

FINANCIAL REVIEW

Our Finance and Services

Director, John Lockett, reviews our finances over 2017/18.

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

Income and expenditure

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

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

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

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

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

Pension scheme actuarial gain

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

Balance sheet and reserves

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

We require funds for the following purposes:

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

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

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

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

Post balance sheet events

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

Policy for grants

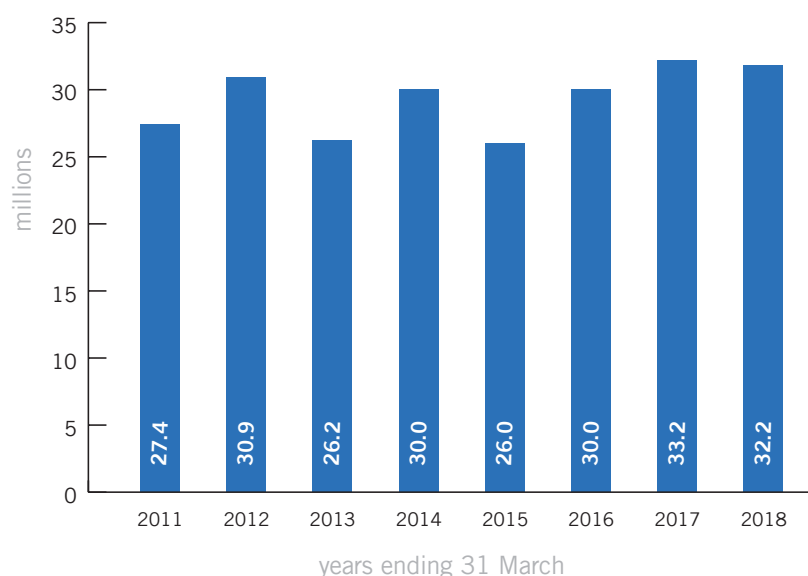
We work in partnership with a number of organisations globally and this is an important part of our work. During the financial year we granted £5m to our partners to support the delivery of our programmes in order to meet our objectives. Due diligence is carried out prior to any agreement being made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

Looking forward

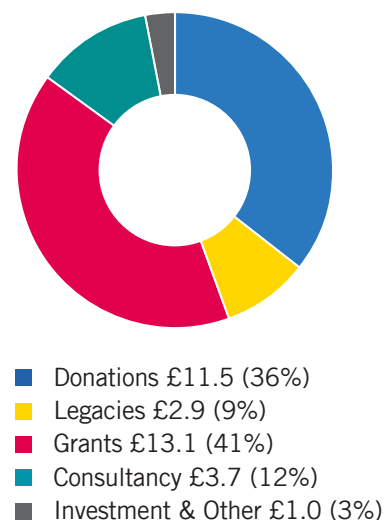
We face significant financial challenges and risks in common with all UK NGOs - our ability to continue to access EU funding post-Brexit remains uncertain, UK public fundraising is likely to remain challenging and economic uncertainty may generate significant exchange rate volatility. We're nevertheless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

