



PRACTICAL ACTION



A year of impact

Annual report and accounts 2015–2016

Contents

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

- 3 **A message from our Chair and Chief Executive**
- 4 **Trustees' Annual and Strategic Report**
- 28 **Trustees' Administrative Report**
- 34 **Independent auditor's Report**
- 35 **Financial statements**
- 60 **2015/16 at a glance**

Contact us

Practical Action is an international organisation, with offices and projects around the world. Our head office e-mail address is practicalaction@practicalaction.org.uk. Please go to practicalaction.org/contact-us for addresses of individual offices.

You can also contact us:



[facebook.com/practicalaction](https://www.facebook.com/practicalaction)



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Cover image: Jui, aged five, holds one of the pumpkins her father has grown in Bangladesh thanks to Practical Action's sandbar cropping technology (see page 23). © Practical Action/Elizabeth Dunn

Contents page image: Kalthum Yousef, aged 18, is reaping the benefits of a water diverting dam in Sudan which is irrigating a greater area of land. © Practical Action/Awadalla Hamid



Messages from the Chair and Chief Executive

Welcome to our 2015/16 annual report. We hope you enjoy reading about the great impact Practical Action is making on the lives of people across the developing world.

Our work is only made possible by the dedication and generosity of our donors and supporters who helped us raise almost £30 million in 2015/16. I would like to express my deep thanks to everyone who contributed to our achievements.

In 2015/16 we directly benefitted 1.7 million people – more people than ever before. This is through working in four focus areas: energy access; water, waste and sanitation services; disaster risk reduction; and agriculture. Our knowledge sharing and influencing work has reached many more.

Technical resources produced by our knowledge service, Practical Answers, were downloaded two million times. Our Policy team helped ensure that energy access became one of the Sustainable Development Goals and through the COP 21 climate talks in Paris that the needs of poor people in adapting to climate change are met.

We are constantly striving to ensure that as much money as possible directly benefits the world's poorest people. We are delighted to report that 88p in every £1 is spent on charitable activities. The rest is spent on necessary administration and raising money.

Making a lasting difference

I witnessed first-hand how clever thinking can help address devastating problems when I recently visited Bangladesh, where regular flooding devastates millions of lives each year. With short or no warning, homes can be submerged and possessions destroyed. We improved flood forecasting by working with a local Bangladeshi software developer to create a mobile application that transmits river readings. These are combined with Bangladesh Met Office data to create five-day forecasts that are transmitted back to local communities and posted on weather boards. Now, with five days warning, people can evacuate their homes and get their families to safety before a flood arrives.

Planning for the future

Paul Smith Lomas was appointed Chief Executive in November 2015. He is now leading the organisation in defining our longer term ambition and strategy and in delivering an innovative, creative and impactful programme to tackle poverty with appropriate technology.

Helena Molyneux Chair of Trustees



I am delighted to present my first annual report as Chief Executive, having taken over from Simon Trace who stood down after ten years of service. It was wonderful that he was honoured with a CBE for services to international development, which is a great testament to his outstanding leadership.



Making change possible

My first week as CEO was spent in Sudan. The photo above is of a field of Sorghum I visited – a field which no-one had farmed for over 20 years because it was so dry. Yet today, farmers have healthy crops even in a poor rainy season. This is due to a water diverting dam that we worked with the community to construct. It slows and spreads the flow of water to a greater area, irrigating 1,680 hectares that is farmed by 11,000 families.

When in Sudan I met Aziza, a farmer who said that thanks to the dam and the resulting water that reaches her farm, she is producing more vegetables and is earning more money, which she is now saving to send her children to school.

We are partnering with other organisations in other parts of the country to deliver similar schemes and help thousands more people benefit. This is a great example of how we can take our experience to scale, which means lots more people can benefit from what we have learned. There are more examples of this approach on page 4 and throughout the report.

Celebrating 50 years of impact

This year we celebrated 50 years of Practical Action's work. Our founder Fritz Schumacher believed that small, simple 'intermediate technologies', based on the needs and skills of poor people, could play an important role in lifting people out of poverty. While in many cases the technical solutions have moved on, the underlying ethos remains the same and our work is still as relevant today as it was 50 years ago.

In fact, the need for our work has never been more pressing. Millions of people are being left behind for want of smart solutions to the devastating problems they experience. Practical Action and our partners have the ideas, the expertise and ambition to make a lasting difference to the lives of millions of people living in poverty. Together with the dedication of our staff, supporters, donors and partners, we hope more people will join us in our mission to help make this a reality.

Paul Smith Lomas Chief Executive

We are Practical Action

Practical Action is an international non-governmental organisation that uses technology to challenge poverty in developing countries. We enable poor communities to build on their skills and knowledge to produce sustainable and practical solutions to poverty.

Our vision

Technology Justice – a sustainable world free of poverty in which technology is used for the benefit of all.

Our strategy 2012-2017

To help poor people access and use technology to transform their lives, through four goals:

- Goal 1:** Giving people access to modern, sustainable energy services
- Goal 2:** Helping people grow food to improve their health and boost income
- Goal 3:** Giving people access to clean water, safe toilets and waste services
- Goal 4:** Reducing the risk of disasters affecting people

Since we launched our current strategy in 2012, we have improved the wellbeing of 4.9 million people against a target of six million people by 2017.

In 2015/16, we worked with local partners across Asia, Africa and Latin America to directly transform the lives of 1.7 million people (more than ever before) through 90 projects in nine countries. Millions more benefitted from changes in others' policy and practice influenced by Practical Action.

Our approach

We believe that lasting change is achieved not just by the direct delivery of projects on the ground but also by making knowledge available to the poorest people and in encouraging institutions and governments to adopt approaches that favour the poor. As a result, Practical Action delivers our mission in three main ways:

Transforming lives

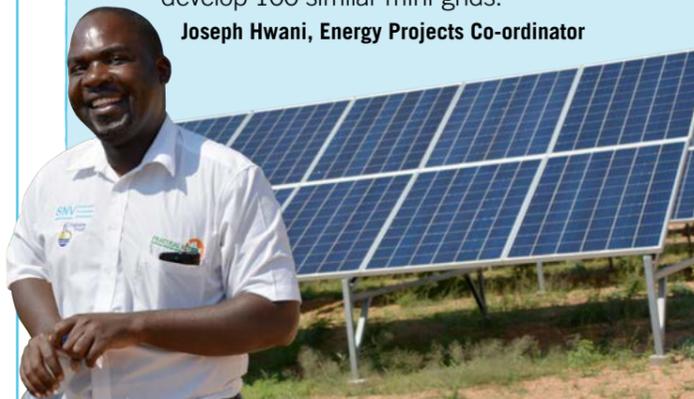
Through our work with partners to deliver projects on the ground, we have improved the lives of 1.7 million people this year.

Our programmes give people access to modern energy, and help them grow the food they need sustainably. We help people in urban areas get the clean water and sanitation they need, and reduce the impact of disasters on the most vulnerable.

Joseph Hwani, Energy Projects Co-ordinator, is delivering the Sustainable Energy for Rural Communities mini-grid project, which will generate electricity benefitting a community of 360,000 people and power schools, clinics, businesses and irrigation schemes – transforming the education, health, wellbeing and earning opportunities of many local communities.

“This is the first solar-powered mini-grid of its kind in Southern Africa. Following our success, we have been invited to help develop the renewable energy national policy and support the Ministry of Energy to develop 100 similar mini-grids.”

Joseph Hwani, Energy Projects Co-ordinator



Sharing knowledge

We aim to change as many lives as possible, by sharing our knowledge and experience.

Our Consulting and Publishing services reach development professionals around the world and our technical information service, Practical Answers, offers free resources directly to those who need it the most, where possible in a familiar local language. This year, there were two million downloads of these technical resources.

Sachin Sapkota, Digital Manager at Practical Action Nepal, developed a new mobile application that has the potential to help millions of people in the developing world.



“The app was built to provide our users with the power of our knowledge in their hand held devices. It gives people access to more than 2,000 practical ‘how to’ guides on a range of topics from building a wind turbine to making a clay pot fridge. It is often the case that people have mobile phones, particularly farmers and field workers, so we hope this app will help us reach the last mile. It really has the potential to change millions of lives for the better.”

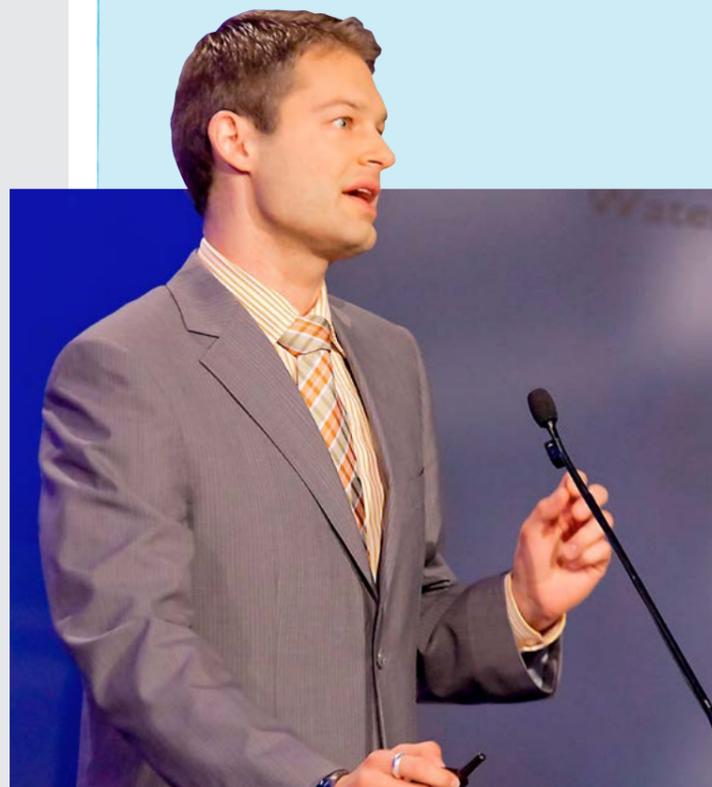
Influencing others

We have big ideas that can change lives. By sharing our ideas and experience with local and national governments, international agencies and other development organisations, we can make a bigger impact on a global scale and work towards a world where technology is used for the benefit of all.

Aaron Leopold, Practical Action's Global Energy Representative, is co-chairing ‘Power for All’, a collective of organisations dedicated to delivering universal energy access by 2030. It is calling for an alternative model for investment – to achieve universal energy access through off-grid renewable energy solutions. Corporates, other organisations and governments are interested to learn more.

“It often goes unrecognised that off-grid renewable energy is a key solution to the dual energy crises of the 21st century. The clean energy needed to combat energy poverty is the same clean energy needed to combat climate change, and we must bring discussions on these two topics together, both in the halls of politics and in the board rooms of the world. Decentralised renewables are the way forward both for people and the planet, and it's time to get to work.”

Aaron Leopold, Practical Action's Global Energy Representative



2015/16 in numbers



88p out of every £1 spent directly on charitable activities - on our programmes round the world

1.7 million people benefitting directly from Practical Action's services

£26 million spent on charitable activities

TWO MILLION technical resources downloaded that provide knowledge to those who need it the most



41,000 individuals made a donation to Practical Action

1.25 million people visited our websites

4,000

community organisations strengthened to give poor people a voice and influence decision-making and delivery of services



90 active projects in nine countries



Our impact

In 2015/16, we worked with local partners across Asia, Africa and Latin America to directly help lift 1.7 million people out of poverty. Our work is focused on four goal areas of energy access; food and agriculture; urban water and waste services; and disaster risk reduction.

Through our influencing work and by sharing knowledge through our Consulting, Publishing, Education and Practical Answers services, we were able to transform the lives of millions more people in addition to those directly benefiting from our work on the ground. Our consultancy service, Practical Action Consultancy took what we learned from our programmes and helped other organisations apply it in 25 countries.



Latin America

👤 527,300



Sudan

👤 57,600



South Asia

👤 162,600



Bangladesh

👤 549,500



Southern Africa

👤 91,600



East Africa

👤 343,700

KEY

- 🟡 Energy access
- 🟢 Food and agriculture
- 🟠 Urban water and waste
- 🟣 Disaster risk reduction
- 👤 The men, women and children we help
- 📍 Countries that Practical Action Consulting worked in

*Numbers have been rounded

Goal 1 Energy access

More than one billion people live without access to electricity and three billion people still cook on open fires.

Practical Action is working with communities, donors, the private sector and governments to transform lives by delivering renewable energy solutions to people who aren't connected to the grid. These include improved stoves or stand-alone electricity networks powered by solar panels (mini-grids), wind generators and micro-hydro stations which use water flow to generate electricity.

In addition to projects in nine countries, our influencing work on energy is helping change government perceptions of off-grid renewable energy solutions as viable options.

What we've achieved

£4.8 million

spent on our energy programme

354,000

people now have improved access to modern, sustainable energy services – improving their health, giving them better access to education and enabling them to work their way out of poverty

100

community organisations strengthened to give poor people a voice and influence decision-making and delivery of services

Numbers have been rounded

Some of the great work we did in 2015/16

KENYA AND INDIA

In Kenya and India we empowered 730 women to become energy entrepreneurs by selling solar products and cookstoves. They are earning more money to feed, clothe and educate their families and improving the health of thousands of customers as their products reduce or remove toxic smoke from homes.

PERU

In Peru, the Social Energy Investment Fund (FISE), created by the national government, developed a universal energy access plan based on the principles outlined in our flagship energy access publication, *Poor People's Energy Outlook*. As a result, the World Bank and National Renewable Energy Fund (FONER) are funding projects to improve energy access in rural areas across Peru.

