



**Annual Report and Accounts**

**2019 - 2020**

**Big change starts small**

**Practical  
ACTION**



These children in Cajamarca, Peru, are connected to a world of education resources now their school is powered by sustainable electricity.

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

Front cover image: In Gwanda, Zimbabwe, solar panels are powering schools, clinics, homes and businesses.



# A warm welcome to a YEAR OF CONTRAST

## Yvonne Pinto, Chair of Trustees

I'd like to begin by thanking Helena Molyneux for chairing Practical Action for the last six years. I joined Practical Action as a Board member in July 2019, when the world was a very different place. One of the things that drew me to Practical Action was my passion for technology and impact – I'm incredibly proud to lead an organisation that places importance on these things, and I hope to be able to influence them further in this regard.

In the autumn of 2019, I visited Bangladesh and had the opportunity to see first-hand the work Practical Action is doing there. I was inspired by the dedication of Practical Action's staff and local partners – the people who help put our work into practice. I was also lucky enough to meet many of our supporters through our Chair's Circle events in 2019.

In December 2019, I became Chair of Practical Action. Then, early in 2020, COVID-19 first started to be mentioned in the world's media. It soon became clear that it was a threat that would have a significant impact on the communities we work with, and our projects around the world.

The outlook for international development has changed significantly since I became Chair of Practical Action. The pandemic has reversed almost all the recent progress towards the world's Sustainable Development Goals. At a time when we need to do more, a global recession will mean less money to help people in poverty. Closer to home, Brexit and the merger of DfID with the FCO will have further implications on our funding and partnerships.

I'm pleased by the incredible impact of what we've achieved this year, the lives we've changed and the 'big picture' transformations we're helping to make happen through initiatives like our flagship initiative, the Poor People's Energy Outlook. Additionally, the organisation's governance structure was recognised as 'fully compliant' by



the Department for International Development. We're one of the first international NGOs to be recognised in this way.

There are uncharted waters ahead, but we're as relevant now as we ever were. I'm confident that by focusing on our key aims, Practical Action is able to take our work forward in this regard.

Yvonne Pinto

## Paul Smith Lomas, Chief Executive

At this time of reflection, I see much to celebrate. During the reporting period, there has been greater global recognition of the impact that climate change is having worldwide, especially on the world's poorest people. At the same time, calls for systemic change have shifted from the margins to the mainstream. These are the issues we've been focusing on throughout our history and it's reassuring to see them being recognised more widely.

The COVID-19 pandemic began to spread in early 2020. We took immediate action to help keep our staff and communities safe, which in some cases meant pausing our projects. Our staff have done an amazing job to quickly adapt our work where we could: for example, by linking with communities and partners digitally and supporting efforts to prevent the spread of the virus in our project areas. We're likely to have to live with the impact of the pandemic for years to come, but our locally driven approaches are as relevant as ever.

While we are weathering the storm better than many, the instability will continue and, with a global recession looming, we are concerned about income growth in the medium term.

Against this backdrop of financial uncertainty, with the deepest regret, we've made the difficult decision to phase

out our Development Education programme at the end of 2020/21. This inspiring and innovative programme has been a shining light and huge benefit to generations of teachers and children. We're exploring how to ensure the best possible legacy for it.

The uncertainty created by the pandemic unfolded against a backdrop of more anticipated challenges. There was significant political instability in Sudan and Bolivia. In Zimbabwe, the country's economy collapsed. Meanwhile, Brexit dominated the UK political agenda.

2019/20 was the third year of our current strategy and marks ten years to go until the target date for the world's Sustainable Development Goals. With this in mind, we began the reporting period by commissioning a review to assess how we're performing against our strategy. It is especially important now that COVID-19 has hampered or reversed progress towards our aims. The results of the review will be invaluable in informing the way ahead. However, I'm extremely proud of what we've achieved in the last three years and we face the future from a relevant and strong position.

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.

Working in collaboration with communities and local partners, our creative ideas and innovative approaches help millions of people make lasting, positive change to their lives. We partner with governments and powerful organisations to scale our initiatives, creating impact far beyond our projects.



Big change starts small in Sudan, as our project staff and farmers plant the first trees that will help retain moisture and protect farmland from drought and strong winds.

## In 2019–2020...

We raised £36.1 million

We spent £35 million on our work  
92p out of every £1 was spent on our programmes around the world

We achieved all this...

We delivered

# 105 PROJECTS

on the ground in

# 12 COUNTRIES

working with

# 2M PEOPLE

directly and

# 3.1M PEOPLE

indirectly.

And so much more...

We provided technical and specialist expertise in a further

# 16 COUNTRIES,

helped create

# 3,000 NEW JOBS

and, through our digital knowledge resources, helped

# 130,000 KNOWLEDGE-SEEKERS

improve their skills in

# 188 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.

# 50 years of doing things DIFFERENTLY

**By working alongside community members and other partners, our initiatives increase incomes, create jobs, improve health, revitalise businesses, unlock access to clean energy and sanitation services, and keep people safe from climate related weather events.**

We’ve always focused on the fundamentals of life, without which people are unable to reach their potential. Essentials – like having the ability to farm and grow enough food to eat, having clean water and sanitation for health, being able to cope with floods or droughts, and having access to affordable energy to earn a decent living.

Climate change has already made these fundamentals more difficult to achieve for the world’s most vulnerable. Extreme weather events, such as droughts, floods and landslides, happen more often and are more serious. Meanwhile, slower onset changes to weather patterns are making traditional rural ways of life insupportable, forcing people to find work in cities, where they face uncertain futures.

COVID-19 has further amplified the underlying vulnerabilities that people face. From living conditions that make social distancing unmanageable to impossible choices between earning a wage or risking infection. Furthermore, there is a growing understanding that the pandemic is setting progress towards the Sustainable Development Goals into reverse.

We have over 50 years’ experience of doing things differently. Inspired by our founder, radical economist Fritz Schumacher, we champion locally appropriate, community-powered solutions. We’ve proven that there are better, more sustainable ways of farming, providing better city services and avoiding disasters. If we get these things right in small ways around the world, big change is still possible.

**Ingenious, community-powered projects, small scale and planet-friendly solutions – in these turbulent times, our unconventional approaches are more relevant than they’ve ever been.**



*Small scale, planet friendly solutions are making farming a viable way of life in Sudan.*

# Turning small ideas into BIG CHANGE

We aim to make the fundamentals of life a reality for the people we work with, to improve their lives and livelihoods. Our ingenious ideas deploy planet friendly approaches that respect and protect the environment. And everything we do has big change in sight – challenging the status quo to help change the systems that perpetuate vulnerability.

## Energy that transforms

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

With shared knowledge and training, people are using energy to improve their health and livelihoods. We’re making energy green and safe by tapping into natural and renewable energy sources. By influencing national policies, we’re making off-grid electricity available to more people living in remote areas.

## Cities fit for people

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

Through effective sanitation, we’re helping people become healthier and safer. Our sustainable waste management solutions are making cities work in harmony with the environment. Pioneering partnerships have allowed us to build city-wide systems that benefit the most vulnerable.

## Farming that works

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

We’re turning farming into a viable livelihood, especially for women and young people. Our pioneering approaches are making farming planet-friendly and adapted to the new climate reality. By encouraging a positive and enabling policy, legal and trade environment, we’re sowing the seeds for even bigger change.

## Resilience that protects

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

We’re empowering vulnerable people to predict, withstand and move forward. Our green infrastructures and natural solutions respect the environment. And we’re influencing policies and plans that tackle the climate crisis and make sure the voices of the most vulnerable and marginalised are taken into account.

### Knowledge that inspires

The direct impact of our projects is important. But our work doesn’t stop there. We’re inspiring young people through our classroom resources, publishing books written by the brightest minds and sharing

our knowledge online with people all over the world. Ultimately, we share what works with others, so solutions that start small can grow big.



# Looking FORWARD

COVID-19 has forced us to pause or alter many of our projects, primarily because lockdowns in all the places we work have slowed the pace of programme delivery. We'll continue to adapt our programmes throughout the 2020-21 financial year as the impacts of the pandemic develop.

In this section of the report, we share with you a handful of the innovative initiatives that are due to start in the next financial year, as well as the pertinent financial affairs and organisational matters.

## Exciting initiatives

### Getting young farmers ready to thrive

There is an exodus of young people leaving rural areas of Kenya to find work in the cities. It's causing rural economies to stagnate and food production to slump. This year, we embarked on a project to engage young people, particularly women, and help them get the skills they need to be successful farmers. Regenerative agriculture and building powerful circular economies are integral to our approach.

**In the next year, we'll concentrate on building capacity and developing market systems to prepare this project for future success.**

### Turning the tide of dirty fuel

Almost 3 billion people still cook with polluting, unhealthy fuels on inefficient stoves. Indoor air pollution kills millions of people every year. We've secured funding for a series of small but strategic projects on electric cooking in Bangladesh and Nepal, inspired by our clean cooking programme in Sudan. Cleaner fuel means healthier lungs for women, who do most cooking, reducing their risk of becoming seriously ill if they contract a respiratory illness like COVID-19.

