area of Cox's Bazar. The technology uses a simple

filtration system and results in safe sanitisation of waste. This stops the spread of sickness and disease and keeps families healthy. This solution is just one of the ways we're helping to support refugee communities. We're also working in partnership with UNHCR, the UN's Refugee Agency, on the Renewable Energy for Refugees project. This project is supported by the IKEA Foundation, which is providing over €8 million in funding between April 2017 and September 2020. The work is helping refugees and their host communities in Jordan and Rwanda to access finance, training and sustainable energy technology.

DISASTER RISK REDUCTION

The number of people at risk of disasters has tripled over the past decade. In the same time-frame, recovery costs have quadrupled. Most of the people affected live in the world's poorest countries. Women, people with disabilities and the elderly are particularly vulnerable. The changing climate makes disasters in many areas more likely and more extreme.

We've connected disaster risk management and preparedness with risk reduction. We've identified and put in place practical, sustainable technologies that people are using to reduce the impact of disasters on their lives.

This year we continued to develop early warning systems and community-based planning. We helped vulnerable communities to get insurance and vital goods and services. As well as demonstrating the material impact of disaster risk reduction on people's lives and livelihoods, we also addressed critical policy issues.

Our goal is to work directly with 1.2m people to help them prepare and

protect against the long-term effects of disaster by 2020.

This year we have...

- Introduced appropriate training and technologies and simple design changes. These allowed families to dramatically lessen the impact of flooding on their homes and livelihoods
- Implemented simple yet effective ideas to improve the livelihoods of communities struggling to cope with extreme weather conditions such as drought and freak freezes
- Encouraged aid agencies to embrace the goal of rebuilding houses to be more resilient than they were before. This helps families, communities, social networks and local markets emerge from crises more capable to cope and adapt to future threats
- Used digital technologies to give people earlier warnings about floods. In Bangladesh alone we sent text messages to 56,000 people, left 124,000 voice messages and installed 56 digital message boards.

WHAT WE'VE ACHIEVED



714,000 people benefiting directly from our work improving resilience to disasters

A further **2.3 million** people benefiting indirectly from our disaster risk reduction work

£5.2 million disaster risk reduction programme



Phoolbashni collects water from the new elevated water pump, installed as part of a Practical Action project.



Every monsoon, our land gets flooded, and we used to lack clean drinking water because our hand pumps got submerged in flood waters for more than a week. Now that we have the new pump, we don't need to worry about drinking water during the monsoon and we are making the best use of it in other months of the year as well."

Phoolbashni, a resident of Dakshin Sahipur, Nepal



Adelaida with some of the children she cares for at the crèche.

“Mothers leave their children here, knowing they will be looked after.”

Adelaida, a resident of Cuatro de Mayo, Peru

SUCCESS STORY

Adelaida's crèche

Adelaida runs a crèche in the village of Cuatro de Mayo, in the province of Piura, in the north of Peru.

In the summer of 2017, floods related to the El Niño climate phenomenon hit the area. More than 350 families living in Cuatro de Mayo had their homes flooded. A few people managed to save some of their belongings but many homes were completely destroyed with families losing everything.

In the aftermath of the floods, Adelaida wanted to do anything she could to rebuild her community and help people protect against future disasters. She teamed up with us as part of the Zurich Flood Resilience Alliance. This is a partnership of ten organisations, which include businesses, academic institutions and development agencies. We set out to help people to cope in the immediate aftermath of the flood as well as learn new skills to help them become more resilient to future ones.

“After the floods, Practical Action helped us with the process of cleaning and rebuilding our homes. We formed 22 brigades from the whole community and there were many women in these brigades. Then we saw that these women had nowhere to leave their children while they were working on the cleaning and rebuilding of houses. From here came the idea of a crèche.”

The crèche is open from 8am until 1pm and is in the middle of the village, so it's easy for people to get to. Two other women work with Adelaida to look after the children. Organised childcare is new to some of them, but we made professional training available to help them in their roles.

“To be able to do our work in the best way, we learned how to treat children, how to entertain them and how to keep them calm while they waited for their mothers to return from work.”

In the critical days following the flood disaster, the crèche housed more than 30 children, from newborns to eight-year-olds. With their children safe in the crèche, parents can concentrate on rebuilding their homes and, with our help, protecting them from future disasters. Flooding is likely to happen more often because of the changing climate, but we're putting flood forecasting systems in place. These will allow people to prepare themselves and protect their homes and families.

Adelaida has seen a new spirit of solidarity emerge in Cuatro de Mayo since the flooding. Our work has not only helped rebuild and disinfect houses and provided clean drinking water, it has allowed women like Adelaida the opportunity to take an active role in improving the lives of those around her. The new skills they've learned have also made them better able to cope with the aftermath of future disasters.

Local flood evacuators, trained by Practical Action, assist an elderly resident during an evacuation drill.

FEATURED PROJECTS

Building flood resilience

Cuatro de Mayo, where Adelaida lives, was one of the communities in Piura that was most badly damaged by the recent floods. We built latrines and distributed water tanks and pots for cooking. Funding from the Poul Due Jensen Foundation has also provided health kits that include mosquito nets and water containers to help limit the spread of disease. Flood risk is increasing due to growing populations, unsustainable farming practices and climate change. However, building resilience allows vulnerable populations to continue to thrive even during a disaster.

Floods affect the lives of around 250 million people each year. The poorest communities suffer most because repeated floods undermine their potential to develop. This traps them in a poverty cycle. We're collaborating with Zurich Insurance Group and the Z Zurich Foundation, as well as other experts in this field, on phase 1 of the Zurich Flood Resilience Alliance. This phase of the project started in 2013 and ends in 2018. Zurich are supporting it with funding of £7.2 million. As part of the collaboration, we're building the resilience of vulnerable populations in Nepal, Bangladesh and Peru. We work with people to increase their understanding of risk and build flood resilience into lives and livelihoods. Zurich's risk expertise as a global insurer makes them a valuable partner in our work helping people reduce the impact of floods on their communities.

“Previously we did not have adequate knowledge for flood monitoring. We have now learned about flood risk, the vulnerabilities in our communities and flood monitoring. The task force members coordinate mock exercises so that we are well prepared before the flood hits our community.”

Roma, a resident of Kailali district, Nepal

SHARING KNOWLEDGE



Flood resilience portal

There's a lot of information about disaster risk reduction out there but it's not standardised. It isn't always organised or presented in a way that's useful to the people who need it. We've created the Flood Resilience Portal to fill this knowledge gap and help to get the right information out to the right people at the right time. Practitioners on the ground now have the most locally-relevant flood risk reduction resources and examples of best practice. People can share knowledge, innovation and learning. They can work together to

find and put in place ways of building resilience to flooding.

Through the portal, we focus on the regions and countries most affected by flooding. We then learn which information and resources are the most useful to people and adapt these so that they can be used globally. Thousands of people are already using the portal. These include local government personnel, community-based organizations and national and international development agencies.

INNOVATING THROUGH TECHNOLOGY



Building back better

In 2015, a massive earthquake hit Nepal. Homes were destroyed and lives were lost. Reconstruction is a big challenge because Nepal's extreme landscape and lack of infrastructure makes it difficult to get the right tools and machinery to where they're needed. Vital construction materials have not been available or affordable. Villages deserted by years of economic migration had no stone-masons, builders or engineers to do the work. Three years on, many rural families still live in temporary shelters.

We're working in partnership with communities, private sector and the Government to rebuild the homes lost. We help people identify the most affordable and available materials and technologies. We enable local organisations to train entrepreneurs, then help them get finance, start construction businesses and flourish. With locally-appropriate technologies and enabling markets, we have demonstrated that rebuilding the parts of Nepal damaged by the earthquake is possible. One innovative solution that is improving

countless lives is Compressed Stabilised Earth Blocks. These special bricks are an affordable, sturdy alternative to traditional bricks. They have an interlocking structure that can withstand earthquake tremors and they provide shelter from the monsoon rains. They don't need to be fired in kilns and can be manufactured locally in most places. This reduces transportation costs and provides employment.



I'll rebuild my own family's home with blocks like the ones I'm making now."

Prem, a brick maker in Rasuwa, Nepal

Prem makes Compressed Stabilised Earth Blocks in a factory that was set up with support from Practical Action.

INFLUENCING POLICY



Wider impact

In our disaster risk reduction work, we've influenced many local authorities and governments. This has allowed us to make wide-scale changes to improve the lives of people living in areas at risk of flooding and other disasters. The Government of Nepal has adopted our innovative work extending early warning lead times in flood-prone areas. This includes the use of satellite technologies and community radio

broadcasts. In the 2017 monsoon, people used these enhanced warnings, giving them 7-hour, rather than 2-hour warning of rising waters.

We are the only non-academic partner to be invited to take part in two four-year landslide early warning projects. This is testament to the esteem we're held in by academic institutions due to our on-the-ground experience and technical

expertise. The projects are being run by the Department for International Development and the Natural Environmental Research Council. In the last year, we reviewed existing best practices in user-centred landslide early warning systems globally. We've also built partnerships with national technical agencies, assessed user needs and priorities and began designing pilot projects in India and Nepal.

INSPIRING A COMMUNITY OF SUPPORT

Thanks to the generosity of our incredible supporters and partners, we raised over £32 million this year. Over £10 million of this amount was in the form of unrestricted donations and legacies, given mostly by the UK public. This was £1 million more than our fundraising target. We're thankful to everyone who donated to our work, and to the members of our Chair's Circle for their continued support.

Alongside our relationships with individual donors, we work with businesses, trusts and philanthropists. We're very grateful for their generosity. Last year, over 250 charitable trusts, foundations and companies supported us. These included Bill & Melinda Gates Foundation, Charles Stewart Mott Foundation, EKOenergy, H&M Foundation, IKEA Foundation, Poul Due Jensen Foundation, Swedish Postcode Lottery and Zurich Insurance Group. Jersey Overseas Aid, an independent international aid agency, also supported us.

Our fundraising philosophy

We subscribe to The Fundraising Regulator and adhere to the Codes of Fundraising Practice which cover all aspects of voluntary income generation in the UK. We're also members of the Institute of Fundraising. We've developed a Fundraising Compliance Handbook and a Fundraising Policy. These cover current fundraising regulations, data protection, accepting and refusing donations, protecting vulnerable people and complaints procedures. For all fundraising staff, long-term and short-term objectives include knowledge and understanding of these documents and of the Codes of Fundraising Practice. When working with a third party or partner organisation for fundraising purposes, we have various ways of making sure they follow our own high standards of ethical practice. These

include due diligence, mystery shopping, call listening, results evaluation and a right to audit. Joanne Smith, who has extensive fundraising management experience, joined us as a Trustee to strengthen the Board in its fundraising governance role.