New innovations

SUDAN

We worked with Sudan University for Science and Technology on a pilot project in Kassala to trial biogas digester plants that break down organic matter and turn it into gas for cooking and lighting. This will save families money on fuel, save time searching for firewood and improve their health by eliminating toxic smoke. If successful, we will expand the programme, train more technicians and help to set up local manufacturing capabilities.

INDIA

In India we developed a portable solar-powered cart that provides energy for 72 hours to power mobile phones, lights and water pumps following a disaster such as an earthquake, which can impact on energy and water services. The Government of Odisha (India) want to replicate the technology to benefit thousands more people.



In India, we trained Pramila Khara and Padma Majhi to manufacture and sell affordable stoves that use less wood and produce less smoke. Their health has improved and they earn more money to support their families.

Electricity transforming lives in Southern Africa



“Women had to bring candles in case we had to deliver babies at night...and not all patients could afford candles. Now the clinic has electricity we can use proper lighting and equipment such as fridges to store vaccines and not put a risk to people's lives.”

Priscilla Mano, nurse at Mashaba Clinic



Project:	Sustainable Energy for Rural Communities
Objective:	Generate electricity for 360,000 people without power to improve their livelihoods
Location:	Gwanda district, Zimbabwe; Nsanje and Chikwawa districts, Malawi
Partners:	Dabane Trust, SNV Netherlands Development Organisation, Hivos, Environment Africa and Churches Action in Relief and Development
Principal funders:	European Commission (75%), GEF Small Funds Programme, Jersey Overseas Aid Commission, Hivos and OPEC Fund for International Development
Funding:	£5.6 million
Project date:	February 2015 – January 2019

From 2015 to 2016, a devastating drought in Zimbabwe ruined harvests, caused food prices to soar, left tens of thousands of cattle dead and a third of the population facing food shortages and needing urgent aid.

‘Sustainable Energy for Rural Communities’ is helping families survive future droughts, put food on their tables and sell surplus crops to earn a living. We are achieving this by connecting irrigation schemes to solar-powered mini-grids.

We have also set up ‘farmer field schools’ that provide farmers with knowledge on new farming techniques and technology to help them grow more and better crops and increase their income.

The project will generate over 200KW to power schools, clinics, businesses and irrigation schemes – transforming the education, health, wellbeing and earning opportunities of many local communities.

In the first year of this four-year project we have installed a solar mini-grid in Gwanda, Zimbabwe, which is providing power to homes, a school, clinic and irrigation schemes. In the remaining three years of the project we will install four solar mini-grids in Nsanje and Chikwawa in Malawi, providing power to homes, three irrigation schemes, two clinics and three business centres. In total the project will benefit 360,000 people.

This is the first solar-powered mini-grid of its kind in Southern Africa. Following our success, we have been invited to help develop the renewable energy national policy and support the Ministry of Energy and Power Development in Zimbabwe to develop 100 similar mini-grids. By working with governments in this way we can make sure that many more people will benefit from getting access to renewable energy solutions.

Find out more about our energy access work at practicalaction.org/energy

Goal 2 Food and agriculture

Over 840 million people in the world are undernourished. Most of the world's hungry live in rural areas, and are dependent on agriculture to earn a living.

We help small-scale farmers produce more food without having to rely on expensive chemical fertilisers, while at the same time adapting to a more variable and changing climate. Our work is also focused on helping them get their products to market.

Our work in numbers

£7 million

spent on our food and agriculture programme

446,000

people helped to make their land more productive and sustainable

2,300

community organisations strengthened to give poor people a voice and influence decision-making and delivery of services

Numbers have been rounded

Some of the great work we did in 2015/16

Our work with the Enabling Business of Agriculture (a World Bank Group programme that examines and monitors regulations that impact how markets function in the agriculture and agribusiness sector) means that smallholder farmers stand a better chance of benefitting from an improved regulatory environment. Working with other organisations such as Christian Aid, our advocacy has resulted in a greater focus on environmental sustainability and gender. Our proposals for the inclusion of local seed systems were also accepted.

PERU

Together with coffee producers, promoters, associations, local and sub-national governments, the Ministry of Agriculture and the National Forest Service, we developed a 'technology package' for coffee farmers in Peru, consisting of 12 technologies to produce and process coffee. We also worked with the Ministry of Environment to develop a National Forest Conservation Strategy. It has led to a substantial improvement in the production and quality of coffee and an increase in income for farmers.



In San Martin, Peru, we worked with local partners to help coffee farmers like Normel produce better quality coffee using sustainable farming methods. Now they get better prices for their coffee beans and can save money to send their children to school.

New innovations

NEPAL

In Nepal we piloted the Barsha pump – a waterwheel tethered in a river which harnesses the energy of flowing water to generate power and pump water to elevated fields. It keeps farmers' irrigation costs low and helps expand their cultivating area. The Government of Nepal is now scaling up this and other technologies we have been piloting, meaning millions more poor people will benefit from their impact.

Growing their way out of poverty in Nepal



"I lost two goats to disease this year. However, thanks to the project, which helped me to get insurance for the goats, I didn't bear the loss. If I hadn't insured them, I would never have recovered from the loss. The insurance scheme has provided me with security."

Sher Singh Rawal, Gaguda, Doti District



Project:	Rural Access Programme III Socio Economic Development
Objective:	Increase the income of 50,000 people living in poverty
Location:	Doti, Achham, Humla and Bajura districts, Nepal
Principal funders:	Department for International Development
Partners:	IMC Worldwide, Participatory Effort at Children Education and Women Initiatives (PEACEWIN), Social Empowerment and Building Accessibility Centre (SEBAC), Community Development Forum (CDF)
Funding:	£1.3 million
Project date:	October 2013 – January 2016

The Government of Nepal has invested heavily in expanding the rural road network but people in rural areas don't have the skills and resources to capitalise on the opportunities they open up.

The 'Rural Access Programme III' worked with communities along the road corridors of four remote districts in Nepal. Together, we built 57 irrigation schemes and helped farmers improve techniques in the production, processing, marketing and selling of their products (goats, vegetables and spices).

We also supported farmers to access financial loan and insurance services so they could buy more livestock and seeds and protect themselves against the catastrophic effects of crop failure or livestock death.

'Farmer field and business schools' were set up to teach farming techniques and provide farmers with technical and entrepreneurial skills. The Practical Answers technical information service was brought in to provide technical solutions to problems.

To ensure farmers had access to everything they needed to succeed, the project team worked with local service providers who now sell seeds, organic fertilizers, tools and veterinary services.

We also worked with the Nepalese government's District Agriculture Development Office to create better markets for poor farmers to sell their products. This work is being replicated across the country to reach millions more people.

Not all members of these communities own land that can be farmed, so we also worked with villagers to develop other essential businesses such as blacksmith and tailoring services.

What the project achieved

60

enterprises set up

1,500

people benefitting from irrigation schemes

7,000

households increased their annual income by 20%

7,600

farmers trained through farmer field schools and business schools

Numbers have been rounded

Find out more about our food and agriculture work at practicalaction.org/food-and-agriculture

Goal 3

Urban water and waste

More than half of the world's population now live in urban centres, and the number living in slums is increasing by 10% every year. Over a third of people in the developing world don't have access to decent sanitation facilities.

Urban services including water, sanitation, hygiene and waste management in cities are often not accessible to people living in poverty because governments are failing to invest in extending services to slums.

Practical Action is working with governments, other organisations and communities in places that these services do not reach to deliver clean water and safe toilets that don't rely on water based sewage systems. We recognise that pit latrines need to be emptied and our focus is on the safe disposal and treatment of human waste.

Some of the great work we did in 2015/16

BANGLADESH

Building on the credibility gained through many years' experience in directly delivering urban water and waste projects, we worked with the national government in Bangladesh to develop a national framework for faecal sludge management ensuring that human waste from pit latrines is disposed of safely, rather than being dumped in drains and water sources and causing disease. This will create job security for informal waste workers and improve the health and wellbeing of at least 30 million people living in urban areas.

KENYA

In Kenya we launched a £1 million six-year project funded by Comic Relief to transform the lives of 95,000 people by improving sanitation facilities in two slums in Kisumu. This will end the indignity for people being forced to defecate in the open.

New innovations

INDIA

In India we began working with the H&M Conscious Foundation on a \$1.3 million project to bring clean water and safe sanitation to 45,000 people using innovative approaches to waste management such as building a sludge treatment plant to treat faecal waste, turning it into biogas for cooking and compost for farming.

ZIMBABWE

Together with local partners and governments in the Mwenezi and Gwanda districts of Zimbabwe we introduced affordable toilets that only require one bag of cement to build, leading to an increase in the number of people who have access to sanitation by 20%.

Our work in numbers

£3.4 million

spent on our urban services programme

620,000

people helped to get access to clean water, sanitation and waste services

1,300

community organisations strengthened to give poor people a voice and influence decision-making and delivery of services

Numbers have been rounded



In Kitale, Kenya, we trained Eva Nyamogo (left) in good hygiene practices, empowering her to work with her community and council to improve access to safe water and sanitation. Residents used to walk four miles to collect water but now they have a water kiosk nearby providing clean water.

Turning slums around with a new approach

“

We never dreamed of setting foot in the city hall. Now our members are regularly invited to meetings. They participate in the meetings just like other respected citizens. Practical Action has given us this dignity and voice.”

Ashalota Das, Harijan Samaj slum resident, Jessore, Bangladesh



Project:	Delivering Decentralisation
Location:	Faridpur and Jessore (Bangladesh), Butwal and Bharatpur (Nepal), Kurunegala and Akkaraipattu (Sri Lanka)
Objective:	To empower 40,000 people living in slums to influence the decision-making and delivery of improved water and sanitation services.
Partners:	Nepal: LUMANTI Support Group for Shelter, Bangladesh: Society for the Urban Poor (SUP) and Development of Health and Agriculture Rehabilitation Advancement (DHARA), Sri Lanka: Federation of Economic and Environmental Development (FEED)
Principal funders:	European Commission and UKAid
Funding:	£1.4 million
Project date:	April 2012 – March 2016

Urbanisation is a particular challenge in South Asia where 130 million people live in slums. These people are often not recognised in official statistics and are absent from development plans. Local authorities are reluctant to provide services to illegal settlements so slum communities receive limited or no access to clean water and safe toilets.

Working with local community organisations across three countries, Practical Action launched the 'Delivering Decentralisation' project to support people living in slums in Bangladesh, Nepal and Sri Lanka to influence local authorities and service providers in the delivery of improved urban services.

We established slum community-based organisations, which brought residents together to identify their needs and priorities and build links with and influence local authorities. We then built the capacity of residents to become community representatives, giving them greater knowledge of the administration systems and procedures of local authorities and empowering them to take part in the city budget and planning process and voice the demands of slum communities.

Through our training on good governance and strengthening of town-wide forums to bring local authorities and representatives of slum communities together, our local teams changed the mind-set of government officials towards slums. They now integrate community action plans prepared by slum residents into city development plans and allocate budget for them to be delivered.

The project also helped build roads, toilets, water supply points and introduce waste collection services, including turning faecal waste into compost and biogas.

What the project achieved

44,260

people in 82 slums across three countries with greater powers of negotiation

9,300

people with access to clean water and sanitation

Numbers have been rounded

Find out more about our urban water and waste work at practicalaction.org/urban-water-sanitation-waste

Goal 4

Disaster risk reduction

Hundreds of millions of people are affected by natural hazards each year. Practical Action is working with marginalised communities to build their resilience so they are less affected by natural hazards.

The year began with a stark reminder of the need for effective disaster risk reduction in all countries.

An earthquake has long been expected in Nepal. The remote, poor and landlocked country is a seismically active area and experts have been warning of a major earthquake since the last significant earthquake in 1934. But despite this, the earthquake caused devastation for millions of people.

In the immediate aftermath, Practical Action distributed hygiene kits, water purifiers and food packages and provided shelter and solar chargers. We then helped to construct temporary shelters, renovated and repaired drinking water systems, and repaired and improved footpaths.

Buildings fell because they weren't designed to resist earthquakes. In many parts of the world, building standards are weak or ignored and we saw the effect of that when the earthquake hit. We have been supporting local authorities in implementing building codes and training masons in communities to build safer, stronger earthquake resilient homes.

Nepal earthquake response

6,700

families provided with food packages

5,000

families provided with water purifiers

1,300

families helped to construct toilets

3,300

families given access to a clean water supply

16,200

families helped to build emergency shelters

400

farmers given irrigation support

Numbers have been rounded

Our work in numbers

£4.7 million

spent on our disaster risk reduction programme

314,000

people helped to reduce the risk of disasters

300

community organisations strengthened to give poor people a voice and influence decision-making and delivery of services

Numbers have been rounded

Setay Roka and his wife Sani live in Chapani, a village near the epicentre of the earthquakes that hit Nepal in April 2015. Their house was destroyed and Practical Action helped them build this emergency shelter.



Saving lives with an early warning

“

We never had a forecast before. We would harvest earlier than necessary to avoid risking losing our crops in bad weather. Now we can look at this board and time our agricultural activities depending on the weather.”

Kumari, 45, Nepal



Project:	Zurich Flood Resilience Programme
Location:	Nepal, Bangladesh, Peru
Objective:	Over five years, Practical Action aims to make communities across three countries resilient to flooding and improve the livelihoods of 100,000 people
Partners:	Zurich Insurance, International Federation of the Red Cross, the International Institute for Applied Systems Analysis, Wharton Risk Management and Decision Processes Center
Principal funders:	Zurich Insurance
Funding:	£6.5 million
Project date:	July 2013 – July 2018

Through the Zurich Flood Resilience Alliance, a major partnership with Zurich Insurance, we are delivering effective flood resilience programmes in three countries and have launched some innovative techniques in 2015/16 to help share our work with others and benefit more vulnerable people affected by disasters.

