



Annual Report and Accounts

2018 - 2019

Big change starts small

**Practical
ACTION**



Nepalese school children. This school building was built with our help and doubles as an emergency shelter.



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Numbers in the Trustees' and Directors' Annual Report and Strategic Report sections have been rounded.

Front cover image: An entrepreneur in Nepal uses skills learned through our training to make wool from jute fibres.



A warm welcome to a **YEAR OF CHANGE**

Helena Molyneux, Chair of Trustees

It's been a privilege to serve Practical Action as a Trustee for the past 11 years and as Chair for the last six. I look back and see how much the organisation has evolved through changing times into the influential and relevant organisation it is today.

With two other trustees, I visited our work in Peru and Bolivia last year. I saw first-hand the problems people living in poverty face and the way in which they can change their lives for good with access to ingenious solutions and know-how. To reach some of the work involves hours of travel on rough roads or, in the case of the Bolivian Amazon, by motorised canoe. It brought home the isolation and vulnerability of the people who live there and the arduous work done by our local project staff. It was an honour to see the positive changes people were bringing about in their lives as we help them increase their resilience to flooding.

Resilience is a word you'll read a lot in this report and it symbolises something central to Practical Action's

philosophy. At a time when there is much talk of 'fighting' the climate crisis, we are also helping people 'face' it, so they can survive and thrive in the new climate reality. We're making resilience a way of life for millions.

I'm delighted to introduce my successor as Chair, Yvonne Pinto, who takes the helm at the end of the year. I have no doubt that Yvonne's impressive skills and warm personality will be invaluable to the organisation in the coming years. You can meet Yvonne and find out more about her on page 42.

Thank you to all who have supported me as Chair. I wish everyone at Practical Action – my fellow Trustees, donors, staff and partner organisations – best wishes for the future.

Helena Molyneux

Paul Smith Lomas, Chief Executive

The global challenges we face today demand bold ambitions. That's why we've refocused our efforts around four aims (see page 9). These aims have been heavily influenced by the new catastrophic climate reality that is having a disproportionately negative impact on people who live in the world's poorest places. The key to successfully achieving our aims is collaboration. This is something we already do extremely effectively – you'll see the evidence throughout this report.

Within the organisation, we're continuing our journey of significant organisational change from delivering projects and sharing individual stories to bringing about wider change. This comes from a recognition of the importance of inspiring others to increase the reach of our work, beyond the communities we work with directly.

There are many challenges ahead of us. As well as the growing impact of the climate crisis, many of the

countries we're active in are beset by political instability, particularly Sudan and Zimbabwe. These factors affect the communities we work with, as well as our ability to carry out our work effectively. There is also the continued uncertainty around Brexit, and the potential negative impact it may have on our ability to access funding. See page 13 for more information about the challenges we face, and what we're doing to overcome them.

Amid these difficulties, I'm inspired by the strength of the human spirit I see demonstrated every day in the course of our work around the world. Through collaboration and ingenuity, we know we can overcome the toughest obstacles. Thank you for joining us on that journey.



Paul Smith Lomas



BIG CHANGE

starts small

At Practical Action we do things differently. We put ingenious ideas to work so people in poverty can change their world. We believe in the power of small to change the big picture.

Our vision is for a world that works better for everyone.

We're a global change-making group of problem solvers, knowledge mobilisers and expert advisers.

The group consists of a UK registered charity with community projects in Africa, Asia and Latin America, a development publishing company and a technical and specialist consulting service.

We've enabled millions of people to make lasting, positive change to their lives, focusing on where there's greatest need and we can make the biggest difference. We share our experience and expertise through our Consulting, Publishing and Practical Answers services, creating impact far beyond our projects.



Smallholder farmers in Bangladesh irrigate their land with water pumped up from below the ground using solar power.

In 2018–2019...

We raised £31.2 million

We spent £29.1 million on our work

91p out of every £1 was spent directly on charitable activities – on our programmes around the world

We achieved all this...

We delivered

84 PROJECTS

on the ground in

10 COUNTRIES

helping

1.8M PEOPLE

directly* and

2.8M PEOPLE

indirectly.

And so much more...

We provided technical and specialist expertise to

40 PROGRAMMES

in

26 COUNTRIES

and shared

160,000 KNOWLEDGE AND TRAINING RESOURCES

across

94% OF THE WORLD'S COUNTRIES

Calculating our reach

We distinguish between the people we work with directly and those who benefit from the wider impact of our work. We include these numbers for transparency, to offer a glimpse of the impact of our projects. However, our goal is to have an influence that goes far beyond the reach of these projects. We're working on new ways to report the true scale of what we do. In the meantime, you'll find evidence throughout this report of the far reaching benefits that our work has on vast regions and populations.

**The 1.8 million people helped directly includes 12,000 people who fall outside our four main areas of work.*

The climate crisis bringing new challenges

In recent times the nature of poverty has changed dramatically, demanding new responses from organisations like Practical Action. The climate crisis is affecting almost all the people we work with around the world.

More severe storms, floods and landslides are threatening the lives and livelihoods of vulnerable people across South Asia and Latin America. Meanwhile, droughts and floods are making profitable or even subsistence farming almost impossible for millions of families in Africa. People whose traditional rural ways of life are no longer secure are migrating into cities, only to find themselves facing uncertain futures.

In cities, the climate crisis is impacting everyone, but people living in slums are often the least able to cope. In some places, water scarcity is a growing problem with

some cities running out of water during the dry season. In others, flooding can have devastating effects.

The importance of energy in powering people's development is even more pronounced, given the lower cost of technologies such as mobile phones and internet connectivity. But this energy has to be affordable and accessible in remote areas. Renewable sources often provide the most appropriate solutions for electrification.

Environmental degradation is reaching a crisis point, with farmland under increasing pressure from agricultural practices. The increasing amount of unrecycled plastic and other waste littering cities and choking waterways exacerbates the flooding caused by extreme rainfall, and intensifies other negative effects of the climate crisis. Poorly managed waste dumping contributes to greenhouse emissions, as well as being a waste of resources that could be recovered and reused.



The power of the sun brings clean water to a community in Sudan.



Facing the new planetary reality with big ideas and bold actions

Ninety-seven percent of climate scientists agree that human activity has led to a global climate crisis. Carbon pollution from fossil fuels is warming the planet and sending natural systems out of balance.

The global challenges we face today demand bold ambitions. Our four aims help us support people effectively in this new planetary reality. We're continuing to work towards these aims by developing innovative approaches, putting them into practice, and sharing them with others.

Energy that transforms

For the one billion people without access to electricity and the three billion people without clean, safe cooking stoves.

We're bringing together rural communities, refugees, energy providers and governments to find sustainable, clean energy solutions.

Farming that works

For the struggling smallholder farmers who make up three-quarters of the world's poorest people.

We're promoting the use of agroecology – farming techniques that can transform the lives of millions of farming families while helping protect the planet.

Cities fit for people

For the millions of people living in urban slums and settlements without proper sanitation, clean water and waste services.

We're helping to make cities in developing countries cleaner, healthier and fairer places to live and work.

Resilience that protects

For vulnerable people whose lives and livelihoods are threatened by climate-related and natural hazards.

We're working to help communities become resilient to the effects of climate change and natural hazards.

Knowledge that inspires

Our work with poor communities around the world will always be at our heart. But we're doing even more than that. We're inspiring young people through our work in schools and publishing books written by the brightest minds. Ultimately, we share what works with others, so solutions that start small can grow big.

Equipped for **CHANGE**

The year ahead promises to be one of progress and positive impact. From innovative projects to ambitious business plans that will make our day-to-day operations more effective, there's plenty to look forward to.

Headline projects

Brighter futures for children in Peru

In remote areas of Peru, only around 20% of children finish school or leave with basic numeracy and literacy skills. That's mostly because the schools are far from inviting, healthy learning environments. Generally, there is no electricity, hot water or toilets. We've tested a new model with these schools, complete with solar power, toilets, sanitation and internet connectivity to link the students to online teaching materials – and the rest of the world.

We'll now work with the Government of Peru to turn what we've achieved with our initial 700 students into an action plan for 900,000 more children.

Purpose and dignity for refugees

In refugee settlements around the world, children are missing out on education and skilled adults are unable to do productive work. Working in partnership with UNHCR and supported by the IKEA Foundation, we're expanding our work with refugees to reach 50,000 people in Rwanda and 10,000 in Jordan. We'll help refugees access finance, training, technology and expertise to use renewable energy to power homes, schools, health clinics and businesses. It will help them move from reliance on aid to economic independence.

We'll continue to work with other change-makers to ensure that energy access is an essential element of all future refugee responses globally.

Prospects for young farmers in Kenya

Young people are leaving the rural areas of Kisumu and Homa Bay in Kenya in search of a better life in cities. This loss of labour, enthusiasm and innovation by young people makes it increasingly difficult for farming to be a productive and sustainable livelihood. We're using agroecology to improve smallholder farming and the livelihoods of young people. We're identifying and improving agricultural systems to transform the rural economy. It means that, for a new generation of young farmers, farming will be a viable livelihood once again.

We'll share what we learn from this work, also supported by the IKEA Foundation, with others and apply it to other projects to empower young people around the world.

Lighting up remote villages in Africa

A successful programme of work that brought electricity to remote homes and villages in Africa is providing the blueprint for a new energy project. We'll work with trusted partners in Europe and Africa to expand our energy access work in sub-Saharan Africa. We'll focus on three things: building the capacity of local governments, rural electrification and alternative financing models for off-grid systems.

We plan to develop each of these work areas into scalable propositions in the coming year.

Leaving no-one behind

We launched the Global Distributors Collective, with backing from DfID, in 2018-19 and 120 member organisations in over 40 countries have already signed up. This innovative initiative is seeking new ways to support distributors of technological products such as solar lights, water filters, and clean cook stoves. The purpose is to make last mile distribution the first priority, so that these life-changing products can be affordable and available to all.

We have already seen a lot of interest in the Collective from both donors and the private sector and we expect its influence to grow over the next few years.



School children in Peru have access to online teaching materials following our successful pilot project.

Financial affairs

We expect to see growth in income of £2.6m in 2019/20, which is an 8% increase on 2018/19. Overall income is budgeted at £33.8m and expenditure at £35.3m, with the deficit to be met by our reserves, which were boosted by the sale of Bourton Hall.

We'll continue to diversify our sources of funding and grow our unrestricted income. We aim to maintain income from institutional funders, to significantly grow the amount and proportion of income we raise from corporates and trusts and to try to maintain public fundraising at 30% of our total income through steady growth.

There will be a focus on diversifying and growing sustainable income sources across all our programmes. Particularly in Latin America, South Asia and Southern Africa, where we face particular challenges.

The IKEA Foundation, DfID (the UK Government's Department for International Development) and the UN are expected to be our largest sources of funding in 2019/20, collectively accounting for more than half of our restricted income.

Organisational matters

Our people, based in our offices around the world, are our greatest asset. It's imperative that we enable all staff members to reach their full potential. That's why we're developing an organisation-wide learning and development plan and a new global induction programme that will support teams in orienting staff to our vision and values.

We've developed better ways of managing projects that will help us deliver them more effectively and efficiently. Along with improvements in financial management and compliance areas, this will help us operate more professionally and deliver our programmes on time, on budget, safely and in line with donor expectations.

We've developed better processes for diagnosing the causes of poverty and developing effective, long-term, scalable solutions to address them. Alongside this, we've updated our vision, mission and visual identity. The coming year will see us roll out these changes globally using a suite of training resources making the organisation stronger, more aligned and better able to achieve our goals.



A community in Peru uses skills learned through our training to make its roads more resilient to earthquakes and floods.

Real world CHALLENGES

We're living through what may be one of the most changeable periods in modern history, with considerable political and economic uncertainty. These issues have led to challenges for all international development organisations.

In these volatile times, new risks are emerging constantly. We have spent time analysing the risks we are facing and ensuring that we are responding adequately to both internal and external change.

Global political and climate instability

Many countries we're active in had high levels of conflict and insecurity which affected our operations and the communities we work with. Sudan, Zimbabwe, Kenya, Burkina Faso and Mali were particularly seriously impacted. It was also a year with far more severe weather events than normal. Floods, landslides and cyclones seriously hampered our progress in India, Bangladesh, Zimbabwe, Malawi, Bolivia and Peru.