**Our work is at the forefront of developments in the field of clean cooking. Look out for further progress in the coming months.**

### Tackling plastic waste for a cleaner healthier planet

Plastic waste in rivers is a huge problem around the world. It pollutes waterways, causing illness and limiting livelihoods. Our new partnership with Lamor Foundation offers the opportunity to clean up rivers in Bangladesh with new waste collection units. They'll create jobs with better working conditions and fairer pay for informal waste collectors. And the waste plastic will be recycled into ultra clean fuel.

**As well as creating employment and boosting the local economy, this initiative will clean up rivers so people can farm, fish and thrive.**

### Forewarned is forearmed in the fight against flood risk

In Peru, the national meteorological agency has been impressed by our community-centred pilots on early warning system monitoring stations in the Rio Rimac. As a result, we'll be supporting the installation of remote weather monitoring stations and developing a system to transmit early warning information to remote, flood-prone communities.

**Our resilience work will protect whole communities from the constant threat of floods and landslides.**



*The success of our network of monitoring stations, maintained by local volunteers, has led to us being asked to support the Government of Peru's resilience programmes.*



# Financial outlook

Following record growth in 2019/20, we had budgeted for a further increase in income and charitable spend, with total income budgeted at close to £40m. However, the global COVID-19 crisis has resulted in significant disruption to our programmes, which will impact expenditure and the corresponding income. We’ve also moderated our fundraising projections in light of the economic impact of the crisis.

We’re creatively adapting our programming and will still deliver an extensive and impactful programme of change in the year, but inevitably we’ll fall short of budgets. We’ve started a change process which will bring future expenditure into line with moderated income projections and ensure we have the right capacities and capabilities to deliver our aims. We are, regrettably, having to make some hard decisions, but we’re starting from a position of financial strength and can be confident that the actions we’re taking will position Practical Action to thrive and continue to deliver big change.

# Organisational matters

Very regrettably, we closed our country office in Malawi in September 2020, but hope to start work there again in future when conditions are more favourable. In the short term, we will complete our active farming project in Malawi through support from our regional Southern Africa office in Harare, Zimbabwe.

We have also made the difficult decision to phase out our UK development education work at the end of 2020-21. We are looking into how to create a fitting legacy for this innovative work, which has done so much to inspire the next generation of development professionals.

These tough decisions will enable us to keep our other country offices operating and focus our fundraisers and business development teams on raising vital income for our current and future programmes of work.

# Real world challenges

In our 2018-19 report we talked of living through “one of the most changeable periods in modern history”. Recent events have made those words even more apt and created new challenges for the international development sector.

## Reversed progress

The global effort to improve people’s lives through the achievement of the 17 Sustainable Development Goals has been derailed by the pandemic, with the world’s poorest and most vulnerable affected the most.

But while the global spotlight is focused on controlling the pandemic, it’s not the only threat we’re vulnerable to. The climate crisis hasn’t gone away. Hardly a week passes without news of devastation caused by floods, droughts, landslides and storms. Vulnerable communities face the impossible challenge of social distancing while running for their lives.

The global pandemic has already had a significant impact on how we work. It’s highlighting existing challenges and making it harder for us to deliver some projects while following guidance in each country about social distancing and quarantine procedures.

The situation in each of the countries we work in varies hugely and in each case, our work has altered according to the needs of the communities we work with. As such, we’ve been able to continue our work despite the challenging environment. We’ll continue using the expertise of our staff to limit the spread of the virus, help communities keep essential systems running and support longer-term recovery.

## Global recession

COVID-19 is causing a global recession, expected to be the deepest since WWII. This has the potential to impact our ability to carry out our work in several ways.

Budgets for development globally are likely to be under pressure. In the UK, 0.7% of GDP is spent on aid. If GDP drops, so does the amount spent on aid. Furthermore, the UK recession may result in fewer and lower donations from UK supporters as donors find their spending power reduced and reassess their priorities.

## Political instability

While Sudan’s transitional government maintained a fragile peace, shortages of fuel caused problems for project implementation. Zimbabwe continues to experience major food security and infrastructural issues as its economy continues its downward spiral. Meanwhile, Bolivia underwent significant political and social unrest late in 2019.

Towards the end of the reporting period, the UK Government announced that its Department for International Development is to be merged with the Foreign and Commonwealth Office. We have concerns about this merger as a significant proportion of our income comes from DfID.

Brexit may have a further negative effect on the UK economy, reducing our unrestricted income. Furthermore, Brexit will make it much more difficult to access EU funding.

Economic and political instability are facts of life in many of the countries we work in. While events are often outside our control, we take steps to mitigate the risks to our staff and communities as much as possible. For example, we close offices on election days in some countries to keep our staff safe.

We continually monitor risks to the organisation. You can find more detail about our risk monitoring process and principal risks in the Governance section of this report.



In Malawi, Thom’s clinic has been connected to electricity, meaning it’s able to provide life-saving vaccinations to nearby communities.





We've been working with the Grundfos Foundation to improve access to drinking water for 72,000 of Kenya's most marginalised people. Recognising the impact that COVID-19 will have on remote communities, we extended our existing programmes to help limit the spread of the virus.

## Our community of **SUPPORT**

**For over fifty years, forward-thinking donors, organisations and local partners have supported a radically different approach to global poverty. We're so proud to have you with us on our journey. Our network of support is more important now than ever.**

Individual supporters, trusts, corporate partners and national governments – together we make up a powerful team of innovators with the shared aim of tackling some of the world's biggest challenges.

We work with like-minded organisations and local partners around the world to help deliver our work. Beyond financial contributions, companies contribute their specialist knowledge and products to support our projects. Meanwhile, our knowledge and influencing work strengthens our messages and scales up our impact.

### **How we were funded in 2019-20**

Total income:

**£36.1M**

Donations from individuals, trusts and companies:

**£7.9M**

Legacies from people remembering us in their Will:

**£3.2M**

Grants from governments, trusts, companies and other institutions:

**£21.6M**

Income from our consultancy and publishing work:

**£2.9M**



# Inspirational INDIVIDUALS

**The ability to be flexible, adapt our work when things change and re-allocate funds to where they're most needed is more essential than ever in these turbulent times. That's why we're so grateful to the individuals and community groups whose generous support accounts 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. We're thankful to everyone who made unrestricted donations to our work in 2019-20.

Our *Turn the Tables on Climate Change* appeal, which ended in March 2020, raised over £3.15 million, including £1.48 million of match funding by the UK government. The project, which starts towards the end of 2020, will help farmers in Sudan and around the world turn the tables on climate change and thrive in the new climate reality.

Total donations:

# £10.3M

One-off gifts and regular giving:

# £7.1M

Legacies from people remembering us in their Will:

# £3.2M

# 1,829

new members of the public supporting us.

# £2.9M

spent in fundraising and supporter services



*The Desi Ramblers (pictured here in 2019), are one of the groups who learned more about our work after an online talk by one of our volunteer speakers.*

As lockdown came into force in the UK, some of our wonderful supporters volunteered to deliver short online presentations to groups who wanted to hear about our work. Since then, they've talked to walking clubs, student groups, churches, rotary clubs, and humanitarian societies. It's been particularly valuable to groups that have been meeting online only since lockdown restrictions have been in place.

*“It has always impressed me how Practical Action uses ingenuity to find solutions that support communities as they work their way out of poverty. This is what I love about Practical Action – coming up with solutions and then making those solutions available to everyone – it's the multiplier effect. My role as a Volunteer Speaker is to get the word out in a committed and passionate way – building awareness of Practical Action.”*

**Rob Marshall,**  
Practical Action supporter and volunteer speaker



# Powerful CONTRIBUTORS

**We're thankful to work with a talented network of people and organisations, from large funders to the local delivery partners who make our work happen. Against the backdrop of accelerating climate change and the worldwide pandemic, their support and expertise is helping us continue to achieve our shared goals.**

Our partners include the international development departments and embassies of national governments, including the UK, Denmark, Germany, 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 & Z Zurich Foundation, the H&M Foundation, the Poul Due Jensen Foundation (now known as the Grundfos Foundation), the Old Dart Foundation, the Latin American Children's Trust and the Innocent Foundation.

In addition to the ongoing work that's funded by these partners, we were delighted to secure grants from many of them in 2019-20 that will fund projects in 2020-21 and subsequent years.



*In Peru, emergency drills are among the package of solutions helping people in flood-prone areas limit the devastation caused by flooding.*

The Zurich Flood Resilience Alliance is a multi-sector collaboration which includes Practical Action. We came together in 2013 to find ways of helping communities strengthen their resilience to flooding, share knowledge and find solutions.

Through the nine-member Alliance, we're building community resilience in Nepal, Bangladesh and Peru. Our combined skills and expertise have helped influence change on a national and international scale.

*“Practical Action bring a very high level of expertise to the Alliance – they punch well above their weight in terms of the influence they are able to have. Recently, Practical Action helped encourage the government in Peru to invest \$13m in flood resilience. This is an important step forward, as we've found that every \$1 invested in resilience saves on average \$5 in disaster response.*

*“The real strength of Practical Action is their desire to think about things differently to make the biggest possible impact. By engaging with the Alliance so strongly, they are throwing themselves not just into delivering innovative projects on the ground, but into developing guiding principles that benefit the wider world.”*



**David Nash,**  
Senior Flood Resilience  
Alliance Manager,  
Z Zurich Foundation



# Meet the people MAKING CHANGE HAPPEN

Our team is made up of some of the most talented and passionate experts in the international development sector.