Our Supporter Promise is our public commitment to supporters that we will behave in a way that's respectful, honest and accountable. Our in-house supporter care team answers day-to-day queries about fundraising from our supporters and we have a complaints procedure for investigating complaints. We received 79 complaints relating to our fundraising activities in 2017/18. The most common complaints were that our mailings were too frequent and that a mailing was contained within a non-biodegradable outer wrapper. We received no serious complaints relating to our fundraising activities in 2017/18.

We've focused on attracting new supporters and encouraging regular giving, legacy gifts and multi-year grants. We still have work to do when it comes to attracting new donors to the organisation. In 2017/18, 35,000 supporters donated to us, which is down on the 2016/17 figure of 37,700. We expect our investment in our websites and other digital platforms to give us new ways of doing this. Despite the challenges, our fundraising performance this year has allowed us to continue to invest in securing income in future years. We're confident that 30% of our public donation target for 2018/19 is already secured thanks to pledges from committed givers. We've also secured pledges and contracts from institutions, trusts and major partners.

Information relating to challenges, risks and uncertainties, as well as a financial review of Practical Action's performance in 2017/18 are included in the following Strategic Report.

PUBLIC FUNDRAISING IN NUMBERS

2,700 new members of the public supporting us

£2.9 million from supporters remembering us in their will

£3 million from supporters making a regular gift

£14.4 million total income from donations and legacies

£2.1 million spent on fundraising and supporter services

Strategic Report

CHALLENGES, RISKS AND UNCERTAINTIES

A significant proportion of our income comes from institutional donors such as the EU and DFID. There are a number of factors that could result in this income decreasing. Not least, Brexit is likely to limit our ability to partner with, and access grants from, the EU. To mitigate this risk, we're already partnering with EU-based agencies and hope to access EU funds with them.

Brexit also has the potential to negatively affect the UK economy. Much of our income is in pounds sterling, while much of our expenditure is in other currencies. A weaker pound would therefore negatively affect our spending potential in many of the countries we work in. Meanwhile, a weaker UK economy may result in fewer and lower donations from UK supporters. Furthermore, institutional donors are constantly reviewing their priorities, which may not always align with ours. This has prompted us to engage with new donors in a propositional way to excite them about the work we do.

In another important political development, the USA's intention to withdraw from the Paris Agreement on climate change may reduce funding for disaster risk reduction work. To mitigate these risks, we've built strong reserves,

which will help us cope with any risks in the short-term. Meanwhile, our ongoing diversification of income sources will provide long-term financial robustness.

It's vital our staff and partners build trust with the communities they work with by upholding high standards of behaviour. We strive to embed high standards in the culture of our teams around the world and we work with partner organisations to ensure their safeguarding standards match ours. In 2017 we adopted a new complaints and whistleblowing policy. Our staff and partners have a confidential channel to raise concerns or report misconduct to the highest level. We're also working with BOND, the UK network for organisations working in international development. We've committed to a range of measures to improve safeguarding and build trust across the sector. We didn't receive any reports of safeguarding events during the reporting period.

Many of the countries we work in are prone to disasters or political instability. Last year, floods affected communities in Peru. Two years after the Nepal earthquake, many people are still living in temporary housing. Disasters such as these can affect the communities we work with and

the long term sustainability of our work. They also affect the safety and security of our own staff. We manage this risk by considering disaster risks in all our work, using local knowledge and maintaining strong emergency and security procedures.

In May 2018, new data protection legislation came into force that aims to protect people's privacy by introducing new responsibilities around how personal data is processed. We identified that our privacy information and some of our fair processing notices inadequately represented the range of data processing activities we undertake. We reported this to the Information Commissioner's Office. We then rectified things and the Information Commissioner's Office was satisfied that our new notices were suitable.

Our ability to deliver projects on time and to budget is frequently hampered by their complexity and scope. Relying on multiple partners to deliver different parts of projects adds additional complexity and interdependencies. We are tackling these challenges by investing in new training and management systems. These will allow us to track our work, and the work of our partners, more effectively.

LOOKING TO THE FUTURE

Many exciting new partnerships are currently in the beginning stages. These include large-scale partnerships, such as our collaboration with the IKEA Foundation. This promises to deliver sustainable, affordable energy to refugees and displaced people in Jordan and Rwanda. Equally important are collaborations that see us convening many small organisations and businesses to achieve change. The Global Distributors Collective is one such initiative. This collaboration aims to improve people's access to life-

changing products such as cook stoves and solar lamps.

The introduction of more off-grid renewable energy sources remains a key goal area in the coming year. Increasingly, this links closely to our goals around food and agriculture, where successful irrigation and processing of produce relies on a trustworthy energy source. We'll also be continuing our work with refugees. We know that our experience working in poor areas around the world puts us in a unique position to help solve the problem of long-term displacement.

We're investing heavily in our websites, digital publishing formats and other digital platforms. This includes our Practical Answers mobile application. Digital technologies are becoming more widespread. This makes them an increasingly good way of reaching a wide audience of people who can benefit from our work, as well as potential partners. Reaching new audiences will be an important activity for us in itself over the next year. We'll be looking at how we talk about our work and how we present ourselves as an organisation in order to expand our reach and impact.

FINANCIAL REVIEW

Our Finance and Services Director, John Lockett, reviews our finances over 2017/18.

2017/18 saw continued growth in our charitable expenditure, up £1.8m on the previous year to just over £30 million. Our total income for 2017/18 was £32.2 million, which is £1m less than the previous year. However, the underlying trend remains positive (the previous year's income included the Zayed Energy Prize and strategic partnership funding from DFID). Our operational income and expenditure were close to balanced.

Income and expenditure

Our unrestricted income from donations and legacies, primarily from UK-based supporters, was up 16% in the year, with the UK Aid-Match appeal performing particularly well. Our long-standing supporters continue to be very loyal to us.

Income directly from the UK Department for International Development (DFID) was sharply down in the year. This is attributable to Strategic Partnership support of £3.6m per annum coming to an end in December 2016, as DFID closed this funding stream for all organisations, and the conclusion of some major programmes. DFID continued to be an important supporter of our work being the ultimate funders for FAO and ZOA led consortia, amongst others, and we expect some increase in direct funding for new programmes in 2018/19. Income directly from the EU was stable year-on-year and accounted for 11% of total income. Year-on-year growth has come from a range of other sources in line with our strategy to diversify our income base.

Our fundraising expenditure was down slightly to £2.1 million in the year. We continue to develop and test new approaches and intend to increase our investments in fundraising once we are confident that these new approaches will generate good returns.

Our charitable spend was up to £30.1 million and has now grown significantly

in each of the last four years. The growth was largely driven by Southern Africa where we're managing large energy and agriculture programmes.

Pension scheme actuarial gain

We closed our defined benefit pension scheme to contributions in 2002. In the past year, the pension scheme deficit has reduced substantially due to deficit reduction payments made and changes to actuarial assumptions on member life expectancy. The result is an actuarial gain, and thus an increase in reserves, of £0.5m.

Balance sheet and reserves

Our total reserves at the end of the financial year were £11.6m, made up of £1.2m restricted reserves, £1.9m designated reserves and general funds of £8.5 million. Our reserves are £0.9 million above the maximum level permitted by our reserves policy, which requires us to hold no more than £7.6 million. This is a consequence of higher than budgeted fundraising income in the year and the pension scheme actuarial gain. Reserves will be further increased by the sale of the UK office, which completed in May 2018. We've budgeted for an operational deficit of £1.8m in 2018/19 and further deficits in future years, which will leave reserves at the lower end of the target range given growth expectations.

We require funds for the following purposes:

Working capital: £2.6 million. These funds are required to provide working cash and pre-financing for normal operations during the course of the year.

Between £2.6 and £5.0 million are held in contingency against the following principal risks:

- **Fundraising:** honour expenditure commitments made, in the event that fundraising targets are missed.
- **Grant repayment:** to be able to repay donors if there were a failure on grant conditions or inject additional money into projects to meet them.

- **Foreign exchange:** support our programming in the short-term if the pound and/or other currencies in which we receive income lose significant value.
- **Business continuity:** support core activities, such as business development, in the event that we miss grant funding targets.

Post balance sheet events

In May 2018, we sold Bourton Hall for £2.3m and leased it back on a 6-month agreement cancellable with 1 months' notice. We signed a new lease agreement for premises in Rugby, which started in September for a 10-year period. The annual rental commitment will be £103k.

Policy for grants

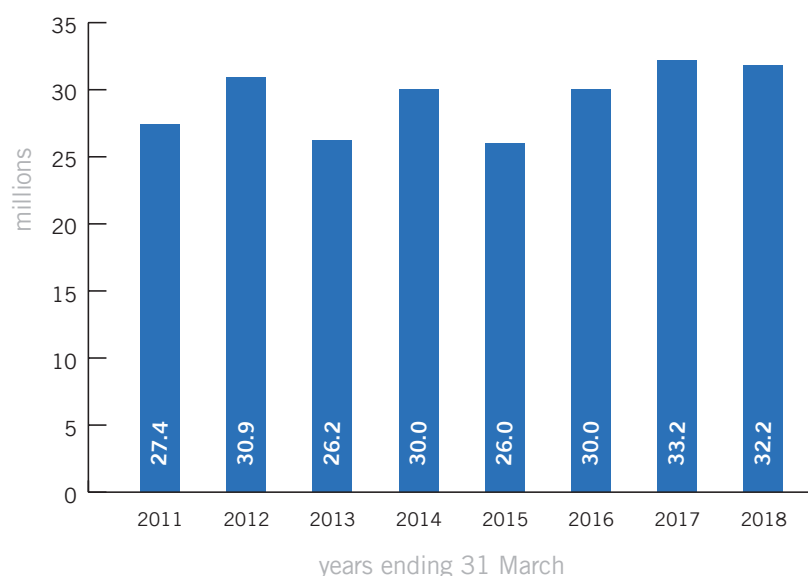
We work in partnership with a number of organisations globally and this is an important part of our work. During the financial year we granted £5m to our partners to support the delivery of our programmes in order to meet our objectives. Due diligence is carried out prior to any agreement being made and we track and monitor funds against the agreed deliverables.

Looking forward

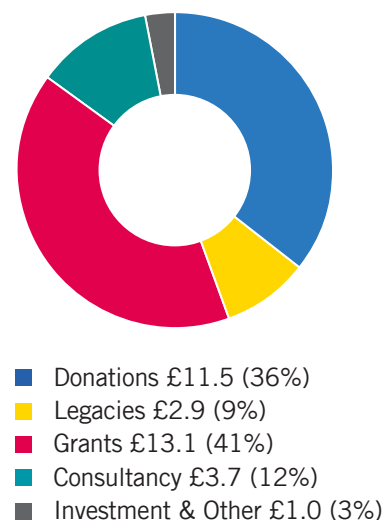
We face significant financial challenges and risks in common with all UK NGOs - our ability to continue to access EU funding post-Brexit remains uncertain, UK public fundraising is likely to remain challenging and economic uncertainty may generate significant exchange rate volatility. We're nevertheless targeting continued growth in charitable work and expenditure. We're successfully diversifying our income sources and updating our systems to meet tightening donor compliance demands. We've built strong reserves and will use these to support our programmes, invest in growth and strengthen our organisational capabilities over the coming years.

