



Annual Report and Accounts

2016-2017

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

Messages from the Chair and Chief Executive

Welcome to Practical Action's annual report for 2016/17. This year our work reached a record 2.8 million people. Our donors' and supporters' commitment and generosity enabled us to raise more than £33.2 million this year, another record. I would like to thank everyone who made it possible for us to reach so many people living in poverty who need Practical Action's technology and know-how to improve their lives and livelihoods.

Over the past five years we decided to direct substantial effort into our energy work. We aim to change global thinking about how to increase energy access by demonstrating and advocating the use of simple renewable technologies. It was huge recognition for this work to win this year's Al Zayed Future Energy prize in the not for profit sector. The award is worth \$1.5 million which we will invest in our global energy work. More importantly, the profile that winning gives Practical Action is helping us to build new relationships in the energy sector to extend the reach of this vital work.

Thanks to Zurich Foundation's continuing partnership with Practical Action, we are enabling more vulnerable communities in developing countries to increase their resilience to flooding. We are working with the private sector and academics – as well as other charities – to share what works widely across the world.

Drought has severely affected Southern and Eastern Africa this year. Practical Action has worked alongside farming communities to help them cope by growing more drought resistant crops. Our water conservation techniques, water points and solar pumps have been vital in these challenging circumstances for both livestock and crops.

Practical Action has big ambitions to change the way technology is used to transform the lives of people living in poverty around the developing world. Our new strategy will require a step change from Practical Action to enable this ambition to be realised. Much will depend on our ability to forge a community of support for our work with like-minded individuals, to build stronger partnerships with donor organisations, the private sector and governments, and to apply our approach 'Demonstrate, Learn, Inspire'.

I am looking forward to supporting the organisation in the implementation of this ambitious new phase.



Helena Molyneux Chair of Trustees



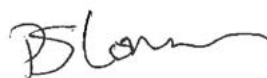
At a recent event, I heard a long-standing supporter talk about our work. I was struck by his observation that Practical Action made him feel part of a community of people working together to achieve a more sustainable world for everyone. He referred to Practical Action as a connector, bringing together supporters in the UK, with communities in the developing world. This image of Practical Action is one we plan to build on in our new strategy. Increasingly we will be working in partnership with others so that we can achieve impact at a larger scale.

Over the past five years we have helped eight million people build themselves a better life, beating the target of six million we set ourselves. While it's important to capture these numbers, it is the individual stories of impact that are really powerful to me.

Last year I visited Dhankanal, a small town in Odisha state in India. It has no sewerage system. Toilets are connected to septic tanks, which when full are pumped out into trucks. But as there is nowhere to take this sludge for treatment, it is dumped, often into a river. This is a major environmental and health issue for the community. We are working with the local authority to ensure that as well as everyone having access to a toilet, there are also systems and facilities in place for the safe disposal of the sludge. Talking to people in this community, it was inspiring to see how we are meeting real people's needs by bringing them together to come up with practical solutions to their problems.

This year's 'Poor People's Energy Outlook', our flagship energy publication, looked at financing energy access. Using evidence gathered from three countries, Togo, Kenya and Bangladesh, it recommends investment strategies that are most likely to lead to universal clean energy access. Thanks to the success of this series of publications we are now being asked for advice on the development of off-grid, renewable energy by national and regional governments, energy companies and the World Bank.

We are now embarking on a new strategy, which you can read more about on page 24. I am looking forward to leading Practical Action in delivering this new strategy, a prospect that is both challenging and exciting.



Paul Smith Lomas Chief Executive

We are Practical Action

Practical Action uses technology to challenge poverty in developing countries. We work with communities to develop sustainable and practical solutions. Building on their skills and knowledge, we enable people to transform their lives while protecting the world around them.

Our vision for 2012-2017

A sustainable world free of poverty in which technology is used for the benefit of all.

Our strategy 2012-2017

To help people living in poverty to access and use technology to transform their lives, focusing on four areas of work:



Access to modern, sustainable energy services



Growing food to improve health and boost incomes



Access to clean water, safe toilets and waste services



Reducing the impact of disasters

During 2016/17, we worked with local partners across Asia, Africa and Latin America to transform the lives of 2.8 million people, through 104 projects in 10 countries. Millions more benefitted through changes in the policy and practice of others influenced by Practical Action. This was the final year of our current strategy. Since it was launched in April 2012, we have improved the wellbeing of eight million people.

The United Nation's 17 new sustainable development goals set ambitious targets to be achieved by 2030. These will play a key role in our new strategy. According to World Bank data, the proportion of the world's population living on less than \$1.9 a day fell from 12.7% to 9.6% between 2012 and 2015. The world is moving in the right direction but we still have much to do.

Over the last five years of this strategy we have expanded our geographical footprint into West Africa, with the primary aim of sharing our knowledge and partnering with others. We are now working on arid land agriculture and energy in three countries in this region.

We closed our office in Sri Lanka, as it becomes an upper middle income country. But our legacy continues through a local organisation, Janathakshan, which provides information and an enquiry service on the use of appropriate technologies.

Our approach

We aim to create positive, lasting change for people living in poverty by providing technologies that offer practical solutions to the problems they face in their daily lives. We distil learning from our project work making it freely available to development workers in the field. We work with governments and others to ensure the perspectives of poor communities inform decision-making, providing evidence of the role technology can play in transforming lives.

Practical Action delivers this mission in three ways:

Transforming lives

Working with our local partners on the ground we have supported 2.8 million people in improving their lives 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 clean water and sanitation and reduce the impact of disasters on the most vulnerable.

Every year monsoons cause river flooding in Bangladesh, washing away fertile land and destroying homes and livelihoods. As rivers recede, barren sandbars emerge. Using a technique of pit cultivation this land can be made fertile to grow pumpkins and other crops. This programme helped to lift 30,000 people out of poverty – more than



half of them women. On a recent visit to the project, Sue Lautze, representative of the United Nations Food and Agriculture organisation in Bangladesh, was talking to Nazmul Chowdhury, head of the 'Pumpkins against Poverty' project. She told him,

"It's a magnificent project addressing multiple solutions on the ground. You are doing amazing work. It's a best example of climate change adaptation."

Sharing knowledge

Our knowledge work captures and shares lessons from our projects, providing access to information that will enable people to take control of their livelihoods. Our Consulting and Publishing services reach development professionals around the world, and our technical information service offers free resources directly to those who need it the most, often in the local language. This year, there were more than two million downloads of these technical resources.

Practical Action Publishing is making some of its books available free online through an Open Access programme. This will give more people the opportunity to access our knowledge.

Influencing others

Practical Action is known for providing knowledge and evidence rooted in our work with people in poor communities. By sharing our ideas and experience with local and national governments, international agencies and other organisations, we can make an impact on a global scale.

Small-scale lagoon fishers

We have been working for many years with small-scale lagoon fishers in Sri Lanka. Although we no longer work there directly, this work has had a far reaching and lasting effect for poor communities. Lagoon fishers' livelihoods were declining because of salination, conflict over resources and the loss of traditional fishing rights. We worked with the local community to develop lagoon management skills and used GPS technology to map clear boundaries. To ensure this solution was sustainable, we worked in partnership with this community and the government to develop a mutually beneficial approach to improve livelihoods and reduce conflict. After five years of working together, a special unit was established in the National Department of Fisheries and Aquatic Resource of Sri Lanka, and changes were made to the National Fisheries Act which will improve conditions for lagoon fishers across the country.

2016/17 in numbers



90p out of every £1
spent directly on
charitable activities
– on our programmes
round the world



2.8 million

people benefiting
directly from Practical
Action's services



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



More than **37,000** people
made a donation to Practical Action
across the year



1.25 million
people visited our websites



104
active projects in ten countries

7,570



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

Our impact

We work hand in hand with local communities across Africa, Asia and Latin America. Together we've made lasting change to the lives of 2.8 million people – from coffee farmers in Peru to pumpkin growers in Bangladesh. We focus on where we can make the most difference – energy access, food and agriculture, urban water and waste and disaster risk reduction.

We leverage our impact by sharing our knowledge, experience and expertise through our Consulting, Publishing and Practical Answers services. Spreading our knowledge benefits millions more people across the world, ensuring our work has an impact well beyond our projects.



Latin America

 1,115,000

KEY



Number of people we've helped



Countries where Practical Action and/or Practical Action Consulting worked

Number of people benefiting from:

Energy access



1,213,000

Food and agriculture



996,000

Urban water and waste



234,000

Disaster risk reduction



344,000



Asia

 **387,000**



Africa

 **1,285,000**

*Numbers have been rounded

Energy access

More than a billion people in developing countries live without electricity. This means health clinics without fridges for vaccines and classrooms without lights. More than three billion people cook over open fires that emit toxic smoke.

Energy poverty is one of the biggest barriers to development. The direct reach of our energy programme expanded this year with the addition of two large projects in Latin America. By working from grassroots to governments, and partnering with communities to introduce safe, sustainable, off-grid ways of generating energy, we can make a dramatic difference to people's lives.

Some of our great work in 2016/17

Global

Practical Action has been awarded the prestigious Zayed Future Energy Prize in recognition of our pioneering approach to renewable energy and sustainability. We were selected as the outstanding candidate by heads of government, high-level UN staff and international development experts for our significant impact on hard-to-reach communities.

Advances in energy technology have created new opportunities, so we have not only expanded our work on the ground but also are making a big effort to capture and share our experience from the last 40 years through our 'Poor People's Energy Outlook' series. Our simple, renewable energy solutions for remote communities are now catching the attention of energy companies and major investors such as the World Bank.

Peru

More than 3,300 home solar systems have been installed in 40 communities in Cusco, giving 19,800 people access to electricity for the first time. Solar-powered systems provide reliable, off-grid electricity which can power water pumps, lighting and telecommunications.

Sudan

Practical Action has enabled 5,050 families to buy Liquid Petroleum Gas (LPG) stoves, giving women a clean, efficient, convenient means to cook for their families. Not only does it eliminate deadly smoke, it reduces the need for firewood, benefiting the environment and saving time.

Zimbabwe

In Gwanda we have established the country's first solar-powered mini-grid equipped with 400 solar panels, generating 99 KW of power. This has provided power for irrigation, schools, health clinics and businesses and will benefit 10,000 people.

WHAT WE'VE ACHIEVED



£5.2 million

spent on our energy programme

1.2 million

people now have improved access to modern, sustainable energy services

267

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

Numbers have been rounded



© Practical Action/Elizabeth Dunn

Empowering women with energy

Project	Women in Energy Enterprises (WEEK)
Objective	Supporting women's economic empowerment through enterprise development in clean energy access markets
Location	Central, Rift Valley, Western and Nyanza regions and Nairobi County, Kenya
Principal funders	Energia
Partners	Sustainable Community Development Services (SCODE)
Funding	£531,000
Project date	September 2014 – August 2017

Few rural households in Kenya have access to grid electricity. Most rely on dangerous kerosene for lighting and wood or charcoal for cooking. This lack of modern energy harms the health of women and children and the daily drudgery of fuel collection takes time that could be spent more productively. This project is helping create a self-sustaining industry for cookstoves, briquettes and solar products, working with 730 women who run small businesses.

Improved cookstoves use a third of the fuel of traditional stoves. This saves money and reduces deforestation, fuel collection time and deadly indoor smoke. Compacted briquettes, made from waste materials such as charcoal dust, sawdust or coconut husks, provide affordable fuel which saves valuable wood resources, and is cleaner-burning than wood. Solar products range from household lighting to USB battery chargers, offering safe, clean, affordable energy options.

Access to sustainable energy can transform women's lives. Women often make a highly successful salesforce of energy products. They are able to make use of their social networks and gain a deep understanding of their customers' lives and circumstances. Women involved as entrepreneurs in the energy business are empowered, gain new status and increased income for their families, while as consumers they gain access to vital energy services.

The project has also increased understanding at county and national levels of the different energy needs of men and women and how these need to be addressed at policy level to ensure investments have a more equitable impact and bring development for all.



Tabitha Njoki from Kagicha, Chinga, Nyeri County, couldn't make ends meet for her family as a tailor, so she became a clean energy entrepreneur.

Through the WEEK project, Tabitha was taught how to install energy efficient stoves and how to plan and manage a business.

"One day I will be able to distribute many stoves in the region, especially with the marketing skills I have learned from the project. I hope to distribute about 300 stoves a month and earn more income from individual sales. I have also been trained on briquettes making and I am hoping to acquire a machine to start production to diversify my business. I am happy distributing good health, clean air and a greener environment through my business."