The breadth and depth of knowledge to be found within our team of experts is world-class. We'd like to introduce you to four of the colleagues who have helped make big change happen during the year.

**Meet Awadalla, Miguel, Emma and Shawkat...**

## Awadalla Hamid Mohamed – Environmental Conservation Manager - Sudan

Awadalla is helping farmers in North Darfur adapt and thrive in the face of climate change. As well as being an expert in climate-adaptive agriculture, the warm welcome he receives wherever he goes in North Darfur is testament to his popularity.

*"I've seen the devastating impact climate change has had on farmers in my country and I'm passionate about helping them adapt to it. I joined Practical Action because I share their values of small-scale community solutions, scaled up to achieve incredible change. I'm proud to work for this pioneering organisation."*



## Miguel Arestegui Project Manager, Zurich Flood Resilience Alliance, Peru

Miguel is a flood resilience expert whose work is helping people in flood-prone areas across Peru and Bolivia adapt to the increased flood risks caused by the changing climate. By working closely with communities, he's ensuring that our socially relevant and sustainable solutions reach the most vulnerable.

*"Climate change means that floods have become both heavier and less predictable in the last few decades. It makes it more important than ever that our solutions are truly universal and help the poorest and most vulnerable people in the communities we work in."*

## Emma Colenbrander Last Mile Distribution Lead - UK

As Head of the Global Distributors Collective, Emma is at the forefront of a pioneering project that's helping small businesses deliver life-changing products like solar lights, water filters and clean cookstoves to the world's poorest communities. She works to support these companies to be more efficient, build partnerships and access finance.

*"The GDC has gone from strength to strength since we launched two years ago. We now have 200 members in over 50 countries, who have reached over 33 million people with life-changing products. We shine a spotlight on this incredible work and build a collective voice for these small businesses, who would otherwise remain largely invisible."*



## Shawkat Begum Country Director - Bangladesh

Shawkat joined Practical Action in December 2019, bringing with her two decades of international development experience. Her background includes the design and implementation of programmes focused on climate change adaptation. It's experience that is helping her lead our team in Bangladesh to improve lives and achieve national policy change.

*"It is exciting to work with an organisation that puts ingenious ideas at the centre of development and helps people achieve positive change. Our team of experts, together with our local partners, are making a real difference to the lives of people living in poverty in Bangladesh."*





# 268K

people directly benefitted from  
our energy work across Latin  
America, Asia and Africa

# 333K

more people  
benefitted indirectly

# £9.7M

spent on our energy  
programme

For Emmanuel, in rural Malawi, having  
electricity at home meant he was able to  
set up a successful metalwork business.

## Energy that transforms

**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. Inclusive economic growth is an effective means of reducing poverty and boosting prosperity. Yet most economic activity is impossible without adequate, reliable and competitively priced modern energy.**

Meanwhile, almost three billion people don't have clean, safe cooking facilities. This particularly affects women, who do most cooking and damage their health on a daily basis by breathing in dangerous smoke from wood or charcoal. Using these fuels can also deplete natural resources.

### Boosting health and businesses

Our work is helping people use energy to improve their health and livelihoods. Our projects are powering up schools, workplaces, health centres and homes to improve health, education, incomes and overall quality of life. Refugees and displaced people are finally able to earn incomes and take their lives off hold.

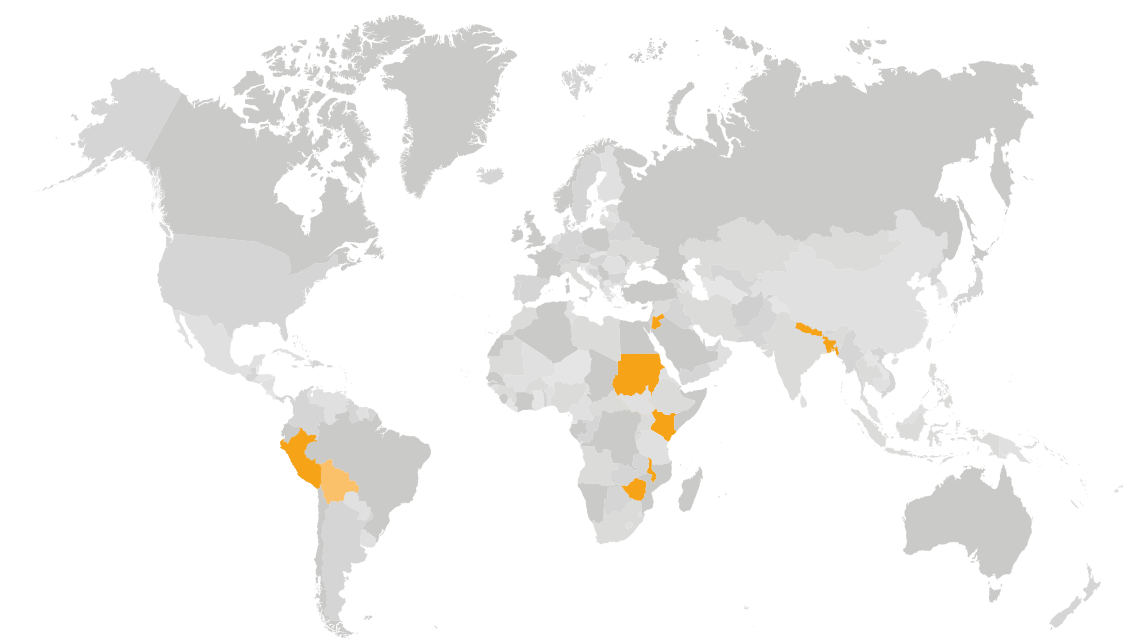
### Energy that's clean and green

We're making energy green and safe by tapping into natural and renewable energy sources – from the sun, wind, water and biological processes. And we're promoting cooking that uses efficient stoves and clean fuels to avoid damage to health through harmful smoke inhalation.

### Win-win solutions

We're influencing national energy policies for grid and off-grid energy provision and working with private sector generators and communities to find win-win business models. By working with last mile distributors, we're making essentials like home solar setups available to remote communities. And we're calling for energy access to be considered as an essential in all humanitarian contexts.

### Energy project locations





# Global Distributors Collective

**Global Distributors Collective (GDC) supports organisations that serve low-income customers with life-changing products, by offering services that help them save time, reduce costs, build capacity and develop business partnerships. We established and developed this collective of last mile distributors around the world, alongside implementing partners Hystra and Bopinc.**

Our work on the ground will always be at the heart of what we do. But through pioneering initiatives like the GDC, we're able to make change on an even greater scale.

Since its launch in October 2018, The GDC has grown to 200 members in over 50 countries, who have reached over 33 million people in the last mile households. The GDC is quickly becoming the thought leader and 'go-to' entity on last mile distribution, having already worked with key players such as GET.invest, the Efficiency for Access Coalition and the World Bank.

The GDC is funded by UK aid from the British people, alongside funding from P4G, iBAN, GIZ and USAID.

Entrepreneurs making and selling products like this part for a low-smoke cook stove are boosting the health and economies of their communities.

## Influencing the energy landscape

We launched our Poor People's Energy Outlook series (PPEO) in 2010 to shine a light on energy access from the perspectives of the poor. The series challenges the energy sector's focus on energy resources, supply and large-scale infrastructure projects; emphasising instead that it's energy services which matter most to poor people, and that decentralised approaches are the best way to achieve universal energy access.

The PPEO has had a proven impact on global energy policy. In 2020, an independent review found that the series was successful at influencing the energy landscape at global, regional, and national levels. This influence means that, in both policies and in practice, the needs of the poorest people are more likely to be taken into account.

## Strengthening our voice

The energy access field has become increasingly crowded, but the needs of the poorest and most vulnerable people in the community aren't always taken into account. We've learned the importance of getting our voice heard in this busy sector, in order to make sure that services are fair and universal.

Recently, our work in West Africa has strengthened our capabilities in integrated energy and farming projects. We're exploring how we can build on this integrated approach to further strengthen our voice in the energy field to make sure that no-one is left behind.

*“What we often lack as last-mile distributors is access to diverse product information, funding and opportunities to create linkages with similar organisations both in-country and globally. The GDC is the first such attempt to provide these to organisations such as ours, and we believe it has huge potential to facilitate our work and that of our peers, which will ultimately serve to benefit millions of households across developing countries.”*

**Tania Laden, CEO of Livelyhoods, GDC member**



# 828K

people directly benefited from  
our farming work in Latin  
America, Asia and Africa

# 483K

more people  
benefitted indirectly

# £10.4M

spent on our farming  
programme

Reforestation is helping conserve soil fertility  
and moisture on arid farmland in Sudan.



## 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.**

The current agricultural system is built on destructive cycles reliant on chemical fertilisers that degrade soil, reduce productivity and contribute to climate change, as well as reducing diversity. Prevailing systems benefit large-scale intensive agriculture and marginalise smallholder farmers. They're unfair and leave the vast majority of farmers behind.

### Transforming rural economies

We're turning farming into a viable livelihood, especially for women and young people. Using regenerative agriculture techniques, we're helping smallholder farmers create viable livelihood opportunities for vibrant rural economies.