Events such as these can negatively affect the people our work supports and the long-term sustainability of our solutions. They also hinder the safety and security of our own staff. We manage this by considering disaster risks in all our work, using local knowledge and maintaining strong emergency and security procedures.

UK political situation

A significant proportion of our income comes from the EU and DfID. There is a number of factors that could result in this income decreasing.

Uncertainty surrounding Brexit continued to dominate the UK political agenda and doubt remains about the

implications for the UK economy, relations with the European Union (EU) and future access to EU funding. To mitigate this risk, we're already partnering with EU-based agencies and hope to access EU funds with them.

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

Safeguarding

It's vital our staff and partners build trust with the communities they work with by upholding high standards of behaviour. We strive to embed high standards in the culture of our teams around the world and we work with partner organisations to ensure their safeguarding standards match ours. Find out more on page 46.



At July's bluedot festival, we introduced festival-goers to our work with a series of talks, workshops and children's events.



Our community of **SUPPORT**

Collaboration is a vital strand in Practical Action's DNA. Our powerful community of support is a dynamic team of generous donors, alternative thinkers and bold partners, standing together for a world that works better for everyone.

From individual supporters to trusts and from corporate partners to national governments, we're proud of our Practical Action family. It's great to have you alongside us as we work together to help people tackle some of the world's toughest challenges.

Beyond financial contributions, we work together with partner organisations around the world to help deliver our work and collaborate with even more through our knowledge and influencing work to strengthen our messages about the change that needs to happen.

How we were funded in 2018-19

Total income:

£31.2 M

Donations from individuals, trusts and companies:

£9.1 M

Legacies from people remembering us in their Will:

£3.1 M

Grants from governments, trusts, companies and other institutions:

£15.5 M

Income from our consultancy and publishing work:

£2.7 M

Everything else (including profits on property sale):

£0.8 M

Inspirational INDIVIDUALS

Generous individuals and community groups are responsible for the majority of our unrestricted donations. Unrestricted funds are those that aren't limited to being spent on a specific project, country or work area. This type of funding is vital to our work. It enables innovation and provides fuel for growth. It unlocks potential and allows us to deliver funding to where it's most needed. We're thankful to everyone who made unrestricted donations to our work in 2018-19.

A major campaign during the year was *Planting for Progress*, which raised over £1.5 million in donations. This project was supported by the UK Government, which doubled the value of all UK donations we received. As a result, the appeal raised a grand total of £3.1 million, with the UK Government donations going directly to the Planting for Progress project in Zimbabwe. The project, which starts at the end of 2019, will enable farmers in Zimbabwe to increase their food production and income, while providing a reliable food source for their communities.

Total unrestricted donations:

£10.6M

Donations:

£7.5M

Legacies from people remembering us in their Will:

£3.1M

2,254

new members of the public supporting us.

£2.9M

spent in fundraising and supporter services

The photo on the right shows Clive Quick on a visit to one of our projects in Nepal. Clive has supported our work since the 1970s.

“I’ve been a supporter of Practical Action for over forty years. I support the organisation because I feel its ethos chimes very well with my practical nature. Practical Action’s work helps to build infrastructure and learning that are passed down for generations.”

**Clive Quick FRCS MS MA FDS,
retired Consultant General
and Vascular Surgeon**



Here is Inge Lambert in 1948, when out of the ruins of WWII, the NHS and the Declaration of Human Rights were born. Inge was a firm believer that however desperate the context, everyone has the potential to make a positive difference to the world.

“Inge believed in a world family. She was Practical Action: instead of talking about things, she rolled up her sleeves and did something. Inge believed in people coming together to find solutions to the challenges of our time. Donating to Practical Action is the perfect reflection of what her life was all about.”

Ruth Lambert, Inge's daughter

Powerful PARTNERSHIPS

Our partnerships are the foundations all our work is built upon. We're grateful for the strong support of our funding partners, who trust us to contribute to our shared development goals.

Our partners include the international development departments and embassies of national governments, including the UK, Denmark, Germany, the Netherlands, Sweden, Switzerland and the USA, as well as the Isle of Man and Jersey.

We receive significant funding from multi-national and umbrella organisations, including the European Union, UN agencies, the Asian Development Bank and the World Bank and specialist funding frameworks such as Energising Development and the Nordic Development Fund. Funding from UK Research Councils, including the Natural Environment Research Council, has allowed us to build partnerships with several universities. These include Kings College and Imperial College, London.

We have strong partnerships with large foundations, trusts and companies, which provide significant funding for our work. These include the Bill and Melinda Gates Foundation, Comic Relief, the Maxwell Stuart Charitable Trust, the IKEA Foundation, Zurich Insurance Company Ltd & the Z Zurich Foundation, the H&M Foundation, the Poul Due Jensen Foundation and The V&G Fund.

In addition to the ongoing work that's funded by these partners, we were delighted to secure grants from many of them in 2018-19 that will fund inspiring projects in 2019-20 and subsequent years.

“Through this partnership, we hope to build an evidence base that proves to others that helping young people build livelihoods based on agroecology has a positive effect on the local economy. We’re committed to transforming sustainable agriculture into a viable career that enables young people in rural areas to afford a better life. We want to pioneer alternative approaches that can be applied in other communities and other developing countries.”

Annelies Withofs,
Programme Manager at the IKEA Foundation



“Jersey Overseas Aid has been supporting Practical Action projects for over 30 years, most recently through a £400,000 grant to support their work with farmers in Nepal. The project is improving the economic situations of Nepalese farmers through a range of activities, including improving agricultural infrastructures, training farmers, and promoting insurance and veterinary services.”

Simon Boas,
Executive Director of Jersey Overseas Aid

Jersey Overseas Aid (JOA) has supported us for more than three decades. Alongside funding our project work, it has contributed to our wider success. Most recently, we worked with teachers in Jersey to introduce the next generation to international development through our education resources. We met with the Jersey Government’s Head of Curriculum, which led to teachers throughout Jersey being trained using our resources, including the highly-respected ‘STEM Challenges’. We also have a JOA-funded intern, Rebecca Curtis, working with us on a secondment. She spent much of the year working as part of our Malawi office.

Meet the people MAKING CHANGE HAPPEN

Practical Action is powered by some of the smartest minds in the development world, backed up by skilled professionals in every area of our organisation.

We believe our team is one of the best in the world – overflowing with talent, passion, expertise and commitment. Together we're helping people to tackle some of the world's toughest challenges.

Alicia Quezada - Regional Director - Latin America

Alicia is leading our Latin American team through a time of dramatic change in the region. Recent economic growth across Latin America has boosted overall wealth. This has caused challenges in accessing funding for our work - work that supports the many people left behind in poverty as wealth inequality continues to grow. But it also creates new exciting opportunities for scaling up solutions and for new partnerships with the private sector.

"This year, we've honed our agroforestry model and resumed work in border areas of the Amazon. We've also generated knowledge for the coffee sector, consolidated our Healthy Schools programme for rural areas in Peru and improved our methodologies and approaches on building resilience."





Hossain Ishrath Adib - Head of Programme Implementation - Bangladesh

Managing a diverse portfolio of transformational work across Bangladesh is no easy task. But that's exactly what Adib has achieved in the implementation of our work in the country. It has included improvements to farming practices that are helping the poorest farmers thrive in the most challenging conditions and collaboration at local and national levels that has transformed the lives of people in city slums and refugee camps.

"This year felt like an exciting journey that involved unbundling new opportunities while finding solutions for emerging problems both in development and humanitarian space – a more eventful year to follow, I believe!"

Loise Maina - Global Gender Adviser - Kenya

No community or country can achieve its potential or meet its challenges without the equal and full participation of women and men, girls and boys. As an expert adviser on the role of gender in international development, Loise has been an invaluable guide during a year when the importance of empowering marginalised people within vulnerable communities has been stronger than ever.

"It's exciting to be part of a global organisation that is committed to promoting gender equality and social inclusion in all we do so that we can achieve sustainable and inclusive change in the communities we serve."



Chris Henderson - Senior Policy and Practice Adviser: Agriculture - UK

Chris is our Head of Agriculture and his knowledge and experience have allowed us to successfully embed agroecology in our global agriculture work. Over the course of the year, we've worked with tens of thousands of farmers in very different environmental and economic contexts ranging from the mountains and lowlands of Nepal, to the dry river plains of Darfur, to the forested hillsides of tropical Peru and Bolivia.

"We're helping farmers use their knowledge and resources so that agriculture 'works' for them, whether that be providing food or income, without damaging the planet."



Bibiana is running a profitable business in Kisumu, Kenya, after taking Practical Action training to learn how to make and sell reduced-smoke cook stoves.

Energy that transforms

Almost three billion people don't have clean, safe cooking facilities. Close to one billion people don't have the electricity that could improve their health, education and opportunities to earn a better living.

People living in poverty are the least likely to have access to energy. And they are more likely to remain poor if they stay unconnected because most economic activity is impossible without adequate, reliable and competitively priced modern energy.

**NEARLY
1 BILLION**

people don't have access to electricity.

**ALMOST
3 BILLION**

still cook with polluting fuels.

We do not accept that millions of us may not gain access to affordable electricity or clean cooking for at least another generation – if at all.

We're innovating in clean cooking and energy solutions, including solar and water powered electricity. We're bringing together communities, energy providers and decision makers to put sustainable, clean energy solutions to work for the people who need them most.

245K

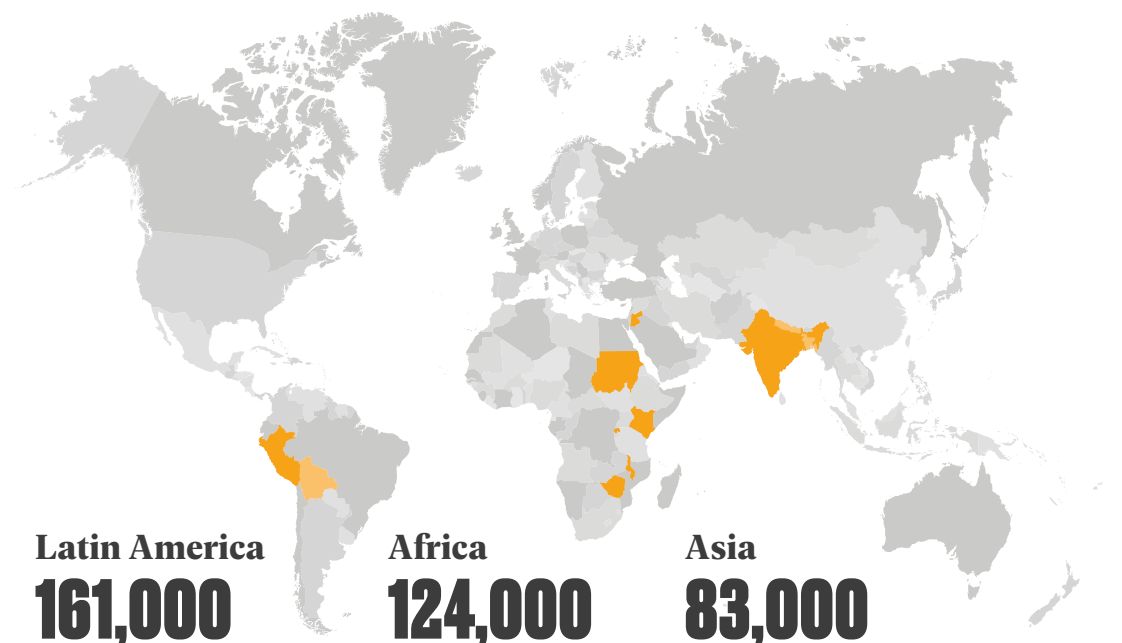
people benefitting from our work improving access to modern, sustainable energy services

123K

more people benefitting indirectly from our energy access work

£7.6M

spent on our energy access programme



Energy for refugees

Sustainable energy can bring light and hope to the world's poorest communities. That's why we're supporting refugees to access renewable energy so they can rebuild their lives and move away from a reliance on aid.