Food and agriculture



WHAT WE'VE ACHIEVED



£10.4 million spent on our food and agriculture programme

1 million people helped to boost the productivity of their land or livestock

5,518 community organisations strengthened to give poor people a voice and influence decision making and services

Numbers have been rounded

Small-scale farmers, who depend on agriculture to make a living, work in increasingly fragile environments. We help these farmers, many of whom are women, to build on the assets they have in land and livestock. We help them to adopt low cost, low risk ways to boost productivity using techniques that don't degrade the environment.

Some of our great work in 2016/17

Global

The second of the United Nations 17 Sustainable Development Goals (SDGs) is to end hunger, achieve food security, improve nutrition and promote sustainable agriculture by 2030. Practical Action is answering this challenge by supporting smallholder farmers to become more resilient to the impacts of climate change. We are promoting conservation farming methods with farmers in a variety of different environments from coffee growers in Peru to jute farmers in Bangladesh and pastoralists in Kenya. New partnerships in Sudan have led to a large increase in the number of farmers and pastoralists we are working with in Darfur and Kassala.

Nepal

In the remote far-west region we have been working with women and marginalised communities who face food shortages. Income has seen a threefold increase through

improving the production of spice crops and vegetables, rearing goats and training in better farming practices. Better technical and market knowledge helps farmers to grow enough food to feed their families and to earn an income from selling their surplus.

Bangladesh

Growing pumpkins on barren sandbars to stave off malnutrition enabled landless farmers to grow 6.6 million kilos of pumpkin. Farmers made an average of £133 each from selling their surplus crop locally and to cities in Bangladesh. When floods hit the region in July 2016, farmers from the project donated stocks of pumpkins to affected communities. This programme diversified to trial new crops such as courgettes, tomatoes and lettuce.

Zimbabwe

In the Mutare and Mutasa districts of Zimbabwe we are helping small holder farmers to increase the yield and improve the nutritional value of their crops. This will be achieved through an integrated programme of farmer education, market development and micro finance. 87,000 smallholder farmers have been trained on new agricultural practices and 63,000 on better nutrition. Many of these are now planting new, more nutritious crops and using new technologies such as hermetically sealed silos to reduce post-harvest losses. These have helped mitigate the effects of this year's prolonged drought in the region.

Improving livestock health



Project	Livestock Epidemio Surveillance Programme (LESP-ES)
Objective	Improving the livelihoods of rural smallholders by increasing the production and trade of livestock through better animal health
Location	Gedaref, Kassala and Red Sea in Eastern Sudan
Principal funders	European Union
Partners	State ministries in the three beneficiary states
Funding	£2.8 million
Project date	January 2015 – December 2017

Migratory pastoralists produce much of Sudan's food supply, with 15 million animals kept in the region. High rates of infectious diseases and poor veterinary services in rural areas contribute to low productivity leading to food insecurity for small holders.

This project focuses on providing information and training for livestock owners, many of whom are women, on treatment and prevention of disease. It will also improve their access to medicines and vaccinations. A new tick identification and classification unit has reduced the incidence of tick-borne diseases. Upgrading the facilities of the regional veterinary laboratory and the provision of refrigeration for samples has improved its diagnostic capacity. Better control of common livestock diseases will improve incomes and enable farmers to trade across national borders.

Fathia lives in Klana-Aiarb in Port Sudan. She keeps camels, goats and sheep, earning an income from selling milk and making yoghurt. In the past, animals often died of treatable diseases.

"If one goat was infected, they all would become infected and die," said Fathia.

Fathia's community is extremely conservative. Women do not show their faces or interact with men. But things are beginning to change. Through this project, women have built their skills in animal health and welfare and are playing a key role in disseminating this knowledge to the rest of the community.

"We are spending more time together as we receive the training. The knowledge has given us confidence and has empowered us to change our culture."



"Members of the villages would use indigenous medicine to treat disease. We used sometimes lemon and sometimes fire. Unfortunately, the local solutions didn't always work and posed issues of animal welfare."

Urban water and waste

The face of poverty is changing – shifting populations mean that more than half of the world's people now live in urban areas. As cities continue to swell so too do inequality, poverty and slums. Squalid, overcrowded spaces, with little access to services like a regular supply of piped water or waste collection, are fertile breeding grounds for disease.

Practical Action works with slum communities and local partners to provide better access to clean water, sanitation and hygiene. We work to strengthen people's ability to lobby at a local level and call for long term change. We combine best practice with innovative technologies that bring government, private sector and communities together to provide safe, sustainable and scalable services for the urban poor.

Some of our great work in 2016/17

Global

Practical Action continues to engage with global debates to shape the way cities work for their poorest residents. We demonstrate how initiatives to improve access to water and sanitation can be adapted to work effectively in urban slum communities. Highlights included our participation in the UN's Habitat III conference on the future of cities, and speaking on the panel of the Civil Society roundtable.

Kenya

We are building on our previous work with slum communities in Kisumu, and are now focusing on transforming their access to sanitation, and making it safer

with consistent hand-washing and access to clean water. This year the project began with a big push to young people, engaging 2,600 pupils in 17 schools, as well as a group of 100 adolescents and young mothers.

Bangladesh

In Bangladesh, there is almost universal access to a basic toilet. However, this is creating the challenge of dealing safely with the contents of the millions of pit latrines. The team ran a big community awareness programme encouraging people to use safe pit-emptying services in Faridpur. Nationally, we worked with the government and others to develop new guidelines and regulations, and had a huge media reach with a TEDx talk by our country Director, Hasin Jahan, and a TV drama, featuring famous national actors. It tells the story of a man who wants to be famous and achieves this by becoming an entrepreneur collecting faecal sludge to produce organic fertiliser.

Nepal

In the town of Gulariya, we supported three communities to reach 'total sanitation' status. This means all households having safe water, safe sanitation and solid waste management, good hand washing and hygiene and a smoke-free kitchen. We constructed a faecal sludge treatment plant to support the safe emptying of pit latrines and have been supporting the municipality staff to prepare a business plan to ensure the sustainable operation and maintenance of the plant.

WHAT WE'VE ACHIEVED



£2.2 million

spent on our urban water and waste programme

Nearly 234,000

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

1,125

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

Numbers have been rounded



© Practical Action/Frank Medina

Creating healthier communities



Project	Swachh Samudai (Healthy communities)
Objective	Demonstrate a method of successful faecal sludge management and improved water and sanitation services
Location	Khurdha, Odisha, India
Principal funders	H&M Conscious Foundation
Partners	Odisha State municipal authorities
Funding	£ 771,722
Project date	July 2015 – June 2018

We are working with the Odisha state government to deliver clean water, safe sanitation and the safe disposal of faecal sludge in Choudwar a city of around 42,000 people. Current poor sanitation causes frequent cases of diarrhoea, dysentery, typhoid and gastroenteritis in the population and also creates issues of safety and security for women and girls.

Following consultations on the location of facilities with the community, we will be building community and cluster toilets, water points, a bio-digester and rainwater

harvesting facilities. The key to the success of this project will be the new faecal sludge treatment plant, the first of its kind in the state. This will provide for the safe disposal of sludge collected from pit latrines in the city. Currently most toilet waste is dumped in local rivers, polluting the water sources. It will serve as a model for other communities and small towns in the state as well as in the country.



Khurdha resident Sunita is optimistic about the project:

“Toilets have become a question of dignity for us. More girls and communities in our slums are unsafe while defecating outside during early morning and late evening. We are hopeful with the Swachh Samudai project in our city bringing toilets to our community.”

© Practical Action/Noemie de la Brosse

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

Disaster risk reduction

WHAT WE'VE ACHIEVED



£4.8 million

spent on our disaster risk reduction programme

344,000

people helped to reduce the risk of disasters

659

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

Numbers have been rounded



According to the United Nations, every £1 spent on preparing for disasters and reducing their risk saves up to £4 in emergency response. The number of people at risk of natural hazards has tripled over the past decade and recovery costs have quadrupled. Smart investment goes into preventing disasters, not cleaning up after them.

Practical Action puts vulnerable communities at the heart of planning, preparing and coping with disasters, and as a result they are more resilient when they strike.

Some of our great work in 2016/17

Global

In recognition of our leadership in this area of our work, Practical Action has been invited to become a member of the Rockefeller Community of Practice steering committee. This is a global network of leading organisations tackling the challenge of measuring the impact of resilience work.

India and Kenya

Practical Action Consulting completed research and a publication for the Red Cross Climate Centre on how to communicate complex risk information to communities, policy makers and the media in India and Kenya.

Nepal

In partnership with telecom operator Ncell, we are strengthening early warning systems against floods in the Kankai River Basin through early warning text messaging systems. The system proved its worth in July 2016 when floods hit. Local villager, Pratap BK said:

"If we had not received messages through SMS and information about the rainfall and water level, more than 93 people from Taghnadubba village would have been washed away."

Bolivia

Community resilience technologies were developed for the disaster prone lowlands and Amazon regions. They include water pumps, off-grid energy, water treatment solutions and flood-resistant farming and livestock-raising practices.

Kenya

Kenya is in the grip of a devastating drought. Practical Action are focused on providing long-term sustainable solutions to drought-affected counties. In Turkana, we enabled communities to construct seven boreholes, install five solar pumps and build or rehabilitate 18 shallow wells.

Building resilience to flooding

Project	Zurich Flood Resilience Programme
Objective	To make communities resilient to flooding and improve livelihoods of 100,000 people
Location	Nepal, Bangladesh, Peru
Principal funders	Zurich Foundation
Partners	Zurich Insurance, International Federation of the Red Cross, International Institute for Applied Systems Analysis, Wharton Risk Management and Decision Processes Centre
Funding	£6.5 million
Project date	July 2013 – July 2018

In March 2017 Peru suffered devastating floods and mudslides. More than 800 towns and cities declared a state of emergency.

Practical Action's teams working on flood resilience in Lima and the northern town of Piura reported significant damage to water and sanitation systems and major crop losses. Roads and bridges collapsed and stagnant water increased the risk of cholera and dengue fever.

Chosica is a city in a valley, about 20 kilometers east of Lima. It's surrounded by hills of loose soil and rocks, highly vulnerable to landslides.

Nicanor Nuñez is 82 years old, and is helping to make a difference to his community in Chosica. On the roof of his house is a camera and other equipment that is part of the area's early warning system monitoring the river Rímac, taking photos every two to five minutes.

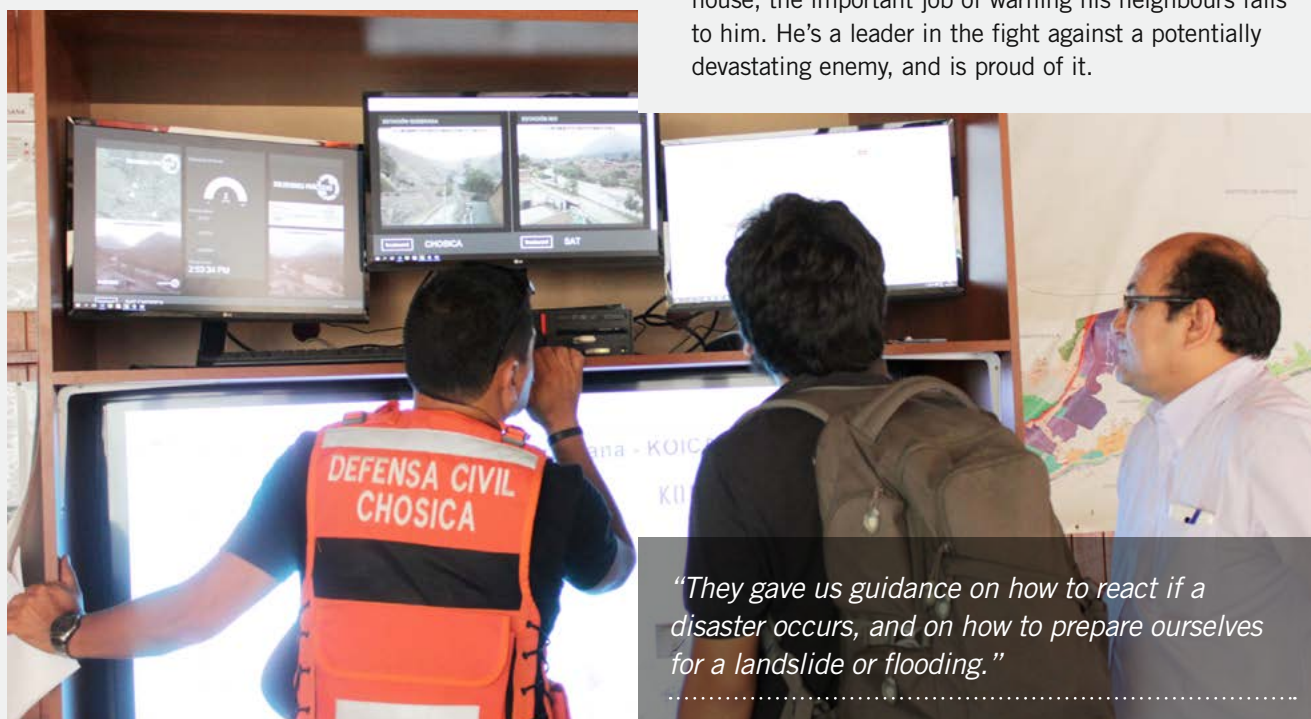
These photos are sent to the local government's data monitoring centre, along with information from five electronic sensors covering four communities in the area.