SUMMARY OF INCOME AND EXPENDITURE 2017/18

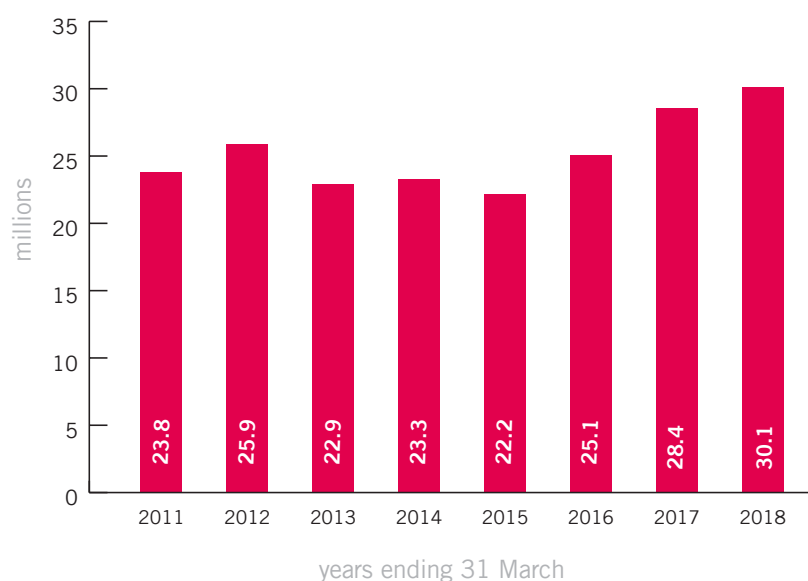
Total annual income £m



2017/18 £m

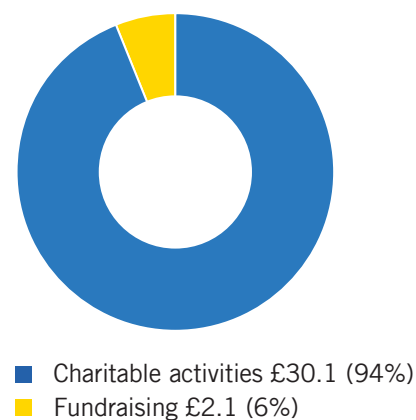


Total expenditure on charitable activities £m



2017/18 £m

(including fundraising and governance)



We explain what we mean by 'charitable activities' on page 39.

This report, which incorporates the Trustees' and Directors' Annual and Strategic Report, was approved by the Board on 21 November 2018 and signed on their behalf by

Helena Molyneux
Director

Trustees' Administrative Report

HOW WE MANAGE OUR AFFAIRS

The Board of Trustees

Practical Action is a Charity and a company limited by guarantee (registered in England and Wales) and has a Membership. The Board of Trustees governs the organisation in line with its Articles of Association, vision, mission and values which align with our main charitable objective which is: 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, sharing knowledge and influencing others. We work closely with some of the world's poorest people – using technology in the areas of energy access, food and agriculture, urban water and waste and disaster risk reduction, to fight poverty and change their lives for the better. We explain our objectives, activities over this past year and future plans in the Trustees' and Directors' Annual and Strategic Report on pages 4–27.

The Trustees are appointed and are elected or re-elected for a term (usually three years), according to procedures set out in our Articles of Association, which is our governing document. Trustees can serve for up to a maximum of nine years (except for the Chair, Vice Chair or Treasurer, who can continue to be a Trustee for a maximum of 12 years). Trustee recruitment is conducted by the Nomination and Remuneration Committee, the name of which is to be changed to the Organisation Committee.

We place advertisements on our website, in selected publications and on a variety of sector websites. The Board may appoint a person to be a Trustee either to fill a vacancy or as an additional Trustee as long as the total number

does not exceed 18. Any Trustee appointed during the year holds office until the next AGM when he/she stands for re-election by the Membership but does not count as part of the rotation for that year. At March 2018, there were 13 Trustees.

We agree and implement an individual induction programme and provide in depth reading materials as a welcome pack for each new Trustee, covering all aspects of the role and the organisation. We encourage all Trustees to attend external training events and seminars to enhance their skills and experience, provide greater understanding of their legal responsibilities and discuss emerging issues affecting the sector. Training includes induction days to meet senior management and key employees to familiarise themselves with the organisation. They also attend workshops and visit international programmes to develop their knowledge of our programme work.

In accordance with normal commercial practice, we've purchased insurance to protect trustees and officers from claims

arising from negligent acts, errors or omissions. The insurance provides cover up to £5,000,000 on any one claim and the cost for the period ended 31 March 2018 was £3,500 (2017: £2,750).

New trustees

We're pleased to welcome two new trustees to Practical Action – Waleed Elbashir Elobeid and Joanne Smith.

Waleed Elbashir Elobeid is Sudanese. He's currently an Adviser in the United Arab Emirates Foreign Assistance Department, within the Ministry of Foreign Affairs and International Cooperation. He has 25 years of experience in development and humanitarian work. This includes two years as Sudan Country Director for Practical Action between 2012 and 2014.

Joanne Smith has worked as an international fundraising consultant for the last decade. She's developed investment programmes in the UK and internationally. She coordinates the International Fundraising Leadership Forum for international fundraising



New trustees Waleed Elbashir Elobeid and Joanne Smith

directors. She also manages a global donor insight initiative for 10 large international organisations. She has 28 years of voluntary fundraising experience.

About our organisation

Our Board is responsible for the overall management and control of the organisation and meets four times a year. Trustees are not remunerated and receive no benefits from the organisation other than the fact that Practical Action pays for Trustee Indemnity Insurance for its Trustees. They are allowed to claim for travel and accommodation expenses in attending meetings. There are two committees of the board:

The Finance, Audit and Risk Committee oversees matters of financial control and performance, external and internal audit and organisational risk and has oversight of our fundraising plans and activities.

The Nomination and Remuneration Committee (name to change to the Organisation Committee) reviews the composition of the Board and its committees and subsidiary companies as well as overseeing the Trustee recruitment process, oversees the terms and conditions of employment of the Strategic Leadership Team and considers reports from our International Remuneration Committees.

The Board delegates day-to-day decision making and operations to the Chief Executive and the 12 directors forming the Strategic Leadership Team which includes seven regional/country directors who are responsible for managing our international programmes and consulting practices.

Our decision-making processes

The Board has a formal schedule of matters which are reserved for consideration and approval at Board level. Included on this list are approval of the charity's objectives and strategic aims and business plans, approval of group policies, the appointment and removal of Trustees, Members and the Chief Executive, approval of the Annual Report and Accounts, and expenditure beyond the Chief Executive's delegated authority. As a company limited by

guarantee Practical Action has a Membership (currently 45 Members). They attend and vote at our Annual General Meetings on matters such as re-appointing Board members and the auditors and on any changes to our Articles of Association.

Charity governance code

The Trustees are aware of the new guidance and during the coming year plan to undertake a review to produce recommendations and an action plan to ensure that the charity takes positive steps towards working in line with the Code in all ways where it is practicable to do so.

Remuneration, equal opportunities and staff engagement

Our remuneration policy is based on an ambition to recruit and retain skilled staff who are paid fairly but primarily motivated to work with us because of our mission. We aim to pay staff at a level close to the relevant market median, normally similar organisations and equivalent roles in the local employment market, using a fair and transparent pay system free from individual bias. We aim for equitable remuneration for all employees regardless of sex, race, religion, caste, tribe, belief, age, marital status, pregnancy, caring responsibilities, sexual orientation, gender or disability. Management remuneration committees are accountable for determining pay scales, benefit packages and cost-of-living awards based on a consideration of benchmarking surveys, local inflation, recruitment and retention experience, affordability and financial performance, employment market trends, and any other relevant factors pertaining to the local context. The remuneration committees are accountable to the Nomination and Remuneration Committee, which is also responsible for approving Executive Directors' and Chief Executive Officers pay.

We have an **equal opportunities** policy and are 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 and with consideration of any disability.

We openly consult with staff on matters important to our activities and keep people updated through weekly all-staff meetings in each office and a range of digital communications. A confidential staff survey is conducted every two years to monitor key drivers of, and guide efforts to improve, staff engagement. Our 2017 survey recorded award-winning levels of employee engagement in all of our offices.

Global gender pay data as at 5 April 2017

Although we don't fall within scope of the regulatory requirement to report our gender pay gap information, in line with our commitment to equality, transparency and accountability, we're disclosing our global gender pay data. This is the first time we've collected this data and we'll continue to learn how best to interpret it and use it to improve our practices.

As a global organisation, our commitment to diversity and inclusion applies everywhere we operate, so we measure our pay gap globally, i.e. we consider all employees based in all offices. If we follow the standard calculations stipulated by the regulations, our global pay gap would be as follows:

Mean: Women are paid 25% more than men

Median: Women are paid 16% more than men

This data is based on local currency to GBP exchange rates as at April 2017.

Globally, 39% of our employees are women. The most significant driver of the gender pay gap is the markedly different number of men and women in different locations. In particular, the high proportion of women employed in our UK office (70% of the UK workforce are women), where salaries are relatively high, and the relatively low proportion of women employed in locations where salaries are lower. Looked at location by location, there's a mixed picture,

with gender pay ratios varying from 18% in favour of women to 38.7% in favour of men.

We're satisfied to report that our most senior global leadership team is made up of 50% women and 50% men. However, outside the UK, women are under-represented at senior management level and we believe there is more we can do to address this in some of our offices.

We're committed to improving inclusion and our actions will include:

- Identifying potential barriers that inhibit women and men from joining and progressing within the global Practical Action team
- Supporting the professional development and internal promotion of our people
- Strengthening an awareness of gender issues in our team and creating a working environment where people feel included regardless of any personal characteristic
- Recognising the diversity of the contexts we work in and tailoring our approaches accordingly.

Subsidiaries and associated organisations

The Charity has two wholly owned trading subsidiaries registered in England and Wales:

Practical Action Publishing Limited publishes and distributes books and journals, mainly to development professionals, practitioners, and researchers worldwide. These activities are in line with Practical Action's charitable objectives.

Practical Action Consulting Limited provides development consultancy services to governments, NGOs, aid agencies and the private sector, on energy access, food and agriculture, urban water and waste and disaster risk reduction. It operates offices in the UK, Eastern, Southern and West Africa, South Asia and Latin America. The Rwanda and West Africa offices have been registered locally as branches of Practical Action Consulting Limited. This year we have also registered

Nepal as a branch office of Practical Action Consulting Limited in order to comply with local government requirements to deliver a particular three year project for Agriculture Commercialisation and Trade.