Four highlights from this project are:

We have developed and rolled out a global knowledge brokering system called the 'Flood Resilience Portal'. It has long been recognised that there are many ways to reduce the likelihood of flooding and protect homes and assets when floods happen, but that communities facing flood threat, particularly in remote areas, do not have access to this information. 'Flood Resilience Portal' is a searchable repository of flood knowledge, accessible for free to a global audience.

We joined forces with a 3D printing expert from De Montfort University in Leicester to test how the technology could be used to build a 3D map of Lima in Peru, showing how mudslides are a real danger and what would happen in their

inevitable event. Using the learning from this exercise, we are now working with the government there to put safety measures in place.

In Nepal, we are working with the Department of Hydro-Meteorology to pilot an innovative flood forecast approach that we have developed in partnership with Lancaster University. It is expected to add five hours to early warning and if it works the Department wants to replicate this approach to other river basins across Nepal, demonstrating how our pilot projects can be transformative for thousands of people in the future.

In Bangladesh and Nepal, we have been working with key government agencies to install digital weather boards in communities to ensure reliable and timely weather forecasting and flood information reaches them.



Dr Tim Whitehead from De Montfort University with a 3D map of Lima

Find out more about our disaster risk reduction work at practicalaction.org/disaster-risk-reduction

Influencing others to make a global impact

Practical Action's projects reach vast numbers of people living in poverty and contribute to improving their livelihoods. However, without achieving change to the policies and practices of governments and other development stakeholders, our overall impact would remain comparatively small.

We engage in global and regional policy processes to help inform and leverage change at national levels.

Highlights from this year include:

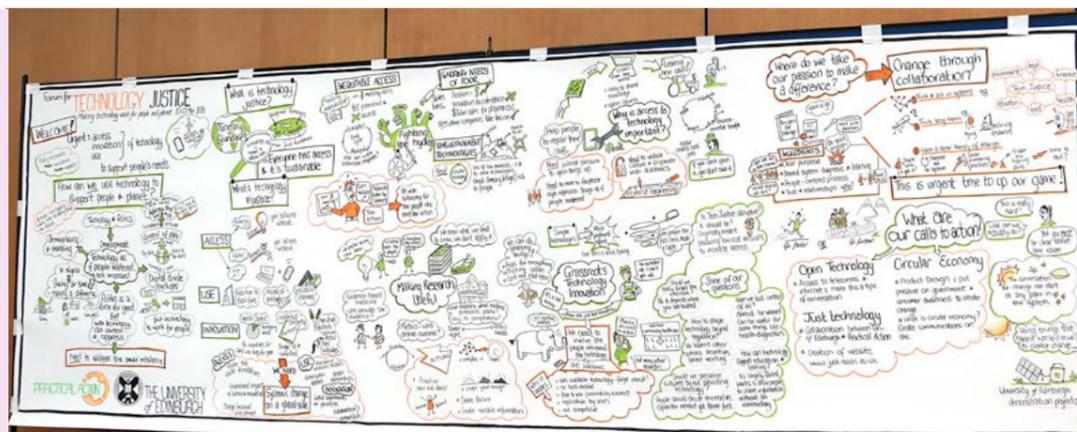
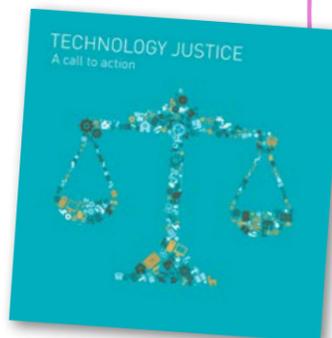
- We have had significant success with our energy access influencing work through 'Power for All', a collective of organisations we're leading dedicated to delivering universal energy access by 2030. Power for All is calling for an alternative model for investment – to achieve universal energy access through off-grid renewable energy solutions. Corporates, other organisations and governments are interested to learn more. We are grateful to the UK Government's Department for International Development for funding this coalition.
- Our experience of 50 years of working directly with poor communities has given us the credibility to reflect the views of poor people at global decision making bodies. As a result, we sit on the decision making board of the \$8bn climate investment funds, which determines major global decisions on climate funding. We can intervene on discussions around funding priorities and approaches and help ensure that the decisions made reflect the interests of people living in poverty.
- We are also a member of the United Nations Framework on Climate Change's Technology Executive Committee task force on national planning and a member of the advisory board of the United Nations High Commissioner for Refugees' Safe Access to Fuel and Energy (SAFE) initiative.

Technology Justice

Practical Action believes in Technology Justice – a sustainable world free of poverty in which technology is used for the benefit of all. Technology has been at the heart of much of human development. It enables people to produce food, access water and energy, and keep in good health. However, access to technology and its benefits are not fairly shared and the environmental impact of our use of technology is pushing our planet to crisis point. Technology and innovation systems are undermining progress to reduce poverty and reach climate change targets.

In March, we launched our 'Call to Action' in a conference co-hosted with Edinburgh University's Global Development Academy, and have developed a list of major changes we believe are needed to make technology work for both people and the planet. In the coming year, we will publish a book on the same theme written by former Practical Action Chief Executive Simon Trace CBE, and will continue to build relationships with academics, businesses, and other organisations so we can begin to make real change happen.

As a result of our work on Technology Justice, we have been asked to advise the UN Technology Facilitation Mechanism, which will look at issues such as the dissemination of environmentally sound technologies, and how the Intellectual Property Rights instruments can promote or inhibit international development.



A visual representation of the discussions at our Technology Justice 'Call to Action' launch event in Edinburgh.

Find out more about the work of our Policy and Practice team at policy.practicalaction.org

Consulting for change

Team:	45 experts in energy, markets, climate change, food and agriculture and disaster risk reduction working in Zimbabwe, Kenya, Bangladesh, Nepal, Peru, India, Malawi, Rwanda and Senegal
Turnover:	£2.9 million
Contracts:	100 contracts in over 25 countries

Practical Action Consulting (PAC) works for charitable purposes – providing consulting in the use of technology for poverty reduction to governments, charities, aid agencies and the private sector. The team takes lessons learned from Practical Action's work and shares them out across a much broader geographic region.

PAC has grown significantly over the past year to take Practical Action's expertise to new areas with seven new companies now set up in Nepal, Bangladesh, Malawi, Rwanda, India, Peru and Senegal.

Highlights from 2015/16 include:

Enabled the launch of the Mulanje Electricity Generation Authority (MEGA), a social enterprise and the first private organisation to generate and sell electricity in Malawi. The enterprise will eventually provide low-cost electricity to 520,000 people through 10 micro-hydro schemes, which generate energy from the fast-flowing rivers of Mount Mulanje.



"People are literally 'watching' the light bulbs, and are eager for the accessibility to spread. It will open up this whole area."

Ben Friday, Community Hospital Manager, Bondo

"Businesses in the village can use electric appliances for carpentry, milling and selling cold drinks. The school and clinic can attract staff and improve the quality and range of services they deliver. It's rewarding to see how technology can transform people's lives."

Drew Corbyn, Energy Consultant, PAC

Working with partners, we conducted the first ever global analysis of refugees' energy use to inform the UK Government-funded 'Moving Energy Initiative' (MEI), which was launched to meet the energy needs of 60 million refugees worldwide. PAC is working with Global Village Energy Partnership (GVEP), Chatham House, UNHCR (Office of the United Nations High Commissioner for Refugees) and the Norwegian Refugee Council on the project to look at new ways to address energy needs in refugee camps and develop solutions for heating, cooling, cooking, lighting, electrification and water and sanitation.

"We hope to help bring an end to the cycle of poverty which envelops many camps and enable millions of people to take back some control of their lives."

Mattia Vianello, Energy Consultant, PAC

We worked with the UK Government's Department for International Development (DFID) to prioritise where to focus their proposed £145 million investment in climate services and disaster risk reduction in South Asia.

"Just to express our thanks for all the hard work you put into developing the climate services scoping with DFID. We have found this process very useful and the outputs we have produced will feed-in to the work we are developing."

Sarah Lester, Regional Climate Change Adviser, DFID November 2015

Access to Capital for Rural Enterprises (ACRE) was formally launched. It is a consortium of charities including Christian Aid, Traidcraft, Twin and Challenges Worldwide, which creates a platform to link growing businesses with investors to fund their enterprises. It now operates in nine countries and we have been working with 15 enterprises to develop business plans which will be presented to potential investors.

We led pioneering research for the Climate and Knowledge Development Network (CDKN) into the advantages of integrating a gender approach into climate change initiatives. Based on evidence from urban projects in Peru, Kenya and India, the study findings and recommendations are being shared with policymakers and practitioners through high profile media and events, including at the COP21 climate talks in Paris and at the genderSTE conference on Engendering Habitat III in Madrid.

Find out more about the work of Practical Action Consulting at practicalaction.org/consulting

Sharing our knowledge and experience

Q & A

“If you give people aid it makes them dependent but if you give them knowledge it sets them free.”
Fritz Schumacher, Practical Action founder



We are able to transform the lives of millions more people over and above those who benefit from our direct work on the ground by sharing knowledge through our Consulting, Publishing, Education and Practical Answers (technical enquiry service) services. In this interview, Rob Cartridge, Head of Global Knowledge, explains how his Practical Answers team has done this.

Q. So how are we getting knowledge to people?

A. “With access to knowledge, people in poverty can develop their skills to become self-sufficient and better equipped to transform their own lives rather than depending on others to do it for them.

“Our approach is to help knowledge travel ‘the last mile’ to people who really need it. This can involve translating it, making it into video or audio files, using extension workers (agents who support people in local communities by giving advice and access to knowledge) and other knowledge brokers, and working through partners such as other charities and institutions who share our work more widely.



A call operator at our Krishi Call Centre in Bangladesh offers advice over the telephone on farming issues.

“Our websites are key resources. We have over 2,000 files, which we make freely available to communities, organisations, public servants, entrepreneurs and development practitioners. Last year downloads grew from 1.4 million to two million downloads per year and we have more than 100,000 registered users from Bangladesh to Bolivia – showing increasing demand for information in digital formats.

“On the ground we work with other organisations that help share our knowledge and reach more people. In Nepal and India we work with the charity READ Global, which has set up a network of community libraries staffed with knowledge brokers who share information with poor people to help them improve their lives. In Bangladesh, we have opened a call centre staffed with operators who offer advice over the telephone on farming issues. We are running the call centre in partnership with the Bangladesh government’s Ministry of Agriculture, which is providing a low call charge.”

Q. What have been the latest developments in 2015/16?

A. “In Sudan and India we have been using community radio stations to share knowledge and give advice to callers. We have also launched an app to help get our materials to people who don’t have a laptop or access to the internet but do have a smartphone. People can download documents and videos to their phones and ask our team questions.”

Q. Talking of digital, how has digital revolutionised development?

A. “If our founder, Fritz Schumacher were alive today he would be a huge advocate of Practical Answers and making the internet work for people. He said: “If you give people aid it makes them dependent but if you give them knowledge it sets them free.” He would have been blown away by the amount of knowledge that we have access to but he would have shared the frustration that there is a digital divide. We have to make it work for everybody.

“Digital has phenomenal potential and already many of the people we want to help are able to benefit from mobile phones. We now have as many technical enquiries from people on Facebook as we do on our website and we’re using Twitter. There are now satellites racing around the world, which can tell you the moisture content in pretty much any field anywhere. The challenge for us is getting that information from Google or NASA into an accessible, usable format and then into the hands of people who need it. In Bangladesh and Nepal, for example, we are using national Met Office data to feed into weather boards in communities that farmers can then use to decide when to harvest their crops.”

How access to knowledge helped Balkrishna grow his income

Balkrishna Humagain, aged 47, is a cow farmer in Badikhel, Nepal, who was not earning enough money to support his family. He decided to branch out into nursery farming but his plants were destroyed by insects. He came across an agriculture technical knowledge group at his local library, run by Practical Answers, and has since learned how better to select the best seeds, irrigate his land and germinate plants. He has put his new found knowledge into practice and has developed a successful nursery to increase his income.



“I used to think I was perfect in nursery farming and Practical Answers proved me wrong and helped me to realise that education is a never ending process. Knowledge is always incomplete and I want to know more nursery farming techniques. The library will definitely help me to fulfil my dream.”

Find out more about the work of Practical Answers at answers.practicalaction.org

Inspiring young people to be active global citizens



Abingdon Scouts building their own water filters as part of our Water for World activity, which gives children a better understanding about the inequality of water access around the world.

Our work in numbers

1.8 million
pupils reached worldwide
(55% from the UK)

4,000
teachers reached

116,900
teaching resource downloads
Numbers have been rounded

“By shaping the hearts and mind of the next generation, our education unit is crucial in ensuring continued long term public support for both Practical Action’s work and foreign aid. Our teaching resources enable young people to understand how science and technology can lift people out of poverty, inspiring them to make a positive difference to the lives of the poor.”

Julie Brown, Education Manager

The role of the Development Education team is to empower young people to become active global citizens. Focusing on science and design and technology we help young people understand global issues such as sustainability, climate change and renewable energy, and inspire them to take action towards a more just and sustainable world. We do this by producing innovative and engaging resources for schools and groups.