There is a widely-held misconception that electricity isn't a priority for refugees— an opinion that is even held by some within the international development community. It's based on an assumption that refugee camps and settlements are places of temporary shelter. But many people live in them for years – even decades. That's why our consultants are challenging this conventional view, laying the foundations for our work with displaced people in Rwanda and Jordan: work that is helping refugees to rebuild their lives and end their reliance on aid.

Refugee communities in Rwanda and Jordan need energy to power their homes, schools and health clinics. Families need it for earning an income, for cooking and studying. Yet, in most refugee camps, electricity is scarce and expensive.

Working in partnership with UNHCR and supported by the IKEA Foundation, we're helping refugees and their host communities to access training, technology and expertise. As a result, renewable energy is now powering homes, schools and businesses. We aim to expand our work to reach 10,000 people in Irbid, Jordan and 50,000 people in Rwanda's Kigeme, Nyabiheke, and Gihembe refugee camps.

Chantal has lived at the Gihembe refugee camp since 1997, when she fled violence in the Democratic Republic of the Congo. She sews clothes in a small mud hut using a manual sewing machine. Our work in Rwanda and Jordan is helping entrepreneurs like Chantal use electricity to improve their lives and livelihoods and end their reliance on aid, despite living in refugee camps.



Our work on humanitarian energy, including our continued participation in the Moving Energy Initiative consortium, has been highly influential. It secured commitments from senior sector leaders to the Global Plan of Action for Sustainable Energy Solutions in Situations of Displacement. This plan has been described by energy experts as a “game-changer”. In this way, we’re ensuring our successful approaches are embedded in humanitarian relief around the world and helping hundreds of thousands of refugees to move from reliance on aid to economic independence.

“I believe that if there was electricity in this camp my business would grow. That would mean better opportunities for me and my son. I would be able to pay for him to get a good education and have a brighter future.”

Chantal,
a tailor in Gihembe refugee camp, Rwanda

Attracting energy talent

Energy experts are in high demand. As a result, development organisations are finding it difficult to recruit and retain experts with the high level of skill and experience needed. This is a challenge for us that has caused staffing gaps, both in our UK consulting team and in our teams in Africa. The work we’re doing on our organisation-wide learning and development plan and new global induction programme will go some way towards making Practical Action a more attractive prospect for potential employees. Our increasingly high profile in the off-grid energy sector will also help bring more energy-skilled professionals through our door.



Farmers in Zimbabwe are harnessing the natural power of the sun to pump groundwater to the surface to irrigate their crops.

Farming that works

More of the world's people rely on agriculture for their survival than any other occupation. But more than three quarters of the world's poorest people are farmers, confirming that agriculture simply isn't working for the vast majority of them.

75%

of the world's poorest people live in rural areas and depend on farming for their livelihood.

50%

of hungry people belong to farming families.

We refuse to accept the only future for food production is an agricultural system that destroys the planet and keeps farmers trapped in poverty.

We're making agriculture work better for struggling smallholder farmers, so they can adapt to climate change and achieve a good standard of living.

We help people build farming systems that connect nature (climate, land, water, plants and animals) with people (culture, economics and society). We call this approach agroecology. It can enable smallholder farmers to achieve a decent standard of living, whilst protecting the environment.

1.13M

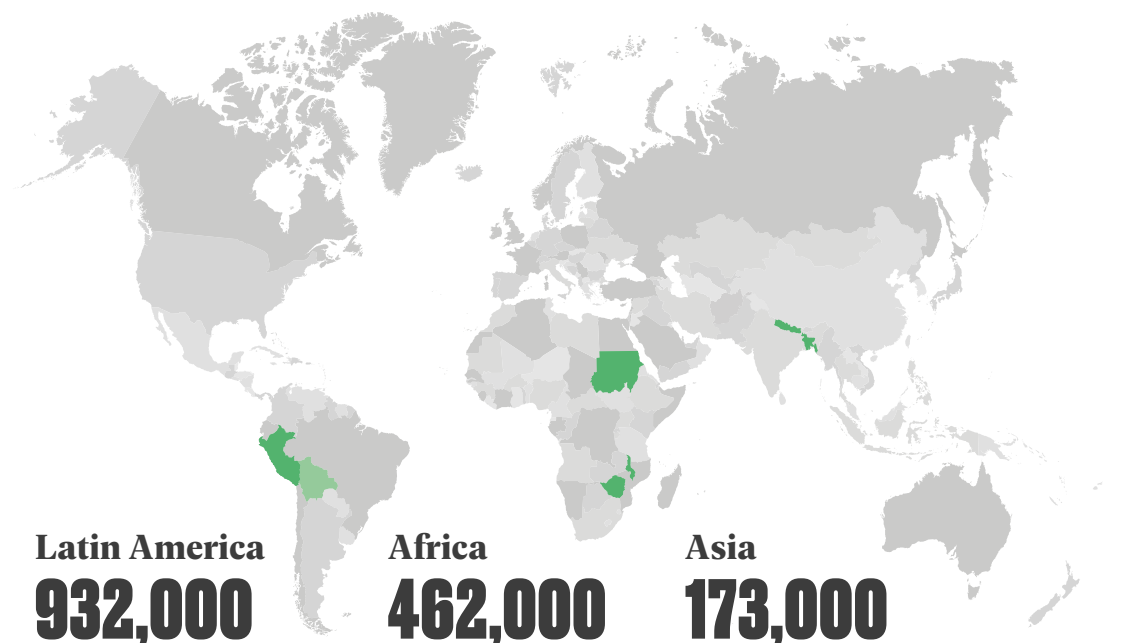
people benefiting directly from our work to improve the productivity of their land or livestock

432K

more people benefiting indirectly from our food and agriculture work

£8.9M

spent on our food and agriculture programme





Small farms GREAT FUTURES

Coffee production is the economic engine of many tropical countries with millions of people depending on coffee farming and related activities.

Despite the economic importance of coffee, being a coffee farmer in Peru or Bolivia is a constant struggle because of the poor soil, small pool of buyers and the impact of climate change, including more frequent and severe floods and droughts. Fluctuating product prices and remote locations are two more hardships. Many farmers struggle to feed their own families. In desperation, people are leaving rural areas to look for work in the cities. This causes its own problems, as urban infrastructure fails to keep up with migration. Farmers who remain often resort to destructive farming practices that aren't sustainable and damage the environment.

Our agroecology approach has transformed rural communities in the cloud forests of Latin America. We approached this challenge with a package of interventions that included development of agroforestry techniques and harnessing the power of the sun and running water to bring electricity to remote rural areas. We helped to reintroduce native seeds

that are well-suited to the variable soil quality. By helping people form co-operatives and access funding, we were able to help electrify businesses and make farming more profitable.

New equipment and techniques have been introduced, alongside training and skill sharing on-location. The introduction of layering and other agroforestry techniques has diversified crops, shaded coffee plants and enriched the soil without using chemicals. It has also reduced the carbon produced from coffee production.

We've worked with over 10,000 smallholder farmers directly and through cooperatives. The agroforestry approach has increased the productivity and quality of coffee crops – increasing their value and marketability. With our support, farmers are now able to feed their families and have enough produce left over to sell for a profit. They use the money to buy more nutritious food for their families, educate their children, reinvest in their businesses, repay loans and make improvements to their homes to help them withstand disasters. And our solutions are sustainable, so they help to preserve the region's unique ecosystems.

For decades, Genaro was unable to make a profit from his farming business. He also witnessed first-hand the deforestation caused to the environment by damaging farming techniques. Now, he is able to enjoy the prosperity of his farm and the beautiful local environment he has helped protect.



The evidence generated by our agroforestry work with coffee has now been adopted by people farming other crops, such as cocoa and bananas. It's being used by other organisations in the region, including World Wildlife Fund. Our agroforestry model is now identified in the National Climate Change Initiatives as a sustainable, effective approach to reduce carbon emission and make coffee production environmentally sustainable (as well as profitable for smallholders).

"Thanks to the technical training programme provided by Practical Action, I'm making a bigger profit. Almost all my coffee has been of good quality and I have had good returns even in difficult times. With this project, farmers in this area have become almost like a family. We're working together towards a shared goal."

Genaro Alarcón Pérez,
a coffee farmer in Santa Fe, Peru

Farming with flex

Farming practices are strongly determined by the local environment, which varies dramatically from place to place. This variation creates a challenge for us because it makes it difficult to create a common agroecological approach that can be replicated in different places. That's why we're so excited about the flexible model for agroecology that we're developing - we're confident that it will be adaptable enough to transform farming in rural communities around the world.



Sanjay, a pit emptier in Bangladesh, is looking forward to a healthier and more secure future for his family.

Cities fit for people

The population of urban slums and settlements continues to grow, with the needs of the poorest and most vulnerable often overlooked.

Lives are at risk from a lack of clean water services and inadequate and unsafe sewage and refuse management.

2 BILLION

people are expected to live in slums by 2030.

70%

of the world's population are expected to live in urban areas by 2050.

We challenge the idea that poor people should have to live in squalor. We've pioneered solutions that can help change cities for good.

We're working with communities, municipalities and utility companies to deliver sustainable sanitation, water and waste management services that work for the poor.

Together we're improving hygiene practices and protecting the health, safety and dignity of poorly paid waste workers.

185K

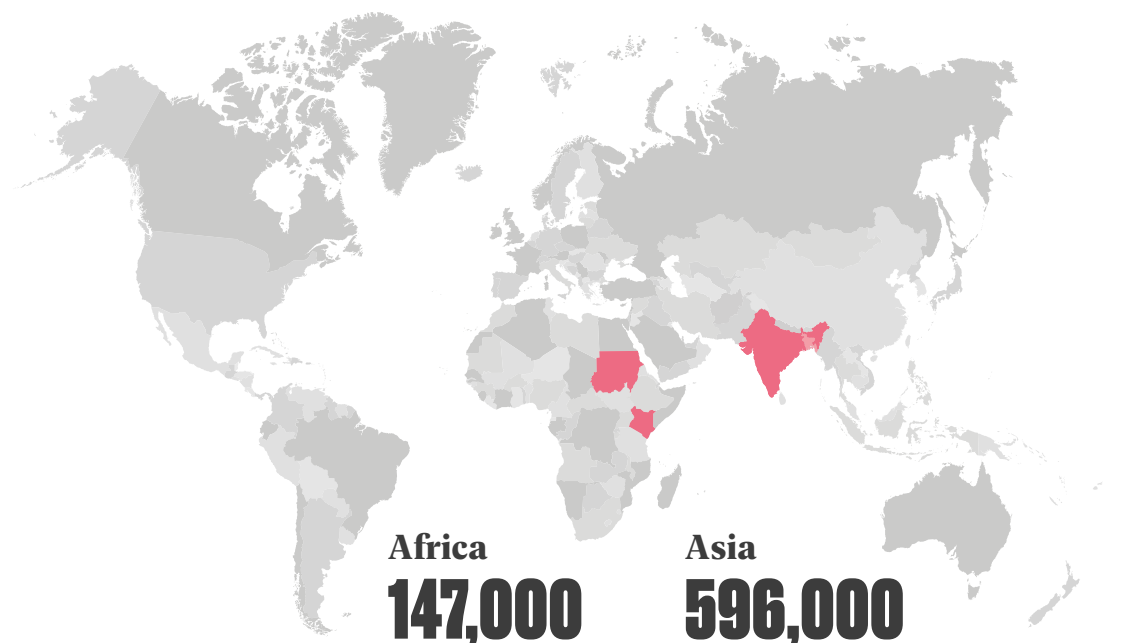
people benefiting directly from our work to improve access to clean water, sanitation and waste services

558K

more people benefiting indirectly from our urban water and waste work

£5.3M

spent on our urban water and waste programme*



*This programme includes our water resource management work in Sudan. Next year, we'll account for this work in our Resilience that protects programme, which is more reflective of the nature of this scheme of work.

Health and dignity in the slums

People don't like to talk about faecal waste management. But in Bangladesh, it's the key to improving lives and the environment.

In Bangladesh, almost everyone has access to a basic toilet, but disposing of the human waste is a major problem. Often toilets overflow in the street or waste is dumped in local rivers, creating hazards to health. The infrastructure and service provision in cities is poor and the working conditions of informal pit emptiers are dangerous to their health. They are poorly paid and often socially excluded because of the nature of their work.