Practical Action Consulting Limited has expanded its legal footprint by locally registering a number of development consultancy subsidiaries under the Practical Action Consulting name (the trademark being licensed from Practical Action). These subsidiaries have been set up to further the aims and objectives of the parent company:

- Practical Action Consulting Private Limited – a private limited company registered in Nepal. Practical Action Consulting Limited in the UK has a 51% majority shareholding
- Practical Action Consulting (India) Private Limited – a private limited company registered in India. It is wholly owned by Practical Action Consulting Limited in the UK
- Practical Action Consulting Limited – a private company limited by guarantee registered in Malawi. Practical Action Consulting Limited in the UK is one of the two members of the company
- Practical Action Consulting Bangladesh Limited – a private limited company registered in Bangladesh on 10 April 2016. It is wholly owned by Practical Action Consulting Limited in the UK
- Practical Action Consulting S.A.C. – a private limited company registered in Peru on 19 May 2016. Practical Action Consulting Limited in the UK holding 49% minority shareholding

Practical Action has two dormant subsidiaries held in order to protect our previous company names: Intermediate Technology Development Group Limited (CRN 1017062) and Intermediate Technology Publications Limited (CRN 6424984). ATS Property Holdings (Pvt) was established as a private limited company registered in Sri Lanka in order to purchase Practical Action's office premises there. It was deemed appropriate to do this through a locally registered, wholly owned subsidiary rather than the Charity itself, and we are at present still holding this for this purpose.

We are also affiliated with two locally-registered overseas entities carrying the Practical Action name. Practical Action is registered as an International Non-Governmental Organisation in Kenya and has a board made up of two Kenya nationals plus three directors nominated by Practical Action in the UK. Two of these Practical Action nominees are from the Executive and the other is a Practical Action Trustee. As Practical Action exerts significant influence and control over this entity, for accounting purposes this entity is included in the Group's consolidated accounts as a branch office. The Practical Action Foundation was incorporated in Delhi as a locally registered not-for-profit company. All the directors are Indian nationals not directly connected to Practical Action nor does Practical Action have a shareholding in this not-for-profit company. It is therefore not included in our Group consolidated accounts. Practical Action and Practical Action Consulting Limited (based in UK) work with the Practical Action Foundation.

In February 2018 Practical Action registered a branch office of Practical Action in Rwanda, in order to comply with local government requirements to deliver the Renewable Energy for Refugees (RE4R) project. This branch office is fully controlled by Practical Action.

How our activities deliver public benefit

The public benefit of our activities is summarised on page 4. During 2017/18, we worked with local partners across Asia, Africa and Latin America to improve the lives of 2.1 million people, through 118 projects in 11 countries. The Trustees have read the Charity Commission's Summary Guidance PB1, PB2 and PB3 for Charity Trustees on the Public Benefit Requirement and have discussed as a Board the main principles contained within the Guidance. They consider that they have complied with the duty (set out in Section 17(3) of the Charities Act 2011) to have due regard to public benefit guidance published by the Commission. In exercising their powers and duties as Trustees, the Board considers that the organisation's

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

Risk management

The Board has undertaken an annual risk review at Group, Country and Regional level and is satisfied to confirm that the risks to which the organisation is exposed are properly identified, reviewed and evaluated. Mitigation strategies are in place for all key risks and these are continually monitored to ensure compliance with management's risk appetite. The Group has a well-established system of internal controls which are used to govern operations. The Internal Audit function assesses the adequacy and effectiveness of these controls through a risk based Internal Audit programme. All business areas are evaluated at least once in every two year period. The Finance, Audit and Risk Committee reviews all reports and receives Group wide bi-annual updates on progress of agreed action points.

Trustees' responsibilities for the financial statements

The Trustees (who are also directors of Practical Action for the purposes of company law) are responsible for

preparing the Trustees' Annual Report and Accounts (which includes the Annual and Strategic 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 judgments and estimates that are reasonable and prudent;
- Prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the charitable group will continue in operation.

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

The Trustees are responsible for maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Charity and enable them to ensure that the financial statements comply with the Companies Act 2006. Trustees are also responsible for safeguarding the assets of the Charity and the Group and hence for taking reasonable steps for the

prevention and detection of fraud and other irregularities.

In accordance with company law, as the company's directors, we certify that:

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

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 our current auditors Crowe U.K. LLP be re-appointed as auditors of the organisation for the ensuing year.

The Trustees are pleased to present the Trustees' Report and Accounts for the Charity for the year ended 31 March 2018, which have been prepared in accordance with the Charity Statement of Recommended Practice – SORP 2015 and the Companies Act 2006.

CORPORATE DIRECTORY

Legal and administrative details

Charity name:

Practical Action. Practical Action is a company limited by guarantee and is a Charity.

Charity number: 247257

Company number: 871954

Registered office:

The Robbins Building, 25 Albert Street, Rugby, Warwickshire, CV21 2SD

Auditors:

Crowe U.K. LLP,
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

Executives

Chief Executive

Paul Smith Lomas

Fundraising, Marketing and Communications Director

Rachel Hudson

Finance and Services Director

John Lockett

International Director

Amy Mina

Policy and Practice Director

Astrid Walker-Bourne

Group Director for Practical Action Consulting Limited and Practical Action Publishing Limited

Greg Beeton – Managing Director

East Africa Director

Farida Bulhan-Aliwa

Sudan Director

Muna Eltahir

Bangladesh Director

Hasin Jahan

South Asia Director

Achyut Luitel

Southern Africa Director

Kudzai Marovanidze

Latin America Director

Alfonso Carrasco
(resigned May 2018)

West Africa Director

Mattia Vianello
(appointed 1 February 2018)



Members of the Senior Leadership Team.

TRUSTEES

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

Helena Molyneux (Chair)
Roger Clarke (Vice Chair)
Nigel Saxby-Soffe (Hon Treasurer)
Mary Chadwick (resigned 27 July 2017)
Waleed Elbashir Elobeid (appointed 29 September 2017)
Valerie Jolliffe
Imran Khan
Brenda Lipson
James Smith
Joanne Smith (appointed 29 September 2017)
Ian Thornton
Paul Turner (resigned 29 September 2017)
Veronica Walford (resigned 27 July 2018)
Helena Wayth
Graham Young

Nomination and Remuneration Committee

Helena Molyneux (Chair)
Nigel Saxby-Soffe
Roger Clarke

Finance, Audit and Risk Committee

Nigel Saxby-Soffe (Chair)
Mary Chadwick (resigned 27 July 2017)
Valerie Jolliffe
Joanne Smith (appointed 29 September 2017)
Graham Young

Secretary

Pat Adey (resigned 15 June 2018)
John Lockett (appointed 15 June 2018)

This report, which incorporates the Directors' Report, Trustees' Administrative Report and Strategic Report, was approved by the Board on 21 November 2018 and signed on their behalf by



Helena Molyneux
Director



Members of the Board of Trustees.

Independent Auditor's Report to the Members of Practical Action

Opinion

We have audited the financial statements of Practical Action for the year ended 31 March 2018 which comprise the Consolidated Statement of Financial Activities, the Group and Company Balance Sheets, the Consolidated Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charitable company's affairs as at 31 March 2018 and of the group's incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to

determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report, which includes the directors' report and the strategic report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

- the parent company has not kept adequate accounting records, or returns adequate for our audit have not been received from branches not visited by us; or

- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

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

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

Auditor's responsibilities for the audit of the financial statements

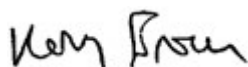
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Kerry Brown
Senior Statutory Auditor for and on behalf of

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

7 December 2018

Financial statements

Consolidated statement of financial activities for the year ended 31 March 2018 (incorporating the income and expenditure statement)

	Note	Unrestricted £'000	Restricted £'000	Total 2018 £'000	Total 2017 £'000
INCOME AND ENDOWMENTS FROM:					
Donations and legacies	3	10,676	3,710	14,386	12,406
Charitable activities	3	3,659	13,135	16,794	18,915
Investments	3	27	4	31	42
Other income	3	936	6	942	1,824
TOTAL INCOME AND ENDOWMENTS	3	15,298	16,855	32,153	33,187
RESOURCES EXPENDED					
Expenditure on raising funds	4	2,050	-	2,050	2,843
TOTAL EXPENDITURE ON RAISING FUNDS		2,050	-	2,050	2,843
Expenditure on charitable activities:					
Energy access	4	4,068	3,804	7,872	5,167
Food and agriculture	4	3,698	8,062	11,760	10,373
Urban water and waste	4	518	1,603	2,121	2,197
Disaster risk reduction	4	1,828	3,398	5,226	4,832
Knowledge broking	4	2,174	84	2,258	3,596
Other	4	846	62	908	2,216
TOTAL EXPENDITURE ON CHARITABLE ACTIVITIES		13,132	17,013	30,145	28,381
TOTAL EXPENDITURE	4	15,182	17,013	32,195	31,224
Net (loss)/gain on investments	8	(6)	-	(6)	9
NET INCOME/(EXPENDITURE)		110	(158)	(48)	1,972
Actuarial gain on defined benefit pension scheme	17	521	-	521	221
NET MOVEMENT IN FUNDS		630	(158)	473	2,193
Balance brought forward 1 April 2017		9,789	1,316	11,105	8,912
Fund balances carried forward as at 31 March 2018	15,16	10,420	1,158	11,578	11,105

The notes on pages 39 to 63 form part of these financial statements.

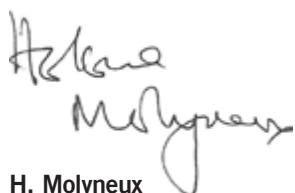
Consolidated and charity balance sheets at 31 March 2018

		Group		Charity	
	Note	2018 £'000	2017 £'000	2018 £'000	2017 £'000
FIXED ASSETS					
Intangible assets	7	4	10	-	-
Tangible assets	7	2,207	2,246	2,166	2,233
Investments	8	721	8,065	721	7,517
Programming investments	8	-	-	243	243
Total fixed assets		2,932	10,321	3,130	9,993
CURRENT ASSETS					
Stock	9	196	155	-	-
Debtors	10	6,123	7,862	5,451	7,364
Cash at bank and in hand	11, 19	10,950	4,245	10,701	4,182
Total current assets		17,269	12,262	16,152	11,546
Creditors: amounts falling due within one year	12	(8,449)	(10,329)	(7,719)	(9,233)
Net current assets		8,820	1,933	8,433	2,313
Creditors: amounts falling due after more than one year	13	(11)	(17)	(11)	(17)
Provisions for liabilities and charges	14	(43)	(367)	(32)	(367)
Net assets before pension liability		11,698	11,870	11,520	11,922
Defined benefit pension scheme liability	17	(120)	(765)	(120)	(765)
Net assets after pension liability		11,578	11,105	11,400	11,157
FUNDS					
Restricted	15	1,158	1,316	1,158	1,316
Unrestricted fixed assets	15	1,335	1,321	1,302	1,321
Revaluation reserve	15	595	601	595	601
Pension reserve	17	(120)	(765)	(120)	(765)
General funds		8,610	8,632	8,465	8,684
Unrestricted funds net of pension liability	15	10,420	9,789	10,242	9,841
Total Funds	15	11,578	11,105	11,400	11,157

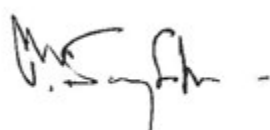
The net surplus for the financial year dealt with in the financial statements of the parent charity was £244k (2017 - £2,430k)

The notes on pages 39 to 63 form part of these financial statements.