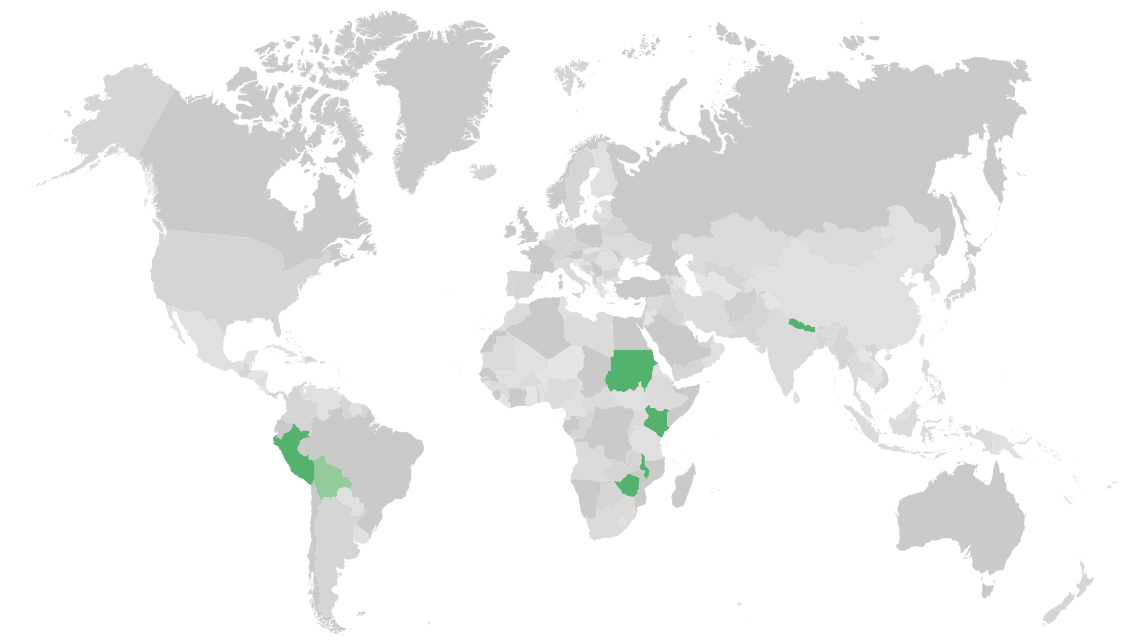
### Working with nature

Planet-friendly farming that's adapted to the new climate reality is our starting point. We help people build farming systems that connect nature (climate, land, water, plants and animals) with people (culture, economics and society). This protects the environment and builds natural resources.

### Powerful partners

We're engaging in bold collaborations that unlock commercial market opportunities for small scale farmers; strengthening their voice with government and creating fairer policies; and sharing what works with others.

### Farming project locations





# Super seeds FEEDING FAMILIES

**Farmers in Southern Africa are struggling to grow enough food to feed themselves and their families. By harnessing the power of biodiversity, we're helping them adapt to the effects of climate change to grow enough for their own households and their wider communities.**

Climate change is disrupting weather patterns in Malawi and Zimbabwe. The result is more frequent and longer periods of drought combined with flooding when rain finally comes. It's making it almost impossible to make farming a viable way of life. Farmers have been pushed into growing single crops, using hybrid seeds that aren't designed to cope with the increasing unpredictability of climate change, and limit the nutritional range of food available.

We're working with local partners to reduce vulnerability to climate change by diversifying and improving crop production, using a range of locally adapted and climate resilient seeds. We're encouraging a return to traditional, local crop varieties, which will help smallholder farmers safeguard their future. It's an innovative approach that benefits both farmers, the health of their communities and the environment.

This work is creating nationwide markets for high quality farmer-saved seeds, underpinned by the development of a new policy framework that protects and promotes farmers' rights to grow, save and trade traditional seeds. This genuinely ground-breaking approach has never before been applied in Southern Africa.

Our project in Malawi is funded by the Innocent Foundation and is being rolled out in partnership with Malawi Genetic Resources Centre and other local partners. Along with our work on the ground, a commitment to collecting and using data means we're able to hone our approach for maximum impact.

*Smallholder farmers like Mantombi are learning innovative techniques to make even the most arid land fertile.*

## On the cusp of systemic change

In Zimbabwe, we are a lead organisation in planning the implementation of a resilience component of the national agricultural policy, for which locally adapted and climate resilient seeds are hugely relevant. We're confident that evidence from our work will lead to these types of seeds being formally recognised as valuable to growing food in a changing climate. It's an achievement that could improve the food security of whole communities of people living in remote rural areas.

## Embedding our unique approach

We've learned a lot in the course of embedding systems change and regenerative farming methods into our projects. When recruiting and training our project teams, we've needed to repeatedly stress the importance of facilitating systems change, to make sure it remains a priority. Similarly, we've had to invest time and effort into making sure that agroecology is a fundamental building block of our approach, rather than an optional extra. As a result of these learnings, we involve staff and partners in the learning and planning, and we prioritise interventions that build momentum in these areas by delivering early results.

*"I didn't used to know about the best seed varieties, or how to protect my crops from pests and diseases. Now I have been trained by Practical Action I know how best to safeguard my harvest. I'm growing more, harvesting more and earning more."*

**Regina, a farmer in Manicaland, Zimbabwe**



# 478K

people directly benefited  
from our cities work  
across Africa and Asia

# 1.8M

more people  
benefitted indirectly

# £8.7M

spent on our  
cities programme

Josephine, who lives in Kisumu, Kenya, has learned the importance of good hygiene practices, such as hand washing. It's knowledge that's improved her own health and that of her young family.

## Cities fit for people

**Globally, 40% of households don't have handwashing facilities with soap and water. Inadequate sewage management means that human waste is polluting the same water people use to drink and wash with. Meanwhile, informal waste workers risk their health emptying waste pits and sorting through rubbish to make a meagre living.**

Cities are built around the needs and wants of their most privileged residents. People living in slums are often unrecognised and their needs are ignored by city planners and local authorities. In particular, the specific needs of women in relation to sanitation services are often overlooked.

### Health and dignity in the slums

Our work is helping people become healthier and safer through effective sanitation. Through training and access to better services, we're helping people improve hygiene practices and we're protecting the health, safety and dignity of poorly paid waste workers.

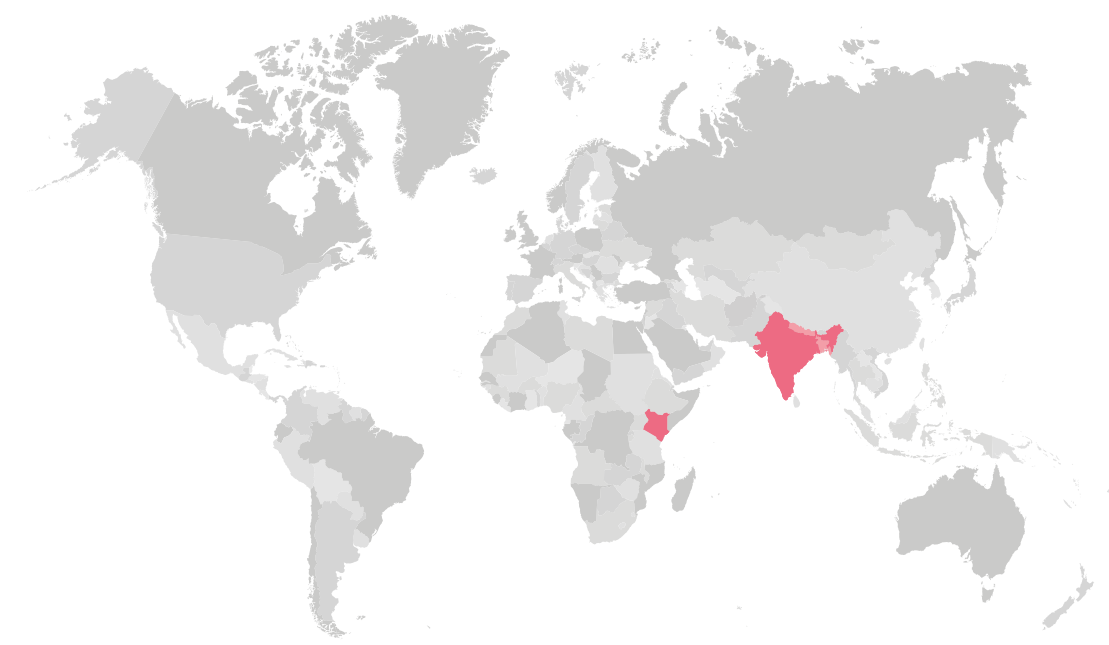
### Green waste initiatives

We're helping to build cities that work in harmony with the environment by managing waste sustainably. We're pioneering innovative recycling solutions that don't just dispose of waste safely but turn it into useful products such as clean fuels.

### Influencing cities of the future

Our city-wide systems are created through collaboration with local authorities and national governments. We're working with communities, municipalities and utility companies to deliver sustainable sanitation, water and waste management services that work for the poor and take the needs of marginalised groups, such as women and disabled people, into account.