Highlights and awards

- Our ‘Beat the Flood’ resource received an award from Scientix (European network for science teachers) for best Science, Technology, Engineering and Maths (STEM) resource for pupils. As a result, it will be translated into all 24 European languages and disseminated to teachers throughout Europe.
- Education Manager Julie Brown presented a paper at the European Science Education Research Association (ESERA) conference in Helsinki, entitled ‘Science meets global learning: Technology Justice in European classrooms’.
- The European Community *Results only Monitoring* report gave our ‘Make the Link’ project the highest mark possible in all four categories; relevance, efficiency, effectiveness and sustainability.

This year marked the end of ‘Make the Link’, an innovative EU-funded education project we led with partners across four European countries: UK, Cyprus, Italy and Poland.

The project helped pupils explore how science and technology make a real contribution to development across the globe and improve the lives of some of the poorest and most disadvantaged people on the planet. Materials produced included lesson plans exploring issues such as clean drinking water, cooking, the impact of climate change and food preservation; plus two new STEM challenges, ‘Beat the Flood’ and ‘The Plastics Challenge’.

The project reached over 750,000 students and included a teacher-training programme to train nearly 15,000 teachers in the four countries.

“We were surprised that some people don’t have basic things like toilets. We complain a lot about a lot of things but really we don’t have a lot to complain about. It has made us want to find solutions.”

Justyna, aged 14

“Thank you for the wealth of information and inspiring projects which your organisation have put together. We are very excited about embarking on such a project. Our school is only small and so resources are limited.”

Kelly Dobson, secondary school teacher

Find out more about our education work at practicalaction.org/schools

Publishing for development

The Practical Action Publishing team (from left to right): Denise Hastings, Andrea Palmer, Stacey Davies, Clare Tawney and Helen Wishart.

Turnover **£430,000**

Digital revenues **£49,000**

Number of publications sold **18,500**

Publication downloads **24,700**

Numbers have been rounded



Practical Action Publishing shares Practical Action’s knowledge and experience through print and digital books, available from its online bookshop and peer reviewed journals, accessible online for development researchers and practitioners throughout the world.

Highlights this year include:

- *Sustainable Livelihoods for Rural Development* and *The Politics of Evidence and Results* and *Navigating Complexity in International Development* all featured in Amazon top 20 lists for their subject area.

- *Politics of Evidence and Results* and *Navigating Complexity in International Development* sold out their first print runs within months of publication.
- We also welcomed our first partner, Latin America Bureau (LAB), to the new relaunched partner publisher programme. The partnership celebrated an early success when ‘K’ by Bernard Kucinski was shortlisted for the 2015 Dublin IMPAC awards.

Training for Transformation:

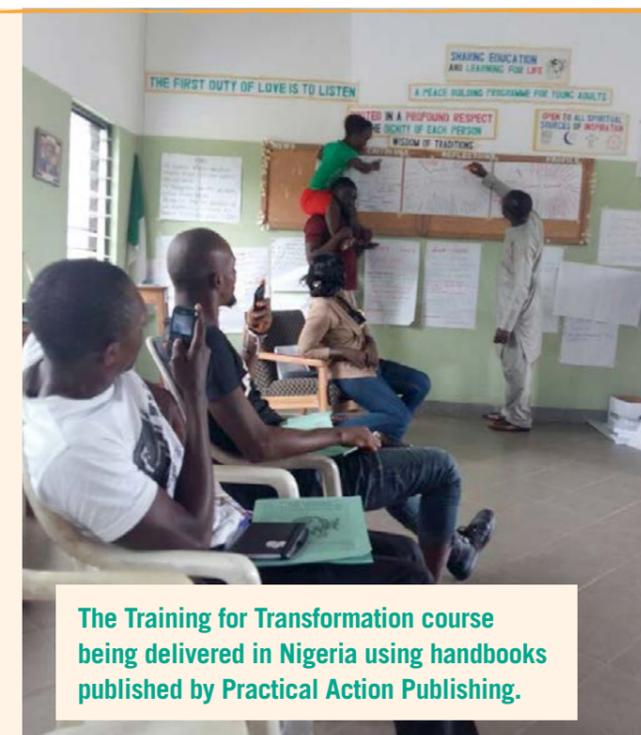
books creating a catalyst for change

A series of books published by Practical Action Publishing have been used as part of a global education movement for change that empowers poor people in developing countries to think, speak and lobby for themselves.

The *Training for Transformation* handbooks are used as part of a course to teach community development workers to engage with and mobilise poor communities to own and control development programmes that impact their lives.

By early 2016 the ‘Training for Transformation’ course has been put into practice in over 60 countries globally, helping poor communities fight for justice and equality.

Practical Action Publishing concluded the ‘Training for Transformation’ series this year by publishing *Training for Transformation in Practice*. It brings together the experiences of activists who have adapted the *Training for Transformation* handbooks to their own social and cultural contexts.



The Training for Transformation course being delivered in Nigeria using handbooks published by Practical Action Publishing.

Find out more about the work of Practical Action Publishing at practicalactionpublishing.org

Working together to transform lives

Our work is only possible with the generous support and commitment of individuals, groups, trusts and foundations, companies and institutions that support Practical Action. We truly appreciate the donations we receive that make our work possible and help millions of people escape poverty. We are very proud that 88p in every £1 goes on direct charitable expenditure.

41,000 individuals gave a gift to Practical Action last year. We also received financial support from institutions such as the European Community, the UK Government's Department for International Development (DFID), Comic Relief and the Bill and Melinda Gates Foundation as well as support from trusts and foundations such as the H&M Conscious Foundation, Swedish Postcode Lottery and Jersey Overseas Aid Commission – all helping more poor people escape poverty.

Civil design engineers Webb Yates have done everything from the Three Peaks Challenge to an annual beer festival, raising over £4,000 for our work.

Meanwhile, as part of our partnership with the Zurich Insurance group, Zurich Insurance employees (supported by the Zurich Foundation Staff Match Appeal) raised over £50,000 in the aftermath of the Nepal earthquake in order

to support reconstruction efforts. We had a fantastic response from individuals to our Nepal earthquake appeal, raising a total of £233,000.

The need for our work has never been greater yet the fundraising environment is ever more challenging. We welcome increased scrutiny of charity fundraising methods and have fed into the UK fundraising regulation consultations that have taken place. We regularly review our fundraising to ensure that it is not only meeting all legal compliance but that it is best practice and offers good value for money.

Support from the public

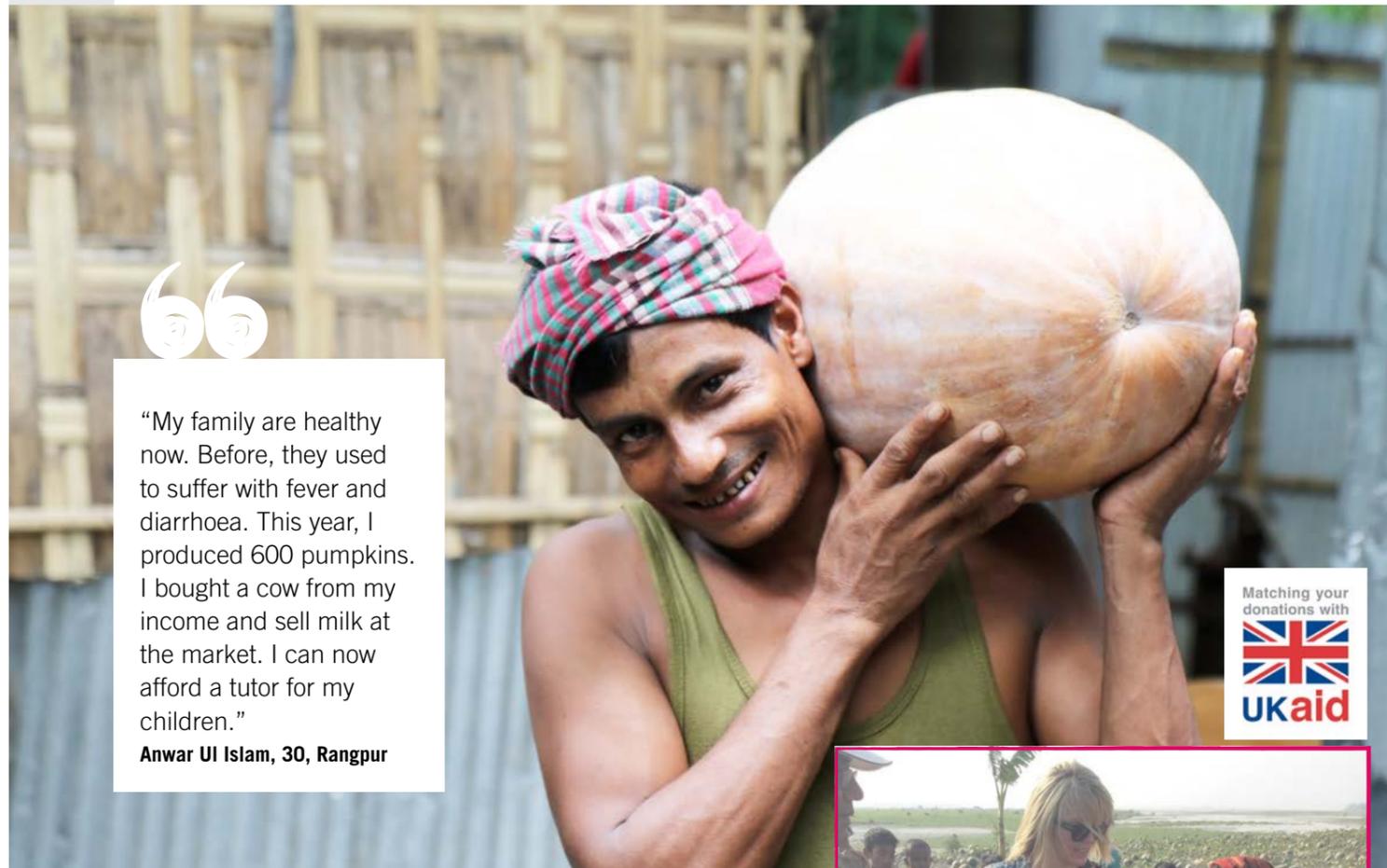
41,000
individuals gave a gift to Practical Action

29,000
supporters gave a regular donation to Practical Action

£11.6 million
total income from voluntary donations
Numbers have been rounded

“In our challenges we've tackled exhaustion, climbed 10,000 feet and endured a cramped, poorly ventilated minibuss. But it's been worth it to support a charity close to our heart. We're just as passionate as Practical Action about technology and its ability to change the world for the better.”

Andy Yates, Director, Webb Yates



“My family are healthy now. Before, they used to suffer with fever and diarrhoea. This year, I produced 600 pumpkins. I bought a cow from my income and sell milk at the market. I can now afford a tutor for my children.”

Anwar UI Islam, 30, Rangpur



Pumpkins Against Poverty

In 2015, the general public and UK donors supported our Pumpkins Against Poverty appeal – giving just over £1 million. This money was doubled by the UK Government's Aid Match programme, giving a total of £2 million.

The funds raised will transform the lives of 50,000 Bangladeshis who face months of hunger and malnutrition when their homes and land are washed away in the monsoon rains. We have introduced a technique called sandbar cropping that allows pumpkins to be grown on sandy, barren soil left behind when flood waters recede.

People with no land of their own will now be able to grow up to 600 pumpkins a year. With the extra income they earn, they can send their children to school, buy livestock and create a more secure future.

The Ministry of Agriculture in Bangladesh want to replicate this model throughout the country, helping tens of thousands more people overcome hunger and increase their income.

Pumpkins Against Poverty was supported by Bauer Media whose ownership of Kiss FM and Magic FM gave three million people the opportunity to hear about our work in Bangladesh. Radio presenter Kate Thornton used her Magic FM radio show and social media profiles to promote the appeal.



“I supported Pumpkins Against Poverty because it shows what a huge impact a simple, but clever idea can have on the lives of so many people. They are learning how to apply what you have taught them to other crops so they can become better farmers, better fed and better earners. That's brilliant.”

Kate Thornton, Magic FM

Find out more about our fundraising work and how to support us at practicalaction.org/support



Looking to the future

Our Chief Executive, Paul Smith Lomas, takes us through the issues we will focus on over the coming year.

Energy

The importance of energy access in improving people's life chances is now recognised in a Sustainable Development Goal and there is increasing interest by governments, the private sector and institutional donors to support alternative ways of providing renewable energy to people who are not connected to a power grid. We will increase our efforts to help people living in poverty get access to energy through our work on the ground. We will work with other organisations to develop new approaches, reach more people and we will influence governments and financial institutions to change their policies and practices in order to ensure that universal energy access by 2030 is a reality.

Urban water and waste

Water and waste management in slums is a growing problem. We will continue to invest in developing technologies, technical skills and approaches that give people living in slums access to clean water and safe toilets. Many of the faecal sludge management systems we are developing create biogas and organic fertiliser as by-products, which can then be used for clean cooking and growing better crops.

Disaster risk reduction

We are entering the fourth year of our five-year flood resilience partnership with Zurich Insurance and will place great emphasis on sharing knowledge gathered from the early years of the programme with other organisations. This will help us reach millions more people who need help in building their resilience to disasters. In Nepal, we will continue to help communities devastated by the earthquake to 'Build Back Better', focusing on sharing our expertise in building earthquake resistant housing.

Food and agriculture

A Memorandum of Understanding has been signed with the Ministry of Agriculture of Bangladesh that will take our work to a much larger scale and bring the benefits of sandbar cropping to millions more people living in extreme poverty. Our sandbar cropping work in Bangladesh (see page 23), which turns unusable land to agricultural production, will continue and grow.

In recognition that small-scale farmers continue to be challenged by climate change, we will use different techniques and support an agro-ecological, sustainable farming approach and help them sell their products.