We've supported the existing informal sector groups so that they can provide efficient and effective collection and treatment services in the city of Faridpur. These waste workers have reclaimed their dignity through better, safer working practices, and being involved with the Municipality discussions on the design, delivery and management of services.

We collaborated with local authorities and private companies to develop a simple, low-cost sewage plant and special equipment to extract waste and transport it to the

plant. Workers were given special clothing to help protect their health. Their status in the community has been boosted through the formation of a co-operative to run the waste operation on a business footing.

Influential organisations and businesses, including the World Health Organisation, joined our international network of experts to help take our solutions to more people. We welcomed students at Leeds University to carry out sanitation studies to support our work. The Government of Bangladesh has approved the Institutional and Regulatory Framework for Faecal Sludge Management and asked us and our partners to develop a plan to put it into practice.

We helped create a manual, *Faecal Sludge and Septage Treatment*, to share this knowledge around the world. The book is already helping large swathes of the planet to live with the dignity and convenience that so many of us take for granted – and is a prime example of the accessible practical, high impact resources we produce. We've distributed the manual to 99 countries and it has already been read by over 2,800 changemakers.

A pit emptier in Bangladesh. Once cultural outcasts, the people who empty the country's latrines now finally have a say in their communities. New equipment, such as this 'gulper' mean that their jobs are cleaner and safer. And through participating in committees and co-operatives, they are able to influence local and national policies.



We won the Collaboration Award in the 2019 Development Awards from BOND, the UK network for organisations working in international development. This recognised the breadth and depth of our collaboration with communities, local and national government, companies and international bodies as we worked together to improve the management of human waste in Bangladesh.

“Practical Action has influenced policy, as well as organising waste workers and their protective clothing. It feels like a good example of systems influencing. The partnerships behind the work are multi-layered. Working with local government, the list of partnerships and collaboration was interesting and showed the complexity of the challenge.”

**Judging panel,
BOND**

Beating bureaucracy

In India, complications around land ownership and planning permission for sewage treatment plants have been challenging and have delayed our plans. We have made considerable progress this year, though, with one plant serving around 50,000 people already running and two more due to open soon. The success of our work in Bangladesh is helping us to demonstrate the efficacy of our solutions to our partners in India who can help us overcome bureaucratic barriers to rolling out our work there.



In Nepal, our training has helped people learn to make earthquake-resistant bricks out of locally-sourced materials.

Resilience that protects

Climate change is leading to increasingly frequent and more severe hazards and disasters. People living in the world's poorest areas are the most vulnerable and hardest hit.

11%

of all global greenhouse gas emissions caused by humans are caused by deforestation — comparable to the emissions from all of the cars and trucks on the planet.

800 MILLION

people are currently vulnerable to climate change impacts such as droughts, floods, heat waves, extreme weather events and sea-level rise.

The people who pollute the least are the most affected by climate change. We're supporting poor people and their communities to become more resilient to the changing climate.

We're part of making resilience a way of life. We work with people to adapt their lives to a changing climate and put plans and systems in place to predict natural hazards and find ways to minimise their impact.

182K

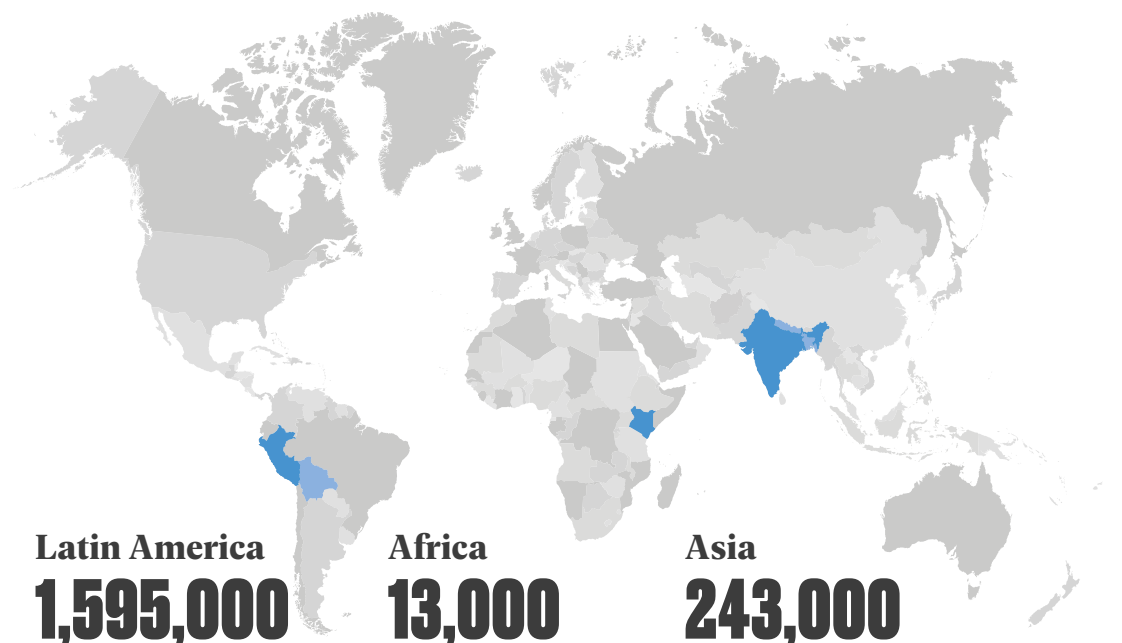
people benefiting directly from our work improving resilience to natural hazards

1.67M

more people benefiting indirectly from our disaster risk reduction work

£5.1M

spent on our disaster risk reduction programme



From vulnerability TO RESILIENCE

As a proud partner in the Zurich Flood Resilience Alliance, we're helping people in Nepal, Bangladesh and Peru become more resilient to floods.

Floods affect more people globally than any other type of natural hazard. They cause some of the largest economic, social and humanitarian losses, involving on average some 250 million people each year. The poorest communities suffer most as repeated disasters undermine their potential to develop and trap them in a cycle of poverty. Flood risk is increasing as poor development, erratic rainfall patterns and unsustainable land use practices put more people in harm's way.

For six years we've been part of the Zurich Flood Resilience Alliance. This brings together risk expertise from the private sector and from research, humanitarian and development organisations. Its aim is to reduce risk and improve the livelihoods of vulnerable communities. Our main role in the Alliance is as a developer and sharer of practical, tried-and-tested knowledge – something that's allowing us to share best practice

with flood-prone communities around the world.

People have been helped to build low-cost monitoring stations, which send out SMS alerts warning communities about impending floods. It gives them extra time to protect their property and possessions. They've also learned to adapt their farming methods and have put together evacuation plans, which further helps them prepare. Meanwhile, the flood resilient shelters we've helped them build and their new food distribution processes are helping them bounce back after floods.

Our expertise has already influenced national adaptation plans and climate change policies. Through our engagement with influencing groups, we've even helped shape the processes of the United Nations Framework Convention on Climate Change in the areas of climate technology and loss and damage. By sharing practical experiences of the poor communities in which we work, we have helped to consolidate knowledge and influence policy. Something that continues to be at the top of our agenda in our engagement with the Alliance.

Karuna was born into poverty and through her determination and ambition has worked her way up to become a leader of her local community. The Community Disaster Management Committees (CDMCs) set up with help from Practical Action have given influential local people like Karuna new opportunities. And they have benefitted the community with initiatives like this weather board, which allows people to plan for future weather events.



We're also working with the Red Cross Climate Centre as knowledge brokers for DfID's largest Science for Resilience programme. We've teamed up with leading scientists and researchers, capturing the most innovative and ingenious solutions and sharing knowledge across academic, policy and practitioner communities to reduce risk and build resilience.

"As Chair of the Community Disaster Management Committee, I'm respected as a leader by my local community. I'm thankful to have this opportunity to help people in the area. The villagers trust me and I am repaying their trust."

Karuna Chaudhary,
CDMC Chair in Nepal

Powerful partnerships

The climate crisis is creating a whole new set of challenges when it comes to resilience. Disasters are becoming worse and happening more often – accelerating the need to find solutions to problems that have existed for years but are getting rapidly worse. Despite this, it's hard to persuade governments to invest in risk reduction. That's why we're continuing to work with powerful partners to make the case that disaster resilience and therefore reducing the negative impact of floods and other natural hazards for the poorest who are often left behind.

FINANCIAL AFFAIRS

Our Finance and Services Director, John Lockett, reviews our finances over 2018/19.



After several years of growth, our charitable expenditure dipped slightly in the year. We secured adequate funding in most regions. However, delivery, and the associated expenditure and income, was hampered by exceptionally challenging operational environments. This was the case in Zimbabwe and Sudan in particular, where political instability hindered our work.

In Latin America, funding has fallen as donors have shifted their focus to other parts of the world. We're responding by reshaping our scheme of work and reducing costs. In addition, we're developing new funding sources and continue to see the potential for viable and impactful projects in this very varied region.

Our international consulting services delivered an inspiring programme, and more work for the wider group, but following an extended period of expansion failed to meet income targets in the face of difficult market conditions. The financial business model was refreshed during the year, plans reviewed and business development efforts reinvigorated: based on the resulting income pipeline we anticipate a more robust financial performance in the year ahead.

Despite these challenges, charitable expenditure was within 5% of the prior year. Based on a strong funding

pipeline, driven in particular by new partnerships and increasing recognition of our work, we anticipate a return to growth in 2019/20.

Income from donations and legacies was maintained year-on-year at £12.2m, of which £10.6m was unrestricted. Our supporters remain very committed. However, attracting new regular supporters continues to be a challenge in what has been a difficult year for international development charities in general. We're hopeful that our reinvigorated approach to communicating our unique offering, as well as targeted communications, will attract new like-minded supporters. Nevertheless, we anticipate that UK public fundraising will remain challenging in the immediate future.

Fundraising expenditure was restored to historical levels following exceptionally low levels of investment in the prior year as we reviewed our portfolio and tested new approaches. A significant portion of this expenditure has yielded, or is expected to yield, income for future years. We've also been focused on diversifying our sources of grant funding and our future pipeline is seeing a higher proportion of grants coming from corporates and trusts.

Central support costs were up year-on-year with significant investments in enhancing our digital communication capabilities, project management, the refresh of our

visual identity and meeting enhanced donor compliance requirements. The UK office move to more appropriate premises adds ongoing rental costs, but efficient use of space, our inexpensive Rugby location and the proceeds from the sale of our former office, more than compensate.

We ran an unrestricted deficit in the year of £0.8m using the proceeds from the sale of the UK office. We provided additional financial support to some country offices, invested in our programmes and built organisational infrastructure. Reserves remain above target levels at the year end and we anticipate running further deficits over the next three years, taking the opportunity our strong finances provide to invest in ingenious ideas and equipping Practical Action to thrive in a fast changing and more demanding world.

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 again and the scheme is now in surplus: the deficit previously carried in our accounts has thus been eliminated though we do not judge it appropriate to recognise the surplus as a recoverable asset.

Balance sheet and reserves

Our total reserves at the end of the financial year were £11.0m, made up of £1.4m restricted reserves, £0.9m designated reserves and general funds of £8.8 million. Our reserves are £2.5 million above the target range defined in our reserves policy (£5.3m – £6.3m). This is due to the disposal of our UK office in the year, the proceeds of which were £2.3m, lower than budgeted expenditure and a reduction in our reserve requirement consequent

on lower income and spend growth projections for future years. Plans are in place to draw down on excess reserves, bringing them within the target range within two years.

We require funds 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 £2.9 and £4.0 million are held in contingency against the following principal risks:

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

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 £5.2m to our partners to support the delivery of our programmes. Due diligence is carried out prior to any agreement being made and we track and monitor funds against the agreed deliverables. In the year, we tightened our expectations, contractual arrangements and monitoring of partners in a range of areas including safeguarding.