### Cities project locations





# Giving a voice to the slums

**As the population of cities continues to grow, the needs of people living in slums are often overlooked. Our work is helping them make the poorest areas of the city cleaner, healthier and fairer. Finally, their voices are being heard.**

Sewage infrastructure in many cities around the world either doesn't exist or doesn't reach slum communities. In sub-Saharan Africa, the number of people without basic sanitation is rising. In some South Asian countries, it's the job of the very poorest to empty the waste out of toilets with their bare hands and buckets. Without effective sanitation systems, waste is dumped, often in rivers. It poisons drinking water, damages health and pollutes the environment.

Our approach is to work in specific cities to demonstrate the benefits of our approach to authorities. We then scale our work up elsewhere. During the year, we worked with nine municipalities and one city corporation in Bangladesh, one city in Kenya, and three municipalities in India. They have a combined population of around 1.9 million, and a slum population of around 427,000, with a further 108,000 refugees in the camps at Cox's Bazaar.

We're working towards achieving city-wide change, resulting in 100% coverage in access to basic sanitation and waste management services. Our tried-and-tested approach is flexible enough to adapt to the different culture and context of each place, while also being robust enough to be replicable in other cities around the world.

We support people from poor communities to talk to local authorities about their needs. Underrepresented groups, such as women, minority ethnic groups and disabled people also start to find their voice. We identify who is already providing a service, however informally, so we can build on existing solutions. New treatment plants, such as those in the Indian cities of Dhenkanal and Angul, mean that waste is treated and reused.

*The informal pit emptiers we've worked with now have improved working conditions and are able to influence local authority decisions.*

## Global influence

During the year, the success of our work helped us influence both national policies and global developments. In Bangladesh, we guided the Government's National Action Plan for rolling out human waste management systems, including recognising the role of the informal sector. We have also become the partner of choice for the Urban Development Directorate in global events such as the World Urban Forum.

## Focusing on gender

Recent studies revealed the deep gender divides in this sector. We've learned from these that the gender focus in aspects of our cities programme still needs more attention. We're turning our learning into resources that we'll share with others. This includes new learning to compare our business models in Bangladesh, India and Kenya with leading global experts from Leeds University. In the next year we'll use this data and learning to further improve the gender focus of our work in cities.

*"Things have changed a lot in the four years I've been working with Practical Action. Our pit emptier co-operative has a say in how things are run and we're able to work in safety. My family are very happy and I'm able to save money so my children can get an education."*

**Anthony, a pit emptier in Bangladesh**



# 461K

people directly benefited from  
our resilience work across  
Africa, Asia and Latin America

# 580K

more people  
benefitted indirectly

# £4.1M

spent on our  
resilience programme

Monitoring stations, owned and  
maintained locally, are helping people  
predict, plan and protect their communities.

## Resilience that protects

**Floods, earthquakes, droughts and other natural hazards pose major threats. They push millions of people into poverty every year, reverse hard won gains and cost the global economy billions. Climate change is causing greater long-term changes. People living in the world's poorest areas are most seriously impacted.**

Planning ahead for hazards is often not a priority for Governments and isn't viewed as an essential service. In many countries where not everyone has even basic sanitation or electricity, the scale of exposure is more than national systems can deal with.

### Empowerment through resilience

Our work is helping people make 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 climate threats and natural hazards and find ways to minimise their impact.

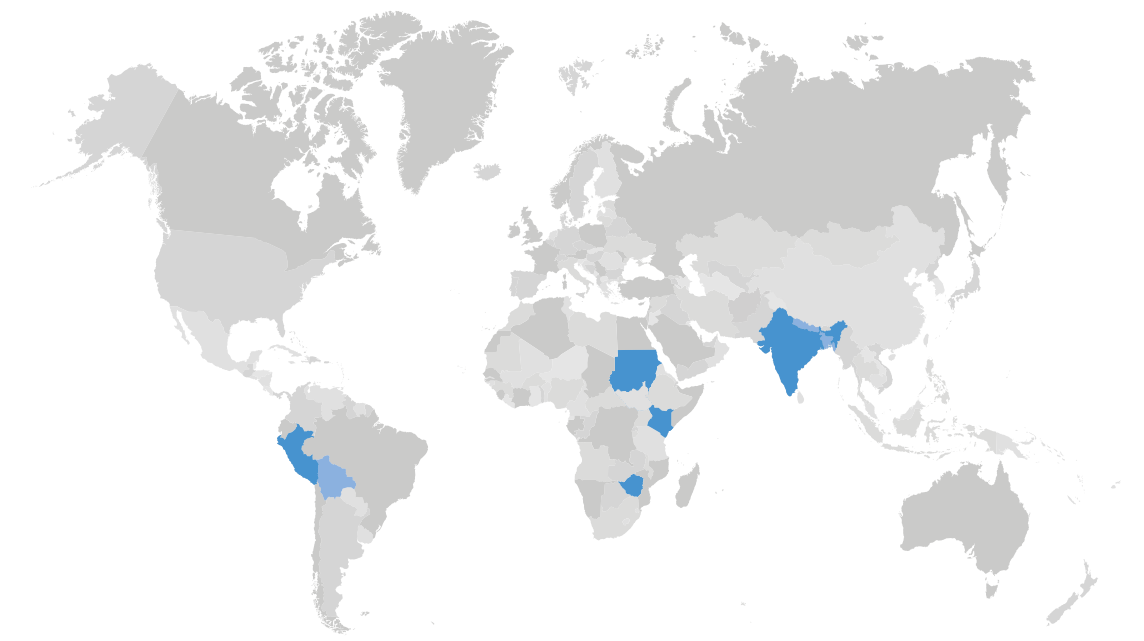
### Green infrastructure

We're promoting green infrastructures and natural solutions that respect peoples' needs while protecting homes, belongings, crops and incomes from climate threats. They protect natural capital and mitigate future climate change.

### Thinking outside the box

We're changing the status quo by influencing local and national governments, and the private sector. Our aim is to reduce emissions, promote green economies, and ramp up climate-wise investment in locally developed solutions that reach the most vulnerable for long-term climate adaptation.

### Resilience project locations





# Futures beyond flooding

**Flooding affects an average of 250 million people per year – more than any other natural hazard. It’s the poorest communities that suffer the most. In Bangladesh, Nepal and Peru, we’re working as part of the Zurich Flood Resilience Alliance to improve the lives of those affected.**

Across the world, climate change, growing populations and unsustainable land use are increasing flood risk. Many areas lack the technology and skills needed to predict and prevent disaster. The disastrous impact of flooding can lead to loss of life, as well as physical and psychological harm. Every time a village floods, its residents are forced to start over again. This traps them in a poverty cycle.

Since 2013, we’ve been part of the Zurich Flood Resilience Alliance. Bringing together risk expertise from within the private sector, research institutes and humanitarian and civil society organisations to improve the livelihoods of these vulnerable communities. During the year, we helped 92,179 people in Bangladesh, Peru and Nepal access information on early warning systems.

In Bangladesh, we were asked by the Ministry of Disaster Management to develop a mobile application for government officials and first responders to coordinate disaster response. This was launched by the Ministry on World Disaster Day in October and is providing first line responders with access to real time disaster preparedness and response information.

In Bangladesh, Peru and Nepal, we provided the tools and knowledge that residents and local business owners need to increase their resilience to future floods, allowing them and their children to thrive.

Roxana and Norberto are leaders in their community and are helping make our work sustainable by teaching their new skills to others.



## Beating the flood. Worldwide.

We wrote the first peer reviewed paper on the costs and benefits of early warning systems in a developing country, based on our work in Nepal. We presented our paper at the UN Global Platform. As a result, we were invited to be co-author with the UK Met Office on a chapter of a practitioners’ guide for the World Meteorological Organization. This offers an opportunity to shape best practice in early warning system development and management at a global scale.

## Leading the way

The Zurich Flood Resilience Alliance continues to be a thought leader in an increasingly crowded sector. We’ve learned the importance of continually evolving to make sure that we’re leading the field in the right direction and ensuring the voices of the most marginalised are heard.

*“In recent years, there are more floods, but now we are prepared. Every year we plan. We have a risk map. We are organised to be able to face any emergency, be it flood or drought.”*

**Roxana and Norberto, farmers in Altamarani, Bolivia**

In May 2019, staff from Peru, Nepal and UK were invited to speak at the high-level segment of the United Nations Disaster Risk Resilience multi-hazard Early Warning System conference. Through this opportunity, we were able to bring the voices of the ‘forgotten’ communities to the top table – and influence bigger change on their behalf.



# Strategic Report

# FINANCIAL AFFAIRS

**Our Finance and Services Director, John Lockett, reviews our finances over 2019/20.**



**At £36.1m total income was 16% up on prior year and 12% more than ever before with expenditure on charitable aims similarly reaching a historical high. Growth was driven by prior year success in securing significant new funding, most notably from the IKEA Foundation and UN agencies, and improvements in the pace of operational delivery.**

The unrestricted deficit of £1.6m was very close to that budgeted as we continued to invest remaining proceeds from the sale of the UK office in programmes and organisational infrastructure. Unrestricted general reserves closed the year at £7.3m, fractionally above the target range.

Unrestricted donations and legacies were at a similar level to previous years. Our established supporters remain very engaged and committed to Practical Action’s aims and approaches. However, attracting a new generation remains an ongoing challenge which we are working hard to address. Despite difficult market conditions income from consultancy services and publishing grew in the year.