The equipment measures river levels and soil saturation. This information can give precious minutes warning of a landslide or flood. Leaders like Nicanor alert their neighbours and within minutes evacuation can start along prepared routes.

In March landslides and flooding in Chosica were severe but, thanks to the early warning systems, Chosica's residents were prepared and able to get out in time.

Nicanor is proud of this work. "Practical Action arrived here two years ago," he says. "Since then many things have changed."

Because of the early warning system on the rooftop of his house, the important job of warning his neighbours falls to him. He's a leader in the fight against a potentially devastating enemy, and is proud of it.



"They gave us guidance on how to react if a disaster occurs, and on how to prepare ourselves for a landslide or flooding."

Influencing others for global impact

Practical Action address the root causes of poverty through our global policy work. We are proud to be an authority on technology to alleviate poverty and use this position to influence governments and engage key decision-makers from grassroots to global levels to achieve deep, lasting change.

Highlights from the year

This year we have had continued success with the Power for All campaign, a partnership promoting off-grid renewable energy as a solution to energy poverty. We've had impressive results. Through our advocacy work the World Bank and African Development Bank have both shown significant interest and activity in supporting decentralised, renewable energy. At a national level in Zimbabwe, Practical Action Southern Africa has greatly increased awareness about, and government interest in, this solution to energy poverty.

A further example of the impact of our energy policy work has been our engagement with the Green Climate Fund (GCF), a global investment initiative for low carbon development. We have been advising decision-makers on how to shape and spend its funding, as reflected in the latest recommendations to the GCF Board. Similarly, we have continued to champion energy access for women. This year staff from Sudan, Kenya and the UK presented our work at the UN Commission on the Status of Women (CSW61).

In October, teams from Peru and the UK led a delegation to the UN's Habitat III conference: a once-in-20-year opportunity to set the global direction for the future of cities. We spoke at a key civil society roundtable, and shared our work at two events. The Peru team used the event to secure significant agreements about disaster resilience for urban communities with their government.

In partnership with the Climate Action Network, we continue to work with the technology and finance bodies of the United Nations climate change body. As an observer organisation we are helping to ensure that funding for tackling climate focuses on the needs of climate-vulnerable communities living in poverty.

In November 2016, Practical Action Publishing launched our new book, *'Rethink, Retool, Reboot: Technology as if people and planet mattered'*, by former chief executive, Simon Trace CBE. The book builds on Practical Action's work on technology from both a human development and environmental perspective.



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

Consulting for change



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Team:	49 technical experts specialising in energy access, disaster risk reduction and climate adaptation, inclusive markets, food and agriculture and water and sanitation
Offices in	Zimbabwe, Malawi, Senegal, Rwanda, Kenya, India, Nepal, Bangladesh, Peru and UK
Turnover:	£3.6 million
Contracts:	160 in over 25 countries

Practical Action Consulting (PAC) provides high quality consultancy on technology use for poverty reduction. PAC works with a wide range of clients (local, INGOs, donors, government, and private sector), taking lessons from the wider organisation to a broader geographical region. PAC operates from ten global offices, enabling work at scale and with greater impact.

Highlights from this year

West Africa

PAC has extended its geographical footprint from Senegal, Burkina Faso, Togo and Ghana, into Benin by working with the Institute for Economic Development to create policies for off-grid electrification. We have provided advice on gender and social inclusion, as well as policy and regulation.

Markets

The Access to Capital for Rural Enterprises (ACRE) consortium links growing businesses with investors to encourage impact investing. Over 50,000 poor or marginalised individuals sold their products or benefited from services delivered by these enterprises.

Energy

PAC has supported the development of 'energy compacts' between the UK government and four African countries – Ghana, Sierra Leone, Ethiopia and Tanzania. These commit their national governments to introducing policies to support off-grid solar markets. This is expected to have a significant effect on energy access for people in poor, remote communities.

Through the Lighting Africa programme in Kenya, we have helped women energy entrepreneurs reach the remote 'last mile' with low cost solar lighting products. This helps them to grow their incomes and to supply energy access to remote, off-grid communities.

Under the UK government funded Moving Energy Initiative, PAC has helped raise the issue of the energy needs of displaced people. We have led work to provide energy to refugees in camps in Kenya and Togo and are now supporting the development of markets for low carbon energy for lighting and cooking in these camps.

Disaster risk reduction

PAC provided technical advice for a UN supported Massive Open Online Course on Science and Technology for Disaster Risk Reduction. The course will inform practitioners, students and professionals about existing and emerging technologies suitable for disaster risk reduction.

With the University of Lancaster we piloted and developed an innovative approach to flood forecasting using Geographic Information Systems and mobile technology. This approach was adopted by the Government of Nepal and rolled out nationally, increasing time for flood early warning and response by five hours.

Partnering with the United Nations Development Programme, we have provided technical support to the Government of Nepal to formulate the National Disaster Risk Reduction Policy and Strategic Action Plan: 2016-2030. The policy is fundamental to driving national disaster risk reduction, planning and action over the next 15 years.

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

Sharing our knowledge and experience

"Imagine a world where everyone had access to all the learning and knowledge they needed to take control of their own livelihoods. Practical Action is working towards that world."

Abisha Damba, Knowledge Coordinator, Zimbabwe

Practical Action's grassroots knowledge service, Practical Answers, puts the needs of people in poor communities first. We take the time to listen and respond to people's needs and then share knowledge in the most appropriate way.

We encourage vulnerable communities to share information with each other, because often the best solutions can be found locally. We provide a service that inspires others to share, from development practitioners and academics, to local government and communities. We want communities to use knowledge to bring positive change to their own lives.

Highlights from the year

In May 2016, we launched the Practical Answers App, a go-to resource for technical solutions available in multiple languages – Bangla, Nepali, Spanish and English. Its offline feature has become very popular:

"Offline functionality is the best because once we have downloaded the document, we don't need internet connection. It saves our money and time whilst going to the field,"

says Sarita Sapkota, a community development worker in Nepal.

In Bangladesh, we have increased the number of operators in our Krishi Call Centre, our agricultural hotline based at the Ministry of Agriculture. On average, the Krishi Call Centre receives 100,000 calls a year from farmers enquiring about agriculture, livelihoods and fisheries problems and solutions.

In July 2016, workshops across three districts in Zimbabwe trained 56 government officials and project partners on the development, packaging and dissemination of knowledge. This training was used to produce podcasts, which last year allowed 160,000 farmers to access technical information they wouldn't otherwise have access to. These podcasts will continue to be used in the years to come.

Learning from the success of the Rural Education and Development (READ) Community and Resource Libraries in Nepal, our Latin America team has adopted the model. Already 44 community centres called 'TAMBOS' have opened in the Cusco region of Peru. Through community meetings, information sheets and booklets, these knowledge hubs give communities in remote locations access to knowledge across a range of technical solutions.

OUR WORK IN NUMBERS

>2 million

downloads of our technical resources

>1.2 million digital users

Numbers have been rounded





© Practical Action/Ananta Prasad

Using radio to support vulnerable girls in India

For many girls in poor countries their monthly period is deeply taboo. Having a period is seen as shameful and unclean, and in many countries where there are no decent toilets girls stay home and miss out on education every month.

Around the world, we're supporting girls and women to take control of their menstrual health, together with their families, communities and each other.

Sunolo Sakhi, translated as 'Sisters, let's listen', is mix of community radio, film, focus groups and 1:1 consultation with medical experts on issues relating to menstruation.

Working throughout 60 slums in Orissa, India, Sunolo Sakhi provided vital information to bridge the knowledge gap on menstruation, not only for young girls but also for their families – including men.

Before joining a Sakhi club in Sikharchandi, a slum community, Sailaja Reddy felt frightened when her period

came. Distressed by the cultural taboos, she was too scared to tell her mother and did not know how to manage her monthly cycle. During monsoon seasons she found it extremely difficult to wash and dry the unhygienic cloth that she had been using.

Encouraged and supported by our community workers, she joined other girls to learn about her period. These clubs have been revolutionary amongst the slum communities in Orissa, busting myths and breaking taboos. They are safe spaces to encourage and inform girls.

Through film, radio and talking with health experts, Sailaja learned to manage her period in a dignified and hygienic way. Resources for deaf and visually-impaired girls have also been developed so they also receive the knowledge they need.

Young girls across Orissa now understand the science of their own bodies and are taught hygienic practices. Because of Sunolo Sakhi, Sailaja is no longer fearful and is committed to spreading the Sakhi club messages to her younger friends.

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

Inspiring young people to be active global citizens

To solve global poverty we need to ensure the next generation has both the desire and skills to make it happen. Practical Action's development education team helps young people see how science and technology can be used to alleviate poverty and change billions of lives for the better.

We ignite a spark in them to become the scientists, engineers and designers of the future who will help solve the global challenges we face. By taking part in engaging, hands-on activities based on Practical Action's projects, young people are inspired to make a difference to global poverty.

We support educators to embed these activities into school's curriculum and high level practice by delivering an inspiring Science, Technology, Engineering and Maths (STEM) and global learning focused education programme. The team also provides teacher training and produces educational resources.

Highlights from the year

Girls into Global STEM – This year marked the start of a three year EU funded project to encourage girls to continue with STEM subjects by working on global challenges that could be solved by science and technology.

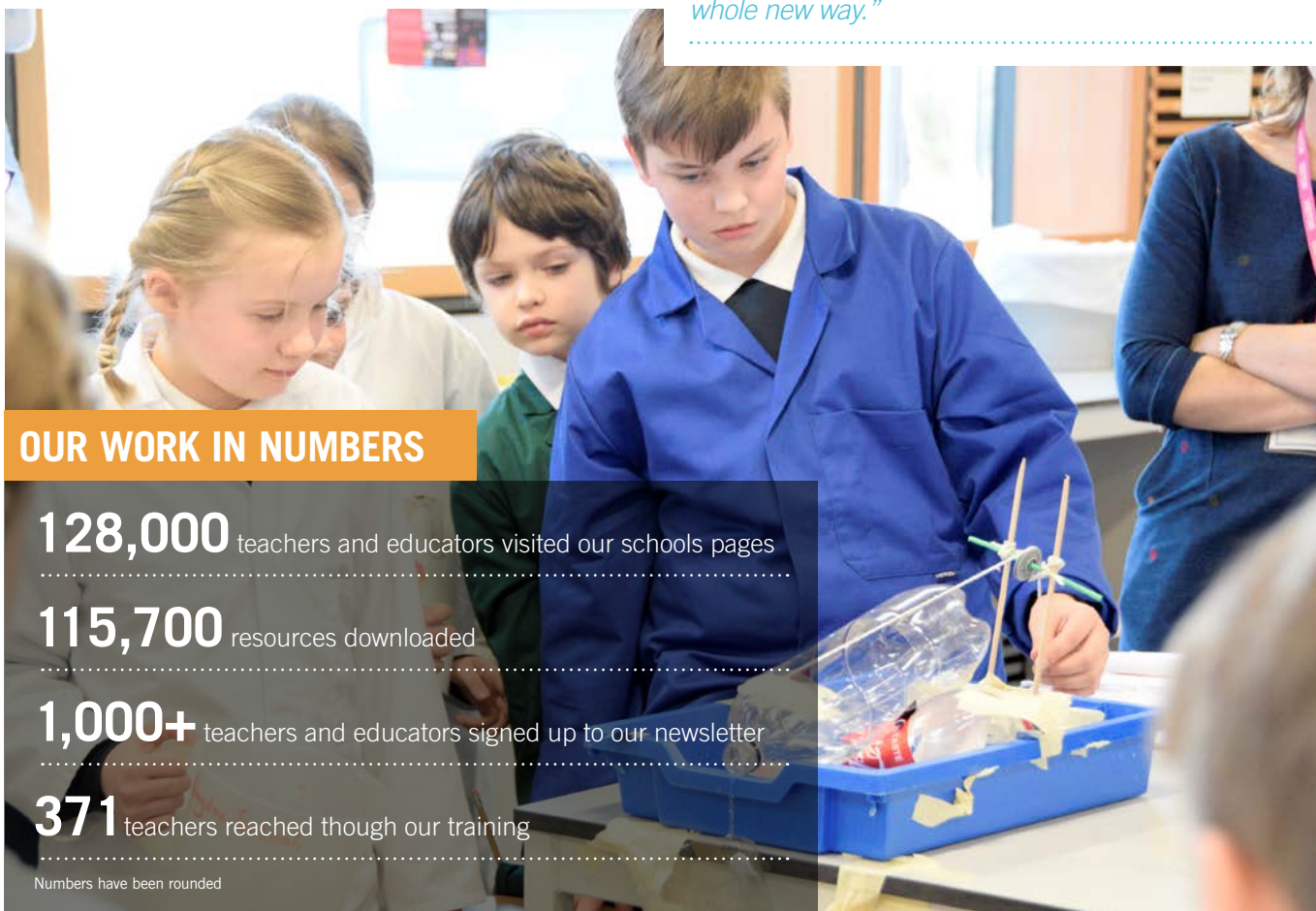
Stop the Spread – Our latest STEM challenge written for the Youth Grand Challenges competition was funded by the Bill and Melinda Gates Foundation. The challenge is for pupils to design, build and test a model of a hand washing device, and produce supporting educational materials, for primary school children in Kenya.