SUMMARY OF INCOME AND EXPENDITURE 2017/18

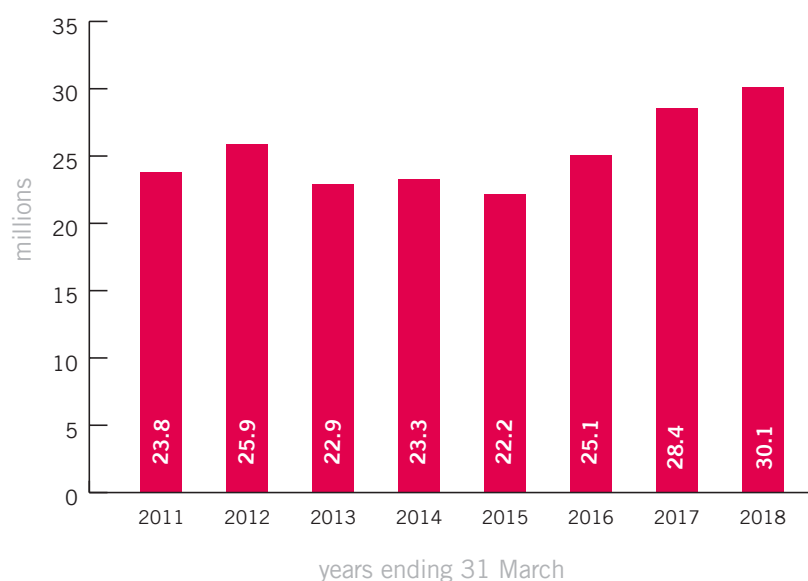
Total annual income £m



2017/18 £m

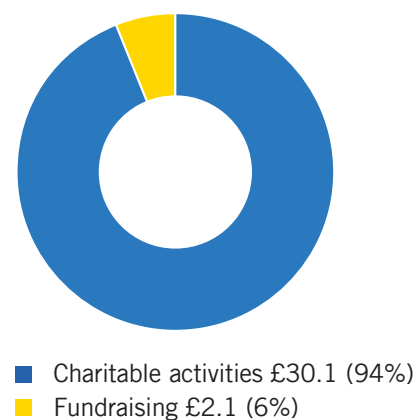


Total expenditure on charitable activities £m



2017/18 £m

(including fundraising and governance)



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

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

Helena Molyneux
Director

Trustees' Administrative Report

HOW WE MANAGE OUR AFFAIRS

The Board of Trustees

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

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

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

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

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

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

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

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

New trustees

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

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

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



New trustees Waleed Elbashir Elobeid and Joanne Smith

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

About our organisation

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

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

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

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

Our decision-making processes

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

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

Charity governance code

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

Remuneration, equal opportunities and staff engagement

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

We have an **equal opportunities** policy and are committed to promoting equality of opportunity for all staff and job applicants. We aim to create a working environment in which all individuals are able to make best use of their skills, free

from discrimination or harassment and with consideration of any disability.

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

Global gender pay data as at 5 April 2017

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

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

Mean: Women are paid 25% more than men

Median: Women are paid 16% more than men

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

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

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

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

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

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

Subsidiaries and associated organisations

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

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

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

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

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

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

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

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

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

How our activities deliver public benefit

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

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

Risk management

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

Trustees' responsibilities for the financial statements

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

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

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

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

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

prevention and detection of fraud and other irregularities.

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

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

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

Auditors

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

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

CORPORATE DIRECTORY

Legal and administrative details

Charity name:

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

Charity number: 247257

Company number: 871954

Registered office:

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

Auditors:

Crowe U.K. LLP,
St Bride's House, 10 Salisbury Square,
London, EC4Y 8EH

Bankers:

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

Solicitors:

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

Executives

Chief Executive

Paul Smith Lomas

Fundraising, Marketing and Communications Director

Rachel Hudson

Finance and Services Director

John Lockett

International Director

Amy Mina

Policy and Practice Director

Astrid Walker-Bourne

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

Greg Beeton – Managing Director

East Africa Director

Farida Bulhan-Aliwa

Sudan Director

Muna Eltahir

Bangladesh Director

Hasin Jahan

South Asia Director

Achyut Luitel

Southern Africa Director

Kudzai Marovanidze

Latin America Director

Alfonso Carrasco
(resigned May 2018)

West Africa Director

Mattia Vianello
(appointed 1 February 2018)



Members of the Senior Leadership Team.

TRUSTEES

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

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

Nomination and Remuneration Committee

Helena Molyneux (Chair)
Nigel Saxby-Soffe
Roger Clarke

Finance, Audit and Risk Committee

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

Secretary

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

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



Helena Molyneux
Director



Members of the Board of Trustees.

Independent Auditor's Report to the Members of Practical Action

Opinion

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

In our opinion the financial statements:

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

Basis for opinion

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

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

Conclusions relating to going concern

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

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

Other information

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

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

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

Responsibilities of trustees

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

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

Auditor's responsibilities for the audit of the financial statements

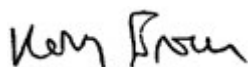
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee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

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

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

Use of our report

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



Kerry Brown
Senior Statutory Auditor for and on behalf of

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

7 December 2018

Financial statements

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

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

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

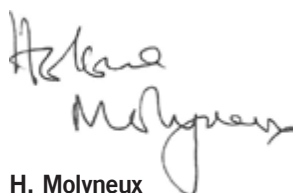
Consolidated and charity balance sheets at 31 March 2018

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

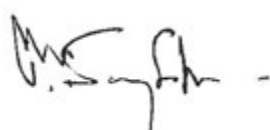
The net surplus for the financial year dealt with in the financial statements of the parent charity was £244k (2017 - £2,430k)

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

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



H. Molyneux
Trustee



N. Saxby-Soffe
Trustee

Consolidated cash flow statement for the year ended 31 March 2018

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

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

NOTES ON FINANCIAL STATEMENTS

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

The organisation is a Public Benefit Entity.