There was broad based growth in charitable aims expenditure which at £35m was 20% up on the previous year, with growth in direct expenditure and grants to implementing partners. Growth in energy programmes was driven

by IKEA Foundation funded work with refugees in East Africa and, in partnership with the Norwegian Refugee Council, in Jordan. In farming, growth came from expanded programmes in Zimbabwe and the delivery of an integrated food and livelihoods approach in Sudan with funding from UNDP. In Bangladesh, our work with UN agencies to bring safe sanitation and sewage treatment to the Rohingya refugee camps was amongst the contributions to growth in our cities programme. There was a modest reduction, year-on-year, in spend on our resilience programme as some work came to a conclusion. There was no growth in fundraising or support expenditure.

The defined benefit pension scheme, which was closed to contributions in 2002, remained in surplus. As such no actuarial charge was booked in the year: we do not judge it appropriate to recognise the surplus as a recoverable asset.

### Balance Sheet and Reserves

Total reserves (funds) at the end of the year were £9.2m, made up of £1.1m restricted reserves, £0.8m unrestricted fixed assets and general funds of £7.3m. Reserves are fractionally above the target range defined in our reserves policy, £6.0m – £7.2m based on 2020/21 budgets.

We require funds for the following purposes:

**Working Capital:** £2.8m. These funds are required to provide working cash and pre-financing for normal operations during the course of the year.

Our reserves policy requires us to hold between £3.2m and £4.3m 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 currencies in which we receive income lose 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 £6.9m to our partners to support the delivery of programmes. Due diligence is carried out prior to any agreement being made and we track

and monitor funds against the agreed deliverables. Partners are contracted to follow our policies and observe our standards in a range of areas including safeguarding and financial management.

### Looking forward

Following success in 2019/20 we had budgeted for further growth in 2020/21. However the global COVID-19 crisis has significantly impacted our projections.

Our programmes and particularly our field activities have been severely disrupted. Our primary concern has been and remains the safety of the communities with whom we work, our own and partners’ staff. While most staff have continued to work remotely and we have creatively adapted our programmes and approaches wherever possible the pace of delivery and spend will inevitably fall short of targets. We anticipate needing to use £1m in unrestricted funds to finance the impact of programme disruption and delays to deliverables mandated by restricted donor awards.

We continue to push our fundraising and business development efforts and have been encouraged by the results to date. Nevertheless the impact of the associated economic recession will impact our ability to grow our unrestricted funding and we have moderated our future projections. We

have also moderated our restricted income projections in light of the impact of COVID-19 and other developments on some of our donors.

In consequence we have instituted a global restructure to ensure we have the capacities and capabilities we need to deliver our change ambitions, reduce ongoing expenditure to align with the lower future income projections and maintain a position of financial strength from which to face an unprecedented uncertainty. We are, regrettably, having to take some hard decisions but we are starting from a position of financial strength and can be confident that the actions we are taking will position Practical Action to thrive and continue to deliver big change.

### Going Concern

The changes we are making will enable us to cover projected costs in the years ahead, on the basis of realistic income projections. We anticipate being able to keep reserves within or close to the target range and thus retain considerable financial resiliency against further shocks. Our reserves level is adequate to the funding risks faced in the coming years, even in worst case scenarios, and we are confident that the organisation remains a going concern.

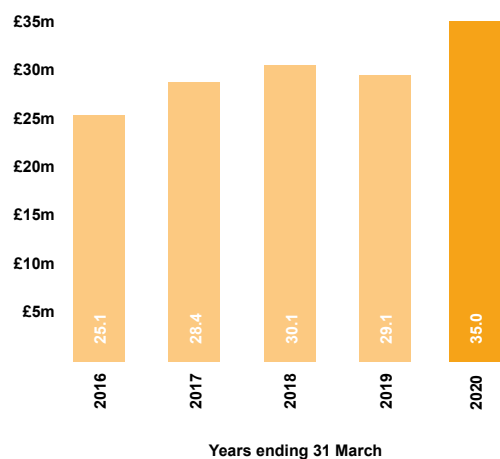


# Summary of income and expenditure

Total annual income

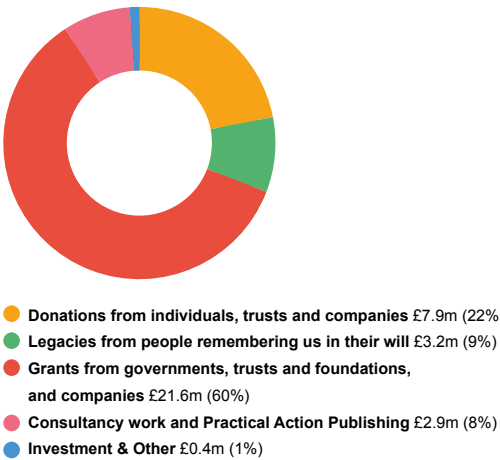


Total expenditure on charitable activities (£m)

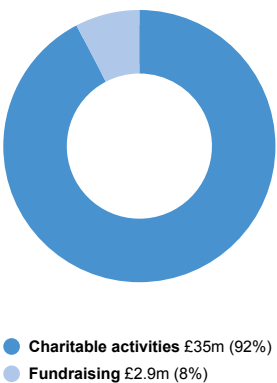


We explain what we mean by charitable activities on page 56.

2019/20



2019/20 (including fundraising and governance)



# 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).

The Board of Trustees (who are also Directors of Practical Action for the purposes of company law) govern the organisation in line with its Articles of Association, vision, mission, values, aims and charitable objectives and provides overall policy direction. They 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 have a formal schedule of matters which are reserved for their 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 approve 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. In parallel the Board has agreed that, with exceptions, Trustees should generally serve no more than two consecutive terms of three years each. Trustee recruitment advertisements are placed on our website, in selected publications and on a variety of sector websites. We also use a sector specialist search firm. 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 10 Trustees by the end of the 2019/20 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. These events help provide Trustees with a greater understanding of their legal responsibilities and discuss emerging issues affecting the sector. Training includes induction days to meet senior management and key employees to familiarise themselves with the organisation. Trustees also attend workshops and visit international programmes to develop their knowledge of our programme work and impact. These arrangements have had to be modified in the light of the consequences of the COVID-19 pandemic.

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. This Insurance cover is included in a Professional Indemnity package and provides cover up to £5,000,000 on any one claim and the cost for the period ended 31 March 2020 was £11,760.

## New Trustees

**Martin Tyler** joined the Board of Practical Action in April 2020. He is recently retired from a 35-year accountancy career spanning commercial businesses and charities. He spent over 25 years at Director level in the charity sector with responsibilities covering finance, human resources, IT, legal and governance. He has been Finance Director at Christian Aid, Fairtrade Foundation, Amnesty International UK and most recently at the Refugee Council. He has served on the boards of the Overseas Development Institute, Pesticide Action Network, Television for the Environment and Divine Chocolate. He is currently Treasurer for CPRE, the countryside charity. He is delighted to be joining the Board of Practical Action at such a critical time as we respond to the impact of COVID-19 and to help steer the organisation through the challenges ahead.

**Fayezul (Fayez) Choudhury** joined the Board of Trustees in April 2020 after the 19/20 year end. He has four decades of experience in the international development and professional services sectors. His last assignment after a 25-year career with the World Bank was as Vice President Corporate Finance and Risk Management, and he was subsequently the CEO of the International Federation of Accountants. He has served on a number of high-level international committees, and currently chairs the independent oversight advisory committees of the United Nations Development Program and the Food and Agricultural Organisation. He has also served on the boards and in other governance roles of a number of international NGOs.



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. There are two committees of the Board. Each committee includes members of the 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

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.

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 – and a number of associated organisations.

**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, 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 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 in the company.
  - Practical Action Consulting S.A.C. – a private limited company registered in Peru. Practical Action Consulting Limited UK has a 49% shareholding.
  - Practical Action Consulting Rwanda is registered as a branch of Practical Action Consulting Limited UK.
  - Practical Action Consulting West Africa office was registered as a branch office of Practical Action Consulting Limited UK. It is being re-registered as a wholly owned subsidiary of Practical Action (the charity).
  - 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.

We are also affiliated with two locally-registered overseas entities carrying the Practical Action name.

- Practical Action is registered as an International Non-Governmental Organisation in Kenya and has a Board made up of two Kenya nationals plus three directors nominated by Practical Action in the UK. Two of these Practical Action nominees are from the Executive. As Practical Action exerts significant influence and control over this entity, for accounting purposes this entity is included in the Group’s consolidated accounts as a branch office.
- The Practical Action Foundation was incorporated in Delhi as a locally registered not-for-profit company. All the directors are

Indian nationals not directly connected to Practical Action nor does Practical Action have a shareholding in this not-for-profit company. It is therefore not included in our Group consolidated accounts. Practical Action and Practical Action Consulting Limited (based in UK) work with the Practical Action Foundation.

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.

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.

Charity Governance Code 2017

Practical Action is committed to the highest standards of governance and seeks to make continuous improvements in line with the principles set out in the Charity Governance Code. A Board Effectiveness Review was conducted by governance experts from CASS business school in the year to help strengthen the governance of the Board, its Committees and the Senior Management. In response to the recommendations of the review, a Board Review Group was formed to review and implement the recommendations received. 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.