Sustainable Development Goals (SDGs) – We developed a range of materials to support teaching the SDGs, including a challenge and competition 'Design for a Better World' which 119 students entered.

Expanding our geographical reach – New relationships with key stakeholders in both Scotland (International Development Education Association of Scotland) and Northern Ireland (Global Learning Network) have resulted in a commitment to delivering training for teachers in these regions using our materials as part of the DFID-funded Global Learning Programme.

Helen Rogerson, Teacher and Association for Science Education field officer is enthusiastic.

"Using Practical Action resources has really impacted my teaching. I refer to the work of Practical Action in all sorts of ways when teaching topics like energy resources. I think about how to introduce topics in a whole new way."



OUR WORK IN NUMBERS

- 128,000** teachers and educators visited our schools pages
- 115,700** resources downloaded
- 1,000+** teachers and educators signed up to our newsletter
- 371** teachers reached through our training

Numbers have been rounded

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

Publishing for development

Practical Action Publishing is an independent publishing company that specialises in resources for international development professionals, researchers and policy makers to use to build their skills and knowledge.

Operating as a social enterprise Practical Action Publishing contributes to international development knowledge by providing an independent space for the debate of development practice, ideas and policies. Our ambition is to transform the way development knowledge about technology is created, shared and used to improve the lives of people living in poverty.

Highlights this year

This year the number of publications we produced nearly doubled from 20 to 39. This allowed us to cover emerging areas of interest such as knowledge in development, while still producing high quality resources in our more traditional areas.

We expanded our Gold Open Access publication model from journals to books, due to its popularity with our journal authors. Gold Open Access within our Open Online programme allows readers free access at the point of publication as well as automatic permission to reuse material.

Stacey Davies, Managing Director of Practical Action Publishing, explains:

"The growing open access movement is motivated by the social inequality which can be caused by restricting access to academic research. It ensures that all those who could benefit from the knowledge can access, while retaining high standards of content."

One of our books, 'Aid NGOs and the Realities of Women's Lives', was turned into a play, performed at venues in Oxfordshire. The play 'With You Always' received funding support from the Lottery and public funding from Arts Council England and the Bayyani Theatre Company, directed by Mark Ralph-Bowman.

We added some new alternative maps to our collection to coincide with a celebratory gathering in Germany to honour Dr Arno Peters, creator of the Peters Projection Map.



OUR WORK IN NUMBERS

Turnover **£354,846**

25,852 publications distributed

74,142 publication full-text downloads

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

Raising funds for our work

Our field work couldn't happen without the amazing supporters who raise the money that funds it. Thousands of individuals, community groups and businesses support us through fundraising activities and events, giving a regular amount or leaving a gift in their will.

Our supporters provide the life-blood for our work. It is their support, commitment and generosity that enable our transformative work to continue.

More than 37,000 people donated to our work during the year. Nearly 26,000 supporters gave regular gifts to Practical Action. Another 1,300 supporters increased their regular gift or took out a new regular gift. This provides much needed income for years to come.

We have ceased door-to-door donor recruitment because of concerns that it is intrusive and are testing new ways to attract donors at all levels.

Legacies are an integral element of our income and last year £2,360,000 was left in wills to Practical Action. Supporter, Mrs Cox, said

"Practical Action was my husband's favourite charity. He left a gift in his will and made me promise to continue to support your work after his death, so I have continued with a regular gift."

Thanks to more than 27,500 supporters who signed a Gift Aid declaration, we were able to reclaim over £1 million in tax from more than 200,000 donations.

We take the views of our supporters seriously. Our supporter care team are on hand to respond to comments and answer requests for information.

This year we connected with more donors at our regional supporter days in Stratford-upon-Avon and Bristol. They had a chance to hear from Paul Smith Lomas, our CEO, and from field staff about our innovative projects.

Trusts and foundations, companies and institutions, groups and individuals fund a substantial amount of our work. Last year we received financial support from over 250 charitable trusts, foundations and companies such as the H&M Conscious Foundation, Swedish Postcode Lottery, Jersey Overseas Aid, The Poul Due Jensen (Grundfos) Foundation, EKOenergy and Zurich Insurance Group. We are very grateful to them all for their generous support and commitment.

We would also like to thank all the members of our Chair's Circle for their continued support over the past year in helping to solve the world's most pressing problems.



SUPPORT FROM THE PUBLIC

21% increase in the number of new supporters

Over £3 million
from supporters giving via regular giving

Almost £2.4 million
from supporters remembering Practical Action in their will

Over £1 million from gift aid

1,300
enquiries received and responded to about our work

£4.1 million
from trusts, foundations, corporates and major donors

£12.4 million
total income from voluntary donations

Numbers have been rounded

Smoke-free Nepal

In 2016, Practical Action launched the '*Killer in the Kitchen*' campaign to raise funds and bring attention to the fact that in Nepal indoor air pollution kills twice as many people a year than died in the 2015 earthquake. Globally more than four million people a year die from inhaling toxic smoke from kitchen cooking. Most victims are women and young children.

Smoke hoods offer a practical solution in Nepal, reducing indoor air pollution by up to 80% by drawing smoke out through the roof. The fire beneath a smoke hood burns more efficiently, using nearly half the fuel, saving time and natural resources.

Through support for small businesses in the manufacture of cook stoves and smoke hoods, we ensure the economic benefits and knowledge stay in the local community – multiplying the benefits.

As part of this appeal Practical Action filmed our first ever virtual reality video. This brought our supporters closer to the reality of life in a kitchen in rural Nepal. The video had nearly 4,000 views from our website, social media and on our stand at the BBC Good Food Show which we attended to highlight this global issue and to recruit new supporters.

The campaign won the support of Bauer Media whose ownership of Kiss FM and Magic FM gave three million people the opportunity to hear about our life saving work in Nepal. Radio presenter Kate Thornton visited Nepal to see this work first hand and used her Magic FM radio show and social media profiles to promote the appeal. The appeal raised more than £750,000.

Advantages of a smoke hood

Indoor smoke is reduced by up to 80%

Families have more time for education and income generation instead of collecting fuel wood

Firewood consumption is reduced by up to 50% compared with traditional stoves meaning forests are less depleted and emitting lower levels of CO₂



Looking to the future



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

As we come to the end of our strategic period, we are rethinking how we bring about change and addressing some of the challenges we have identified. In the developed world technology is often taken for granted, while in the developing world its lack is starkly apparent. Our programme work will address this imbalance.

Our ambition is to transform the way technology is used and to further strengthen our ability to share our knowledge and engage with supporters, donors, private sector and governments to inspire wider change. We will keep investing in our energy work. We are working towards a time when we no longer need to implement rural electrification, because our approach is being widely adopted by others. Our work on the ground remains at our core and over the next three years we aim to make positive change to the lives of 7.5 million people.

Empowering women

Women do two-thirds of the world's work, yet they are commonly excluded from accessing the very technologies and knowledge that could improve their lives. The vast majority of people living in poverty are women. We will be doing more to integrate women's needs and aspirations into our work. The discovery that less than 10% of the calls to our Krishi Call Centre agriculture information service in Bangladesh were from women has led to further research to find better ways to deliver knowledge to women.

A changing world

While much has been done to eradicate poverty, inequality is growing. Progress is increasingly threatened by climate change. The UN's Sustainable Development Goals, along with the Paris Climate Agreement, have stimulated an increased appetite to harness technology to find proven evidence-based solutions that can be brought to scale.

The international development sector is changing rapidly. Local civil society has become stronger and there is greater engagement by the private sector. Meanwhile charities are facing increased scrutiny from governments, donors and the public, to ensure efficiency. Local organisations and the private sector have become key players and we will be developing scalable solutions by working in partnership with them.

Our framework for change

We put large-scale sustainable change at the heart of everything we do and integrate our resources and partnerships to connect our work across the world, ensuring that we put the basic needs of women, alongside men, at the heart of our work.

By working in new strategic alliances and with new partners to achieve change and capturing robust evidence of which practical solutions succeed and which don't, we will inspire others to join us in a wider global constituency that shares our beliefs and ambitions

Challenges, risks and uncertainties

Practical Action received £3.5 million directly and indirectly from European Union (EU) funding sources in 2016-17, representing 10% of our income. As the Brexit negotiations continue, Practical Action is working closely with others in the sector to understand the potential implications for this important funding stream and advocate on behalf of the international development sector. An options appraisal is underway to consider ways in which it may be possible to continue to access these funds for future work. In the short term Practical Action continues to apply for, and be successful in securing, EU funding.

The dramatic fall in the value of sterling has had a significant detrimental impact in the 2017-18 budgets. Practical Action has always held reserves, to be used in situations like this. But we can't do this indefinitely as depleting reserves too far will affect our ability to manage a range of risks and deal with future shocks. A successful special appeal to supporters in March 2017 helped to plug the £500,000 gap in planned budgets. Future budgets will be developed based on a weaker pound.

Insecurity and natural disasters such as the drought in East Africa or recent floods in Peru pose a significant and

ongoing source of risk and uncertainty for the organisation. They can have a significant impact on the communities we work with and on the long term effectiveness of our programmes as well as on the safety and security of our staff. Strong emergency and security procedures coupled with local knowledge are the main tools Practical Action use to manage this risk.

Following a number of high profile data protection breaches in the charity sector, Practical Action has subscribed to the new Fundraising Regulator and is awaiting the outcome of consultation around the new Codes of Fundraising Practice. Practical Action has reviewed all aspects of how we hold the personal data of supporters, and transparency of data management and data processing. Over the course of 2017-18 further work will be carried out to make us ready for the new General Data Protection Regulation which comes into force in May 2018 and to communicate new data protection and privacy policies to staff and supporters. These may challenge our ability to raise unrestricted funds which are more vital now that the DFID programme partnership funding has ended.

Colleagues from across the globe



Farida Bascha

We welcomed Farida Bascha as our new East Africa Regional Director, bringing a wealth of experience from working with Save the Children and United Nations agencies in the region.

"I look forward to working with an organisation that is taking stock of its history and paving a future, working with local, regional and global teams in realising this vision."

"The potential for development in East Africa is promising. There are opportunities for economic advancement, stable government and a growing skills base as East Africa continues to be a hub for information and technology in the continent."

Mokhlesur Rahman

Our Monitoring and Evaluation Manager in Bangladesh has been with Practical Action since 2012. He is responsible for assessing and reporting on the quality of our work on the ground.

"I support our programme teams to develop systems for their projects or for reporting. I also conduct research. I have recently conducted a study on seasonal credit policy for the indigenous minority Adibashi communities in Northern Bangladesh. This project is making a remarkable contribution to the financial literacy and entrepreneurial skills of the Adibashi, which will last way beyond the project period."