Challenges, risks and uncertainties

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

Insecurity and natural disasters such as the earthquakes in Nepal in 2015 pose the other main source of risk and uncertainty for the organisation. They can have serious impacts on the communities we work with, but also on the delivery of our projects on the ground and on the security of our staff. Strong emergency and security procedures combined with local knowledge are the main tools for Practical Action to manage this area of risk.

The changing fundraising environment in the UK is also a challenge, as is the negative press around charities. We place great importance on maintaining strong long term connections with our supporters and ensuring our fundraising is not only legally compliant but is also consistent with our values as an organisation. We are paying close attention to the regulatory changes that are taking place in particular to Charity Commission guidance on fundraising, the fundraising codes of practice and to data protection legislation.

Over the course of 2016/17 we will be reviewing and revising our fundraising policies and practices as well as the governance of our fundraising to ensure that we are and continue to be compliant with the law and best practice as the new codes of practice are developed.

Practical Action has been watching the referendum and its result closely. The decision to leave the European Union (EU) presents a number of risks for Practical Action which will be common to many UK based international non-governmental organisations, especially with regards to the value of sterling, consumer confidence and our ability to access funding from the EU. Where possible, we have put contingency plans in place, and we will be working over the coming months to manage and mitigate the other risks as far as we can. In the meantime, our financial position is sound and we are continuing with our vital work to use technology to challenge poverty in developing countries.

"In Bangladesh we will be prioritising initiatives including a formal partnership with the Department of Agriculture Extension, Government of Bangladesh, and through advocacy and influencing, to scale up our sandbar cropping work that allows pumpkins to be grown on sandy barren soil. We will also be establishing the largest faecal sludge management plant among municipalities of Bangladesh so far, based in Faridpur."

Hasin Jahan, Country Director, Bangladesh



Colleagues from across the globe reveal their plans for 2016/17

and what they are excited about over the next year



"I am looking forward to a bunch of opportunities: working together with a greater number of people, building stronger alliances and reaching new areas through appropriate tools and approaches such as end-to-end flood early warning systems, flood resilience measurement

tools and diversified livelihood strategies to achieve community resilience."

Dinanath Bhandari, Programme Co-ordinator, Climate Change and Disaster Risk Reduction, Nepal

"I am looking forward to time with teams in each country, learning about our programmes and supporting our operational capacities and the quality of our work. I am excited about working with communities to improve their lives through technologies that they choose, use and control."

Amy Mina, (appointed May 2016) International Director



"I am proud that Muna Elthahir, our leader in Sudan, is a strong woman and I will be very happy to see women in Sudan have improved access to clean energy services leading to improved health, access to education and other community services. I am looking forward to communicating all

the interventions that help to unlock the potential of women in Sudan."

Sara Eltigani Elsharif, Communications Officer, Sudan

Financial review

Our Finance and Services Director, John Lockett, reviews our finances over 2015/16.

Practical Action's operations grew in 2015/16 and the organisation's financial position remains robust. Despite a challenging fundraising environment in the UK, income is up 14% and charitable expenditure by 13% year-on-year. An unrestricted surplus of £0.7 million was generated in the year and reserves are at the upper end of the range set out in our reserves policy. Practical Action is therefore well positioned financially to further develop and grow our programmes of work and will utilise reserves to this end over the coming two to three years.

Income and expenditure

Income was just short of £30 million, with income from charitable activities up 21% to £17.6 million and income from donations and legacies up 5% to £11.6 million.

Major sources of income for the year include the UK Government's Department for International Development (DFID) and the European Community, which together account for 34% of income and account for much of the increase (see note 3).

Growth in donations and legacies was led by income from trusts. The development of new relationships with the H&M Conscious Foundation and the Swedish Postcode Lottery are amongst notable successes in the year. Income was stable across other fundraising channels.

Fundraising expenditure was down in the year to £3.4 million, 12% of total expenditure, including £0.8 million invested in acquiring new donors to generate future income. The spotlight has been on fundraising practices over the past year and we scaled back certain activities, such as house-to-house fundraising, which were working less well than previously. This level of expenditure is expected to support the maintenance of existing income levels rather than rapid growth and we will be looking closely at the effectiveness of all our fundraising in the year ahead.

Charitable expenditure (including governance) in the year was up 14% to £25.5 million, 88% of total expenditure. Our energy programme saw pronounced growth in the year, driven in large part by our 'Sustainable Energy for Rural Communities' programme in Southern Africa (see project case study on page 9). In agriculture, growth was notable in our Sudanese livestock programme, which seeks to address catastrophic outbreaks of epidemic diseases, and in Southern Africa. We also saw significant growth in our urban waste management work in Bangladesh.



Balance sheet and reserves

Total reserve funds at the year-end were £8.9 million, of which £1.1 million were restricted and £1.8 million were held in illiquid fixed assets. General funds net of the pension reserve were £5.9 million.

Reserves are therefore at the upper end of the range set out in our policy, which requires us to hold at least £4 million, and no more than £6.1 million. Funds are required for the following purposes:

Working capital: £2.1 million. These funds are required to provide working cash and pre-financing for normal operations during the course of the year.

Programme continuity: between £1.9 million and £4 million. These funds are held in contingency against the following principal risks:

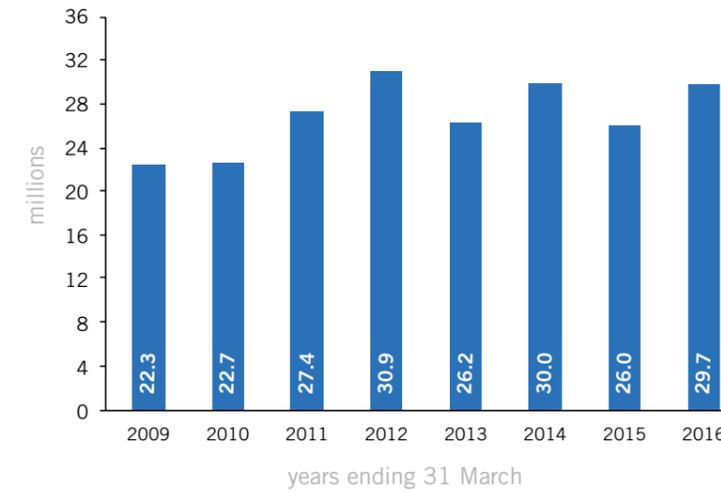
- **Fundraising:** held to honour expenditure commitments made in the event that fundraising targets are missed.
- **Grant repayment:** held to repay to donors due to failure to deliver on grant conditions or inject additional money into projects to meet them.
- **Foreign exchange:** held to support our programming in the short-term if the pound and/or other currencies in which we receive income lost significant value.
- **Business continuity:** held to support core activities, such as business development, in the event that we miss grant funding targets.

Pension deficit

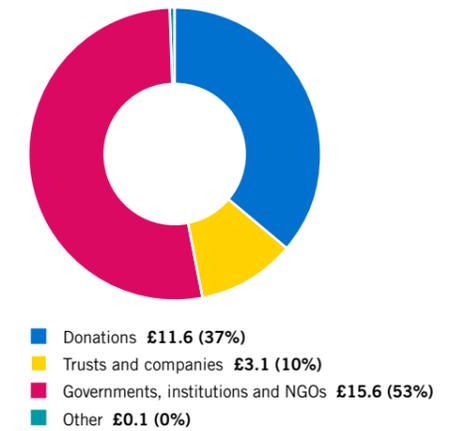
Practical Action's defined benefit pension scheme was closed to contributions in 2002. Over the past year the return on the scheme investments were lower than expected with the results that the deficit remains broadly the same as last year in spite of payments made by Practical Action of £210,000. The existing level of annual contributions will be maintained but the deficit will now be eliminated over a slightly longer, but still reasonable timescale.

Summary of income and expenditure

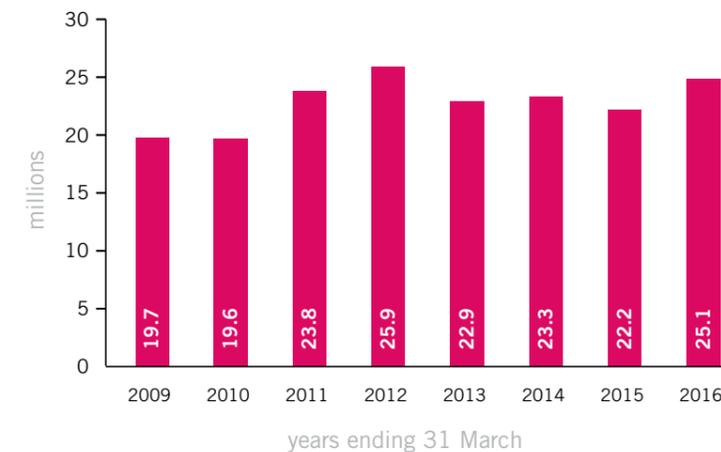
Total annual income £m



2015/16 £m

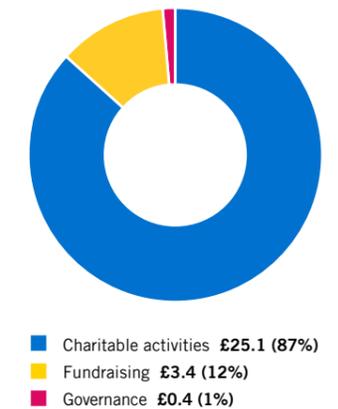


Total expenditure on charitable activities £m



2015/16 £m

(including fundraising and governance)



This report, which incorporates the Strategic Report, was approved by the Board on 29 July 2016 and signed on their behalf by

Helena Molyneux
Director

How we manage our affairs

The Board of Trustees

Practical Action is a Charity (registered in England and Wales) and a company, limited by guarantee. The Board of Trustees governs the organisation in line with its articles of association, vision, mission and values which align with our main charitable objectives: 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 transform their lives for the better. Our objectives, activities over this past year and future plans are explained in our Annual and Strategic Report.

The trustees are appointed, elected or re-elected for a term, according to procedures set out in our Articles of Association, which is our governing document. Trustees generally serve for up to 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 Remuneration and Nominations Committee. We place advertisements on our website, in selected publications and 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 but does not count as part of the rotation for that year.

66

Imran Khan, our youngest trustee at the age of 30, explains life as a trustee of Practical Action.

“I have always had an interest in international development so when I saw an advert for a trustee position at Practical Action I applied. With my role as Chief Executive of the British Science Association and my passion for bridging the gaps between science and wider society and the potential of technology to change lives, I thought I could add something of value.

“Legally we are responsible for the running of Practical Action. We talk to the Chief Executive about the direction the organisation is going in and act as a critical friend – providing a useful sounding board and asking tough questions.

“I bring a different perspective because I have not worked in the development sector myself so I can look at the work of Practical Action through a different lens, for example, in dealings with the UK Government, corporate partners or delivery partners. I can also ask all the stupid questions, provide a sense check and approach things from a different point of view.

“It is valuable to have a diverse Board made up of people with different backgrounds, skills and experiences and that’s something I bring. The Board also recognise that we need to keep things fresh and current, so having someone younger to bring new energy and ambitious ideas and an understanding of new technologies helps in that respect.

“It is an enormous privilege to come along to trustees meetings and follow the work of an organisation that has a huge impact around the world. I would encourage other young people to consider being a charity trustee – it is great for personal development and it is an opportunity to give back and support a cause.”



The Finance, Audit and Risk Committee

From left to right: Mary Chadwick, Veronica Walford, John Lockett, Finance Director (attends), Paul Smith Lomas, Chief Executive (attends), Nigel Saxby-Soffe, Graham Young.

We agree and implement an individual induction programme for each new trustee, covering all aspects of the role and the organisation. All trustees are encouraged to attend external training events and seminars to enhance their skills 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 and familiarise themselves with the Charity. They also attend workshops and visit international programmes to develop their knowledge of our programme work.

About our organisation

Our Board is responsible for the overall management and control of the Charity and meets four times a year. Trustees are not remunerated and receive no benefits from the Charity. They can, however, claim for travel or local accommodation expenses in attending meetings. Practical Action pays for Trustee Indemnity Insurance for trustees.

There are two Committees of the Board:

The Finance, Audit and Risk Committee oversee matters of financial control, external and internal audit and organisational risk affecting the Charity.

The Remuneration and Nominations Committee oversees the terms and conditions of employment of the senior management and reviews the composition of the Board and its committees and oversees the trustee recruitment process.

The Board delegates day-to-day decision making and operations to the Chief Executive and the Strategic Leadership Team. We are pleased to welcome Paul Smith Lomas who was appointed our new Chief Executive in November 2015. Paul leads a team of 11 directors which include six regional/country directors who are responsible for managing our international programmes.



The Remuneration and Nominations Committee

From left to right: Roger Clarke, Helena Molyneux, Nigel Saxby-Soffe, Paul Smith Lomas, Chief Executive (attends).

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, the appointment and removal of trustees, members and the Chief Executive, the Annual Report and Accounts and expenditure beyond the Chief Executive’s delegated authority.

Annual remuneration statement

Practical Action’s remuneration policy is based on an ambition to recruit and retain skilled staff who are remunerated fairly but who are primarily motivated to work with us because of our mission. To that end we aim to pay staff at rates that are comparable to the median rate in the charity sector for similar jobs in the local employment market in each country we work in, subject to considerations of affordability for the organisation. This policy extends to all staff, including the Senior Leadership Team and senior management team members. We ensure that we adhere to this policy by employing third party agencies to carry out regular (usually triennial) market surveys in the international offices and in the UK. These surveys highlight where we are adhering to, or drifting away from, the sector median and enable remedial action to be taken where necessary.