Looking forward

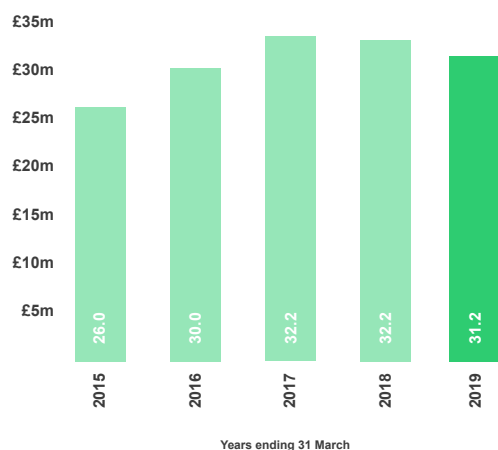
We face uncertain fundraising and operational environments, including Brexit-related uncertainty in the UK, economic and monetary issues in Zimbabwe and continued political uncertainty in several places, particularly Sudan and Zimbabwe. The charitable sector as a whole faces continuing scrutiny and a prominent scandal at another organisation could have wider implications for public perceptions. Meanwhile, increasing donor compliance requirements add to costs and the increasing prevalence of donor financing mechanisms, such as payment-by-results, transfer more financial risk to us and our delivery partners.

We're investing in our ability to meet these challenges and meet evolving expectations whilst keeping our ongoing costs proportionate and ensuring we build the full costs of delivery and compliance into funding agreements. Our strong reserves position puts us in a good position to invest in strengthening organisational capabilities. We have a unique offering, which we are now communicating more effectively to a wider range of potential supporters. Encouraged by success in developing new funding partnerships, we're targeting renewed growth in charitable work expenditure and impact in the coming year.

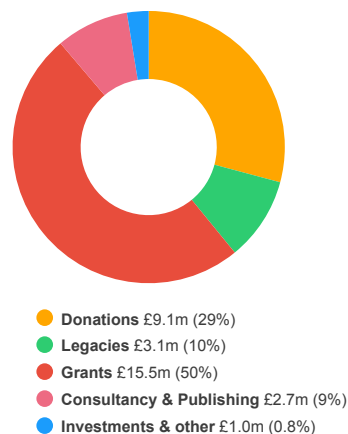
For principal risks and uncertainties, please see Real World Challenges on page 13.

Summary of income and expenditure

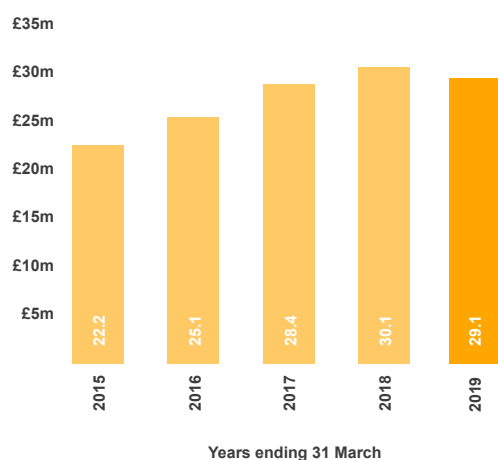
Total annual income



2018/19

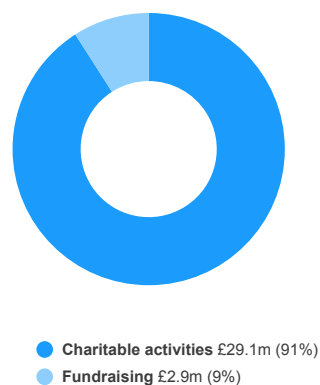


Total expenditure on charitable activities (£m)



2018/19

(including fundraising and governance)



We explain what we mean by charitable activities on page 56.

This report, which incorporates the Trustees' and Directors' Annual Report and Strategic Report, was approved by the Board on 20 November 2019 and signed on their behalf by:

Helena Molyneux
Director

Governance and administration

The Board of Trustees

Practical Action is a registered charity (registered in England and Wales, reg. number 247257) and a company limited by guarantee (CRN 00871954).

Practical Action's activities are governed by the Board of Trustees (who are also Directors of Practical Action for the purposes of company law), in line with our Articles of Association and main charitable objective. The Trustees are responsible for overseeing the management of all the affairs of Practical Action and delegate day-to-day management of the organisation to the Chief Executive and the Senior Leadership Team. The Board of Trustees has a formal schedule of matters which are reserved for its consideration and approval. These matters include, but are not limited to: the approval of the organisation's objectives, strategic aims and business plans; the approval of group policies, annual reports and accounts; the appointment and removal of Trustees, Members and the Chief Executive. The Board of Trustees also approves expenditure beyond the Chief Executive's delegated authority.

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 a maximum of nine years (except for the Chair, Vice Chair or Treasurer, who can continue to be Trustees for a maximum of 12 years). Trustee recruitment is conducted by the Organisation Committee. Trustee recruitment advertisements are placed on our website, in selected publications and on a variety of sector websites. The Board of Trustees 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 or she stands for election by the Members but does not count as part of the rotation for that year. Practical Action had 11 Trustees at the end of the 2018/19 financial year.

We provide an individual induction programme and 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. Events provide Trustees with a greater understanding of their legal responsibilities and the chance to discuss emerging issues affecting the sector. Training includes induction days to meet senior management and key employees to familiarise themselves with the organisation. Trustees also attend workshops and visit international programmes to develop their knowledge of our programme work and impact.

In accordance with normal commercial practice, the organisation has 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 2019 was £3,500 (2018: £3,500).

Tessa Baring CBE

We were sad to learn of the death of Tessa Baring in May 2019. Tessa played a key role in Practical Action's

journey. She was a Vice Chair of the Board of Trustees when some crucial decisions were made. Her fellow trustees remember Tessa's wisdom, measured judgement and real interest in the mission and work of the organisation, as well as someone who was friendly, personable and lovely to work with. Tessa continued to support us after leaving the Board. She'll be much missed and our sympathies are with her family and friends.

New trustees

We're pleased to welcome Dr Yvonne Pinto to Practical Action as a Trustee and Chair designate.

Yvonne joined the Board of Trustees of Practical Action on 1 April 2019 after the end of the 2018/19 financial year. She has over 25 years' experience in the agriculture sector and is the managing director of consultancy firm ALINE Impact Limited. She has a BSc in Agriculture and a PhD in Molecular Virology. Her interest in development began through her work in science and innovation and the realisation that innovations were not reaching the people who needed them most. She has worked with the Bill and Melinda Gates Foundation, the Gatsby Foundation, UN FAO and the Centre for Environmental Policy at Imperial College. She has been the Chair of World Fish Centre and currently sits on the Board of Kilimo Trust and CONNECTED Management Board. Yvonne will become Chair of Practical Action's Board of Trustees after the AGM in December 2019.



“What draws me to Practical Action is the different way the organisation approaches development; ingenious thinking, knowledge sharing and bold collaboration – bringing people and ideas together to bring about lasting change to the systems that keep people poor. I can’t wait to get started as the new Chair of Trustees.”

“I’ve always admired the work of Practical Action because of the scale of change they manage to achieve. Growing up in Ethiopia, I gained an understanding of the challenges faced by communities living in difficult circumstances. My career began in science and innovation and I soon realised that the most appropriate innovations were not reaching those who needed them the most.”

Yvonne Pinto, Trustee and Chair Designate

About the organisation

The Board of Trustees is responsible for the overall management and control of the organisation and meets at least 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. The Trustees are allowed to claim for travel and accommodation expenses after attending meetings. The Board of Trustees created two committees of the Board. Each committee includes members of Board of Trustees and may include additional members appointed for their specialist knowledge. These committees are:

The Finance, Audit and Risk Committee

This committee oversees matters of financial control and performance, external and internal audit, fraud, whistleblowing and organisational risk. It also maintains an oversight of the organisation's fundraising plans and activities.

The Organisation Committee (previously known as the Nomination and Remuneration Committee)

This committee reviews the composition of the Board and subsidiary companies as well as overseeing the Trustee recruitment process. It also oversees the terms and conditions of employment of the Strategic Leadership Team and considers reports from the organisation's 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 the organisation's international programmes and consulting practices.

Subsidiaries and associated organisations

The charity has two wholly-owned trading subsidiaries registered in England and Wales – Practical Action Publishing Limited and Practical Action Consulting Limited.

Practical Action Publishing Limited partners with the brightest minds to publish the latest development perspectives in a wide range of languages and formats – from practical 'how to' manuals to academic texts and journals; online, in print and open access formats. Its resources bridge the gap between research and practice, and have reached 184 countries worldwide.

Practical Action Consulting Limited provides technical assistance consultancy services to governments, NGOs, aid agencies, research institutions and the private sector on: energy access; inclusive agriculture; urban water and waste; disaster risk reduction and markets.

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

- Practical Action Consulting Private Limited Nepal – a private limited company registered in Nepal. Practical Action

Consulting Limited UK has a 51% shareholding

- Practical Action Consulting (India) Private Limited – a private limited company registered in India. Practical Action Consulting Limited UK has a 99.9% shareholding.
- Practical Action Consulting Limited Malawi – a private company limited by guarantee registered in Malawi. Practical Action Consulting Limited UK is one of the two members of the company.
- Practical Action Consulting Bangladesh Limited – a private limited company registered in Bangladesh. Practical Action Consulting Limited UK has a 99% shareholding.
- Practical Action Consulting S.A.C. – a private limited company registered in Peru. Practical Action Consulting Limited UK holds 49% shareholding.
- The Rwanda and West Africa offices have been registered locally as branches of Practical Action Consulting Limited. The organisation also registered a branch office of Practical Action Consulting Limited in Nepal in order to comply with local government requirements to deliver a particular three-year project for Agriculture Commercialisation and Trade.

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.

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 two directors nominated by Practical Action in the UK. 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 Consulting Limited 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.

Charity Governance Code 2017

Practical Action is a global organisation and we firmly believe in the recommendations of the Charity Governance Code. We have undertaken a review of the code and our Governance Working Group is currently reviewing the organisation's governance framework in line with the recommendations of the Code. The Trustees confirm that the Charity

is taking positive steps towards working in line with the Code in all ways where it is practicable to do so.

Fundraising

Our Supporter Promise is our public commitment to supporters that we will behave in a way that's respectful, honest and accountable. Our in-house supporter care team answers queries about fundraising from our supporters and we have a procedure for investigating complaints. We received 25 complaints relating to our fundraising activities in 2018/19. The most common feedback related to the suggested donation amounts in our letters to supporters. We received no serious complaints relating to our fundraising activities in 2018/19.

We comply with all relevant statutory regulations, including the Charities Act 2011, the Charities (Protection and Social Investment) Act 2016, the Data Protection Act 2018, the Privacy and Electronic Communications Regulations 2003. We're registered with The Fundraising Regulator and use the Fundraising Badge to show our commitment to best practice. We adhere to the Codes of Fundraising Practice, which cover all aspects of voluntary income generation in the UK. We're also members of the Institute of Fundraising.

We've developed a Fundraising Compliance Handbook and a Fundraising Policy to further support our commitment to high standards of practice. These cover current fundraising regulations, data protection, accepting and refusing donations, protecting vulnerable people and complaints procedures. For all fundraising staff, long-term and short-term objectives include knowledge and understanding of these documents and of the Codes of Fundraising Practice.

When working with a third party or partner organisation for fundraising purposes, we work closely with them to make sure they meet our own high standards of practice. We also use due diligence, mystery shopping, call listening, results evaluation and a right to audit. Joanne Smith, a Trustee, has extensive fundraising management experience, which strengthens the Board in its fundraising governance role.

During the reporting period, we worked with three third party Professional Fundraising Organisations (PFOs). These organisations contacted and visited selected employers to encourage them to sign up to a payroll giving scheme. Employers signing up to the scheme could choose from a list of different charities to support - Practical Action was one of these. We provided materials and training so that PFO staff could talk knowledgeably and accurately about our work. We also track and monitor their performance in all areas of their work for us.

We've focused on encouraging philanthropic giving, regular giving and legacy gifts, as well as on attracting new long-term supporters. In 2018-19, 32,000 people supported us with a gift. 2,254 of these were new donors, but we still have work to do when it comes to attracting new supporters. Our new website and other digital platforms are giving us more and better ways of doing this.

Despite the challenges, our fundraising performance has allowed us to continue to invest in securing income for the future. Thanks to pledges from committed givers and other donors, at the start of the 2019-20 financial year, we were confident that 30% of our public fundraising target was already secured.

Remuneration, equal opportunities and staff engagement

Our remuneration policy is based on an ambition to recruit and retain skilled staff who are remunerated 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, comparable to 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. Remuneration Committees in each country 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 held to account by the Organisational Committee of the Board. Remuneration of Executive Directors is subject to the approval of the Organisation Committee. The Chief Executive officer's remuneration requires Board approval.