Financial review

Our Finance and Services Director, John Lockett, reviews our finances over 2016/17.

Practical Action saw a second successive year of strong financial growth in 2016/17. Total income at £33.2 million was 12% up on the previous year and higher than ever before. Charitable expenditure was also higher than ever before at £28.4 million. Income in the year, and our general reserve, were bolstered by receipt of the \$1.5 million Zayed Energy Prize which will be invested in our energy programming over the coming years.

Income and expenditure

While DFID and the EU continue to be our largest single donors, year-on-year growth has come from a range of other sources in line with our strategy to diversify our income base.

Fundraising expenditure was down to £2.8 million in the year. We stopped some fundraising activities where returns were inadequate, significantly reducing spend in the year, whilst we develop and test new approaches.

Charitable spend was up 11% to £28.4 million. The most notable growth was in our agriculture programme in Sudan, parts of which are highlighted earlier in this report. A decline in urban water and waste spend is attributable to cyclical funding effects.

Foreign Exchange

A foreign exchange gain of £0.2 million was recognised in the year, as the fall in the pound increased the value of foreign currency cash and assets. This was absorbed by our commitments to programme offices which are established in local currency. The ongoing impact of the pounds fall in value will result in a significant increase in our programme costs.

Balance sheet and reserves

General funds net of the pension reserve were £7.9 million.

Reserves are therefore £0.6 million above the maximum level permitted by our reserves policy which requires us to hold at least £5.0 million and no more than £7.3 million. We plan to spend £2.0 million of this general reserve over the coming three years, which will leave reserves at the lower end of the target range given growth expectations.

Funds are required for the following purposes:

Working capital: £2.4 million. These funds are required to provide working cash and pre-financing for normal operations during the course of the year.

Between £2.6 and £4.9 million 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.

We expect to complete the sale of Bourton Hall, our UK office, in 2017/18 and move to rented premises. This will free up a further £1.6 million from our fixed asset reserve which will also be used in the coming three years.

Looking forward

We face significant financial challenges: strategic partnership funding from DFID came to an end in December 2016, our ability to continue to access EU funding post BREXIT remains uncertain, UK public fundraising is likely to remain challenging while the fall in the value of the pound directly impacts our purchasing power.

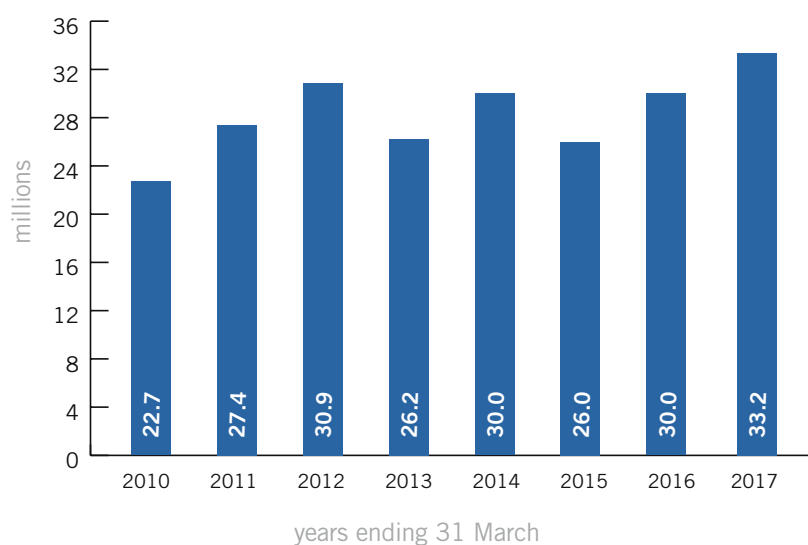
We are ready to meet these. We are successfully diversifying our income sources. We have built strong reserves and will use these to support our programmes and strengthen our capabilities, as we transition to a different funding mix over the coming years.

Pension deficit

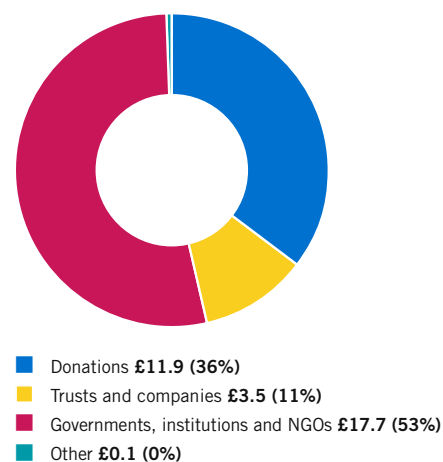
Practical Action's defined benefit pension scheme was closed to contributions in 2002. Over the past year the return on the scheme investments were higher than expected with the results that the deficit has been reduced by more than anticipated given payments made by Practical Action of £210,000. The existing level of annual contributions will be maintained pending the triennial actuarial review due in 2017/18.

Summary of income and expenditure 2016/17

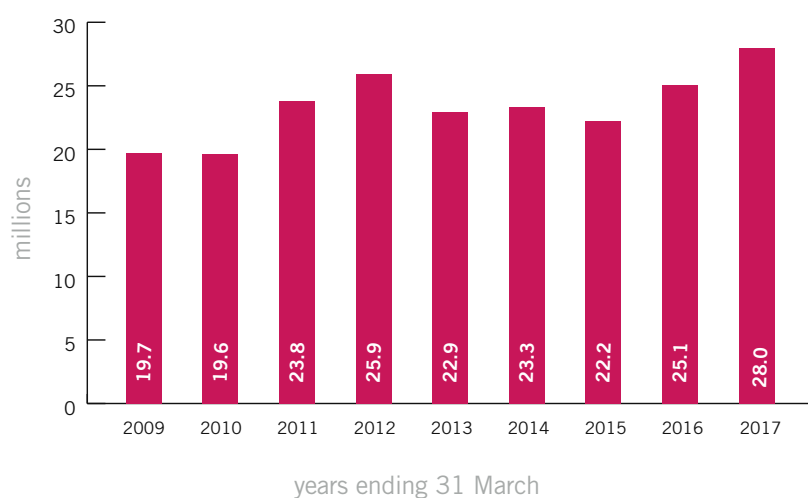
Total annual income £m



2016/17 £m

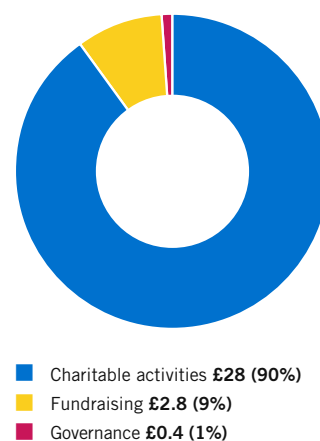


Total expenditure on charitable activities £m



2016/17 £m

(including fundraising and governance)



This report, which incorporates the Strategic Report, was approved by the Board on 18 August 2017 and signed on their behalf by

Helena Molyneux
Director

How we manage our affairs

Trustee Paul Turner visits Peru and Bolivia

“Most of my time as a Trustee is taken up working with my fellow board members to ensure sound governance of the charity, including legal compliance with all internal and external requirements. We also take an active role in steering the vision, mission and strategy of the organisation.

To do this well we need to understand the countries where we work. In September I had the opportunity to travel to Peru and Bolivia.

In Peru, 45% of the population in the mountainous areas still live in poverty. I saw first-hand the real needs of these communities and the support Practical Action provides in enabling them to develop more sustainable livelihoods.

There has been significant success in supporting high altitude agriculture through the farming of llamas and alpacas and the now trendy grain, quinoa. This has been achieved through better organisation in developing and selling their products at market.

In these two countries, five million people still have no access to electricity. I saw how communities work in partnership with local government in developing solar and hydro power. I was impressed by their knowledge and how this is shared in the development community.

I was able to meet and speak with local staff and gain a real understanding of the day to day issues. Whilst it was good to see the projects on the ground, I gained a lot from understanding the broader advocacy and lobbying work carried out in the two countries.

I was heartened to see the level of cooperation with partner organisations and the positive synergies created. The teams under the country director, Alfonso Carrasco, are totally committed and show a high level of technical skill which gives the organisation a high profile in the key development sectors of the two countries.”



The Board of Trustees

Practical Action is a Charity and a company limited by guarantee (registered in England and Wales) and has a Membership. The Board of Trustees governs the organisation in line with its Articles of Association, vision, mission and values which align with our main charitable objective which is: to benefit the public through “the advancement of education and the relief of poverty by the promotion and advancement (in ways that are charitable) of knowledge of technical, economic and social science and for other charitable purposes beneficial to the community”. Practical

Action’s overall aim is to contribute to the eradication of poverty in developing countries by developing and using technology, sharing knowledge and influencing others. We work closely with some of the world’s poorest people – using technology in the areas of energy access, food and agriculture, urban water and waste and disaster risk reduction, to fight poverty and transform their lives for the better. Our objectives, activities over this past year and future plans are explained in our Annual and Strategic Report on pages 4–27.

The Trustees are appointed and are elected or re-elected for a term (usually three years), according to procedures set out in our Articles of Association, which is our governing document. Trustees can serve for up to nine years (except for the Chair, Vice Chair or Treasurer, who can continue to be a Trustee for a maximum of 12 years). Trustee recruitment is conducted by the Nomination and Remuneration Committee. We place advertisements on our website, in selected publications and on a variety of sector websites. The Board may appoint a person to be a Trustee either to fill a vacancy or as an additional Trustee as long as the total number does not exceed 18. Any Trustee appointed during the year holds office until the next AGM when he/she stands for re-election by the Membership but does not count as part of the rotation for that year.

We agree and implement an individual induction programme and provide in depth reading materials as a welcome pack for each new Trustee, covering all aspects of the role and the organisation. 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 to familiarise themselves with the organisation. 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 organisation and meets four times a year. Trustees are not remunerated and receive no benefits from the organisation other than the fact that Practical Action pays for Trustee Indemnity Insurance for its Trustees. They are allowed to claim for travel or local accommodation expenses in attending meetings.

There are two committees of the board:

The Finance, Audit and Risk Committee oversees matters of financial control, external and internal audit, organisational risk affecting the organisation and has oversight of our Fundraising plans and activities.



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

The Board delegates day-to-day decision making and operations to the Chief Executive and the 11 directors forming the Strategic Leadership Team which include six regional/country directors who are responsible for managing our international programmes.

Our decision-making processes

The Board has a formal schedule of matters which are reserved for consideration and approval at Board level. Included on this list are approval of the charity's objectives and strategic aims and business plans, approval of group policies, the appointment and removal of Trustees, Members and the Chief Executive, approval of the Annual Report and Accounts, and expenditure beyond the Chief Executive's delegated authority. As a company limited by guarantee Practical Action has a Membership (currently 45 Members). They attend and vote at our Annual General Meetings on matters such as re-appointing Board members and the auditors and on any changes to our Articles of Association.

Remuneration, equal opportunities and staff engagement

Practical Action's remuneration policy is based on an ambition to recruit and retain skilled staff who are remunerated fairly but are primarily motivated to work with us because of our mission. We aim to pay staff at a level close to the relevant market median, normally similar organisations and equivalent roles in the local employment market, using a fair and transparent pay system free from individual bias. We aim for equitable remuneration for all employees regardless of sex, race, religion, caste, tribe, belief, age, marital status, pregnancy, caring responsibilities, sexual orientation, gender or disability. In determining pay scales, benefits and cost-of-living awards, management remuneration committees consider: benchmarking surveys; local inflation; recruitment and retention experience; affordability and financial performance; employment market trends; and any other factors pertaining to the local context. These management remuneration committees are accountable to the Nomination and Remuneration Committee of the Board.

We have an Equal Opportunities Policy in place and the organisation is committed to promoting equality of opportunity for all staff and job applicants. We aim to create a working environment in which all individuals are able to make best use of their skills, free from discrimination or harassment and with consideration of any disability. We openly consult with staff on matters important to the organisation's activities, and keep people updated through weekly all-staff meetings in each office and a range of digital communications. A confidential staff survey is conducted every two years to monitor key drivers of, and guide efforts to improve, staff engagement.

Welcome new trustee, Valerie Jolliffe

"I had an interest in science and technology since my school days. My father was a scientist and it seemed a natural path to follow. I read engineering at Cambridge University and my early career was spent in the energy industry, before a brief diversion into corporate finance in the City.