The financial statements were approved by the board on 21 November 2018.



H. Molyneux
Trustee



N. Saxby-Soffe
Trustee

Consolidated cash flow statement for the year ended 31 March 2018

	Note	2018 £'000	2017 £'000
Cash flows from operating activities:			
Net cash (used in)/provided by operating activities	18	(319)	3,132
Cash flows from investing activities:			
Dividends, interest and rents from investments		31	51
Purchase of property, plant and equipment		(351)	(499)
Purchase of Investments		-	(350)
Net cash provided by (used in) investing activities		(320)	(798)
Cash flows from financing activities:			
Repayments of borrowing		6	(30)
Net cash provided by (used in) financing activities		6	(30)
Change in cash and cash equivalents in the reporting period		(633)	2,304
Cash and cash equivalents at the beginning of the reporting period		11,835	9,531
Cash and cash equivalents at the end of the reporting period	19	11,202	11,835

The notes on pages 39 to 63 form part of these financial statements.

NOTES ON FINANCIAL STATEMENTS

Practical Action is a company registered and incorporated in England and Wales, limited by guarantee, without share capital and governed by its Articles of Association dated 21 February 1966, as amended on 19 October 1995, 16 October 1997 and 27 September 2012. The company registered a change in name on 25 September 2009 with registration number 871954. The company was registered as a charity with the Charity Commission on 26 April 1966. The principal address and registered office is The Robbins Building, 25 Albert Street, Rugby, Warwickshire, CV21 2SD. The principal activity is to use technology to challenge poverty in developing countries and enable communities to build on their skills and knowledge to produce sustainable and practical solutions, thus improving their lives and protecting the world around them.

The organisation is a Public Benefit Entity.

1. Accounting policies

The financial statements have been prepared under the historical cost convention as modified by the revaluation of fixed asset investments, and are in accordance with applicable law, the Companies Act 2006, applicable accounting standards and the 2015 Statement of Recommended Practice ('SORP') for Accounting and Reporting by Charities.

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

The following principal accounting policies have been applied:

Going concern

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

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

Basis of consolidation

The consolidated financial statements incorporate the results of Practical Action and all of its subsidiary undertakings as at 31 March 2018 using the acquisition method of accounting. The results of subsidiary undertakings are included from the date of acquisition. Dormant companies are excluded.

No statement of financial activities is presented for the charitable company alone as the results of the subsidiary companies are separately identified within the group accounts and the charitable company is exempt from presenting such a statement under section 408 of Companies Act 2006. The group net income includes net income from the charitable company itself of £244k (2017: net income £2,430k).

Income and endowments

Income is accounted for on an accruals basis in the period in which the charity is entitled to income where the amount can be measured with reasonable certainty. Where the entitlement to project or grant income is performance related the income is recognised when the conditions for entitlement have been fulfilled. Legacies are recognised when receipt is reasonably certain and the amount is quantifiable. We recognise a legacy when the executors have determined that a payment can be made following the agreement of the estate's accounts, or on notification by the executors that payment will be made. Where funds are received net of tax, and tax is recoverable, the income is

recognised gross at the time of receipt. Gifts in Kind – Donated goods and services are recognised in the financial statements, as both income and expenditure, at a reasonable estimate of their value in the period in which they are donated.

Resources expended

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

Basis of allocation of costs

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

Fundraising costs

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

Governance costs

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

The costs are made up of a percentage of salaries for management, company secretarial/legal costs, internal and

external audit costs, meeting costs for strategic leadership team and trustees (including travel costs) and an apportionment of support costs.

Fixed assets

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

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

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

Motor vehicles	33.3% per annum straight line
Computer equipment	33.3% per annum straight line
Fixtures and fittings	20.0% per annum straight line
Freehold property	100 years

Intangible assets

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

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

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

Investments

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

Stocks

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

Debtors

Debtors are measured at cost less any impairment.

Cash at bank and in hand

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

Creditors and provisions

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

Pension costs

The pension costs for the defined benefit pension scheme are treated in accordance with FRS 102. 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 scheme's 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.

Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at the settlement value, with the exception of bank loans which are subsequently measured at amortised cost using the effective interest rate method.

Foreign currencies

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

Restricted funds

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

Unrestricted funds

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

Operating leases

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

Taxation

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

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

Grants

We work in partnership with a number of organisations globally and this partnering is an important part of our work. We have a policy in place for working with partners, due diligence is carried out prior to any agreement being made and a memorandum of understanding is agreed where funds are tracked and monitored against the agreed deliverables.

2. Critical accounting judgements and key sources of estimation uncertainty

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

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

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

Pension liabilities

The charity recognises its liability to its defined benefit pension scheme which involves a number of estimations as disclosed in the Pensions note 17.

Project issues provision

The charity recognises its potential liability as disclosed in Provisions note 14.

3. Income and endowments

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

	Unrestricted £'000	Restricted £'000	Total 2018 £'000	Total 2017 £'000
Bill & Melinda Gates Foundation	-	502	502	530
Christian Aid	-	427	427	217
DFID	94	1,618	1,712	6,876
European Environment Programme (EEP)	369	-	369	-
European Community	-	3,489	3,489	3,407
Food and Agriculture Organisation (FAO)	-	2,217	2,217	646
Global Resilience Partnership	-	408	408	-
German Technical Cooperation Agency (GTZ)	-	330	330	391
IKEA Foundation	-	408	408	-
Jersey Overseas Aid	-	338	338	-
Oxford Policy Management	-	250	250	-
United Nations Development Programme	173	710	883	222
United Nations Environmental Programme	-	-	-	1,058
USAID	-	294	294	346
Zayed Energy Prize	-	-	-	1,206
ZOA	-	1,150	1,150	-
Zurich Insurance Company Ltd and its Z Zurich Foundation	170	1,439	1,609	1,561
Other (donations under £250k)	14,492	3,275	17,767	16,727
TOTAL	15,298	16,855	32,153	33,187

3. Income and endowments (cont.)

	Unrestricted £'000	Restricted £'000	Total 2018 £'000	Total 2017 £'000
Donations and legacies				
Donations	7,749	3,710	11,459	10,027
Legacies*	2,927	-	2,927	2,379
Total donations and legacies	10,676	3,710	14,386	12,406
Charitable activities				
Grant income	-	13,095	13,095	14,886
Consultancy income	3,659	40	3,699	4,029
Total charitable activities	3,659	13,135	16,794	18,915
Investments				
Rental	23	-	23	23
Interest	4	4	8	19
Total investments	27	4	31	42
Other				
Publishing	586	-	586	355
Other income	350	6	356	1,469
Total other	936	6	942	1,824
TOTAL	15,298	16,855	32,153	33,187

*Approximately £311k of residual and £129k of reversionary legacies had been notified to the charity before 31 March 2018 but not been recognised as income in the year as they do not meet the SORP FRS102 income recognition criteria.

Gifts in Kind

During the year ended 31 March 2018, Practical Action received no gifts in kind.

Volunteers

Practical Action does not have a volunteer programme. Volunteer requests are dealt with on an individual basis. In the year an individual volunteered in the major partnership fundraising department.

4. Total resources expended

	Grants payable £'000	Direct costs £'000	Support costs £'000	Total 2018 £'000	Total 2017 £'000
Fundraising:	-	1,914	136	2,050	2,843
Charitable activities:					
Energy access	959	6,391	522	7,872	5,167
Food and agriculture	2,659	8,322	779	11,760	10,373
Urban water and waste	555	1,425	141	2,121	2,197
Disaster risk reduction	817	4,063	346	5,226	4,832
Knowledge broking	69	2,039	150	2,258	3,596
Other	3	424	30	457	1,786
Governance	-	373	78	451	430
Total expenditure on charitable activities	5,062	23,037	2,046	30,145	28,381
TOTAL RESOURCES EXPENDED*	5,062	24,951	2,182	32,195	31,224

*Total resources expended include £82k of costs relating to irrecoverable VAT in the UK.

Support costs represent the costs for the Chief Executive, Marketing and Communications, Finance, HR, Facilities and Services and Information Technology for the Head office. These are allocated across the charitable activities in proportion to direct cost. This represents the most appropriate view of the support costs for Practical Action.

	2018 £'000	2017 £'000
Support costs		
CEO's Office*	94	113
Marketing and Communications	188	211
Finance	676	607
IT	459	464
HR	305	228
Facilities and Services	460	337
TOTAL	2,182	1,960

* CEO's Office support costs excludes internal audit, company secretarial, board support, business planning, legal and compliance costs which form part of governance costs under direct costs.

	2018 £'000	2017 £'000
Governance costs		
Salaries	97	95
Company secretarial/legal costs	42	13
Internal and external audit costs	164	199
Meeting expenses (including trustees travel)	70	36
Apportionment of support costs	78	87
TOTAL	451	430

4. Total resources expended (cont.)

	Total 2018 £'000	Total 2017 £'000
Total expenditure on charitable activities (inclusive of support costs)		
Charitable activities:		
East Africa	2,072	2,188
Latin America	4,666	4,874
South Asia	5,071	4,762
Southern Africa	5,037	3,226
Bangladesh	4,065	3,240
Sudan	2,716	3,822
West Africa	329	184
International programme work	5,738	5,655
Governance costs	451	430
TOTAL EXPENDITURE ON CHARITABLE ACTIVITIES	30,145	28,381

International programme work includes our Global Policy, Practical Action Consulting and Practical Answers knowledge work.

During the year ended 31 March 2018, Practical Action made grants to partner organisations. Grants payable to partner organisations are considered to be part of the costs of activities in the furtherance of the objects of the charity because much of the charity's programme activity is carried out through grants to partner organisations that support long-term, sustainable benefits for a community, which are monitored by the charity.