Trustee Graham Young reports back from his visit to Zimbabwe in November 2015.

“It is good for trustees who are making important decisions about the organisation to see what the work is like on the ground.

“A key part of the trip was to meet Practical Action’s team in Zimbabwe. They are all local people doing a great job and are tremendously dedicated to the vision and values of the organisation.

They are a great inspiration and made me all the more determined to support them by my work as a trustee.

“I visited farmers in a mountainous area of east Zimbabwe who are a long way from places to sell their produce. They are benefitting from a Practical Action project funded by the Big Lottery Fund, which helps them get better prices for their products and avoid unscrupulous middle men. Working together can often bring more strength to the poor farmers’ position at the end of the food chain.

“I then met people whose lives had been transformed by two micro-hydro stations in Mutare, which is bringing all sorts of benefits, not just to houses but to irrigation for farming, communications, education and business.

“Cholera has been a problem in Zimbabwe. An outbreak a few years ago claimed the lives of 4,600 people. Practical Action is working with the local authority and other organisations in Bindura to promote good hygiene in schools. Working in partnership is more effective and can ensure changes are engrained locally. We met the children and saw routines that had been developed to ensure that they wash their hands regularly.”



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 the Charity’s charitable objectives.

Practical Action Consulting Limited provides development consultancy services to governments, NGOs, aid agencies and the private sector on energy, participatory market development, agriculture and food production, disaster risk reduction, knowledge and communications and climate change adaptation. It operates offices in the UK, Eastern, Southern and Western Africa, South Asia (Nepal, India and Sri Lanka) and Latin America. The Rwanda and West Africa offices were formally locally registered as branches of a foreign company (Practical Action Consulting Ltd based in the UK) on 14 March 2014 and 1 December 2015 respectively.

Practical Action Consulting Ltd has expanded its operations 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 on 20 December 2013. Practical Action Consulting Ltd in the UK has a 51% majority shareholding.
- Practical Action Consulting (India) Private Limited – a private limited company registered in India on 3 November 2014. It is wholly owned by Practical Action Consulting Ltd in the UK.
- Practical Action Consulting Limited – a private company limited by guarantee registered in Malawi on 21 August 2015. Practical Action Consulting Ltd 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 Ltd 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 Ltd** (CRN 1017062) and **Intermediate Technology Publications Ltd** (CRN 6424984). **ATS Property**

Holdings (Pvt) was established as a private limited company registered in Sri Lanka in order to purchase Practical Action’s office premises there. It was deemed appropriate to do this through a locally registered, wholly-owned subsidiary rather than the Charity itself, and we are at present still holding this for this purpose.

We are also associated with two locally-registered overseas entities carrying the Practical Action name. **Practical Action is registered as an International Non-Governmental Organisation** in Kenya and has a board made up of two Kenya nationals plus four directors nominated by Practical Action in the UK. Three of these Practical Action nominees are from the Executive and the other is a Practical Action trustee. For accounting purposes this entity is included in the Group’s consolidated accounts as a branch office. The **Practical Action Foundation was incorporated in Delhi** as a locally registered not-for-profit company in December 2014. All the directors are Indian nationals. Practical Action and Practical Action Consulting Ltd (based in UK) work with Practical Action in India.

Our Board continues its practice of nominating a trustee representative as director to each of the trading subsidiary boards.

How our activities deliver public benefit

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

Trustees’ responsibilities 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 judgements and estimates that are reasonable and prudent;
- Prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the charitable group will continue in operation.

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

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

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

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

Note: Relevant information is defined as: “information needed by the company’s auditors in connection with preparing their report”.

Auditors

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

The trustees are pleased to present the Trustees’ Report and Accounts for the Charity for the year ended 31st March 2016, 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 Schumacher Centre, Bourton on Dunsmore, Rugby, Warwickshire, CV23 9QZ

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

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

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

Executives

Chief Executive
Paul Smith Lomas (appointed 1 November 2015)
Simon Trace (resigned 30 October 2015)

Bangladesh Director
Hasin Jahan (appointed 1 June 2015)

East Africa Director
Grace Mukasa (resigned 31 December 2015)
Yolanda Weldring (appointed interim 1 January 2016)

Finance and Services Director
John Lockett

International Director
Paul Smith Lomas (to 31 October 2015)
Amy Mina (appointed 1 May 2016)

Latin America Director
Alfonso Carrasco

Fundraising, Marketing and Communications Director
Rachel Hudson (appointed 4 January 2016)
Margaret Gardner (resigned 24 December 2015)

Policy and Practice Director
Astrid Walker-Bourne

Programme Support Director
Barnaby Peacocke (resigned 18 February 2016)

South Asia Director
Achyut Luitel

Southern Africa Director
Kudzai Marovanidze

Sudan Director
Muna Eltahir

Group Director for Practical Action Consulting Ltd and Practical Action Publishing Ltd
Greg Beeton – Managing Director

Practical Action Publishing Ltd Managing Director
Stacey Davies – Managing Director (appointed 8 October 2015)
Toby Milner – Managing Director (resigned 8 October 2015)



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
Dominic Haslam (resigned 8 October 2015)
Mahmood Hassan (resigned 27 July 2016)
Imran Khan
Brenda Lipson
Alison Marshall (resigned 8 October 2015)
James Smith
Ian Thornton (appointed 23 March 2016)
Paul Turner
Veronica Walford
Helena Wayth (appointed 23 July 2015)
Angus Walker (resigned 8 October 2015)
Graham Young (appointed 23 July 2015)

Remuneration and Nominations Committee

Helena Molyneux (Chair)
Roger Clarke
Nigel Saxby-Soffe

Finance, Audit and Risk Committee

Nigel Saxby-Soffe (Chair)
Mary Chadwick
Veronica Walford (resigned 27 July 2016)
Angus Walker (resigned 8 October 2015)
Graham Young (appointed 23 March 2016)

Secretary

Pat Adey

This report, which incorporates the Directors' Report, was approved by the Board on 29 July 2016 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

We have audited the financial statements of Practical Action for the year ended 31 March 2016 which comprise the Consolidated Statement of Financial Activities, the Group and Company Balance Sheets, the Consolidated Cash Flow Statement and the related notes numbered 1 to 28.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including Financial Reporting Standard 102, 'the Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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

Respective responsibilities of trustees and auditor

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

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

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate

Opinion on financial statements

In our opinion the financial statements:

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

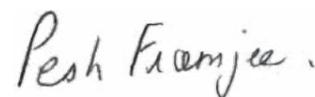
Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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



Pesh Framjee
Senior Statutory Auditor for and on behalf of

Crowe Clark Whitehill LLP
Statutory Auditor
London

30 July 2016

Financial statements

Consolidated statement of financial activities for the year ended 31 March 2016
(incorporating the income and expenditure statement of total recognised gains and losses)

	Note	Unrestricted £'000	Restricted £'000	Total 2016 £'000	Total 2015 £'000
INCOME AND ENDOWMENTS FROM:					
Donations and legacies	3	9,207	2,374	11,581	11,012
Income from charitable activities	3	6,188	11,380	17,568	14,478
Income from investments	3	51	1	52	47
Other income	3	454	33	487	412
TOTAL INCOME AND ENDOWMENTS	3	15,900	13,788	29,688	25,949
RESOURCES EXPENDED					
Expenditure on raising funds	4,7	3,428	-	3,428	4,468
TOTAL EXPENDITURE ON RAISING FUNDS		3,428	-	3,428	4,468
Expenditure on charitable activities:					
Energy access	4	2,168	2,650	4,818	3,189
Food and agriculture	4	2,441	4,543	6,984	6,458
Urban water and waste	4	999	2,410	3,409	2,747
Disaster risk reduction	4	1,537	3,149	4,686	4,744
Knowledge broking	4	3,056	54	3,110	2,508
Other	4	1,479	1,013	2,492	3,003
TOTAL EXPENDITURE ON CHARITABLE ACTIVITIES		11,680	13,819	25,499	22,649
TOTAL EXPENDITURE	4	15,108	13,819	28,927	27,117
Net gain on investment assets	9	2	-	2	11
NET INCOME/(EXPENDITURE)		794	(31)	763	(1,157)
Actuarial (loss)/gain on defined benefit pension scheme	18	(83)	-	(83)	(668)
NET MOVEMENT IN FUNDS		711	(31)	680	(1,825)
Balance brought forward 1 April 2015		7,054	1,178	8,232	10,057
Balance carried forward 31 March 2016	16,17	7,765	1,147	8,912	8,232

All amounts relate to continuing activities

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

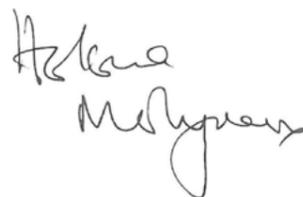
The notes on pages 37 to 58 form part of these financial statements.

Consolidated and charity balance sheets at 31 March 2016

	Note	Group		Charity	
		2016 £'000	2015 £'000	2016 £'000	2015 £'000
FIXED ASSETS					
Intangible assets	8	16	15	-	-
Tangible assets	8	2,131	2,153	2,122	2,148
Investments	9, 19	4,214	4,434	4,214	4,450
Programming investments	9	-	-	243	259
Total fixed assets		6,361	6,602	6,579	6,857
CURRENT ASSETS					
Stock	10	117	82	-	-
Debtors	11	4,773	4,427	3,800	3,563
Cash at bank & in hand	12, 20	5,433	5,533	5,286	5,544
Total current assets		10,323	10,042	9,086	9,107
Creditors: amounts falling due within one year	13	(6,457)	(6,979)	(5,543)	(6,282)
Net current assets		3,866	3,063	3,543	2,825
Creditors: amounts falling due after more than one year	14	(47)	(67)	(47)	(67)
Provisions for liabilities and charges	15	(175)	(250)	(175)	(250)
Net assets before pension liability		10,005	9,348	9,900	9,365
Defined benefit pension scheme liability	18	(1,093)	(1,116)	(1,093)	(1,116)
Net assets after pension liability		8,912	8,232	8,807	8,249
FUNDS					
Restricted	16	1,147	1,178	1,147	1,178
Unrestricted fixed assets	16	1,802	1,855	1,802	1,855
Revaluation reserve		70	68	70	68
Pension reserve	17	(1,093)	(1,116)	(1,093)	(1,116)
General funds		6,986	6,247	6,881	6,264
Unrestricted funds net of pension liability	16	7,765	7,054	7,660	7,071
Total funds	16	8,912	8,232	8,807	8,249

The notes on pages 37 to 58 form part of these financial statements.

The financial statements were approved by the Board on 29 July 2016.



H. Molyneux
Trustee



N. Saxby-Soffe
Trustee

Consolidated cash flow statement for the year ended 31 March 2016

	Note	2016 £'000	2015 £'000
Cash flows from operating activities:			
Net cash provided by (used in) operating activities	19	-	1,757
Cash flows from investing activities:			
Dividends, interest and rents from investments		53	47
Purchase of property, plant and equipment		(353)	(374)
Net cash provided by (used in) investing activities		(300)	(327)
Cash flows from financing activities:			
Repayments of borrowing		(22)	(18)
Net cash provided by (used in) financing activities		(22)	(18)
Cash and cash equivalents at the beginning of the reporting period		9,853	8,441
Cash and cash equivalents at the end of the reporting period	20	9,531	9,853

The notes on pages 37 to 58 form part of these financial statements.

Notes on financial statements

Practical Action is a company registered in the United Kingdom, 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. The company was registered as a charity with the Charity Commission on 26 April 1966. The principal address and registered office is The Schumacher Centre, Bourton on Dunsmore, Rugby, Warwickshire, CV23 9QZ.

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 date of this transition is 1 April 2014 and the impact of this transition can be seen in Note 27 Transition to 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 (pages 26-27). 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 2016 using the

acquisition method of accounting. The results of subsidiary undertakings are included from the date of acquisition. Dormant companies are excluded, being; Intermediate Development Technology Group Ltd, Intermediate Technology Publications Ltd, ATS Property Holdings (Pvt).

No statement of financial activities is presented for the charitable company alone as the results of the subsidiary companies are separately identified within the group accounts and the charitable company is exempt from presenting such a statement under S230 Companies Act 2006. The group net income includes net income from the charitable company itself of £558k (2015: net expenditure £1,706k).

Classification of income and expenditure

The transition to the accounting standard FRS 102 has created different classifications of income and expenditure in the statement of financial activities compared with the prior year which the Trustees consider have been fairly presented.

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.

Basis of allocation of costs

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

Fundraising costs

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

Governance costs

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

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

An annual impairment test is carried out on the UK property.

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 statement of financial activities; 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.

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 18.

Project issues provision

The charity recognises its potential liability as disclosed in Provisions note 15.

Revaluation of property to deemed cost on transition

See note 27 for details.

3. Income and endowments

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

	Unrestricted £'000	Restricted £'000	Total 2016 £'000	Total 2015 £'000
Big Lottery	-	242	242	252
Bill & Melinda Gates Foundation	-	326	326	-
Christian Aid	-	671	671	210
DFID*	4,463	2,393	6,856	4,774
European Community	-	3,373	3,373	2,490
FAO	-	357	357	-
GTZ	-	338	338	-
United Nations Children's Fund	-	577	577	303
United Nations Development Programme	6	110	116	1,149
United Nations Environmental Programme	-	735	735	-
USAID	-	260	260	75
WASTE advisers on urban environment and development	-	207	207	286
Zurich Insurance Company Ltd and its Z Zurich Foundation	68	907	975	951
Other (under £250k)	11,363	3,292	14,655	15,459
TOTAL	15,900	13,788	29,688	25,949

* DFID unrestricted figure is inclusive of the PPA grant and funding for consultancy activities

	Unrestricted £'000	Restricted £'000	Total 2016 £'000	Total 2015 £'000
Donations and legacies				
Donations	7,093	2,374	9,467	9,179
Legacies*	2,114	-	2,114	1,833
Total donations and legacies	9,207	2,374	11,581	11,012
Income from charitable activities	6,188	11,380	17,568	14,478
Income from investments				
Rental	30	-	30	20
Interest	21	1	22	27
Total income from investments	51	1	52	47
Other income				
Publishing	323	-	323	192
Other income	131	33	164	220
Total other income	454	33	487	412
TOTAL	15,900	13,788	29,688	25,949

* Approximately £688k of residual and £164k of reversionary legacies had been notified to the charity before 31 March 2016 but have not been recognised as income in the year.