1. Accounting policies

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

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

The following principal accounting policies have been applied:

Going concern

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

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

Basis of consolidation

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

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

Income and endowments

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

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

Resources expended

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

Basis of allocation of costs

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

Fundraising costs

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

Governance costs

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

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

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

Fixed assets

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

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

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

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

Intangible assets

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

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

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

Investments

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

Stocks

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

Debtors

Debtors are measured at cost less any impairment.

Cash at bank and in hand

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

Creditors and provisions

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

Pension costs

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

liabilities (allocated to other recognised gains and losses).

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

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

Financial instruments

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

Foreign currencies

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

Restricted funds

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

Unrestricted funds

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

Operating leases

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

Taxation

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

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

Grants

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

2. Critical accounting judgements and key sources of estimation uncertainty

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

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

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

Pension liabilities

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

Project issues provision

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

3. Income and endowments

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

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

3. Income and endowments (cont.)

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

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

Gifts in Kind

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

Volunteers

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

4. Total resources expended

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

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

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

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

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

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

4. Total resources expended (cont.)

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

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

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

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

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

5. Employees

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

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

Average number of full time equivalent employees

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

Average number of employees

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

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

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

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

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

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

5. Employees (cont.)

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

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

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

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

6. Net income from trading subsidiaries and summary balance sheets

The results of the principal trading subsidiaries are summarised below:

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

Summary Balance Sheet

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

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

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

Summary Balance Sheet

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

7. Intangible and tangible assets

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

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

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

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

8. Investments

	Group		Charity	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Cash investments				
Cash investments	252	7,590	252	7,042
Common Investment Fund	469	475	469	475
Investment bonds	32	51	32	51
Impairment provision	(32)	(51)	(32)	(51)
TOTAL	721	8,065	721	7,517

Programme investments				
Capital loans to subsidiaries	-	-	224	224
Programme investments	-	-	19	19
TOTAL	-	-	243	243

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

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

8. Investments (cont.)

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

	Country of Incorporation	Proportion of voting rights and ordinary share capital held	Nature of business
Practical Action Consulting Limited (Reg No 00952705)	England	100%	Consultants for agriculture and industry
Practical Action Publishing Limited (Reg No 01159018)	England	100%	Publishers and booksellers
Intermediate Technology Publications Limited (Dormant Company Reg No 06424984)	England	100%	Publishers and booksellers
Intermediate Technology Development Group Limited (Dormant company Reg No 01017062)	England	100%	Developers of agriculture and industrial machinery
ATS Property Holdings Private Limited (Dormant company Reg No, Sri-Lanka PV 6894)	Sri Lanka	100%	Property purchase, lease moveable, immoveable property
Practical Action Consulting Private Limited (Reg No Kathmandu, 117858/070/071)	Nepal	51% PAC, 49% PA staff	Consultants for agriculture and industry
Practical Action Consulting (India) Private Limited (Reg No, Delhi, CIN U74999DL2014FTC272886)	India	99.7% PAC -3% PAC staff	Consultants for agriculture and industry
Practical Action Consulting Limited (Reg no. 14654)	Malawi	100%	Consultants for agriculture and industry
Practical Action Consulting Bangladesh Limited (Reg no. C-130198/2016)	Bangladesh	99% PAC 1% PA staff	Consultants for agriculture and industry
Practical Action Consulting S.A.C Limited (Reg No 20601238200)	Peru	49% PAC 51% PA staff	Consultants for agriculture and industry

9. Stock

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

10. Debtors

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

11. Cash at bank & in hand

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

12. Creditors: amounts falling due within one year

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

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

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

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

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

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

14. Provisions

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

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

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

15. Funds note

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

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

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

16. Total funds

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

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

17. Pension costs and FRS 102

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

Practical Action Employee Benefits Scheme

The charity operates a defined benefits scheme in the UK. The scheme is a registered pension scheme under chapter 2 Part 4 of the Finance Act 2004. Contributions paid by the charity to the scheme during the year ending 31 March 2018 amounted to £210,000. This contribution of £210,000 was determined by an independent qualified actuary, on the basis of the 2014 triennial valuation, and was designed to eliminate the deficit over a seven year period from 2014.

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

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

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

A valuation has been performed in order to assess the disclosures required under FRS 102 as at 31 March 2018 by an independent qualified actuary.