I now work in the venture capital industry, investing in start-up and early stage companies, mainly in the technology sector. I love my work, especially the challenge of taking a single concept or idea and building a business and management team around it. I am fascinated to learn about new technologies and I am always impressed by the sheer energy and inventiveness of each new generation of entrepreneurs.

Schumacher and his ideas were a big influence in my early career and therefore Practical Action was an obvious fit for me. I have been a charity Trustee for over ten years but this is the first time I have been involved with an international NGO and it's an exciting new challenge. I have long been aware of the overlap between the non-profit sector and venture investing, so I am particularly interested in getting more involved with Practical Action's work on impact investment. I am also looking forward to being able to visit some of Practical Action's projects on the ground."



Subsidiaries and associated organisations

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

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

Practical Action Consulting Limited provides development consultancy services to governments, NGOs, aid agencies and the private sector, on energy, 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 West Africa, South Asia and Latin America. The Rwanda and West Africa offices have been formally locally registered as branches of Practical Action Consulting Ltd. This year we have also registered Nepal as a branch office of Practical Action Consulting Limited in order to comply with local government requirements to deliver the ABIC project (a three year project) for Agriculture Commercialisation and Trade.

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

- Practical Action Consulting Private Limited – a private limited company registered in Nepal. Practical Action Consulting Ltd in the UK has a 51% majority shareholding.

- Practical Action Consulting (India) Private Limited – a private limited company registered in India. It is wholly owned by Practical Action Consulting Ltd in the UK.
- Practical Action Consulting Limited – a private company limited by guarantee registered in Malawi. 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 affiliated with two locally-registered overseas entities carrying the Practical Action name. Practical Action is registered as an International Non-Governmental Organisation in Kenya and has a board made up of two Kenya nationals plus three directors nominated by Practical Action in the UK. Two of these Practical Action nominees are from the Executive and the other is a Practical Action

Trustee. As Practical Action exerts significant influence and control over this entity, for accounting purposes this entity is included in the Group's consolidated accounts as a branch office. The Practical Action Foundation was incorporated in Delhi as a locally registered not-for-profit company. All the directors are Indian nationals not directly connected to Practical Action nor does Practical Action have a shareholding in this not-for-profit company. It is therefore not included in our Group consolidated accounts. Practical Action and Practical Action Consulting Ltd (based in UK) work with the Practical Action Foundation.

How our activities deliver public benefit

The public benefit of our activities is summarised on page 4. During 2016/17, we worked with local partners across Asia, Africa and Latin America to transform the lives of 2.8 million people, through 104 projects in 10 countries. The Trustees have read the Charity Commission's Summary Guidance PB1, PB2 and PB3 for Charity Trustees on the Public Benefit Requirement and have discussed as a Board the main principles contained within the Guidance. They consider that they have complied with the duty (set out in Section 17(3) of the Charities Act 2011) to have due regard to public benefit guidance published by the Commission. In exercising their powers and duties as Trustees, the Board considers that the organisation's strategies, aims and activities they have put in place are for the public benefit and this is fundamental to all areas of our operation in undertaking current activities, planning future activities and measuring outcomes. The Trustees' Annual and Strategic Report explains in detail the main activities undertaken by the organisation this year – focusing on our work with the poor women and men in developing countries where we have country and regional programmes.

Risk management

The Board has undertaken an annual risk review at Group, Country and Regional level and is happy to confirm that the risks to which the organisation is exposed are properly identified, reviewed and evaluated. Mitigation strategies are in place for all key risks and these are continually monitored to ensure compliance with management's risk appetite.

The Group has a well-established system of internal controls which are used to govern operations. The Internal Audit function assesses the adequacy and effectiveness of these controls through a risk based Internal Audit programme. All business areas are evaluated at least once in every two year period. The Finance, Audit and Risk Sub Committee review all reports and receive Group wide bi-annual updates on progress of agreed action points.

Trustees' responsibilities for the financial statements

The Trustees (who are also directors of Practical Action for the purposes of company law) are responsible for preparing the Trustees' Annual Report and Accounts (which includes the Annual and Strategic Report as well as the Trustees' Administrative Report being the Companies Act Directors' Report) for each financial year, which give a true and

fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the Charity and Group and of the results of the Group for that period. In preparing those financial statements, the Trustees are required to:

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

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

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

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

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

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

Auditors

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

The Trustees are pleased to present the Trustees' Report and Accounts for the Charity for the year ended 31st March 2017, 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

Bangladesh Director

Hasin Jahan

East Africa Director

Farida Bascha (appointed 2 January 2017)

Finance and Services Director

John Lockett

International Director

Amy Mina (appointed 1 May 2016)

Fundraising, Marketing & Communications Director

Rachel Hudson

Latin America Director

Alfonso Carrasco

Policy and Practice Director

Astrid Walker-Bourne

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



Members of the Senior Leadership Team

Trustees

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

Helena Molyneux (Chair)
Roger Clarke (Vice Chair)
Nigel Saxby-Soffe (Hon Treasurer)
Mary Chadwick (resigned 27 July 2017)
Valerie Jolliffe (appointed 7 December 2016)
Mahmood Hassan (resigned 27 July 2016)
Imran Khan
Brenda Lipson
James Smith
Ian Thornton
Paul Turner
Veronica Walford
Helena Wayth
Graham Young

Nomination and Remuneration Committee

Helena Molyneux (Chair)
Roger Clarke
Nigel Saxby-Soffe

Finance, Audit and Risk Committee

Nigel Saxby-Soffe (Chair)
Mary Chadwick (resigned 27 July 2017)
Valerie Jolliffe (appointed 7 December 2016)
Veronica Walford (resigned 27 July 2016)
Graham Young

Secretary

Pat Adey

This report, which incorporates the Directors' Report, was approved by the Board on 18 August 2017 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 2017 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 27.

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

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 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 2017 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 based on the work undertaken in the course of our audit

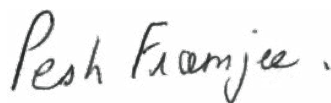
- the information given in the Trustees' Annual and Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Annual and Strategic Report have been prepared in accordance with applicable legal requirements

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual and Strategic Report.

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

22 August 2017

Financial statements

Consolidated statement of financial activities for the year ended 31 March 2017 (incorporating the income and expenditure statement)

	Note	Unrestricted £'000	Restricted £'000	Total 2017 £'000	Total 2016 £'000
INCOME AND ENDOWMENTS FROM:					
Donations and legacies	3	9,141	3,265	12,406	11,581
Income from charitable activities	3	5,671	13,244	18,915	17,568
Income from investments	3	42	-	42	52
Other income	3	1,821	3	1,824	487
TOTAL INCOME AND ENDOWMENTS	3	16,675	16,512	33,187	29,688
RESOURCES EXPENDED					
Expenditure on raising funds	4,7	2,843	-	2,843	3,428
TOTAL EXPENDITURE ON RAISING FUNDS		2,843	-	2,843	3,428
Expenditure on charitable activities:					
Energy access	4	2,302	2,865	5,167	4,818
Food and agriculture	4	3,222	7,151	10,373	6,984
Urban water and waste	4	438	1,759	2,197	3,409
Disaster risk reduction	4	1,473	3,359	4,832	4,686
Knowledge broking	4	3,404	192	3,596	3,110
Other	4	1,199	1,017	2,216	2,492
TOTAL EXPENDITURE ON CHARITABLE ACTIVITIES		12,038	16,343	28,381	25,499
TOTAL EXPENDITURE	4	14,881	16,343	31,224	28,927
Net gain on investment assets	9	9	-	9	2
NET INCOME / (EXPENDITURE)		1,803	169	1,972	763
Actuarial gain/(loss) on defined benefit pension schemes	18	221	-	221	(83)
NET MOVEMENT IN FUNDS		2,024	169	2,193	680
Balance brought forward 1 April 2016		7,765	1,147	8,912	8,232
Fund balances carried forward as at 31 March 2017	16,17	9,789	1,316	11,105	8,912

All recognised gains and losses are included in the statement of financial activities.
The notes on pages 38 to 61 form part of these financial statements.

Consolidated and charity balance sheets at 31 March 2017

		Group		Charity	
	Note	2017 £'000	2016 £'000	2017 £'000	2016 £'000
FIXED ASSETS					
Intangible assets	8	10	16	-	-
Tangible assets	8	2,246	2,131	2,233	2,122
Investments	9	8,065	4,214	7,517	4,214
Programming investments	9	-	-	243	243
Total fixed assets		10,321	6,361	9,993	6,579
CURRENT ASSETS					
Stock	10	155	117	-	-
Debtors	11	7,862	4,773	7,364	3,800
Cash at bank & in hand	12, 20	4,245	5,433	4,182	5,286
Total current assets		12,262	10,323	11,546	9,086
Creditors: amounts falling due within one year	13	(10,329)	(6,457)	(9,233)	(5,543)
Net current assets		1,933	3,866	2,313	3,543
Creditors: amounts falling due after more than one year	14	(17)	(47)	(17)	(47)
Provisions for liabilities and charges	15	(367)	(175)	(367)	(175)
Net assets before pension liability		11,870	10,005	11,922	9,900
Defined benefit pension scheme liability	18	(765)	(1,093)	(765)	(1,093)
Net assets after pension liability		11,105	8,912	11,157	8,807
FUNDS					
Restricted	16	1,316	1,147	1,316	1,147
Unrestricted fixed assets	16	1,321	1,280	1,321	1,280
Revaluation reserve	8	601	592	601	592
Pension reserve	17	(765)	(1,093)	(765)	(1,093)
General funds		8,632	6,986	8,684	6,881
Unrestricted funds net of pension liability	16	9,789	7,765	9,841	7,660
Total Funds	16	11,105	8,912	11,157	8,807

The net gain for the financial year dealt with in the financial statements of the parent charity was £2,430k (2016 – £558k).

The notes on pages 38 to 62 form part of these financial statements.

The financial statements were approved by the Board on 18 August 2017.



H. Molyneux
Trustee



N. Saxby-Soffe
Trustee

Consolidated cash flow statement for the year ended 31 March 2017

	Note	2017 £'000	2016 £'000
Cash flows from operating activities:			
Net cash provided by (used in) operating activities	19	3,132	-
Cash flows from investing activities:			
Dividends, interest and rents from investments		51	53
Purchase of property, plant and equipment		(499)	(353)
Purchase of Investments		(350)	-
Net cash provided by (used in) investing activities		(798)	(300)
Cash flows from financing activities:			
Repayments of borrowing		(30)	(22)
Net cash provided by (used in) financing activities		(30)	(22)
Change in cash and cash equivalents in the reporting period		2,304	(322)
Cash and cash equivalents at the beginning of the reporting period		9,531	9,853
Cash and cash equivalents at the end of the reporting period	20	11,835	9,531

The notes on pages 38 to 62 form part of these financial statements.

Notes on financial statements

Practical Action is a company registered and incorporated in England and Wales, limited by guarantee, without share capital and governed by its Articles of Association dated 21 February 1966, as amended on 19 October 1995, 16 October 1997 and 27 September 2012. The company registered a change in name on 25 September 2009 with registration number 871954. The company was registered as a charity with the Charity Commission on 26 April 1966. The principal address and registered office is The Schumacher Centre, Bourton on Dunsmore, Rugby, Warwickshire, CV23 9QZ. The principal activity is to use technology to challenge poverty in development countries and enable countries to build on their skills and knowledge to produce sustainable and practical solutions, thus transforming their lives and protecting the world around them

The organisation is a Public Benefit Entity.

1. Accounting policies

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

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

The following principal accounting policies have been applied:

Going concern

We have set out in the Trustees' report a review of financial performance and the charity's reserves position (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 2017 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 section 408 of Companies Act 2006. The group net income includes net income from the charitable company itself of £2,430k (2016: net income £558k).

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, except freehold property spread evenly over their expected useful lives. It is calculated at the following rates:

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

Intangible assets

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

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

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

Investments

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

Stocks

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

Debtors

Debtors are measured at cost less any impairment.

Cash at bank & in hand

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

Creditors and provisions

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

Pension costs

The pension costs for the defined benefit pension scheme are treated in accordance with FRS 102. The following elements are charged to the SOFA: the service cost of pension provision relating to the period, together with the cost of any benefits relating to past service (allocated to staff costs); the net return on financing which is a charge equal to the increase in the present value of the scheme liabilities and a credit equivalent to the charity's long-term expected return on assets (allocated to staff costs); and the actuarial gain or loss on the scheme's assets and liabilities (allocated to other recognised gains and losses).

The difference between the market value of the assets of the scheme and the present value of accrued pension liabilities is shown as an asset or liability on the balance sheet.