	Total 2018 £'000	Total 2017 £'000
Grants to partners greater than £200k		
HIVOS	212	238
Rangpur Dinajpur Rural Services	228	9
SEDA Nepal	265	228
Sudan Vision	229	107
Sustainable Agricultural Technology	467	30
Uttara Development Program Society, Dhaka	307	-
Other	3,354	4,769
TOTAL	5,062	5,381

	2018 £'000	2017 £'000
External audit costs		
Fees payable to company's auditors for the audit of the annual accounts	50	53
Fees payable to company's auditors for the audit of the company's subsidiaries pursuant to legislation	10	10
Fees payable to the company's auditors for the audit of the company's overseas branches	23	60
TOTAL AUDIT FEES	83	123
Tax services	4	5
Other services	49	50
TOTAL NON-AUDIT FEES	53	55

5. Employees

	2018 £'000	2017 £'000
Staff costs		
Wages and salaries	10,920	10,018
Social security costs	909	901
Pension costs (employee benefit scheme)	91	101
Pension (stakeholder scheme)	460	380
Staff end of service costs*	462	385
Redundancy, ex gratia and termination costs	99	-
Total emoluments of employees	12,941	11,785
Other staff costs	246	383
TOTAL STAFF COSTS	13,187	12,168

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

Average number of full time equivalent employees

	2018 Number	2017 Number
East Africa	31	36
Latin America	93	104
South Asia	91	95
Southern Africa	60	41
Bangladesh	101	99
Sudan	70	74
UK	107	95
Total	553	544

Average number of employees

	2017 Number	2016 Number
East Africa	31	36
Latin America	93	104
South Asia	91	95
Southern Africa	60	41
Bangladesh	101	99
Sudan	70	74
UK	112	101
Total	558	550

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

	2018 Number	2017 Number
£60,001 – £70,000	2	4
£70,001 – £80,000	4	4
£80,001 – £90,000	1	-
£90,001 – £100,000	1	1

The CEO during the year earned a salary of £91,884.

Benefits are accruing to six (2017: six) higher-paid employees under Practical Action's stakeholder pension scheme, which is open to all eligible employees. Employer contributions of £48,546 (2017: £45,911) have been made into this stakeholder scheme for these higher-paid employees. Within Practical Action's Employee Benefits Scheme, benefits are accruing for one (2017: one) higher-paid employee.

Key management personnel is a term used by FRS 102 for those persons having authority and responsibility for planning, directing and controlling the activities of the charity, directly or indirectly, including any director (whether executive or otherwise) of the charity. This definition includes trustees and those members of staff who are the senior management personnel to whom the trustees have delegated significant authority or responsibility in the day-to-day running of the charity. For Practical Action, our Strategic Leadership Team (SLT) consists of those executives listed on page 32. In 2017/18 the total cost of SLT was £884k (2016/17 £844k). In 2017/18 this represented 13 people (2016/17 13 people).

5. Employees (cont.)

Salaries and benefits of the Strategic Leadership Team (SLT), the organisation's senior executives, are overseen by the Board's Nomination and Remuneration Committee in line with the policy and principles for all staff pay. These are considered by the Committee annually.

The Trustees receive no remuneration for their services. Expenses reimbursed to Trustees during the year amounted to £4,638 (2017: £3,165), which related to travel and refreshment costs for meetings, telephone and postage.

Expenses were reimbursed to seven Trustees (2017: ten Trustees).

Indemnity insurance is provided for Trustees at a cost of £3,500 (2017: £2,750).

6. Net income from trading subsidiaries and summary balance sheets

The results of the principal trading subsidiaries are summarised below:

	Practical Action Consulting 2018 £'000	PAC India (Subsidiary of PAC UK) 2018 £'000	PAC Nepal (Subsidiary of PAC UK) 2018 £'000	PAC Malawi (Subsidiary of PAC UK) 2018 £'000	PAC Bangladesh (Subsidiary of PAC UK) 2018 £'000	PAC Peru (Subsidiary of PAC UK) 2018 £'000	Practical Action Publishing 2018 £'000
Income	2,541	117	426	346	264	4	682
Expenditure	(2,476)	(120)	(372)	(362)	(244)	(4)	(684)
Net profit/(loss)	65	(3)	54	(16)	20	-	(2)
Income per subsidiary accounts	2,541	117	426	346	264	4	682
Less: interest receivable	-	-	-	-	-	-	-
Less: grants from parent charity	(230)	-	-	-	-	-	(96)
	2,311	117	426	346	264	4	586
Expenditure per accounts	(2,476)	(120)	(372)	(362)	(244)	(4)	(684)
Less: group charges	130	-	-	-	-	-	60
Less: Gift Aid	-	-	-	-	-	-	-
	(2,346)	(120)	(372)	(362)	(244)	(4)	(624)
Net effect on group results for the year	(35)	(3)	54	(16)	20	-	(38)

Summary Balance Sheet

Fixed Assets	66	-	5	37	5	-	4
Net current assets/(liabilities)	21	(62)	166	(117)	25	12	(26)
Net Assets/(liabilities)	87	(62)	171	(80)	30	12	(22)
Called Up share capital	-	33	35	-	10	13	-
Profit & loss account	87	(95)	136	(80)	20	(1)	(22)
Surplus/(deficit) on shareholder funds	87	(62)	171	(80)	30	12	(22)

6. Net income from trading subsidiaries and summary balance sheets (cont.)

	Practical Action Consulting 2017 £'000	PAC India (Subsidiary of PAC UK) 2017 £'000	PAC Nepal (Subsidiary of PAC UK) 2017 £'000	PAC Malawi (Subsidiary of PAC UK) 2017 £'000	PAC Bangladesh (Subsidiary of PAC UK) 2017 £'000	PAC Peru (Subsidiary of PAC UK) 2017 £'000	Practical Action Publishing 2017 £'000
Income	2,856	91	463	20	-	-	449
Expenditure	(2,997)	(114)	(417)	(122)	-	-	(465)
Net profit/(loss)	(141)	(23)	46	(102)	-	-	(16)
Income per subsidiary accounts	2,863	91	463	20	-	-	449
Less: interest receivable	-	-	-	-	-	-	-
Less: grants from parent charity	(233)	-	-	-	-	-	(94)
	2,630	91	463	20	-	-	355
Expenditure per accounts	(2,997)	(114)	(417)	(122)	-	-	(465)
Less: group charges	108	-	-	-	-	-	58
Less: Gift Aid	357	-	-	-	-	-	-
	(2,532)	(114)	(417)	(122)	-	-	(407)
Net effect on group results for the year	98	(23)	46	(102)	-	-	(52)

Summary Balance Sheet

Fixed Assets	69	-	8	-	-	-	10
Net current assets/(liabilities)	(51)	(53)	114	(102)	-	-	(30)
Net Assets/(liabilities)	18	(53)	122	(102)	-	-	(20)
Called Up share capital	-	38	39	-	-	-	-
Profit & loss account	18	(91)	83	(102)	-	-	(20)
Surplus/(deficit) on shareholder funds	18	(53)	122	(102)	-	-	(20)

7. Intangible and tangible assets

					Total £'000
Intangible fixed assets					
Group cost					
At 1 April 2017					27
Additions					-
At 31 March 2018					27
Amortisation					
At 1 April 2017					17
Charge for the year					6
At 31 March 2018					23
Net Book Value (NBV)					
At 31 March 2017					10
At 31 March 2018					4
	Freehold and Leasehold property £'000	Motor vehicles £'000	Computer equipment £'000	Furniture and other equipment £'000	Total £'000
Tangible fixed assets					
Group cost or valuation					
At 1 April 2017	1,840	1,563	1,432	937	5,772
Additions	-	179	136	36	351
Disposals	-	(52)	(8)	(22)	(82)
At 31 March 2018	1,840	1,690	1,560	951	6,041
Depreciation					
At 1 April 2017	10	1,414	1,244	858	3,526
Charge for the year	37	152	156	34	379
Disposals	-	(52)	(5)	(14)	(71)
At 31 March 2018	47	1,514	1,395	878	3,834
Net Book Value (NBV)					
As at 1 April 2017	1,830	149	188	79	2,246
As at 31 March 2018	1,793	176	165	73	2,207

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

As permitted by the transitional provisions of FRS 102, freehold property with a historic cost of £1,078,211 was revalued to £1,600,000 at 31 March 2016 based on a prudent assessment of market value. The charity has elected not to adopt a policy of revaluation of tangible fixed assets. The charity will retain the valuation as deemed cost and will not update that valuation. There is therefore a revaluation reserve relating to freehold property of £521,789.

	NBV 2018 £'000	NBV 2017 £'000
Tangible fixed assets of the subsidiary undertakings		
Motor Vehicles	-	-
Computer equipment	41	5

8. Investments

	Group		Charity	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Cash investments				
Cash investments	252	7,590	252	7,042
Common Investment Fund	469	475	469	475
Investment bonds	32	51	32	51
Impairment provision	(32)	(51)	(32)	(51)
TOTAL	721	8,065	721	7,517
Programme investments				
Capital loans to subsidiaries	-	-	224	224
Programme investments	-	-	19	19
TOTAL	-	-	243	243

Capital loans are interest bearing, secured by fixed and floating charges and have no fixed repayment period and Practical Action does not intend to recall the loans in the next four years.

Reconciliation of Common investment fund:	£'000
Historical cost	396
Opening balance at 1 April 2017	475
Additional investment	-
Recognised loss	(6)
Closing balance at 31 March 2018	469

8. Investments (cont.)

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

	Country of Incorporation	Proportion of voting rights and ordinary share capital held	Nature of business
Practical Action Consulting Limited (Reg No 00952705)	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 staff	Consultants for agriculture and industry
Practical Action Consulting (India) Private Limited (Reg No, Delhi, CIN U74999DL2014FTC272886)	India	99.7% PAC -3% PAC staff	Consultants for agriculture and industry
Practical Action Consulting Limited (Reg no. 14654)	Malawi	100%	Consultants for agriculture and industry
Practical Action Consulting Bangladesh Limited (Reg no. C-130198/2016)	Bangladesh	99% PAC 1% PA staff	Consultants for agriculture and industry
Practical Action Consulting S.A.C Limited (Reg No 20601238200)	Peru	49% PAC 51% PA staff	Consultants for agriculture and industry

9. Stock

	Group		Charity	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Finished goods	159	143	-	-
Work in progress	37	12	-	-
BALANCE SHEET TOTAL	196	155	-	-

10. Debtors

	Group		Charity	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Trade debtors	1,640	1,623	1,314	1,183
Prepayments & accrued income	3,119	4,992	2,614	4,794
Amounts owed to the charity by the group	-	-	216	350
Other debtors	1,364	1,373	1,307	1,163
Charges for bad debt	-	(126)	-	(126)
TOTAL	6,123	7,862	5,451	7,364

11. Cash at bank & in hand

The balance held at year-end includes £3.2m of project specific funds which are held in project specific bank accounts.