4. Total resources expended

	Grants payable £'000	Direct costs £'000	Support costs £'000	Total 2016 £'000	Total 2015 £'000
Fundraising:	-	2,689	739	3,428	4,468
Charitable activities:					
Energy access	1,099	3,381	339	4,819	3,189
Food and agriculture	1,355	5,133	496	6,984	6,458
Urban water and waste	840	2,330	240	3,410	2,747
Disaster risk reduction	807	3,548	329	4,684	4,744
Knowledge broking	50	2,842	218	3,110	2,508
Other	193	1,742	146	2,081	2,598
Governance	-	-	411	411	405
Total charitable activities	4,344	18,976	2,179	25,499	22,649
TOTAL RESOURCES EXPENDED*	4,344	21,665	2,918	28,927	27,117

During the year ended 31 March 2016, 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 local organisations that support long-term, sustainable benefits for a community, which are monitored by the charity. A list of grants awarded can be found on the website alongside the financial accounts (practicalaction.org).

The basis on which support costs are reported was reviewed in the year. Support costs shown above represent the costs for the Chief Executive, Finance, HR, Facilities and Information Technology for Head office only. These are allocated across the charitable activities in proportion to direct costs. We are developing our processes and systems to give a consistent view, globally, of in-country support costs being charged to projects and intend to revise the basis on which we report in the future.

* Total resources expended include £129k of costs relating to irrecoverable VAT in the UK.

Expenditure split by country/region	Total 2016 £'000	Total 2015 £'000
Charitable activities:		
East Africa	2,087	2,551
Latin America	3,748	4,438
South Asia	4,254	3,514
Southern Africa	3,450	2,953
Bangladesh	3,054	2,639
Sudan	3,094	2,485
International direct programme work	5,812	3,664
TOTAL RESOURCES EXPENDED	25,499	22,244

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

4. Total resources expended (cont.)

	2016 £'000	2015 £'000
Governance costs		
Salaries	87	84
Company secretarial/legal costs	15	1
Internal and external audit costs	180	191
Meeting expenses (including trustees travel)	39	34
Trustee international project visit	3	2
Apportionment of support costs	87	92
TOTAL	411	404

	2016 £'000	2015 £'000
External audit costs		
Fees payable to company's auditors for the audit of the group's annual accounts	53	51
Fees payable to group's auditors for the audit of the group's subsidiaries pursuant to legislation	7	7
Fees payable to the company's auditors for the audit of the group's overseas branches	45	46
TOTAL AUDIT FEES	105	104
Tax services	1	1
Other services	29	36
TOTAL NON-AUDIT FEES	30	37

5. Employees

	2016 £'000	2015 £'000
Staff costs		
Wages and salaries	9,795	9,428
Social security costs	617	746
Pension costs (see note 18)	48	76
Pension (stakeholder scheme)	357	350
Staff end of service costs *	300	332
Redundancy, ex gratia and termination costs	120	80
Total emoluments of employees	11,237	11,012
Other staff costs	629	603
TOTAL STAFF COSTS	11,866	11,615

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

5. Employees (cont.)

Average number of full time equivalent employees

	2016 Number	2015 Number
East Africa	48	48
Latin America	104	106
South Asia	100	95
Southern Africa	45	44
Bangladesh	117	133
Sudan	62	66
UK	102	101
Total	578	593

Average number of employees

	2016 Number	2015 Number
East Africa	48	48
Latin America	104	106
South Asia	99	95
Southern Africa	45	44
Bangladesh	117	133
Sudan	62	66
UK	109	107
Total	584	599

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

	2016 Number	2015 Number
£60,001 - £70,000	3	4
£70,001 - £80,000	3	1
£80,001 - £90,000	1	1
£90,001 - £100,000	-	-
£100,001 - £110,000	-	1
£110,001 - £120,000	-	1

A new CEO was appointed during 2015/16. The CEO role remuneration was £97,787; this was split between two people during the financial year. For the current CEO, on an annualised basis his remuneration was £90,000.

Benefits are accruing to four (2015: four) higher-paid employees under Practical Action's stakeholder pension scheme, which is open to all eligible employees. Employer contributions of £23,084 (2015: £22,909) have been made into this stakeholder scheme for these higher-paid employees. Within Practical Action's Employee Benefits Scheme, benefits are accruing for three (2015: three) higher-paid employees. The salary of the highest paid employee includes expatriate allowances.

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

The Trustees receive no remuneration for their services. Expenses reimbursed to Trustees during the year amounted to £3,488 (2015: £3,073), which related to travel and refreshment costs for meetings, telephone and postage.

Expenses were reimbursed to nine Trustees (2015: seven Trustees).

Indemnity insurance is provided for Trustees at a cost of £2,738.

6. Net income from trading subsidiaries and summary balance sheets

The results of the principal trading subsidiaries are summarised below:

	Practical Action Consulting 2016 £'000	PAC India (Subsidiary of PAC UK) 2016 £'000	PAC Nepal (Subsidiary of PAC UK) 2016 £'000	Practical Action Publishing 2016 £'000	Practical Action Consulting 2015 £'000	PAC India (Subsidiary of PAC UK) 2015 £'000	PAC Nepal (Subsidiary of PAC UK) 2015 £'000	Practical Action Publishing 2015 £'000
Income	2,502	62	361	430	1,930	40	386	573
Expenditure	(2,385)	(91)	(334)	(423)	(2,018)	(78)	(376)	(575)
Net profit/(loss)	117	(29)	27	7	(88)	(38)	10	(2)
Income per subsidiary accounts	2,502	62	361	430	1,930	40	386	573
Less: interest receivable	-	-	-	-	-	-	-	-
Less: grants from parent charity	(206)	-	-	(107)	(227)	-	-	(148)
	2,296	62	361	323	1,703	40	386	425
Expenditure per accounts	(2,384)	(91)	(334)	(423)	(2,018)	(78)	(376)	(582)
Less: group charges	106	-	-	68	113	-	-	90
Less: Gift Aid	25	-	-	4	-	-	-	7
	(2,253)	(91)	(334)	(351)	(1,905)	(78)	(376)	(485)
Net effect on group results for the year	43	(29)	27	(28)	(202)	(38)	10	(60)

Note: The PAC Malawi office was registered but not trading during the year

	Practical Action Consulting 2016 £'000	PAC India (Subsidiary of PAC UK) 2016 £'000	PAC Nepal (Subsidiary of PAC UK) 2016 £'000	Practical Action Publishing 2016 £'000	Practical Action Consulting 2015 £'000	PAC India (Subsidiary of PAC UK) 2015 £'000	PAC Nepal (Subsidiary of PAC UK) 2015 £'000	Practical Action Publishing 2015 £'000
Summary balance sheets								
Fixed assets	52	-	6	16	51	-	1	15
Net current assets/(liabilities)	107	(36)	63	(20)	(10)	(6)	41	(26)
Net Assets/(liabilities)	159	(36)	69	(4)	41	(6)	42	(11)
Called up share capital	-	32	32	-	-	32	32	-
Profit & loss account	159	(68)	37	(4)	41	(38)	10	(11)
Surplus/(deficit) on shareholder funds	159	(36)	69	(4)	41	(6)	42	(11)

7. Expenditure on raising funds

	2016 £'000	2015 £'000
Costs related to donations, gifts and legacy income	3,428	4,468
TOTAL	3,428	4,468

8. Intangible and tangible assets

	Total £'000
Intangible fixed assets	
Group cost	
At 1 April 2015	22
Additions	5
At 31 March 2016	27
Amortisation	
At 1 April 2015	7
Charge for the year	4
At 31 March 2016	11
Net Book Value (NBV)	
At 31 March 2015	15
At 31 March 2016	16

	Freehold 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 2015	1,736	1,714	1,287	935	5,672
Additions	3	174	145	31	353
Disposals	(3)	(123)	(82)	(8)	(216)
At 31 March 2016	1,736	1,765	1,350	958	5,809
Depreciation					
At 1 April 2015	-	1,568	1,099	853	3,520
Charge for the year	-	162	166	42	370
Disposals	-	(123)	(81)	(8)	(212)
At 31 March 2016	-	1,607	1,184	887	3,678
Net Book Value (NBV)					
At 31 March 2015	1,736	146	188	82	2,152
At 31 March 2016	1,736	158	166	71	2,131

All of the charity's fixed assets are held primarily for direct charitable use.
All of the above assets are owned by the charity apart from the following:

	NBV 2016 £'000	NBV 2015 £'000
Motor vehicles	2	-
Computer equipment	6	4

9. Investments

	Group		Charity	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Cash investments				
Cash investments	4,098	4,320	4,098	4,320
Common investment fund	116	114	116	130
Investment bonds	45	43	45	43
Impairment charge	(45)	(43)	(45)	(43)
TOTAL	4,214	4,434	4,214	4,450
Programme investments				
Capital loans to subsidiaries	-	-	224	240
Programme investments	-	-	19	19
TOTAL	-	-	243	259

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	46
Opening balance at 1 April 2015	114
Recognised gain	2
Closing balance at 31 March 2016	116

9. Investments (cont.)

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

	Country of Incorporation	Proportion of voting rights and ordinary share capital held	Nature of business
Practical Action Consulting Limited (Reg No 00952705)	England	100%	Consultants for agriculture and industry
Practical Action Publishing Limited (Reg No 01159018)	England	100%	Publishers and booksellers
Intermediate Technology Publications Limited (Dormant Company Reg No 06424984)	England	100%	Publishers and booksellers
Intermediate Technology Development Group Limited (Dormant company Reg No 01017062)	England	100%	Developers of agricultural and industrial machinery
ATS Property Holdings Private Limited (Dormant company Reg No, Sri-Lanka PV 6894)	Sri Lanka	100%	Property purchase, lease moveable, immoveable property
Practical Action Consulting Private Limited (Reg No Kathmandu, 117858/070/071)	Nepal	51% PAC, 49% PA	Consultants for agriculture and industry
Practical Action Consulting (India) Private Limited (Reg No, Delhi, CIN U74999DL2014FTC272886)	India	99.7% PAC	Consultants for agriculture and industry
Practical Action Consulting Limited (Reg no. 14654)	Malawi	100%	Consultants for agriculture and industry

10. Stock

	Group		Charity	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Finished goods	110	75	-	-
Work in progress	7	7	-	-
BALANCE SHEET TOTAL	117	82	-	-
Note:				
Stock recognised as an expense	57	86	-	-
(Decrease)/increase in stock provision	(23)	4	-	-
PROFIT AND LOSS CHARGE	34	90	-	-

11. Debtors

	Group		Charity	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Trade debtors	1,298	1,245	696	608
Prepayments and accrued income	2,874	2,544	2,337	2,235
Amounts owed to the charity by the group	-	-	186	-
Other debtors	601	638	581	720
TOTAL	4,773	4,427	3,800	3,563

12. Cash at bank & in hand

The balance held at year end includes £3.0m of project specific funds which are held in project specific bank accounts.

13. Creditors: amounts falling due within one year

	Group		Charity	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Bank loan: within 1 year	19	20	18	20
Trade creditors	1,051	757	622	414
Amounts owed to group and associate undertakings	-	-	-	-
Payments received in advance	3,290	4,254	3,160	4,188
Accruals	994	519	737	410
Taxation and social security	181	213	187	201
Other creditors	922	1,216	818	1,049
TOTAL	6,457	6,979	5,542	6,282

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	4,254	4,188
Released to income	(4,254)	(4,188)
Received in year	3,290	3,160
BALANCE CARRIED FORWARD	3,290	3,160

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

	Group		Charity	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Bank loan: unsecured				
1-2 years	25	40	25	40
2-5 years	9	16	9	16
More than 5 years	-	-	-	-
Other creditors: unsecured				
1-2 years	13	-	13	-
2-5 years	-	11	-	11
More than 5 years	-	-	-	-
TOTAL	47	67	47	67

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

15. Provisions

	Balance at 1.4.15 £'000	Provisions created £'000	Provisions utilised £'000	Balance at 31.3.16 £'000
Project issues	99	122	(46)	175
Rent liability	142	-	(142)	-
Redundancy	9	-	(9)	-
TOTAL	250	122	(197)	175

The provisions relating to project issues represent potential repayments arising from outstanding project issues/ claims that are currently being addressed. They are expected to be settled within the next two to three years.