We have an Equal Opportunities Policy in place 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 staff 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. The last survey in 2017 recorded award-winning levels of employee engagement in all of our offices.

Global gender pay data as at April 2018

We believe that the possibilities open to our employees to participate and reach their full potential should not be defined by gender. We therefore seek to create an inclusive workplace for both women and men. We do not believe that an inclusive workplace requires an equal number of women and men, but we do believe that our people should not encounter any barriers on joining, progressing or contributing based on their gender.

To fulfil our commitment and ensure that opportunities are not defined or limited by gender, we may need to take different actions specifically aimed at addressing the barriers that either women or men face. There is evidence to show that many obstacles to achieving inclusivity relate to women more than men. Therefore, in practice, our gender action plans may focus on addressing key difficulties that women face entering and progressing in the workplace. We are committed to understanding actual or perceived barriers to inclusivity experienced by either women or men and will prioritise actions to remove or reduce these.

While Practical Action does not fall within scope of the regulatory

requirement¹ to collect or report gender pay gap information, as a global organisation, and because our commitment to diversity and inclusion applies everywhere we operate, we measure and publicise our global pay gap, i.e. we consider all employees based in all offices. If we follow the calculations contained within the regulations, our global pay gap is as follows:

Mean:

Women are paid 39% more than men

Median:

Women are paid 56% more than men

This data is based on local currency to GBP exchange rates as at April 2018.

Globally, 43% 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 (73%) where salaries are relatively high compared to the developing countries where the organisation works and the lower proportion of women employed in country offices where salaries are lower (excluding the UK team, 35% of Practical Action's staff are women). Looked at location by location we find a mixed picture with mean gender pay ratios varying from 23% in favour of women to 64% in favour of men.

Across the global organisation, women constitute around 60% of our highest paid quartile. Our most senior global leadership team is also made up of 60% women. However, we believe there is more we can do to explore and address the underrepresentation of women in more senior roles in some of our locations and particularly in our Asian offices.

¹ Equality Act 2010 (Gender Pay Gap Information) Regulations 2017

There is a notable change to mean and median pay gaps since 2017-18 (25% and 16% mean and median respectively) which is largely caused by the increased number of women in senior roles (50% to 60% of the highest paid quartile) coupled with the increased representation of women in the UK office and exchange rate differences used to calculate global data.

We remain 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 diversity of the contexts we work in and tailoring our approaches accordingly.

Safeguarding

We firmly believe that nobody should experience exploitation or abuse, including sexual exploitation or abuse, bullying or harassment, and we take seriously our responsibility to protect people coming into contact with our work. We seek to create a strong and effective safeguarding culture that promotes the rights and protection of beneficiaries, community members, staff, volunteers or anyone else impacted by our activities.

During this year, there have been significant improvements to relevant policy frameworks including the development of a new Global Code of Conduct and Safeguarding Policy to complement an existing Global Complaints Framework which details

whistle-blowing arrangements. The Safeguarding Policy is reviewed and approved by the Board and a designated Safeguarding Trustee, Helena Molyneux, oversees necessary governance arrangements for safeguarding. Steps were taken to prevent the perpetrators of abuse from being employed through safer recruitment practices and practice in this area will continue to be strengthened in the future. Our employees were trained in safeguarding through e-learning and face-to-face activities. Awareness of available reporting mechanisms was raised and people were encouraged to report concerns, including through an external anonymous reporting service. Appropriate ways to respond to issues raised were developed to investigate concerns and, where appropriate, deal with safeguarding misconduct, including through the use of disciplinary action.

Transparency is one of the ways Practical Action demonstrates its commitment to safeguarding. As such, we record, report and publish the number and type of complaints received. Regular reports of these complaints are provided to the Organisation Committee and details of all concerns are provided. In the year 2018/19, 20 complaints were received as follows:

Complaint type	Number of complaints
Safeguarding	8
Grievance	10
Other	2
Total	20

Of these complaints, one serious incident was reported to the Charity Commission and four safeguarding complaints were upheld with appropriate action being taken to respond to the concern, support the

complainants and mitigate future risks. In response to the serious incident, there was joint working with a partner agency to conduct a thorough investigation and evidence was found that the behaviour of two employees was in breach of Practical Action's values and safeguarding policy, but not of any criminal act. Both individuals had already left Practical Action's employment when the investigation concluded. Any employment reference relating to these individuals will clearly state the outcome of the investigation. The case has now been closed by the Charity Commission.

We're committed to working with the international development sector, along with other International Non-Governmental Organisations, DfID and the UK Charity Commission, to "improve the standards and delivery of safeguards, including a culture of zero tolerance to sexual exploitation and abuse in all we do."

How we manage our affairs

How our activities deliver public benefit

The public benefit of our activities is summarised on page 7. During 2018/19, we worked with local partners across Asia, Africa and Latin America to reach 1.8 million people 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' and Directors' Annual Report and Strategic Report explain 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

A quarterly risk review at Group, country and regional level was carried out on behalf of the Board by the Finance Audit and Risk Committee. It confirmed 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. UK and overseas offices are audited every two to three years in accordance with a risk based approved plan. The Finance, Audit and Risk Committee reviews all reports and receives Group-wide quarterly 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 Reports 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.

**Relevant audit 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 2019, 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 (resigned 24 January 2019)

East Africa Director
Farida 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 31 May 2018)
Alicia Quezada (appointed 1 February 2019)

West Africa Director
Mattia Vianello



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)
Yvonne Pinto (Chair Designate)
(appointed 1 April 2019)
Roger Clarke (Vice Chair)
Nigel Saxby-Soffe (Hon Treasurer)
Waleed Elbashir Elobeid
Valerie Jolliffe
Imran Khan (resigned 4 October 2018)
Brenda Lipson

James Smith
Joanne Smith
Ian Thornton
Veronica Walford (resigned 27 July 2018)
Helena Wayth
Graham Young

Organisation Committee

Helena Molyneux (Chair)
Nigel Saxby-Soffe
Roger Clarke

Finance, Audit and Risk Committee

Nigel Saxby-Soffe (Chair)
Valerie Jolliffe
Joanne Smith
Graham Young

Secretary

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

This report, which incorporates the Trustees' and Directors' Annual Report and Strategic Report, was approved by the Board on 20 November 2019 and signed on their behalf by:



Helena Molyneux

Director (Chair)



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 2019 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 2019 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 41, 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

Date: 22 November 2019

Financial statements

Consolidated statement of financial activities for the year ended 31 March 2019 (incorporating the income and expenditure statement)

	Note	Unrestricted £'000	Restricted £'000	Total 2019 £'000	Total 2018 £'000
Income and endowments from:					
Donations and Legacies	3	10,616	1,551	12,167	12,219
Charitable activities	3	2,587	15,665	18,252	19,547
Investments	3	18	1	19	31
Other income	3	708	58	766	356
Total income and endowments	3	13,929	17,275	31,204	32,153
Resources expended					
Expenditure on raising funds	4	2,879	-	2,879	2,304
Total expenditure on raising funds		2,879	-	2,879	2,304
Expenditure on charitable activities:					
Energy that transforms	4	3,872	3,752	7,624	7,756
Farming that works	4	2,996	5,915	8,911	11,554
Cities fit for people	4	1,598	3,708	5,306	2,080
Resilience that protects	4	1,754	3,336	5,090	5,132
Knowledge that inspires	4	1,114	194	1,308	2,228
Other	4	784	76	860	1,141
Total expenditure on charitable activities		12,118	16,981	29,099	29,891
Total expenditure	4	14,997	16,981	31,978	32,195
Net gain/(loss) on investments	8	10	-	10	(6)
Net income/(expenditure)		(1,058)	294	(764)	(48)
Transfers between funds		86	(86)	-	-
Actuarial gain on defined benefit pension schemes	17	209	-	209	521
Net movement in funds		(763)	208	(555)	473
Balance brought forward 01 April 2018		10,420	1,158	11,578	11,105
Balance carried forward as at 31 March 2019	15, 16	9,657	1,366	11,023	11,578

The notes on pages 55 to 81 form part of these financial statements.

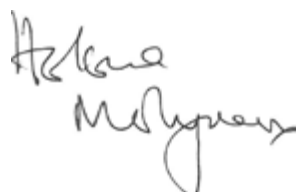
Consolidated and charity balance sheets at 31 March 2018

			Group		Charity
	Note	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Fixed assets					
Intangible assets	7	-	4	-	-
Tangible assets	7	1,177	2,207	1,053	2,166
Investments	8	731	721	731	721
Programming investments	8	-	-	243	243
Total fixed assets		1,908	2,932	2,027	3,130
Current assets					
Stock	9	138	196	-	-
Debtors	10	9,232	6,123	8,349	5,451
Cash at bank and in hand	11, 19	12,553	10,950	12,742	10,701
Total current assets		21,923	17,269	21,091	16,152
Creditors: amounts falling due within one year	12	(12,613)	(8,449)	(11,761)	(7,719)
Net current assets		9,310	8,820	9,330	8,433
Creditors: amounts falling due after more than one year	13	(3)	(11)	(3)	(11)
Provisions for liabilities and charges	14	(192)	(43)	(177)	(32)
Net assets before pension liability		11,023	11,698	11,177	11,520
Defined benefit pension scheme liability	17	-	(120)	-	(120)
Net assets after pension liability		11,023	11,578	11,177	11,400
Funds					
Restricted	15	1,366	1,158	1,366	1,158
Unrestricted fixed assets	15	774	1,335	755	1,302
Revaluation reserve	15	83	595	83	595
Pension reserve	17	-	(120)	-	(120)
General funds		8,800	8,610	8,973	8,465
Unrestricted funds net of pension liability	15	9,657	10,420	9,811	10,242
Total funds	15	11,023	11,578	11,177	11,400

The net deficit for the financial year dealt with in the financial statements of the parent charity was £223k (2018 - £244k).

The notes on pages 55 to 81 form part of these financial statements.

The financial statements were approved by the board on 20 November 2019.



Helena Molyneux
Trustee



Nigel Saxby-Soffe
Trustee

Consolidated cash flow statement for the year ended 31 March 2019

	Note	2019 £'000	2018 £'000
Cash flows from operating activities:			
Net cash (used in)/provided by operating activities	18	475	(319)
Cash flows from investing activities:			
Dividends, interest and rents from investments		19	31
Purchase of property, plant and equipment		(1,184)	(351)
Proceeds from sale of property		2,300	-
Net cash provided by/(used in) investing activities		1,135	(320)
Cash flows from financing activities:			
(Repayments of)/additional borrowing		(7)	6
Net cash (used in)/provided by financing activities		(7)	6
Change in cash and cash equivalents in the reporting period		1,603	(633)
Cash and cash equivalents at the beginning of the reporting period		11,202	11,835
Cash and cash equivalents at the end of the reporting period	19	12,805	11,202

The notes on pages 55 to 81 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. Practical Action is a global innovator, inspiring people to discover and adopt ingenious, practical ways to free themselves from poverty and disadvantage.

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 2019 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 £223k (2018: net income £244k).

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. 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 salaries of people working in our fundraising and supporter care teams, direct fundraising support from our marketing and communications teams and the direct costs of running fundraising campaigns. They do not include the cost 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 company secretarial/legal costs, internal and external audit costs, meeting costs for strategic leadership team and trustees (including travel costs), a percentage

of salaries for management and an apportionment of support costs.

Fixed assets

Tangible fixed assets are stated at their 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

Intangible assets

Intangible assets are stated at their 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 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

Practical Action Employee Benefits Scheme

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

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. 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.

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 and withholding taxes are charged to projects. In the UK irrecoverable VAT is charged to the associated projects or support functions using the 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 where funds are tracked and monitored against the agreed deliverables. Expenditure is recognised when made by partner organisations and in line with returns submitted by them.

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 any 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

The table below lists funders who contributed over £250,000 to charitable activities carried out in 2018–19. This is calculated in line with our income recognition policy (page 55, Accounting Policies) under which we recognise income when the conditions for entitlement have been fulfilled. This may differ from amounts received from these and other funders in this period.