12. Creditors: amounts falling due within one year

	Group		Charity	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Trade creditors	805	844	615	501
Payments received in advance	5,425	7,116	5,298	6,787
Accruals	665	726	604	648
Taxation and social security	276	328	224	236
Other creditors	1,278	1,315	978	1,061
TOTAL	8,449	10,329	7,719	9,233

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

	Group £'000	Charity £'000
Balance brought forward	7,116	6,787
Released to income	(7,116)	(6,787)
Received in year	5,425	5,298
BALANCE CARRIED FORWARD	5,425	5,298

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

	Group		Charity	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Bank loan: unsecured				
1-2 years	10	4	10	4
2-5 years	-	-	-	-
More than 5 years	-	-	-	-
Other creditors: unsecured				
1-2 years	1	13	1	13
2-5 years	-	-	-	-
More than 5 years	-	-	-	-
TOTAL	11	17	11	17

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 1.4.17 £'000	Provisions created £'000	Provisions utilised £'000	Balance at 31.3.18 £'000
Project issues	359	22	(359)	22
Rent	8	7	-	15
Redundancy	-	-	-	-
Annual Leave Provision	-	6	-	6
TOTAL	367	35	(359)	43

During the financial year, there was a clawback of funds to the value €135,134. Income was received and recognised in the prior year relating to costs incurred on the PRISM project in Nepal but disallowed by the EU following final project audit. The clawbacks related to irrecoverable VAT, failure to follow the donor stipulated process on some procurements and unauthorised variations to the approved budget to meet project deliverables.

The remainder of the brought forward provisions were made with the expectation of needing to make repayments to donors in Sudan, following a range of accounting, budget management and compliance difficulties. However, controls, compliance and audit trails in Sudan are now much improved and the provision is no longer required and has been released.

15. Funds note

	Opening balance 2017 £'000	Incoming resources £'000	Expenditure and charges £'000	Transfer £'000	Closing balance 2018 £'000
2018					
Designated reserves					
Fixed asset fund	1,321	-	-	14	1,335
Revaluation reserve	601	-	-	(6)	595
Total designated reserves	1,922	-	-	8	1,930
Free reserves	7,867	15,298	14,667	(8)	8,490
Total unrestricted funds	9,789	15,298	14,667	-	10,420
Energy access	98	3,695	3,804	-	(11)
Food and agriculture	240	7,708	8,062	-	(114)
Urban water and waste	(115)	1,642	1,603	-	(76)
Disaster risk reduction	726	3,633	3,398	-	961
Other	367	177	146	-	398
Total restricted funds	1,316	16,855	17,013	-	1,158
TOTAL FUNDS	11,105	32,153	31,680	-	11,578

Transfers to the revaluation reserves represents a £6k decrease in the value of the Common Investment Fund in the year. Material fund balances carried forward are in respect of the Zurich Flood Resilience Programme.

	Opening balance 2016 £'000	Incoming resources £'000	Expenditure and charges £'000	Transfer £'000	Closing balance 2017 £'000
2017					
Designated reserves					
Fixed asset fund	1,280	-	-	41	1,321
Revaluation reserve	592	-	-	9	601
Total designated reserves	1,872	-	-	50	1,922
Free reserves	5,893	16,675	14,651	(50)	7,867
Total unrestricted funds	7,765	16,675	14,651	-	9,789
Energy access	118	2,845	2,865	-	98
Food and agriculture	295	7,096	7,151	-	240
Urban water and waste	(21)	1,665	1,759	-	(115)
Disaster risk reduction	641	3,444	3,359	-	726
Other	114	1,462	1,209	-	367
Total restricted funds	1,147	16,512	16,343	-	1,316
TOTAL FUNDS	8,912	33,187	30,994	-	11,105

16. Total funds

	Unrestricted funds £'000	Restricted funds £'000	2018 Total £'000	2017 Total £'000
2018				
Fixed assets	2,013	198	2,211	2,256
Investments	721	-	721	8,065
Stock	196	-	196	155
Debtors	4,167	1,956	6,123	7,862
Cash at bank and in hand	6,524	4,426	10,950	4,245
Creditors: amount due within than 1 year	(3,075)	(5,374)	(8,449)	(10,329)
Creditors: amount due after more than 1 year	-	(11)	(11)	(17)
Provisions for liabilities and Charges	(6)	(37)	(43)	(367)
Pension liability	(120)	-	(120)	(765)
TOTAL	10,420	1,158	11,578	11,105

	Unrestricted funds £'000	Restricted funds £'000	2017 Total £'000	2016 Total £'000
2017				
Fixed assets	2,038	218	2,256	2,147
Investments	8,065	-	8,065	4,214
Stock	155	-	155	117
Debtors	3,068	4,794	7,862	4,773
Cash at bank and in hand	778	3,467	4,245	5,433
Creditors: amount due within one year	(3,542)	(6,787)	(10,329)	(6,457)
Creditors: amount due after more than one year	-	(17)	(17)	(47)
Provisions for liabilities and charges	(8)	(359)	(367)	(175)
Pension liability	(765)	-	(765)	(1,093)
TOTAL	9,789	1,316	11,105	8,912

17. Pension costs and FRS 102

The charity has accounted for pension costs in accordance with FRS 102. This scheme was closed to contributions in 2002.

Practical Action Employee Benefits Scheme

The charity 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 charity to the scheme during the year ending 31 March 2018 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 charity, 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 £9,325,000, 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 FRS 102 as at 31 March 2018 by an independent qualified actuary.

	2018 £'000	2017 £'000
a) The amounts recognised in the balance sheet are as follows:		
Present value of funded obligations	(11,172)	(11,657)
Fair value of plan assets	11,052	10,892
Deficit	(120)	(765)

Amounts in the balance sheet:		
Liabilities	(120)	(765)
Assets	-	-
Net liability	(120)	(765)

	2018 £'000	2017 £'000
b) Changes in the present value of the defined benefit obligation are as follows:		
Opening defined benefit obligation	11,658	10,418
Service cost	-	69
Interest cost	322	349
Employee contributions	-	-
Actuarial (gains)/losses	(521)	1,173
Benefits paid	(286)	(352)
Defined benefit obligation at end of year	11,173	11,657

17. Pension costs and FRS 102 (cont.)

	2018 £'000	2017 £'000
c) Changes in the fair value of the scheme assets are as follows:		
Opening fair value of scheme assets	10,892	9,325
Expected return	303	315
Actuarial gains (losses)	-	1,394
Employer contributions	210	210
Employee contributions	-	-
Benefits paid	(353)	(352)
Fair value of scheme assets at the year end	11,052	10,892

	2018 £'000	2017 £'000
d) The amounts included within the statement of financial activities are as follows:		
Current service cost	(67)	(69)
Interest on pension liabilities	(322)	(349)
Expected return on scheme assets	303	315
Past service cost	-	-
Total amount charged within net (outgoing) resources	(86)	(103)
Actuarial gain	521	221
Total amount charged to the statement of financial activities	435	118

Practical Action expects to contribute £210,000 to the defined pension scheme in 2017/18. The cumulative total of recognised actuarial losses is (£1,116k).

	2018 £'000	2017 £'000
The actual return on the scheme assets in the year	303	1,709

e) Principal assumptions at the balance sheet date (expressed as weighted averages)	2018	2017
Discount rate	2.6%	2.8%
Expected return on scheme assets	2.6%	2.8%
Rate of increase in salaries	4.5%	4.6%
Rate of increase of pensions in payment	3.0%	3.1%
Rate of increase of pensions in deferment	2.3%	2.4%
Assumes life expectancy on retirements age 60:		
Retiring today - males	26.5	27.0
Retiring today - females	28.5	29.3
Retiring in 20 years - males	27.8	28.5
Retiring in 20 years - females	29.8	30.9

17. Pension costs and FRS 102 (cont.)

	2018 £'000	2017 £'000
f) The amounts for the current and previous periods are as follows:		
Defined benefit obligation	11,172	11,657
Scheme assets	11,052	10,892
(Deficit)/surplus	(120)	(765)
Change in assumptions	327	1,394
Experience adjustments on scheme liabilities	194	87
Experience adjustments on scheme assets	-	(1,260)
Total gain/(loss) on STRGL	521	221

	2018 £'000	2017 £'000
Percentage of each major class of plan assets		
Equities and properties	35.1%	35.1%
Property	8.9%	8.9%
Bonds and gilts	54.8%	54.8%
Cash	1.2%	1.2%

From January 2011, the Government 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 indicated that RPI should still be the measure for increasing pensions after retirement. However increases before retirement 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.

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

	2018 £'000	2017 £'000
Net income/expenditure	(47)	1,971
Losses/(gains) on investments	6	(9)
Losses/(gains) on foreign Exchange	6	0
Dividends, interest and rents from investments	(31)	(51)
Depreciation	379	377
Loss on the disposal of fixed assets	11	13
(Increase)/decrease in stocks	(41)	(37)
Decrease/(increase) in debtors	1,738	(3,089)
(Decrease)/increase in creditors and provisions	(2,216)	4,064
Difference between the pension contributions and current service costs	(124)	(107)
Net cash provided by operating activities	(319)	3,132

19. Analysis of cash and cash equivalents

	2018 £'000	2017 £'000
Cash in hand	10,950	4,245
Cash held as part of investment portfolio (Note 9)	252	7,590
Total cash and cash equivalents	11,202	11,835

20. Contingent liabilities

The Charity has entered into an agreement with Barclays Bank to provide a bank guarantee to the value of Nepalese Rupees 9,052,586 and USD 39,560 (£ 115,000) to the agency 'Management Agribusiness innovation Centre' (ABIC) as stipulated in the contract PACT-49-SBC-CF-PACT-AF/S/QB5/27/2015 – Consultancy services Nepal, Project for Agriculture Commercialisation and Trade.

The Charity has signed a legal charge in respect of the bank guarantee, which represents the amount of the first tranche of funding provided by the donor, and funds will be held in a special Business Premium Account for the duration of the contract.

In fulfilment of other contractual requirements, the charity has entered into six agreements with Banco de Credito del Peru in support of charitable activities, resulting in contingent liabilities totalling £60,348.

The first agreement is to provide a bank guarantee to the value of S/. 62,934 (c. £13,822) as required by Programa Nacional de innovacion para la competitividad y productividad (Peruvian donor) on the project – Furniture cluster development in the south of Lima, Peru.

The second agreement is to provide a bank guarantee to the value of USD 13,500 (c. £9,574) as required by the Inter-American Institute for Cooperation on Agriculture (regional donor) on the project – Streamlining the market for certified stoves in producer organizations in the regions of Amazonas, Cajamarca and Piura.

The third agreement is to provide a bank guarantee to the value of USD 13,500 (c. £9,574) as required by the Inter-American Institute for Cooperation on Agriculture (regional donor) on the project – Streamlining the market for certified stoves in producer organizations in the regions of Arequipa, Cusco and Puno.

The fourth agreement is to provide a bank guarantee to the value of S/. 3,911 (c. £ 859) as required by Programa Nacional de Investigacion agraria (Peruvian donor) on the project – Rural promoters specialised in rehabilitation of organic coffee crops resilient to climate change in Jaen and San Ignacio.