Governance disclosure on carbon reporting

Core to all of Practical Action’s work is an ambition to safeguard the planet today and for the benefit of future generations. Our programmes are designed with the aim of protecting and improving the environment. We also recognise our responsibility to minimise our negative impacts

including our own carbon emissions. As such we have carbon budgets for all parts of the global organisation and are committed to reducing our global carbon emissions, continually monitoring and improving our environmental impacts and publishing the results in line with a strengthened environmental policy approved by the Board in July 2019.

The more limited disclosure below is given to meet UK regulatory requirements, in line with our statutory obligation as a UK registered company.

UK greenhouse gas emissions and energy use data from 1 April 2019 to 31 March 2020

We took the following measures to improve energy efficiency:

- The electrical systems in the office space used by our Publishing team were serviced and certified (in February 2020)
- In the same office space, the existing inefficient heaters were replaced
- We increased the use of timers on heaters

|   | 2019/20 |
|---|---------|
| UK Energy consumption used to calculate emissions (kWh)                   | 65,548  |
| Energy consumption breakdown (kWh)  |         |
| Gas   | 46,412  |
| Electricity <sup>1</sup>  | 6,026   |
| Electricity (Publishing)  | 13,110  |
| Associated greenhouse gas emissions (Kg Co <sub>2</sub> equivalent)       |         |
| Gas   | 8,533   |
| Electricity   | 4,891   |
| Total Associated Greenhouse gas emissions (Kg CO <sub>2</sub> equivalent) | 13,424  |
| Intensity ratio (kg CO <sub>2</sub> equivalent per square feet)           | 1.13    |

<sup>1</sup>Electricity kWh is an estimation calculated using the average annual consumption during the period March 2018 – August 2020.  
Data \* Emission Factor = Associated Greenhouse gases  
Energy use is calculated with reference to gas and electricity meter readings. Emission factors are taken from government published data



**Our fundraising philosophy**

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 complaints procedure for investigating complaints. We received 20 complaints relating to our fundraising activities in 2019/20. The most common feedback related to the frequency of our communications. None of the complaints was serious.

We comply with all relevant statutory regulations, including the Charities Act 2011, the Charities (Protection and Social Investment) Act 2016, the Data Protection Act 2019, 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’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 2019–20, 29,273 people supported us with a gift (2018/19 32,000). 1,829 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 2020–21 financial year, we’re confident that around 30% of our public fundraising target is already secured.

**Remuneration, equal opportunities and staff engagement**

Practical Action’s remuneration policy is based on an ambition to recruit and retain skilled staff who

are remunerated fairly but primarily motivated to work with us because of our mission. We aim to pay staff at a level close to the relevant market median, normally similar organisations and equivalent roles in the local employment market, using a fair and transparent pay system free from individual bias. We aim for equitable remuneration for all employees regardless of sex, race, religion, caste, tribe, belief, age, marital status, pregnancy, caring responsibilities, sexual orientation, gender or disability. Management remuneration committees are accountable for determining pay scales, benefit packages and cost-of-living awards based on a consideration of benchmarking surveys, local inflation, recruitment and retention experience, affordability and financial performance, employment market trends, and any other relevant factors pertaining to the local context. The management remuneration committees are held to account by the Organisation 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.

**Diversity and Dignity at Work**

We have a Diversity and Dignity at Work Policy in place and believe that having a diverse workforce and inclusive workplace culture based on respect will enable us to be an effective organisation. We seek to create an inclusive workplace in which people are accepted as individuals, regardless of their differences and where they feel their contribution is valued. We value the differences that a diverse workforce brings and seek to build a culture of meritocracy, openness, fairness and transparency where we

benefit from a variety of viewpoints and perspectives.

We promote equality of opportunity and avoid discrimination on the grounds of any personal characteristic such as gender, race, religion, ethnic or national origin, caste, tribe, belief, age, marital status, pregnancy, caring responsibilities, sexual orientation, or disability.

We openly consult with staff on matters important to the organisation’s activities and keep people updated through weekly all-staff meetings in each office and a range of digital communications. A confidential staff survey is conducted every two years to monitor key drivers of, and guide efforts to improve, staff engagement. Our 2020 survey recorded award winning levels of employee engagement in all of our offices.

**Global gender pay data as at April 2020**

We believe that the possibilities open to employees of Practical Action to participate and reach their full potential should not be defined by gender. Practical Action therefore seeks 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, Practical Action may need to take different actions specifically aimed at addressing the barriers that either women or men face. Because there is evidence to show that many obstacles to achieving inclusivity relate to women more than men, in practice our gender action plans 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.

Whilst we do not fall within scope of the regulatory requirement 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 33% more than men

**Median:**  
Women are paid 25% more than men

This data is based on local currency to GBP exchange rates as at April 2020.

Globally, 43% of our employees are women. Across the global organisation women constitute around 60% of our highest paid quartile. Our Strategic Leadership Team (SLT) is also made up of 60% women. The most significant driver of our 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 other countries in which Practical Action operates, 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). When looked at by location, in our largest offices we find a mixed picture of mean pay gaps ranging from between 14% in favour

of women and 25% in favour of men. Despite having an overall pay gap in favour of women, 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.

We remain committed to improving inclusion and our actions have included reviewing recruitment questions for gender sensitivity, assessing gender awareness before appointing candidates, reviewing family friendly policies, developing an e-learning on Gender Intelligence, and launching a new Diversity and Dignity at work policy supported by Diversity and Inclusion training. We will continue to:

- Identify potential barriers that inhibit women and men from joining and progressing within the global Practical Action team
- Support the professional development and internal promotion of our people
- Strengthen an awareness of gender issues in our team and create a working environment where people feel included regardless of any personal characteristic
- Recognise diversity of the contexts we work in and tailor 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.

The Safeguarding Policy is reviewed and approved by the Board and a designated Safeguarding Trustee, Yvonne Pinto, oversees necessary governance arrangements for safeguarding. New global policies in recruitment, pre-employment screening and references were launched to prevent the perpetrators of abuse from being employed through safer recruitment practices. Our employees were trained in safeguarding through e-learning and face-to-face activities with around half of our staff participating in face-to-face training. 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 are in place 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 2019/20, 18 complaints were received as follows:

| Complaint type   | Number of complaints |
|--|----------------------|
| Safeguarding   | 1                    |
| Grievance  | 11                   |
| Other  | 6                    |
| <b>Total</b>   | <b>18</b>            |
| Of these complaints, no serious incidents were reported to the Charity |                      |

Commission during the year. One safeguarding complaint was upheld relating to the actions of a partner organisation with appropriate action being taken to respond to the concern, support the complainants and mitigate future risks.

We are committed to working with the international development sector, along with other International Non- Governmental Organisations, The Foreign Commonwealth and Development Office (previously known as DFID) and the Charity Commission, to improve the standards and delivery of safeguards, including a culture of zero tolerance of 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 2019/20, we worked with local partners across Asia, Africa and Latin America to reach 2 million people in 12 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

Quarterly risk reviews at Group, country and regional level were carried out on behalf of the Board by the Finance Audit and Risk Committee. They 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. The UK offices are audited regularly 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.

### Principal Risks

The principal organisational-level risks as identified in our risk register are:

The risk of failing to secure sufficient restricted income for future years. The UK’s exit from the EU and changes in the way the UK’s aid budget will

be managed have and will affect two of our historically most significant donors. Some trusts and other donors’ capacity to fund has been impacted by the economic impact of the COVID-19 crisis, whilst others are reviewing their priorities. We have been successful in developing new funding partnerships over the past years and have embraced new funding mechanisms from our more traditional donors, such as the UK Aid-Match programme. However, we are conscious that we need to continue to sharpen our offer and our business development capabilities to ensure that we can fund our ambitious strategic objectives.

Failing to implement projects in line with plans and funding agreements is always a challenge given the changeable nature of our operating environments and the nature of our work. The COVID-19 crisis, which has affected all our programmes simultaneously, has exacerbated these risks. The extent and duration of lock-downs is very variable and many of our programmes were able to restart rapidly. In other places we are continuing to communicate with our donors and to find new and creative ways to implement our projects.

Despite having award-winning levels of staff engagement, this has become a particular risk in the context of widespread remote working and the change programme being implemented. We have put in place a range of measures to help staff through the change process and keep all staff engaged. We have an active programme of internal communication globally and in all the locations in which we work.

Safeguarding events and fraud remain significant risks particularly with reduced levels of day-to-day oversight of staff and partners. We have a strong policy framework in place and continue to roll out training

and awareness programmes. We have also strengthened financial controls through implementation of an on-line authorisation system.

The health and safety of staff is a risk we remain alert to. We have put in place measures to ensure that all our staff can work safely in light of COVID-19 and have put in place psychological support services for all staff globally.

Strategically, an external review indicated that we are bringing about systems change but that there is more to do to ensure it is the norm across all that we do. We are conducting a mid-term review of our strategy which is expected to result in a more clearly articulated route-to-scale for each of our change ambitions along with clear means to capture the indirect impacts of our work.

### 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.

Pursuant to Section 172 of the Companies Act 2006, the Trustees confirm that they act in the way they consider in good faith, and act



to promote the success of the Charity and Group for the benefit of its stakeholders as a whole.