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

Financial instruments

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

Foreign currencies

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

Restricted funds

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

Unrestricted funds

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

Operating leases

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

Taxation

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

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

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.

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 2017 £'000	Total 2016 £'000
Big Lottery	-	64	64	242
Bill & Melinda Gates Foundation	-	530	530	326
Christian Aid	-	217	217	671
DFID *	4,118	2,758	6,876	6,856
European Community	-	3,407	3,407	3,373
FAO	-	646	646	357
GTZ	-	391	391	338
United Nations Children's Fund	-	220	220	577
United Nations Development Programme	38	184	222	116
United Nations Environmental Programme	-	1,058	1,058	735
USAID	-	346	346	260
Zayed Energy Prize	1,206	-	1,206	-
Zurich Insurance Company Ltd and its Z Zurich Foundation	130	1,431	1,561	975
Other (donations under £250k)	11,183	5,260	16,443	14,862
TOTAL	16,675	16,512	33,187	29,688

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

	Unrestricted £'000	Restricted £'000	Total 2017 £'000	Total 2016 £'000
Donations and legacies				
Donations	6,762	3,265	10,027	9,467
Legacies *	2,379	-	2,379	2,114
Total donations and legacies	9,141	3,265	12,406	11,581
Grant Income	2,221	12,665	14,886	13,844
Consultancy Income	3,450	579	4,029	3,724
Income from charitable activities	5,671	13,244	18,915	17,568
Income from investments				
Rental	23	-	23	30
Interest	19	-	19	22
Total income from investments	42	-	42	52
Other income				
Publishing	355	-	355	323
Other income	1,466	3	1,469	164
Total other income	1,821	3	1,824	487
TOTAL	16,675	16,512	33,187	29,688

* Approximately £496k of residual and £129k of reversionary legacies had been notified to the charity before 31 March 2017 but have not been recognised as income in the year as they do not meet the SORP FRS102 income recognition criteria.

Gifts in Kind

During the year ended 31 March 2017, Practical Action won the Zayed Future Energy Award. The award consisted of a donation of £1.2m and a gold coin. The donation has been recognised as income and the gold coin valued at £6.5k has been capitalised as a fixed asset.

Volunteers

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

4. Total resources expended

	Grants payable £'000	Direct costs £'000	Support costs £'000	Total 2017 £'000	Total 2016 £'000
Fundraising:	-	2,260	583	2,843	3,428
Charitable activities:					
Energy access	1,026	3,802	339	5,167	4,819
Food and agriculture	2,416	7,285	672	10,373	6,984
Urban water and waste	446	1,594	157	2,197	3,410
Disaster risk reduction	1,019	3,497	317	4,832	4,684
Knowledge broking	341	3,015	240	3,596	3,110
Other	133	1,502	152	1,786	2,081
Governance	-	-	430	430	411
Total expenditure on charitable activities	5,381	20,693	2,307	28,381	25,499
TOTAL RESOURCES EXPENDED *	5,381	22,953	2,890	31,224	28,927

During the year ended 31 March 2017, 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 (URL <http://practicalaction.org/>).

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

* Total resources expended include £165k of costs relating to irrecoverable VAT in the UK.

	2017 £'000	2016 £'000
Support costs		
Governance	430	411
Fundraising	583	739
Finance, IT & HR	1,636	1,603
Administration	210	165
Other	31	-
TOTAL	2,890	2,918

4. Total resources expended (cont.)

	Total 2017 £'000	Total 2016 £'000
Total charitable expenditure split by country/region		
Charitable activities:		
East Africa	2,188	2,087
Latin America	4,874	3,748
South Asia	4,762	4,254
Southern Africa	3,226	3,450
Bangladesh	3,240	3,054
Sudan	3,822	3,094
International direct programme work	6,269	5,812
TOTAL EXPENDITURE ON CHARITABLE ACTIVITIES	28,381	25,499

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

	2017 £'000	2016 £'000
Governance costs		
Salaries	95	87
Company secretarial/legal costs	13	15
Internal and external audit costs	199	180
Meeting expenses (including trustees travel)	35	39
Trustee international project visit	3	3
Apportionment of support costs	85	87
TOTAL	430	411

	2017 £'000	2016 £'000
External audit costs		
Fees payable to company's auditors for the audit of the group's annual accounts	53	53
Fees payable to group's auditors for the audit of the group's subsidiaries pursuant to legislation	10	7
Fees payable to the company's auditors for the audit of the group's overseas branches	60	45
TOTAL AUDIT FEES	123	105
Tax services	5	1
Other services	50	29
TOTAL NON-AUDIT FEES	55	30

5. Employees

	2017 £'000	2016 £'000
Staff costs		
Wages and salaries	10,018	9,795
Social security costs	901	617
Pension costs	101	48
Pension (stakeholder scheme)	380	357
Staff end of service costs *	385	300
Redundancy, ex gratia and termination costs	-	120
Total emoluments of employees	11,785	11,237
Other staff costs	383	629
TOTAL STAFF COSTS	12,168	11,866

* 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.

Average number of full time equivalent employees

	2017 Number	2016 Number
Eastern Africa	36	48
Latin America	104	104
South Asia	91	100
Southern Africa	41	45
Bangladesh	99	117
Sudan	74	62
UK	95	102
Total	540	578

Average number of employees

	2017 Number	2016 Number
Eastern Africa	36	48
Latin America	104	104
South Asia	86	99
Southern Africa	41	45
Bangladesh	99	117
Sudan	74	62
UK	101	109
Total	541	584

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

	2017 Number	2016 Number
£60,001 – £70,000	4	3
£70,001 – £80,000	4	3
£80,001 – £90,000	-	1
£90,001 – £100,000	1	-

The CEO during the year earned a salary of £90,975.

5. Employees (cont.)

Benefits are accruing to six (2016: four) higher-paid employees under Practical Action's stakeholder pension scheme, which is open to all eligible employees. Employer contributions of £45,911 (2016: £23,084) have been made into this stakeholder scheme for these higher-paid employees. Within Practical Action's Employee Benefits Scheme, benefits are accruing for one (2016: three) higher-paid employee.

Key management personnel is a term used by FRS 102 for those persons having authority and responsibility for planning, directing and controlling the activities of the charity, directly or indirectly, including any director (whether executive or otherwise) of the charity. This definition includes trustees and those members of staff who are the senior management personnel to whom the trustees have delegated significant authority or responsibility in the day-to-day running of the charity. For Practical Action, our Strategic Leadership Team (SLT) is comprised of all Directors within the Group. In 2016/17 the total cost of SLT was £844k (2015/16 £916k). In 2016/17 this represented 13 people (2015/16 16 people).

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

The Trustees receive no remuneration for their services. Expenses reimbursed to Trustees during the year amounted to £3,165 (2016: £3,488), which related to travel and refreshment costs for meetings, telephone and postage.

Expenses were reimbursed to ten Trustees (2016: nine Trustees).

Indemnity insurance is provided for Trustees at a cost of £2,750.

6. Net income from trading subsidiaries and summary balance sheets

The results of the principal trading subsidiaries are summarised below:

	Practical Action Consulting 2017 £'000	PAC India 2017 £'000	PAC Nepal 2017 £'000	PAC Malawi 2017 £'000	Practical Action Publishing 2017 £'000
Income	2,856	91	463	20	449
Expenditure	(2,997)	(114)	(417)	(122)	(465)
Net profit/(loss)	(141)	(23)	46	(102)	(16)
Income per subsidiary accounts	2,863	91	463	20	449
Less: interest receivable	-	-	-	-	-
Less: grants from parent charity	(233)	-	-	-	(94)
	2,630	91	463	20	355
Expenditure per accounts	(2,997)	(114)	(417)	(122)	(465)
Less: group charges	108	-	-	-	58
Less: Gift Aid	357	-	-	-	-
	(2,532)	(114)	(417)	(122)	(407)
Net effect on group results for the year	98	(23)	46	(102)	(52)
Summary balance sheets					
Fixed Assets	69	-	8	-	10
Net current assets/(liabilities)	(51)	(53)	114	(102)	(30)
Net Assets / (liabilities)	18	(53)	122	(102)	(20)
Called Up share capital	-	38	39	-	-
Profit & loss account	18	(91)	83	(102)	(20)
Surplus/(deficit) on shareholder funds	18	(53)	122	(102)	(20)

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

	Practical Action Consulting 2016 £'000	PAC India 2016 £'000	PAC Nepal 2016 £'000	PAC Malawi 2016 £'000	Practical Action Publishing 2016 £'000
Income	2,502	62	361	-	430
Expenditure	(2,385)	(91)	(334)	-	(423)
Net profit/(loss)	117	(29)	27	-	7
Income per subsidiary accounts	2,502	62	361	-	430
Less: interest receivable	-	-	-	-	-
Less: grants from parent charity	(206)	-	-	-	(107)
	2,296	62	361	-	323
Expenditure per accounts	(2,384)	(91)	(334)	-	(423)
Less: group charges	106	-	-	-	68
Less: Gift Aid	25	-	-	-	4
	(2,253)	(91)	(334)	-	(351)
Net effect on group results for the year	43	(29)	27	-	(28)
Summary balance sheets					
Fixed Assets	52	-	6	-	16
Net current assets/(liabilities)	107	(36)	63	-	(20)
Net Assets / (liabilities)	159	(36)	69	-	(4)
Called Up share capital	-	32	32	-	-
Profit & loss account	159	(68)	37	-	(4)
Surplus/(deficit) on shareholder funds	159	(36)	69	-	(4)

7. Expenditure on raising funds

	2017 £'000	2016 £'000
Costs related to donations, gifts and legacy income	2,843	3,428
TOTAL	2,843	3,428

8. Intangible and tangible assets

Intangible fixed assets	Total £'000
Group cost	
At 1 April 2016	27
Additions	-
At 31 March 2017	27
Amortisation	
At 1 April 2016	11
Charge for the year	6
At 31 March 2017	17
Net Book Value (NBV)	
At 31 March 2016	16
At 31 March 2017	10

	Freehold & Leasehold property £'000	Motor vehicles £'000	Computer equipment £'000	Furniture and other equipment £'000	Total £'000
Tangible fixed assets					
Group cost or valuation					
At 1 April 2016	1,736	1,765	1,350	958	5,809
Additions	104	142	207	52	505
Disposals	-	(344)	(125)	(73)	(542)
At 31 March 2017	1,840	1,563	1,432	937	5,772
Depreciation					
At 1 April 2016	-	1,607	1,184	887	3,678
Charge for the year	10	148	180	39	377
Disposals	-	(341)	(120)	(68)	(529)
At 31 March 2017	10	1,414	1,244	858	3,526
Net Book Value (NBV)					
At 31 March 2016	1,736	158	166	71	2,131
At 31 March 2017	1,830	149	188	79	2,246

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

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

	NBV 2017 £'000	NBV 2016 £'000
Tangible fixed assets of the subsidiary undertakings		
Motor Vehicles	-	2
Computer equipment	5	6

9. Investments

	Group		Charity	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Cash investments				
Cash investments	7,590	4,098	7,042	4,098
Common investment fund	475	116	475	116
Investment bonds	51	45	51	45
Impairment charge	(51)	(45)	(51)	(45)
TOTAL	8,065	4,214	7,517	4,214
Programme investments				
Capital loans to subsidiaries	-	-	224	224
Programme investments	-	-	19	19
TOTAL	-	-	243	243

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

Reconciliation of Common investment fund:	£'000
Historical cost	396
Opening balance at 1 April 2016	116
Additional investment	350
Recognised gain	9
Closing balance at 31 March 2017	475

9. Investments (cont.)

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

	Country of Incorporation	Proportion of voting rights and ordinary share capital held	Nature of business
Practical Action Consulting Limited (Reg No 00952705)	England	100%	Consultants for agriculture and industry
Practical Action Publishing Limited (Reg No 01159018)	England	100%	Publishers and booksellers
Intermediate Technology Publications Limited (Dormant Company Reg No 06424984)	England	100%	Publishers and booksellers
Intermediate Technology Development Group Limited (Dormant company Reg No 01017062)	England	100%	Developers of 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 ee's	Consultants for agriculture and industry
Practical Action Consulting (India) Private Limited (Reg No, Delhi, CIN U74999DL2014FTC272886)	India	99.7% PAC 0.3% PAC ee's	Consultants for agriculture and industry
Practical Action Consulting Limited (Reg no. 14654)	Malawi	100%	Consultants for agriculture and industry
Practical Action Consulting Bangladesh Limited (Reg no. C-130198/2016)	Bangladesh	99% PAC 1% PA ee's	Consultants for agriculture and industry
Practical Action Consulting S.A.C Limited (Reg No 20601238200)	Peru	49% PAC 51% PA ee's	Consultants for agriculture and industry

10. Stock

	Group		Charity	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Finished goods	143	110	-	-
Work in progress	12	7	-	-
BALANCE SHEET TOTAL	155	117	-	-
Note:				
Stock recognised as an expense	55	57	-	-
(Decrease) / increase in stock provision	(10)	(23)	-	-
PROFIT AND LOSS CHARGE	45	34	-	-

11. Debtors

	Group		Charity	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Trade debtors	1,623	1,298	1,183	696
Prepayments and accrued income	4,992	2,874	4,794	2,337
Amounts owed to the charity by the group	-	-	350	186
Other debtors	1,373	601	1,163	581
Charges for bad debts	(126)	-	(126)	-
TOTAL	7,862	4,773	7,364	3,800

12. Cash at bank & in hand

The balance held at year end includes £5.5m of project specific funds which are held in project specific bank accounts.