The fifth agreement is to provide a bank guarantee to the value of S/. 62,355 (c. £13,695) as required by Fondo Nacional de Capacitación Laboral y de Promoción del Empleo (Peruvian donor) on the project – Increasing employment and income of artisan family and textile weavers in province of Melgar, Puno.

The sixth agreement is to provide a bank guarantee to the value of S/. 58,384 (c. £12,823) as required by Fondo Nacional de Capacitación Laboral y de Promoción del Empleo (Peruvian donor) on the project – Increasing competitiveness of cocoa producers in Lamas, Region of San Martin.

The charity won a court case relating to the ownership of its office building in Sri Lanka, but the verdict has been appealed by the other party. A rent provision to the value £142k made in previous years was released after the court case. No further provision has been made after the appeal was lodged. The appeal is expected to continue for a number of years.

21. Big Lottery Fund

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

2018	Horticultural production and marketing for improved livelihoods £'000	Sustainable lagoons and livelihoods £'000	Total £'000
Opening Balance	-	-	-
Income Deferred from 16/17	-	-	-
Income Accrued from 16/17	-	-	-
Income Received in 17/18	-	-	-
Income Accrued for 17/18	-	-	-
TOTAL INCOME	-	-	-
Expenditure	-	-	-
CLOSING BALANCE	-	-	-

2017	Horticultural production and marketing for improved livelihoods £'000	Sustainable lagoons and livelihoods £'000	Total £'000
Opening Balance	-	-	-
Income Deferred from 15/16	-	-	-
Income Accrued from 15/16	4	3	7
Income Received in 16/17	-	(71)	(71)
Income Accrued for 16/17	-	-	-
TOTAL INCOME	4	(68)	(64)
Expenditure	(4)	68	64
CLOSING BALANCE	-	-	-



22. Department for International Development grants

	2018 £'000	2017 £'000
Grants	1,552	2,847

	Contract/Component Number £'000	2018 DFID Funding £'000
Project funding details required by DFID		
Pumpkins Against Poverty UK Aid Match	203559-152	495
Safer Cities UK Aid Match	40082348	14
PPEO	204343-106 (Previously 204343-104)	218
Supply Chain Strengthening of Construction Materials and Tools in Earthquake Affected Districts	204857-104	825
TOTAL		1,552



23. Commitments under operating leases

As at 31 March 2018, the group had commitments under non-cancellable operating leases as set out below:

	2018 Land and buildings £'000	2017 Land and buildings £'000
Operating leases which expire:		
Within one year	216	338
In two to five years	228	373
In over five years	-	-
TOTAL	444	711

The net income for the year has been stated after charging £417k (2017: £463k) for the hire of assets under operating leases.

24. Related party transactions

Practical Action Publishing Limited and Practical Action Consulting Limited are subsidiaries of Practical Action Group. Grants paid by the charity to the subsidiaries and gift aid received by the charity from the subsidiaries are disclosed in note 6.

A management charge of £60k (2016/17 £58k) and payroll costs totalling £190k (2016/17 £185k) were also charged to Practical Action Publishing Limited by the charity. At the year end, Practical Action Publishing Limited owed the charity £NIL.

A management charge of £130k (2016/17 £108k) and payroll costs totalling £664k (2016/17 £534k) were also charged to Practical Action Consulting Limited from the charity. At the year-end, Practical Action Consulting Limited owed the charity £15k.

Full declarations of interests are obtained from Trustees and Directors for their own activities outside of Practical Action governance as well as those of their close family members and those entities which they control or in which they have a significant interest. In 2017/18 these related parties made donations in aggregate to Practical Action of £2,776.

25. Financial instruments

	2018 £'000	2017 £'000
Financial assets that are debt instruments measured at amortised cost	17,636	21,619
Financial liabilities that are debt instruments measured at amortised cost	(3,094)	(4,016)
Financial Instruments measured at fair value through profit and loss	469	475

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

	2018 £'000	2017 £'000
Total interest income for financial assets measured at amortised cost	8	20
Impairment losses on financial assets measured at amortised cost	-	-
Total interest expense for financial liabilities held at amortised cost	1	1

	2018 £'000	2017 £'000
Gains/Loss on financial instruments measured at fair value through profit and loss		
Financial instruments measured at fair value at the start of the year:	475	116
(Loss)/Gain	(6)	9
Purchases	-	350
Financial instruments measured at fair value through at the end of the year	469	475

26. Comparative statement of financial activities for the year ended 31 March 2017

This is a breakout of the prior year statement of financial activities

	Note	Unrestricted £'000	Restricted £'000	Total 2017 £'000
INCOME AND ENDOWMENTS FROM:				
Donations and legacies	3	9,141	3,265	12,406
Income from charitable activities	3	5,671	13,244	18,915
Income from investments	3	42	-	42
Other income	3	1,821	3	1,824
TOTAL INCOME AND ENDOWMENTS	3	16,675	16,512	33,187
RESOURCES EXPENDED				
Expenditure on raising funds	4	2,843	-	2,843
TOTAL EXPENDITURE ON RAISING FUNDS		2,843	-	2,843
Expenditure on charitable activities:				
Energy access	4	2,302	2,865	5,167
Food and agriculture	4	3,222	7,151	10,373
Urban water and waste	4	438	1,759	2,197
Disaster risk reduction	4	1,473	3,359	4,832
Knowledge broking	4	3,404	192	3,596
Other	4	1,199	1,017	2,216
TOTAL EXPENDITURE ON CHARITABLE ACTIVITIES		12,038	16,343	28,381
TOTAL EXPENDITURE	4	14,881	16,343	31,224
Net gain on investment assets	8	9	-	9
NET INCOME/(EXPENDITURE)		1,803	169	1,972
Actuarial (loss) on defined benefit pension scheme	17	221	-	221
NET MOVEMENT IN FUNDS		2,024	169	2,193
Balance brought forward 1 April 2016		7,765	1,147	8,912
Fund balances carried forward as at 31 March 2017	15,16	9,789	1,316	11,105

27. Post Balance Sheet Events

On the 16th May 2018 Practical Action completed the sale of a freehold property, Bourton Hall. The sale value was £2.3m exclusive of VAT.

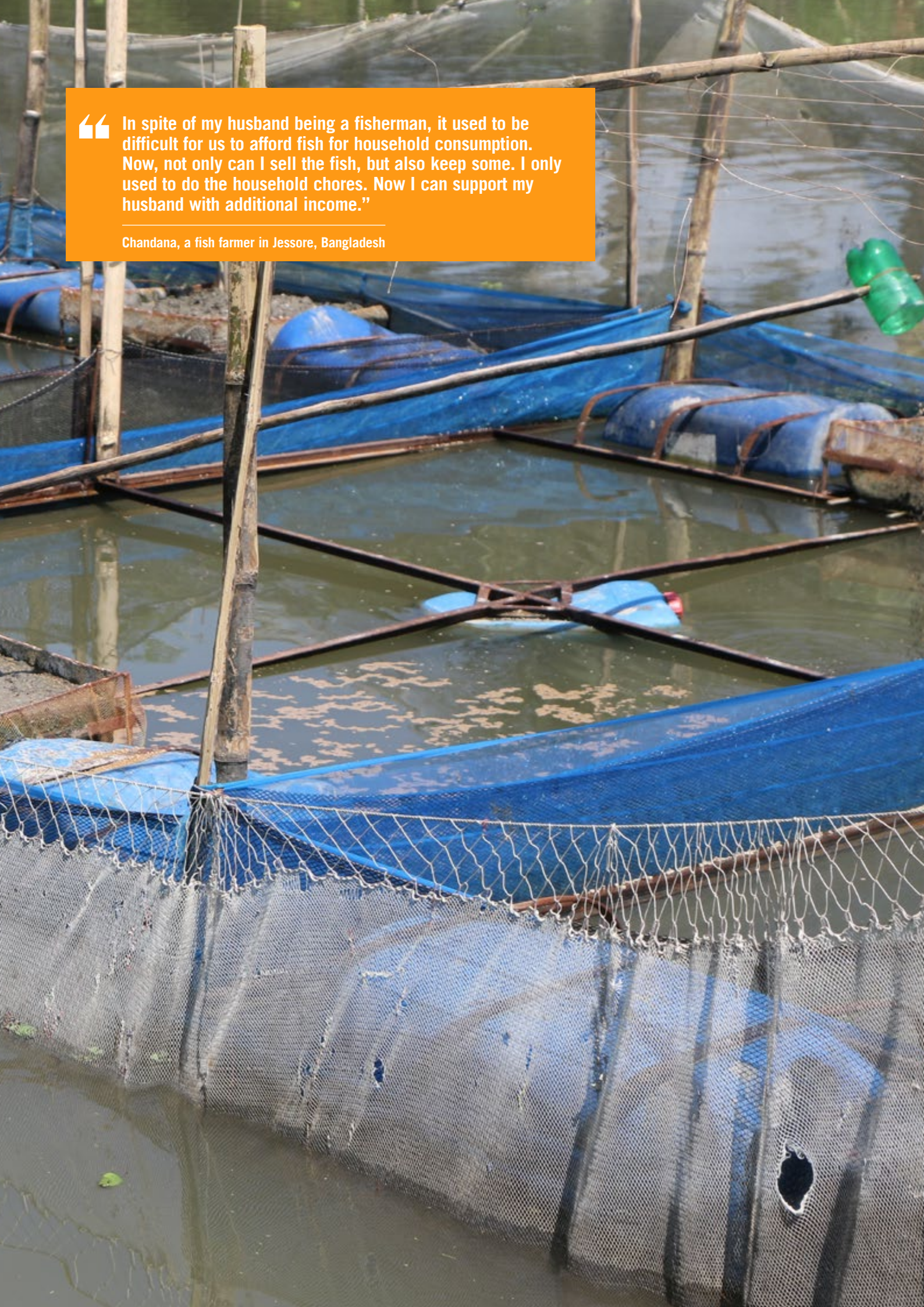


Chandana tends her fish farms. The materials and training she's received from Practical Action have allowed her small business to thrive.



In spite of my husband being a fisherman, it used to be difficult for us to afford fish for household consumption. Now, not only can I sell the fish, but also keep some. I only used to do the household chores. Now I can support my husband with additional income.”

Chandana, a fish farmer in Jessore, Bangladesh



Head Office - UK

+44(0)1926 634400

practicalaction@practicalaction.org

Bangladesh

+88 02 9672683

practicalaction@practicalaction.org.bd

Eastern Africa

+254 20 2595 311

practicalaction@practicalaction.or.ke

Latin America

+511 441 2950

info@solucionespracticas.org.pe

South Asia

+00 977 1 4423 639

practicalaction@practicalaction.org.np

Southern Africa

+263 4 776 107

info@practicalaction.org.zw

Sudan

+249 155662474

info@practicalactionsd.org

West Africa

west.africa@practicalaction.org

Syndon from Manicaland in Zimbabwe, received training from Practical Action and now educates his community on making nutritious food from locally-grown produce.



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