16. Funds note

	Opening balance £'000	Incoming resources £'000	Expenditure and charges £'000	Transfer £'000	Closing balance £'000
Designated reserves					
Fixed asset fund	1,855	-	-	(53)	1,802
Revaluation reserve	68	-	-	2	70
Total designated reserves	1,923	-	-	(51)	1,872
Free reserves	5,131	15,900	15,189	51	5,893
Total unrestricted funds	7,054	15,900	15,189	-	7,765
Energy access	(17)	2,785	2,650	-	118
Food and agriculture	227	4,610	4,542	-	295
Urban water and waste	83	2,306	2,410	-	(21)
Disaster risk reduction	759	3,031	3,149	-	641
Other	126	1,056	1,068	-	114
Total restricted funds	1,178	13,788	13,819	-	1,147
TOTAL FUNDS	8,232	29,688	29,008	-	8,912

17. Total funds

	Unrestricted funds £'000	Restricted funds £'000	2016 Total £'000	2015 Total £'000
Fixed assets	1,895	252	2,147	2,168
Investments	4,214	-	4,214	4,434
Programme related investment funds	-	-	-	-
Stock	117	-	117	82
Debtors	4,077	696	4,773	4,427
Cash at bank and in hand	2,319	3,114	5,433	5,533
Creditors: amount due within one year	(3,589)	(2,868)	(6,457)	(6,979)
Creditors: amount due after more than one year	-	(47)	(47)	(67)
Provisions for liabilities and charges	(175)	-	(175)	(250)
Pension liability	(1,093)	-	(1,093)	(1,116)
TOTAL	7,765	1,147	8,912	8,232

18. 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 2016 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 scheme's assets was 89% of the value of past service liabilities on an ongoing basis. The market value of the scheme's assets at the valuation date was £8,284,000, excluding money purchase AVCs.

In arriving at the 2014 actuarial valuation above, the following assumptions were adopted:

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

A valuation has been performed in order to assess the disclosures required under FRS 102 as at 31 March 2016 by an independent qualified actuary.

	2016	2015
	£'000	£'000
a) The amounts recognised in the balance sheet are as follows:		
Present value of funded obligations	(10,418)	(10,652)
Fair value of plan assets	9,325	9,536
Deficit	(1,093)	(1,116)

Amounts in the balance sheet:		
Liabilities	(1,093)	(1,116)
Assets	-	-
Net liability	(1,093)	(1,116)

	2016	2015
	£'000	£'000
b) Changes in the present value of the defined benefit obligation are as follows:		
Opening defined benefit obligation	10,652	8,942
Service cost	66	76
Interest cost	350	393
Employee contributions	-	-
Actuarial losses (gains)	(283)	1,535
Benefits paid	(367)	(294)
Defined benefit obligation at end of year	10,418	10,652

18. Pension costs and FRS 102 (cont.)

	2016	2015
	£'000	£'000
c) Changes in the fair value of the scheme assets are as follows:		
Opening fair value of scheme assets	9,537	8,302
Expected return	312	452
Actuarial gains (losses)	(367)	867
Employer contributions	210	210
Employee contributions	-	-
Benefits paid	(367)	(294)
Fair value of scheme assets at the year end	9,325	9,537

	2016	2015
	£'000	£'000
d) The amounts included within the statement of financial activities are as follows:		
Current service cost	(66)	(76)
Interest on pension liabilities	(350)	(393)
Expected return on scheme assets	312	452
Past service cost	-	-
Total amount charged within net (outgoing) resources	(104)	(17)
Actuarial losses	(83)	(668)
Total amount charged to the statement of financial activities	(187)	(685)

Practical Action expects to contribute £210,000 to the defined pension scheme in 2016/17. The cumulative total of recognised actuarial losses is (£1,858k).

	2016	2015
	£'000	£'000
The actual return on the scheme assets in the year	(55)	1,319

f) Principal assumptions at the balance sheet date (expressed as weighted averages)	2016	2015
Discount rate	3.40%	3.30%
Expected return on scheme assets	3.40%	3.30%
Rate of increase in salaries	4.40%	4.40%
Rate of increase of pensions in payment	2.90%	2.90%
Rate of increase of pensions in deferment	2.20%	2.20%
Assumed life expectancy on retirements age 60:		
Retiring today - males	26.9	26.8
Retiring today - females	29.2	28.3
Retiring in 20 years - males	28.4	29.1
Retiring in 20 years - females	30.8	30.7

18. Pension costs and FRS 102 (cont.)

	2016 £'000	2015 £'000
g) The amounts for the current and previous periods are as follows:		
Defined benefit obligation	10,418	10,652
Scheme assets	9,325	9,537
Surplus/(deficit)	(1,093)	(1,115)
Experience adjustments on scheme liabilities	101	(195)
Experience adjustments on scheme assets	(184)	867
Total (loss)/gain on STRGL	(83)	(668)

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 was 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.

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

	2016 £'000	2015 £'000
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	763	(1,157)
Adjustments for:		
(Gains)/losses on investments	(2)	(11)
Dividends, interest and rent from investments	(53)	(47)
Depreciation	370	349
Loss on disposal of fixed assets	4	3
(Increase)/Decrease in stocks	(35)	25
(Increase)/Decrease in debtors	(346)	577
Increase/(Decrease) in creditors and provisions	(595)	2,211
Difference between pension contributions and current service costs	(106)	(193)
Net cash provided by operating activities	-	1,757

20. Analysis of cash and cash equivalents

	2016 £'000	2015 £'000
Cash at bank and in hand	5,433	5,533
Cash held as part of an investment portfolio (Note 9)	4,098	4,320
Total cash and cash equivalents	9,531	9,853

21. Contingent liabilities

In fulfilment of contract requirements, the charity has entered into five agreements with Banco de Credito del Peru in support of charitable activities, resulting in contingent liabilities totalling £102,121.

The first agreement is to provide a bank guarantee to the value of S/. 157,757 (c. £31,837) as required by Norte Renovable (Peruvian company) on the project – Implementation of solar systems in Cusco Peru.

The second agreement is to provide a bank guarantee to the value of S/. 206,356 (c. £43,291) as required by Programa Nacional de Saneamiento Rural (Peruvian donor) on the project – Social Supervision – investment and post-investment phases in the provinces of Azangaro, Huancane and Puno.

The third agreement is to provide a bank guarantee to the value of S/. 25,370 (c. £5,322) as required by Fondo Municipal de Inversiones del Callao (Peruvian donor) on the project – Creation of an early warning system for Tsunami in settlement Marquez, province of Callao.

The fourth agreement is to provide a bank guarantee to the value of USD 18,326 (c. £12,930) as required by the Inter-American Institute for Cooperation on Agriculture (regional donor) on the project – Improved stoves through family micro-credit in Cajamarca.

The fifth agreement is to provide a bank guarantee to the value of S/. 41,666 (c. £8,741) as required by Fondo Empleo (Peruvian donor) on the project – Increasing commercial and productive competitiveness of coffee producers from Alfonso De Alvarado district in San Martin Region.

22. Big Lottery Fund

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

2016	Horticultural production and marketing for improved livelihoods £'000	Sustainable lagoons and livelihoods £'000	Total £'000
Opening Balance	-	-	-
Income Deferred from 14/15	(1)	-	(1)
Income Accrued from 14/15	-	4	4
Income Received in 15/16	(137)	(101)	(238)
Income Accrued for 15/16	(4)	(3)	(7)
TOTAL INCOME	(142)	(100)	(242)
Expenditure	142	100	242
CLOSING BALANCE	-	-	-

22. Big Lottery Fund (cont.)

2015	Horticultural production and marketing for improved livelihoods £'000	Sustainable lagoons and livelihoods £'000	Total £'000
Opening Balance	-	-	-
Income Deferred from 13/14	(6)	(4)	(10)
Income Accrued from 13/14	-	-	-
Income Received in 14/15	(127)	(112)	(239)
Income Accrued for 14/15	-	(4)	(4)
Income Deferred to 15/16	1	-	1
TOTAL INCOME	(132)	(120)	(252)
Expenditure	132	120	252
CLOSING BALANCE	-	-	-



LOTTERY FUNDED

23. Department for International Development grants

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

	2016 £'000	2015 £'000
Grants	2,891	2,891

Project funding details required by DFID	Contract Number	DFID Funding
DFID Partnership Programme Agreement	-	2,891



24. Commitments under operating leases

As at 31 March 2016, the group had commitments under non-cancellable operating leases as set out below:

	2016 Land and buildings £'000	2015 (restated) Land and buildings £'000
Operating leases which expire:		
Within one year	320	178
In two to five years	304	505
In over five years	-	279
TOTAL	624	962

The net income for the year has been stated after charging £330k (2015: £382k) for the hire of assets under operating leases.

25. Related party transactions

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

A management charge of £68k (2014/15 £90k) and payroll costs totalling £201k (2014/15 £236k) were also charged to Practical Action Publishing Limited from the charity.

A management charge of £106k (2014/15 £113k) and payroll costs totalling £499k (2014/15 £480k) were also charged to Practical Action Consulting Limited from the charity.

Full declarations of interests are obtained from Trustees and Directors for their own activities outside of Practical Action governance as well as those of their close family members and those entities which they control or in which they have a significant interest. In 2015/16 these related parties made donations in aggregate to Practical Action of £11,751.

Practical Action Publishing Limited (PAP) purchased world maps for resale at a cost of £500 from Worldview, a company owned by the then Director of PAP, Toby Milner.

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) is comprised of all Directors within the Group. In 2015/16 the total cost of SLT was £916k (2014/15 £994k). In 2015/16 this represented 16 people (2014/15 16 people).

26. Financial instruments

	2016 £'000	2015 £'000
Financial assets that are debt instruments measured at amortised cost	11,546	11,850
Financial liabilities that are debt instruments measured at amortised cost	(4,126)	(3,694)

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

	2016 £'000	2015 £'000
Total interest income for financial assets measured at amortised cost	22	27
Impairment losses on financial assets measured at amortised cost	-	-
Total interest expense for financial liabilities held at amortised cost	1	1

27. Transition to FRS 102

	As previously stated 1.4.14 £'000	Effect of transition 1.4.14 £'000	FRS 102 (as restated) 1.4.14 £'000	As previously stated 31.3.15 £'000	Effect of transition 31.3.15 £'000	FRS 102 (as restated) 31.3.15 £'000
Fixed assets	6,040	522	6,562	6,080	522	6,602
Current assets	9,239	-	9,239	10,042	-	10,042
Creditors: amounts falling due within one year	(4,708)	-	(4,708)	(6,979)	-	(6,979)
Net current assets	4,531	-	4,531	3,063	-	3,063
Total assets less current liabilities	10,571	522	11,093	9,143	522	9,665
Creditors: amounts falling due after more than one year	(1,036)	-	(1,036)	(1,433)	-	(1,433)
Net assets	9,535	522	10,057	7,710	522	8,232
Total funds	9,535	522	10,057	7,710	522	8,232

The transition to the accounting standard FRS 102 has created different accounting classifications of income and expenditure in the statement of financial activities compared with the prior year, which the trustees consider to have been fairly presented.

Explanation of changes to previously reported funds:

The UK head office was revalued from £1.078m to £1.6m (£522k increase) at the date of transition. The effective date of the revaluation is 31 March 2014. The valuation is based on the property being a single dwelling for refurbishment, and was provided by Swords, an independent valuer. Management have assessed that a mid-point of the valuation range provided by the valuer is appropriate.

28. Comparative statement of financial activities for the year ended 31 March 2015

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

	Note	Unrestricted £'000	Restricted £'000	Total 2015 £'000
INCOME AND ENDOWMENTS FROM:				
Donations and legacies		9,370	1,642	11,012
Income from charitable activities		6,068	8,410	14,478
Income from investments		47	-	47
Other income		402	10	412
TOTAL INCOME AND ENDOWMENTS	3	15,887	10,062	25,949
RESOURCES EXPENDED				
Expenditure on raising funds	7	4,468	-	4,468
TOTAL EXPENDITURE ON RAISING FUNDS		4,468	-	4,468
Expenditure on charitable activities:				
Energy access		1,994	1,195	3,189
Food and agriculture		2,527	3,931	6,458
Urban water and waste		1,086	1,661	2,747
Disaster risk reduction		2,057	2,687	4,744
Knowledge broking		2,463	45	2,508
Other		2,137	866	3,003
TOTAL EXPENDITURE ON CHARITABLE ACTIVITIES		12,264	10,385	22,649
TOTAL EXPENDITURE		16,732	10,385	27,117
Net gain on investment assets		11	-	11
NET INCOME/(EXPENDITURE)		(834)	(323)	(1,157)
Actuarial (loss) on defined benefit pension scheme	18	(668)	-	(668)
NET MOVEMENT IN FUNDS		(1,502)	(323)	(1,825)
Balance brought forward 1 April 2014		8,556	1,501	10,057
Balance carried forward 31 March 2015	16	7,054	1,178	8,232

2015/16 at a glance

Apr



We provided shelter, food, water, sanitation and electricity to people affected by the Nepal earthquakes.

May



Our Beat the Flood challenge was awarded 'Best STEM (Science, Technology, Engineering and Maths) resource for pupils' by Scientix.

Jun

We took our call for action on energy access to political leaders at European Development Days – Europe's leading forum on development.

Jul



We celebrated 30 years working in Peru.

Aug



The celebrations continued as we marked Practical Action's 50th anniversary!

Sep

As governments agreed on Sustainable Development Goals, we worked to ensure the inclusion of Technology Justice (that technology is used for the benefit of all) into discussions.

Oct



We received \$1.3 million from H&M Conscious Foundation to bring clean water and safe toilets to 45,000 people in India.

Nov



We received £1m from Comic Relief to eliminate open defecation in Kisumu, Kenya, and improve living conditions for 95,000 people.

Dec

We influenced governments at the COP21 climate talks in Paris to ensure Technology Justice was at the heart of the climate agreement.

Jan



We raised £183,000 to help communities in Zimbabwe become more resilient to drought.

Feb



Our Pumpkins Against Poverty appeal raised £1 million to help 50,000 people in Bangladesh beat hunger.

Mar



We launched our Technology Justice 'Call to Action', calling for access to technology for all.