	Unrestricted £'000	Restricted £'000	Total 2019 £'000	Total 2018 £'000
Bill & Melinda Gates Foundation	-	905	905	502
Comic Relief	-	303	303	-
Christian Aid	-	156	156	427
Department for International Development	124	1,295	1,419	1,712
European Environment Programme	-	-	-	369
European Union	5	3,241	3,246	3,489
Food and Agricultural Organisation (FAO)	-	1,559	1,559	2,217
Global Resilience Partnership	-	317	317	408
German Technical Cooperation Agency (GIZ)	5	599	604	330
IKEA Foundation	88	895	983	408
International Organisation for Migration	-	373	373	-
Jersey Overseas Aid	-	232	232	338
Oxford Policy Management	-	205	205	250
Swedish Embassy	-	293	293	-
United Nations Children's Fund (UNICEF)	-	413	413	-
United Nations Development Programme (UNDP)	62	939	1,001	883
USAID	159	303	462	294
ZOA	-	1,056	1,056	1,150
Zurich Insurance Company Ltd and its Z Zurich Foundation	126	767	893	1,609
Other (income under £250k)	13,360	3,424	16,784	17,767
Total	13,929	17,275	31,204	32,153

	Unrestricted £'000	Restricted £'000	Total 2019 £'000	Total 2018 £'000
Donations and Legacies				
Donations	7,522	1,551	9,073	9,292
Legacies *	3,094	-	3,094	2,927
Total Donations and Legacies	10,616	1,551	12,167	12,219
Charitable activities				
Grant Income	134	15,394	15,528	15,262
Consultancy and Publishing Income	2,453	271	2,724	4,285
Total charitable activities	2,587	15,665	18,252	19,547
Investments				
Rental	-	-	-	23
Interest	18	1	19	8
Total investments	18	1	19	31
Other				
Other Income	708	58	766	356
Total other	708	58	766	356
Total	13,929	17,275	31,204	32,153

*Approximately £388k of residual and £128k of reversionary legacies had been notified to the charity before 31 March 2019 but have not been recognised as income in the year as they do not meet the SORP FRS102 income recognition criteria.

The prior year has been updated due to the reclassification of funds between donations and grant income. This provides better comparison between financial years.

Gifts in Kind

During the year ended 31 March 2019, 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 there were two individual volunteers in the Finance department and Policy and Practice.

4. Total resources expended

	Grants payable £'000	Direct costs £'000	Support costs £'000	Total 2019 £'000	Total 2018 £'000
Fundraising:	-	2,481	398	2,879	2,304
Charitable activities:					
Energy that transforms	1,437	5,352	835	7,624	7,756
Farming that works	1,503	6,276	1,132	8,911	11,554
Cities fit for people	1,358	3,235	713	5,306	2,080
Resilience that protects	853	3,617	620	5,090	5,132
Knowledge that inspires	18	1,191	99	1,308	2,228
Other	-	363	72	435	690
Governance	-	366	59	425	451
Total expenditure on charitable activities	5,169	20,400	3,530	29,099	29,891
Total resources expended*	5,169	22,881	3,928	31,978	32,195

*Total resources expended include £261k of costs relating to irrecoverable VAT in the UK.

Support costs represent the costs for management and administration which is made up of Chief Executive, Marketing and Communications, Finance, People and Culture (Human Resources), Facilities and Services and Information Technology shared (central) costs. Support costs are allocated across the charitable activities in proportion to direct cost. This represents the most appropriate view of the support costs for Practical Action. £693k of shared programme support, management and quality assurance costs have been included in direct charitable activities.

Fundraising and support costs have been updated for the prior year due to reclassification of costs and to be consistent with the current financial year. Prior year support costs have consequently been increased by c. £800k primarily due to the inclusion of all marketing and communications costs not directly attributable to fundraising or the delivery of charitable aims.

Support costs	2019 £'000	2018 £'000
CEO office *	220	199
Marketing and communications	1,183	898
Finance	695	616
IT	455	446
HR	489	305
Facilities and services	520	473
Other **	366	92
Total	3,928	3,029

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

** Other costs includes depreciation, UK pension service costs, VAT adjustments, re-structuring and other exceptional costs.

Governance costs	2019 £'000	2018 £'000
Salaries	142	97
Company Secretarial/legal costs	68	42
Internal and external audit Costs	89	164
Meeting expenses (including trustees travel)	67	70
Apportionment of support costs	59	78
Total	425	451

Total expenditure on charitable activities (inclusive of support costs) split by country / region	Total 2019 £'000	Total 2018 £'000
Charitable activities:		
East Africa	2,177	2,115
Latin America	3,323	4,763
South Asia	4,879	5,176
Southern Africa	4,693	5,142
Bangladesh	4,108	4,149
Sudan	3,566	2,772
West Africa	667	336
International direct programme work	5,261	4,987
Governance costs	425	451
Total expenditure on charitable activities	29,099	29,891

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

During the year ended 31 March 2019, 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 2019 £'000	Total 2018 £'000
Grants to partners greater than £200k		
HIVOS (Humanist Institute for Cooperation with Developing Countries)	79	212
NMB (National Microfinance Bank)	255	-
OSVSWA (Orissa State Volunteers and Social Workers Association)	483	-
Rangpur Dinajpur Rural Services	336	228
SEDA (Sustainable & Equitable Development Academy) Nepal	-	265
SNV (Netherlands Development Organisation)	406	-
Sudan Vision	305	229
Sustainable Agricultural Technology	289	467
Uttara Development Program Society, Dhaka	-	307
Other	3,016	3,354
Total	5,169	5,062

	2019 £'000	2018 £'000
External audit costs		
Fees payable to company's auditors for the audit of the annual accounts	35	50
Fees payable to company's auditors for the audit of the company's subsidiaries pursuant to legislation	6	10
Fees payable to the company's auditors for the audit of the company's overseas branches	47	23
Total audit fees	88	83
Tax services	5	4
Grant audits	80	40
Other services	3	9
Total non-audit fees	88	53

5. Employees

Staff costs	2019 £'000	2018 £'000
Wages and salaries	11,036	10,920
Social security costs	1,000	909
Pension costs (employee benefit scheme))	89	91
Pension (stakeholder scheme)	457	460
Staff end of service costs*	315	462
Redundancy, ex gratia and termination costs	122	99
Total emoluments of employees	13,019	12,941
Other staff costs **	421	246
Total staff costs	13,440	13,187

*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.

** Other staff costs consists of temporary and agency staff.

Average number of full time equivalent employees	2019 Number	2018 Number	Average number of employees	2019 Number	2018 Number
Eastern Africa	44	31	Eastern Africa	44	31
Latin America	73	93	Latin America	73	93
South Asia	87	91	South Asia	87	91
Southern Africa	61	60	Southern Africa	61	60
Bangladesh	113	101	Bangladesh	113	101
Sudan	93	70	Sudan	93	70
UK	113	107	UK	119	112
Total	584	553	Total	590	558

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

	2019 Number	2018 Number
£60,001 – £70,000	4	2
£70,001 – £80,000	6	4
£80,001 – £90,000	0	1
£90,001 – £100,000	1	1

The CEO during the year earned a salary of £93,720.

Benefits are accruing to nine (2018: six) higher-paid employees under Practical Action's stakeholder pension scheme, which is open to all eligible employees. Employer contributions of £67,851 (2018: £48,546) have been made into this stakeholder scheme for these higher-paid employees. Within Practical Action's Employee Benefits Scheme, benefits are accruing for two (2018: one) higher-paid employees.

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 48. In 2018/19 the total employment cost of SLT was £1,020k (2017/18 £939k restated). In 2018/19 this represented 13 people (2017/18 12 people).

Salaries and benefits of the Strategic Leadership Team (SLT), the organisation's senior executives, are overseen by the Board's Organisation 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 £4,281 (2018: £4,638), which related to travel and refreshment costs for meetings, and postage.

Expenses were reimbursed to eight Trustees (2018: seven Trustees).

Indemnity insurance is provided for Trustees which is incorporated into a Professional Indemnity policy for the Organisation at a total cost of £11,760 (2018 individual policy: £3,500).

6. Net income from trading subsidiaries and summary balance sheets

The results of the principal trading subsidiaries are summarised below:

	Practical Action Consulting 2019 £'000	PAC India (Subsidiary of PAC UK) 2019 £'000	PAC Nepal (Subsidiary of PAC UK) 2019 £'000	PAC Malawi (Subsidiary of PAC UK) 2019 £'000	PAC Bangladesh (Subsidiary of PAC UK) 2019 £'000	PAC Peru (Subsidiary of PAC UK) 2019 £'000	Practical Action Publishing 2019 £'000
Income	2,090	77	310	394	150	(1)	579
Expenditure	(2,459)	(86)	(291)	(358)	(144)	-	(651)
Net profit/(loss)	(369)	(9)	19	36	6	(1)	(72)
Income per subsidiary accounts	2,090	77	310	394	150	(1)	579
Less: interest receivable	-	-	-	-	-	-	-
Less: grants from parent charity	(425)	-	-	-	-	-	(120)
Less: intercompany grants	(291)	-	-	(6)	-	-	-
	1,374	77	310	388	150	(1)	459
Expenditure per accounts	(2,459)	(86)	(291)	(358)	(144)	-	(651)
Less: group charges	150	-	-	-	-	-	60
Less: Gift Aid	129	-	-	-	-	-	-
	(2,180)	(86)	(291)	(358)	(144)	-	(591)
Net effect on group results for the year	(806)	(9)	19	30	6	(1)	(132)

Summary balance sheet							
Fixed Assets	90	-	3	-	-	-	96
Net current assets/(liabilities)	(275)	(40)	197	24	36	12	(189)
Net Assets / (liabilities)	(185)	(40)	200	24	36	12	(93)
Called Up share capital	-	33	35	-	10	13	-
Profit & loss account	(185)	(73)	165	24	26	(1)	(93)
Surplus/(deficit) on shareholder funds	(185)	(40)	200	24	36	12	(93)

	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	(1)	(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)

7. Intangible and tangible assets

Intangible fixed assets	Total £'000
Group cost	
At 1 April 2018	27
Additions	-
At 31 March 2019	27
Amortisation	
At 1 April 2018	23
Charge for the year	4
At 31 March 2019	27
Net Book Value (NBV)	
At 31 March 2018	4
At 31 March 2019	-

Tangible fixed assets	Freehold and Leasehold property £'000	Motor vehicles £'000	Computer equipment £'000	Furniture and other equipment £'000	Total £'000
Group cost or valuation					
As at 1 April 2018	1,840	1,690	1,560	951	6,041
Additions	-	103	206	875	1,184
Disposals	(1,704)	(46)	(194)	(473)	(2,417)
At 31 March 2019	136	1,747	1,572	1,353	4,808
Depreciation					
As at 1 April 2018	47	1,514	1,395	878	3,834
Charge	-	158	178	207	543
Disposals	(47)	(39)	(191)	(469)	(746)
At 31 March 2019	-	1,633	1,382	616	3,631
Net Book Value (NBV)					
As at 1 April 2018	1,793	176	165	73	2,207
As at 31 March 2019	136	114	190	737	1,177

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

	NBV 2019 £'000	NBV 2018 £'000
Tangible fixed assets of the subsidiary undertakings		
Motor Vehicles	21	34
Computer Equipment	11	5
Furniture and Other Equipment	92	2

8. Investments

	2019 £'000	Group 2018 £'000	2019 £'000	Charity 2018 £'000
Cash investments				
Cash investments	252	252	252	252
Common investment fund	479	469	479	469
Investment bonds	18	32	18	32
Impairment provision	(18)	(32)	(18)	(32)
Total	731	721	731	721
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 2018	469
Additional investment	-
Realised gain	10
Closing balance at 31 March 2019	479

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 0.3% 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	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Finished goods	127	159	-	-
Work in progress	11	37	-	-
Balance sheet total	138	196	-	-

10. Debtors

	Group		Charity	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Trade debtors	3,550	1,640	2,971	1,314
Prepayments & accrued Income	3,771	3,119	3,408	2,614
Amounts owed to the charity by the group	-	-	136	216
Other debtors	1,911	1,364	1,834	1,307
Total	9,232	6,123	8,349	5,451

11. Cash at bank & in hand

The balance held at year-end includes £4m of project specific funds which are held in project specific bank accounts compared to £3.2m in 2018.