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

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

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

17. Pension costs and FRS 102 (cont.)

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

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

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

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

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

17. Pension costs and FRS 102 (cont.)

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

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

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

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

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

19. Analysis of cash and cash equivalents

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

20. Contingent liabilities

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

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

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

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

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

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

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

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

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

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

21. Big Lottery Fund

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

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

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



22. Department for International Development grants

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

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



23. Commitments under operating leases

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

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

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

24. Related party transactions

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

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

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

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

25. Financial instruments

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

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

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

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

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

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

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

27. Post Balance Sheet Events

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

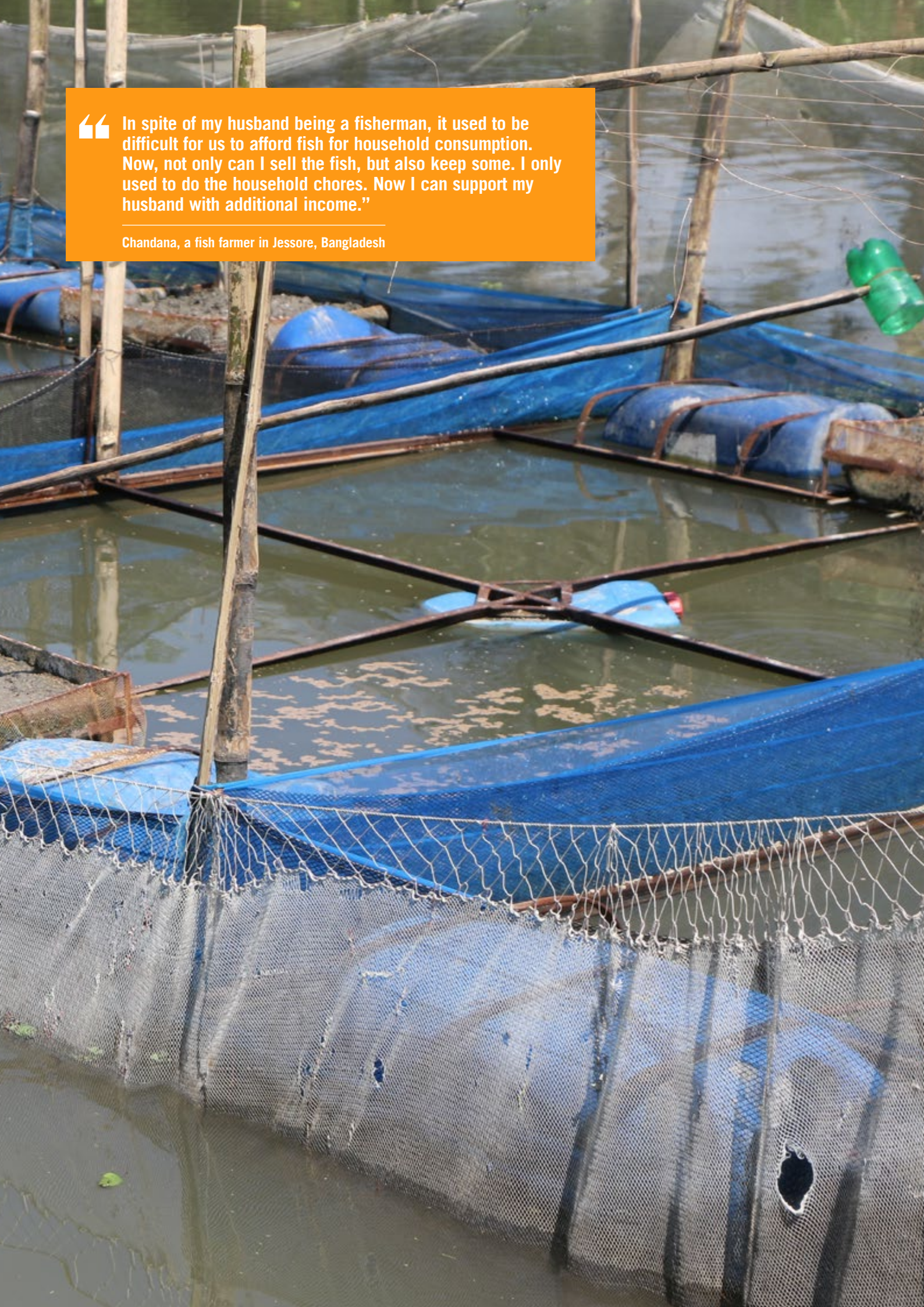


Chandana tends her fish farms. The materials and training she's received from Practical Action have allowed her small business to thrive.



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

Chandana, a fish farmer in Jessore, Bangladesh



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



Visit us online at www.practicalaction.org
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