13. Creditors: amounts falling due within one year

	Group		Charity	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Bank loan: within 1 year	-	19	-	18
Trade creditors	844	1,051	501	622
Amounts owed to group and associate undertakings	-	-	-	-
Payments received in advance	7,116	3,290	6,787	3,160
Accruals	726	994	648	737
Taxation and social security	328	181	236	187
Other creditors	1,315	922	1,061	818
TOTAL	10,329	6,457	9,233	5,542

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	3,290	3,160
Released to income	(3,290)	(3,160)
Received in year	7,116	6,787
BALANCE CARRIED FORWARD	7,116	6,787

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

	Group		Charity	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Bank loan: unsecured				
1-2 years	4	25	4	25
2-5 years	-	9	-	9
More than 5 years	-	-	-	-
Other creditors: unsecured				
1-2 years	13	13	13	13
2-5 years	-	-	-	-
More than 5 years	-	-	-	-
TOTAL	17	47	17	47

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 1.4.16 £'000	Provisions created £'000	Provisions utilised £'000	Balance at 31.3.17 £'000
Project issues	175	359	(175)	359
Rent/tax liability	-	8	-	8
TOTAL	175	367	(175)	367

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

Transfers to the revaluation reserves represents a £9k increase in the value of the Common Investment Fund in the year.

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

	Unrestricted funds £'000	Restricted funds £'000	2016 Total £'000	2015 Total £'000
2016				
Fixed assets	1,895	252	2,147	2,168
Investments	4,214	-	4,214	4,434
Stock	117	-	117	82
Debtors	4,077	696	4,773	4,427
Cash at bank & 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

17. Total funds

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

	Unrestricted funds £'000	Restricted funds £'000	2016 Total £'000	2015 Total £'000
2016				
Fixed assets	1,895	252	2,147	2,168
Investments	4,214	-	4,214	4,434
Stock	117	-	117	82
Debtors	4,077	696	4,773	4,427
Cash at bank & 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 2017 amounted to £210,000. This contribution of £210,000 was determined by an independent qualified actuary, on the basis of the 2014 triennial valuation, and was designed to eliminate the deficit over a seven year period from 2014.

The assets of the scheme are held separately from the assets of the charity, being represented by units in a segregated fund managed by an external investment manager. At 1 April 2014, the latest valuation date, the actuarial value of the schemes assets was 89% of the value of past service liabilities on an ongoing basis. The market value of the scheme's assets at the valuation date was £9,325,000, excluding money purchase AVCs.

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

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

A valuation has been performed in order to assess the disclosures required under FRS 102 as at 31 March 2017 by an independent qualified actuary.

	2017 £'000	2016 £'000
a) The amounts recognised in the balance sheet are as follows:		
Present value of funded obligations	(11,657)	(10,418)
Fair value of plan assets	10,892	9,325
Deficit	(765)	(1,093)
Amounts in the balance sheet:		
Liabilities	(765)	(1,093)
Assets	-	-
Net liability	(765)	(1,093)

	2017 £'000	2016 £'000
b) Changes in the present value of the defined benefit obligation are as follows:		
Opening defined benefit obligation	10,418	10,652
Service cost	69	66
Interest cost	349	350
Employee contributions	-	-
Actuarial losses (gains)	1,173	(283)
Benefits paid	(352)	(367)
Defined benefit obligation at end of year	11,657	10,418

18. Pension costs and FRS 102 (cont.)

	2017 £'000	2016 £'000
c) Changes in the fair value of the scheme assets are as follows:		
Opening fair value of scheme assets	9,325	9,537
Expected return	315	312
Actuarial gains (losses)	1,394	(367)
Employer contributions	210	210
Employee contributions	-	-
Benefits paid	(352)	(367)
Fair value of scheme assets at the year end	10,892	9,325

	2017 £'000	2016 £'000
d) The amounts included within the statement of financial activities are as follows:		
Current service cost	(69)	(66)
Interest on pension liabilities	(349)	(350)
Expected return on scheme assets	315	312
Past service cost	-	-
Total amount charged within net (outgoing) resources	(103)	(104)
Actuarial losses	-	(83)
Total amount charged to the Statement of Financial Activities	(103)	(187)

Practical Action expects to contribute £210,000 to the defined pension scheme in 2016/17. The cumulative total of recognised actuarial losses is (£1,637k).

	2017 £'000	2016 £'000
The actual return on the scheme assets in the year	1,709	(55)

e) Principal assumptions at the balance sheet date (expressed as weighted averages)	2017	2016
Discount rate	2.80%	3.40%
Expected return on scheme assets	2.80%	3.40%
Rate of increase in salaries	4.60%	4.40%
Rate of increase of pensions in payment	3.10%	2.90%
Rate of increase of pensions in deferment	2.40%	2.20%
Assumed life expectancy on retirements age 60:		
Retiring today – males	27.0	26.9
Retiring today – females	29.3	29.2
Retiring in 20 years – males	28.5	28.4
Retiring in 20 years – females	30.9	30.8

18. Pension costs and FRS 102 (cont.)

	2017 £'000	2016 £'000
f) The amounts for the current and previous periods are as follows:		
Defined benefit obligation	11,657	10,418
Scheme assets	10,892	9,325
(Deficit)	(765)	(1,093)
Change in assumptions	1,394	(367)
Experience adjustments on scheme liabilities	87	101
Experience adjustments on scheme assets	(1,260)	183
Total gain/(loss) on STRGL	221	(83)

	2017 £'000	2016 £'000
Percentage of each major class of plan assets		
Equities and Properties	35.1%	32.5%
Property	8.9%	10.1%
Bonds and Guilt	54.8%	56.9%
Cash	1.2%	0.5%

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

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

	2017 £'000	2016 £'000
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	1,971	763
Adjustments for:		
(Gains)/losses on investments	(9)	(2)
Dividends, interests and rents from investments	(51)	(53)
Depreciation	377	370
Loss on disposal of fixed assets	13	4
(Increase)/Decrease in stocks	(37)	(35)
(Increase)/Decrease in debtors	(3,089)	(346)
Increase/(Decrease) in creditors and provisions	4,064	(595)
Difference between pension contributions and current service costs	(107)	(106)
Net cash provided by operating activities	3,132	-

20. Analysis of cash and cash equivalents

	2017 £'000	2016 £'000
Cash at bank and in hand	4,245	5,433
Cash held as part of an investment portfolio (Note 9)	7,590	4,098
Total cash and cash equivalents	11,835	9,531

21. Contingent liabilities

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

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

In fulfilment of contract requirements, the Charity has entered into nine agreements with Banco de Credito del Peru in support of charitable activities, resulting in contingent liabilities totalling £100,133.

The first agreement is to provide a bank guarantee to the value of S/. 10,318 (c. £2,576) 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 second agreement is to provide a bank guarantee to the value of S/. 58,384 (c. £14,574) as required by Fondo Nacional de Capacitación Laboral y de Promoción del Empleo (Peruvian donor) on the project – Increasing competitiveness of cocoa producers in Lamas, Region of San Martin.

The third agreement is to provide a bank guarantee to the value of S/. 77,080 (c. £19,241) as required by Direccion General de Electrificación del Ministerio de Energia (Peruvian donor) on the project – Promotion of productive use of electric power in rural communities with electricity services in Department of Huanuco, Peru.

The fourth agreement is to provide a bank guarantee to the value of S/. 38,540 (c. £9,620) as required by Direccion General de Electrificación del Ministerio de Energia (Peruvian donor) on the project – Promotion of productive use of electric power in rural communities with electricity services in Department of Huanuco, Peru.

The fifth agreement is to provide a bank guarantee to the value of S/. 62,934 (c. £15,710) as required by Programa Nacional de innovación para la competitividad y productividad (Peruvian donor) on the project – Furniture cluster development in the south of Lima, Peru.

The sixth agreement is to provide a bank guarantee to the value of USD 13,500 (c. £10,935) as required by the Inter-American Institute for Cooperation on Agriculture (regional donor) on the project – Streamlining the market for certified stoves in producer organisations in the regions of Arequipa, Cusco and Puno.

The seventh agreement is to provide a bank guarantee to the value of USD 13,500 (c. £10,935) as required by the Inter-American Institute for Cooperation on Agriculture (regional donor) on the project – Streamlining the market for certified stoves in producer organisations in the regions of Amazonas, Cajamarca and Piura.

The eighth agreement is to provide a bank guarantee to the value of S/. 3,911 (c. £976) as required by Programa Nacional de Investigación agraria (Peruvian donor) on the project – Rural promoters specialised in rehabilitation of organic coffee crops resilient to climate change in Jaen and San Ignacio.

The ninth agreement is to provide a bank guarantee to the value of S/. 62,355 (c. £15,565) as required by Fondo Nacional de Capacitación Laboral y de Promoción del Empleo (Peruvian donor) on the project – Increasing employment and income of artisan family and textile weavers in province of Melgar, Puno.

The Charity had won a court case relating to the ownership of the head office building in Sri-Lanka however, the verdict has been appealed by the other party. Rent provision to the value £142k, made in previous years was released after winning the court case however, no further provision have been made after the recent appeal had been lodged. The appeal is expected to go on for a number of years.

22. Big Lottery Fund

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

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

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	-	-	-



23. Department for International Development grants

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

	2017 £'000	2016 £'000
Grants	2,847	3,273

Project funding details required by DFID	2017 DFID Funding £'000
DFID Partnership Programme Agreement	2,168
Pumpkins Against Poverty UK Aid Match (Contract Number 203559-152)	421
Safer Cities UK Aid Match (Contract Number 40082348)	258
TOTAL	2,847



24. Commitments under operating leases

As at 31 March 2017, the group had commitments under non-cancellable operating leases as set out below:

	2017 Land and buildings £'000	2016 Land and buildings £'000
Operating leases which expire:		
Within one year	338	320
In two to five years	373	304
In over five years	-	-
TOTAL	711	624

The net income for the year has been stated after charging £463k (2016: £330k) 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 Group. 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 £58k (2015/16 £69k) and payroll costs totalling £185k (2015/16 £201k) were also charged to Practical Action Publishing Limited from the charity. Amounts owed to Practical Action at the year end from Practical Action Publishing is: £185k.

A management charge of £108k (2015/16 £106k) and payroll costs totalling £534k (2015/16 £499k) were also charged to Practical Action Consulting Limited from the charity. Amounts owed to Practical Action at the year end from Practical Action Consulting Limited is: £114k.

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 2016/17 these related parties made donations in aggregate to Practical Action of £1,895.

26. Financial instruments

	2017 £'000	2016 £'000
Financial assets that are debt instruments measured at amortised cost	21,619	11,546
Financial liabilities that are debt instruments measured at amortised cost	(4,016)	(4,126)
Financial Instruments measured at fair value through profit and loss	475	116

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

	2017 £'000	2016 £'000
Total interest income for financial assets measured at amortised cost	20	22
Impairment losses on financial assets measured at amortised cost	-	-
Total interest expense for financial liabilities held at amortised cost	1	1

Gains/Loss on financial instruments measured at fair value through profit and loss	2017 £'000	2016 £'000
Financial instruments measured at fair value at the start of the year:	116	114
Gains/ (Loss)	9	2
Purchases	350	-
Financial Instruments measured at fair value through at the end of the year	475	116

27. Comparative statement of financial activities for the year ended 31 March 2016

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

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



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