12. Creditors: amounts falling due within one year

	Group		Charity	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Trade creditors	669	805	469	615
Payments received in advance	9,890	5,425	9,759	5,298
Accruals	821	665	677	604
Taxation and social security	277	276	248	224
Other creditors	956	1,278	608	978
Total	12,613	8,449	11,761	7,719

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	Charity
	£'000	£'000
Balance brought forward	5,425	5,298
Released to income	(5,425)	(5,298)
Received in year	9,890	9,759
Balance carried forward	9,890	9,759

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

	2019 £'000	Group 2018 £'000	2019 £'000	Charity 2018 £'000
Bank loan: unsecured				
1-2 years	3	10	3	10
2-5 years	-	-	-	-
More than 5 years	-	-	-	-
Other creditors: unsecured				
1-2 years	-	1	-	1
2-5 years	-	-	-	-
More than 5 years	-	-	-	-
Total	3	11	3	11

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 1.4.18 £'000	Provisions created £'000	Provisions utilised £'000	Balance at 31.3.19 £'000
Project issues	22	173	(22)	173
Rent/tax liability	15	-	(15)	-
Redundancy	-	3	-	3
Annual leave/retirement provision	6	10	-	16
Total	43	186	(37)	192

During the financial year, there was a provision made for € 158k relating to costs incurred under the EU funded IUD II Project which have been identified as potential disallowance by the final project audit. The disallowed costs are related to issues around authorisation of expenditure, procurement, staff time charges, and cost sharing.

15. Funds note

2019	Opening balance 2018 £'000	Incoming resources £'000	Expenditure and charges £'000	Transfer £'000	Closing balance 2019 £'000
Designated reserves					
Fixed asset fund	1,335	-	-	(561)	744
Revaluation reserve	595	-	-	(512)	83
Total designated reserves	1,930			(1,073)	857
Free reserves	8,490	13,929	14,778	1,159	8,800
Total unrestricted funds	10,420	13,929	14,778	86	9,657
Energy that transforms	(11)	3,975	3,752	-	212
Farming that works	(114)	6,085	5,915	(86)	(30)
Cities fit for people	(76)	3,817	3,708	-	33
Resilience that protects	961	3,045	3,336	-	670
Other	398	353	270	-	481
Total restricted funds	1,158	17,275	16,981	(86)	1,366
Total FUNDS	11,578	31,204	31,759	-	11,023

Transfers from the revaluation reserves represents a £510k increase in the value of the Common Investment Fund and £522k relates to the revaluation reserve that was held on the freehold property which was sold during the year.

Material fund balances carried forward are in respect of the Zurich Flood Resilience Programme.

2018	Opening balance 2017 £'000	Incoming resources £'000	Expenditure and charges £'000	Transfer £'000	Closing balance 2018 £'000
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 that transforms	98	3,695	3,804	-	(11)
Farming that works	240	7,708	8,062	-	(114)
Cities fit for people	(115)	1,642	1,603	-	(76)
Resilience that protects	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

16. Total funds

2019	Unrestricted funds £'000	Restricted funds £'000	2019 Total £'000	2018 Total £'000
Fixed assets	963	214	1,177	2,211
Investments	731	-	731	721
Stock	138	-	138	196
Debtors	3,946	5,286	9,232	6,123
Cash at bank and in hand	6,752	5,801	12,553	10,950
Creditor: amount due within than 1 year	(2,854)	(9,759)	(12,613)	(8,449)
Creditor: amount due after more than 1 year	-	(3)	(3)	(11)
Provisions for liabilities and Charges	(19)	(173)	(192)	(43)
Pension liability	-	-	-	(120)
Total	9,657	1,366	11,023	11,578

2018	Unrestricted funds £'000	Restricted funds £'000	2018 Total £'000	2017 Total £'000
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
Creditor: amount due within than 1 year	(3,075)	(5,374)	(8,449)	(10,329)
Creditor: 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

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. 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 2017, the latest valuation date, the actuarial value of the schemes assets was 102% of the value of past service liabilities on an ongoing (SFO) basis. The market value of the scheme's assets at the valuation date was £10,884,000, excluding money purchase AVCs. Due to the improved funding position and in agreement with scheme trustees payments from the charity, previously agreed in order to reduce the deficit shown in the 2014 actuarial valuation, were stopped from April 2018.

In arriving at the 2017 actuarial valuation above, the following assumptions were adopted:

	2017
Inflation RPI	3.2%
Inflation CPI	2.5%
Future Salary increases	4.7%
Pension increases (where linked to RPI)	3.2%
Discount Rate before retirement	4.7%
Discount Rate post-retirement	2.8%
Mortality Base Tables	S2PXA
Improvement in Mortality Rates	1.25% (CMI 2016)

A valuation has been performed in order to assess the disclosures required under FRS 102 as at 31 March 2019 by an independent qualified actuary.

Principal Actuarial Assumptions:

	2019	2018
Discount Rate	2.4%	2.6%
Inflation (RPI)	3.0%	3.0%
Inflation (CPI)	2.3%	2.3%
Future Salary Increases	4.5%	4.5%
Revaluation in Deferment	2.3%	2.3%
Pension Increases	3.0%	3.0%
Mortality		
– Base Table	S2PXA	S2PXA
– Allowance for Future Improvements	CMI2016[1%]	CMI2016[1%]

a) Balance Sheet Position

	2019 £'000	2018 £'000
Present value of funded obligations	(10,943)	(11,172)
Fair value of plan assets	11,188	11,052
Surplus / (deficit) per FRS102	245	(120)
Amounts in the balance sheet:		
Liabilities	-	(120)
Assets	-	-
Net liability	-	(120)

While the scheme is now in surplus, recognising this surplus as a recoverable asset is not judged appropriate.

b) Changes in the present value of the defined benefit obligation are as follows:

	2019 £'000	2018 £'000
Opening defined benefit obligation	11,172	11,657
Past service cost	108	-
Interest cost	280	322
Benefits paid	(834)	(286)
Curtailments / settlements	(97)	-
Remeasurement losses / (gains)	314	(521)
Defined benefit obligation at end of year	10,943	11,172

c) Changes in the fair value of the scheme assets are as follows:

	2019 £'000	2018 £'000
Opening fair value of scheme assets	11,052	10,892
Interest Income	276	303
Remeasurement gains / (losses)	768	-
Employer contributions	-	210
Benefits paid	(834)	(286)
Expenses paid	(74)	(67)
Fair value of scheme assets at the year end	11,188	11,052
The actual return on the scheme assets in the year	1,044	303

d) The amounts included within the Statement of Financial Activities are as follows:

	2019 £'000	2018 £'000
Expenses	(74)	(67)
Interest on net liability	(4)	(19)
Past service cost	(108)	-
Curtailments / (settlements)	97	-
Total amount charged within net (outgoing) resources	(89)	(86)
Actual return on plan assets less interest	768	-
Experience (losses) / gain on liabilities	(16)	196
Change in assumptions	(298)	325
Less gains not recognised	(245)	-
Actuarial gains recognised	209	521
Total gains recognised in the statement of financial activities	120	435

Actuarial gains have been recognised to the extent that the previous deficit is eliminated but no asset is recognised.

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

	2019 £'000	2018 £'000
Net (expenditure)/income for the reporting period (as per the statement of financial activities)	(764)	(47)
Profits on disposal of fixed assets	(629)	-
(Gains) / losses on investments	(10)	6
Losses/(gains) on foreign exchange	-	6
Dividends, interest and rents from investments	(19)	(31)
Depreciation	543	379
Loss on the disposal of fixed assets	-	11
Decrease /(Increase) in stocks	58	(41)
(Increase)/decrease in debtors	(3,109)	1,738
Increase/(decrease) in creditors and provisions	4,312	(2,216)
Difference between the pension contributions and current service costs	93	(124)
Net cash provided by/(used in) operating activities	475	(319)

19. Analysis of cash and cash equivalents

	2019 £'000	2018 £'000
Cash in hand	12,553	10,950
Cash held as part of investment portfolio (Note 8)	252	252
Total cash and cash equivalents	12,805	11,202

20. Contingent liabilities

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 £ 28,813.

The first agreement is to provide a bank guarantee to the value of S/. 3,911 (c. £ 904) 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 second agreement is to provide a bank guarantee to the value of S/. 62,355 (c. £14,413) 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 third agreement is to provide a bank guarantee to the value of S/. 58,384 (c. £13,496) 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.

21. Department for International Development grants

	2019 £'000	2018 £'000
Grants	1,295	1,552

Project funding details required by DfID	Contract/Component Number	2019 DfID Funding £'000
Pumpkins Against Poverty UK Aid Match	203559-152	106
Poor People's Energy Outlook	204343-106	142
Supply Chain Strengthening of Construction Materials and Tools in Earthquake Affected Districts	204857-104	513
Safe Pair Of Hands UK Aid Match	205210-217	227
Leave No One Behind	300462-101	307
Total		1,295



22. Commitments under operating leases

As at 31 March 2019, the group had commitments under non-cancellable operating leases as set out below:

	2019 Land and buildings £'000	2018 Land and buildings £'000
Operating lease which expire:		
Within one year	390	216
In two to five years	742	228
Over five years	696	-
Total	1,828	444

The net income for the year has been stated after charging £440k (2018: £417k) for the hire of assets under operating leases.

23. Related party transactions

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

A management charge of £60k (2017/18 £60k) and payroll costs totalling £216k (2017/18 £190k) were also charged to Practical Action Publishing Limited by the charity. At the year end, Practical Action Publishing Limited owed the charity £0k.

A management charge of £150k (2017/18 £130k) and payroll costs totalling £731k (2017/18 £664k) were also charged to Practical Action Consulting Limited from the charity. At the year-end, Practical Action Consulting Limited owed the charity £nil.

Full declarations of interests are obtained from Trustees and Directors for their own activities outside 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 2018/19 these related parties made donations in aggregate to Practical Action of £2.2K.

24. Financial instruments

	2019 £'000	2018 £'000
Financial assets that are debt instruments measured at amortised cost	21,592	17,636
Financial liabilities that are debt instruments measured at amortised cost	(2,257)	(3,094)
Financial Instruments measured at fair value through profit and loss	479	469

The income, expense, gain and losses in respect of financial instruments are summarised below:

	2019 £'000	2018 £'000
Total interest income for financial assets measured at amortised cost	19	8
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	2019 £'000	2018 £'000
Financial instruments measured at fair value at the start of the year:	469	475
Gain/(loss)	10	(6)
Purchases	-	-
Financial instruments measured at fair value through at the end of the year	479	469

25. Comparative statement of financial activities for the year ended 31 March 2018

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

Compared to the numbers reported last year, fundraising costs are £254k higher and charitable aims expenditure is £254k (less than 1%) lower, due to updated treatment of support costs. £2.2m has been re-classified from donations and legacies to income from charitable activities. Income from publishing of £0.6m has been reclassified from other income to income from charitable activities. Total income and expenditure are unchanged.

	Note	Unrestricted £'000	Restricted £'000	Total 2018 £'000
Income and endowments from:				
Donations and Legacies	3	10,487	1,543	12,219
Charitable activities	3	4,434	15,302	19,547
Investments	3	27	4	31
Other income	3	350	6	356
Total income and endowments	3	15,298	16,855	32,153
Resources expended				
Expenditure on raising funds	4	2,304	-	2,304
Total expenditure on raising funds		2,304	-	2,304
Expenditure on charitable activities:				
Energy that transforms	4	3,952	3,804	7,756
Farming that works	4	3,492	8,062	11,554
Cities fit for people	4	477	1,603	2,080
Resilience that protects	4	1,734	3,398	5,132
Knowledge that inspires	4	2,144	84	2,228
Other	4	1,079	62	1,141
Total expenditure on charitable activities		12,878	17,013	29,891
Total expenditure	4	15,182	17,013	32,195
Net loss on investment assets	8	(6)	-	(6)
Net income/(expenditure)		110	(158)	(48)
Actuarial gain on defined benefit pension schemes	17	521	-	521
Net movement in funds		631	(158)	473
Balance brought forward 1 April 2017		9,789	1,316	11,105
Fund balances carried forward as at 31 March 2018	15, 16	10,420	1,158	11,578



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