Information required by Section 414 C(11) of the Companies Act 2006 is shown in the strategic report.

*\*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 2020, 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:** Farrer & Co LLP, 66 Lincoln's Inn Fields, London, WC2A 3LH

Executives

**Chief Executive**  
Paul Smith Lomas

**Fundraising, Marketing and Communications Director**  
Rachel Hudson

**Finance and Services Director**  
John Lockett

**International Director**  
Amy Mina

**Influence and Impact Director**  
Sarah Roberts

**East Africa Director**  
Farida Aliwa

**Sudan Director**  
Muna Eltahir

**Bangladesh Director**  
Shawkat Begum

**South Asia Director**  
Achyut Luitel

**Southern Africa Director**  
Kudzai Marovanidze

**Latin America Director**  
Alicia Quezada

**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:

Yvonne Pinto (Chair)  
Roger Clarke (Vice Chair)  
Nigel Saxby-Soffe (Hon Treasurer)  
Helena Molyneux (stood down 11 December 2019)  
Waleed Elbashir Elobeid  
Valerie Jolliffe (stood down 11 December 2019)

Brenda Lipson  
James Smith (stood down 9 July 2020)  
Joanne Smith  
Ian Thornton  
Helena Wayth  
Graham Young  
Martin Tyler (joined 1 April 2020)  
Fayezul Choudhury (joined 1 April 2020)

**Organisation Committee**  
Yvonne Pinto (Chair)  
Nigel Saxby-Soffe  
Roger Clarke

**Finance, Audit and Risk Committee**  
Nigel Saxby-Soffe (Chair)  
Valerie Jolliffe (stood down 11 December 2019)  
Joanne Smith  
Graham Young  
Martin Tyler  
Fayezul Choudhury

**Secretary**  
John Lockett

This report, which incorporates the Trustees’ and Directors’ Annual Report and Strategic Report, was approved by the Board on 20 November 2020 and signed on their behalf by:

*[Handwritten signature of Yvonne Pinto]*

**Yvonne Pinto**  
Director (Chair)



Members of the Senior Leadership Team and other key staff members



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 2020 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 2020 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](http://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:** 1 December 2020



# Financial statements

## Consolidated statement of financial activities for the year ended 31 March 2020 (incorporating the income and expenditure statement)

|  | Note          | Unrestricted<br>£'000 | Restricted<br>£'000 | Total<br>2020<br>£'000 | Total<br>2019<br>£'000 |
|--|---------------|-----------------------|---------------------|------------------------|------------------------|
| <b>Income and endowments from:</b>                 |               |                       |                     |                        |                        |
| Donations and Legacies                             | 3             | 10,272                | 852                 | 11,124                 | 12,167                 |
| Charitable activities                              | 3             | 2,849                 | 21,706              | 24,555                 | 18,252                 |
| Investments  | 3             | 17                    | -                   | 17                     | 19                     |
| Other income                                       | 3             | 376                   | -                   | 376                    | 766                    |
| <b>Total income and endowments</b>                 | <b>3</b>      | <b>13,514</b>         | <b>22,558</b>       | <b>36,072</b>          | <b>31,204</b>          |
| <b>Resources expended</b>                          |               |                       |                     |                        |                        |
| Expenditure on raising funds                       | 4             | 2,851                 | -                   | 2,851                  | 2,879                  |
| <b>Total expenditure on raising funds</b>          |               | <b>2,851</b>          | <b>-</b>            | <b>2,851</b>           | <b>2,879</b>           |
| <b>Expenditure on charitable activities:</b>       |               |                       |                     |                        |                        |
| Energy that transforms                             | 4             | 4,530                 | 5,196               | 9,726                  | 7,624                  |
| Farming that works                                 | 4             | 2,648                 | 7,775               | 10,423                 | 8,911                  |
| Cities fit for people                              | 4             | 2,211                 | 6,506               | 8,717                  | 5,306                  |
| Resilience that protects                           | 4             | 1,231                 | 2,907               | 4,138                  | 5,090                  |
| Knowledge that inspires                            | 4             | 886                   | 74                  | 960                    | 1,308                  |
| Other  | 4             | 940                   | 108                 | 1,048                  | 860                    |
| <b>Total expenditure on charitable activities</b>  |               | <b>12,446</b>         | <b>22,566</b>       | <b>35,012</b>          | <b>29,099</b>          |
| <b>Total expenditure</b>                           | <b>4</b>      | <b>15,297</b>         | <b>22,566</b>       | <b>37,863</b>          | <b>31,978</b>          |
| Net gain/(loss) on investments                     | 8             | 11                    | -                   | 11                     | 10                     |
| <b>Net income/(expenditure)</b>                    |               | <b>(1,772)</b>        | <b>(8)</b>          | <b>(1,780)</b>         | <b>(764)</b>           |
| Actuarial gain on defined benefit pension scheme   | 17            | -                     | -                   | -                      | 209                    |
| Transfers between funds                            | 15            | 215                   | (215)               | -                      | -                      |
| <b>Net movement in funds</b>                       |               | <b>(1,557)</b>        | <b>(223)</b>        | <b>(1,780)</b>         | <b>(555)</b>           |
| <b>Balance brought forward 01 April 2019</b>       |               | <b>9,657</b>          | <b>1,366</b>        | <b>11,023</b>          | <b>11,578</b>          |
| <b>Balance carried forward as at 31 March 2020</b> | <b>15, 16</b> | <b>8,100</b>          | <b>1,143</b>        | <b>9,243</b>           | <b>11,023</b>          |

The notes on pages 55 to 82 form part of these financial statements.

## Consolidated and charity balance sheets at 31 March 2020

|   | Note      | 2020<br>£'000 | Group<br>2019<br>£'000 | 2020<br>£'000 | Charity<br>2019<br>£'000 |
|---|-----------|---------------|------------------------|---------------|--------------------------|
| <b>Fixed assets</b>                                     |           |               |                        |               |                          |
| Intangible assets                                       | 7         | 28            | -                      | -             | -                        |
| Tangible assets   | 7         | 1,030         | 1,177                  | 931           | 1,053                    |
| Investments   | 8         | 999           | 731                    | 999           | 731                      |
| Programme Investments                                   | 8         | -             | -                      | 235           | 243                      |
| <b>Total fixed assets</b>                               |           | <b>2,057</b>  | <b>1,908</b>           | <b>2,165</b>  | <b>2,027</b>             |
| <b>Current assets</b>                                   |           |               |                        |               |                          |
| Stock   | 9         | 129           | 138                    | -             | -                        |
| Debtors   | 10        | 8,279         | 9,232                  | 7,349         | 8,349                    |
| Cash at bank and in hand                                | 11, 19    | 9,468         | 12,553                 | 9,687         | 12,742                   |
| <b>Total current assets</b>                             |           | <b>17,876</b> | <b>21,923</b>          | <b>17,036</b> | <b>21,091</b>            |
| Creditors: amounts falling due within one year          | 12        | (10,512)      | (12,613)               | (9,465)       | (11,761)                 |
| <b>Net current assets</b>                               |           | <b>7,364</b>  | <b>9,310</b>           | <b>7,571</b>  | <b>9,330</b>             |
| Creditors: amounts falling due after more than one year | 13        | -             | ( 3)                   | -             | (3)                      |
| Provisions for liabilities and charges                  | 14        | (178)         | (192)                  | (166)         | (177)                    |
| <b>Net assets before pension liability</b>              |           | <b>9,243</b>  | <b>11,023</b>          | <b>9,570</b>  | <b>11,177</b>            |
| <b>Defined benefit pension scheme liability</b>         | <b>17</b> | <b>-</b>      | <b>-</b>               | <b>-</b>      | <b>-</b>                 |
| <b>Net assets after pension liability</b>               |           | <b>9,243</b>  | <b>11,023</b>          | <b>9,570</b>  | <b>11,177</b>            |
| <b>Funds</b>  |           |               |                        |               |                          |
| <b>Restricted</b>                                       | <b>15</b> | <b>1,143</b>  | <b>1,366</b>           | <b>1,143</b>  | <b>1,366</b>             |
| Unrestricted fixed assets                               | 15        | 846           | 774                    | 718           | 755                      |
| Revaluation reserve                                     | 15        | 94            | 83                     | 94            | 83                       |
| General funds   |           | 7,160         | 8,800                  | 7,615         | 8,973                    |
| <b>Unrestricted funds net of pension liability</b>      | <b>15</b> | <b>8,100</b>  | <b>9,657</b>           | <b>8,427</b>  | <b>9,811</b>             |
| <b>Total funds</b>                                      | <b>15</b> | <b>9,243</b>  | <b>11,023</b>          | <b>9,570</b>  | <b>11,177</b>            |

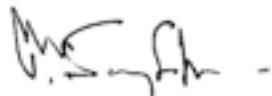
The net deficit for the financial year dealt with in the financial statements of the parent charity was £1,607k (2019 - £223k)

The notes on pages 55 to 82 form part of these financial statements.

The financial statements were approved by the board on 20 November 2020.



**Yvonne Pinto**  
Trustee



**Nigel Saxby-Soffe**  
Trustee



Consolidated cash flow statement for the year ended 31 March 2020

|  | Note | 2020<br>£'000 | 2019<br>£'000 |
|--|------|---------------|---------------|
| Cash flows from operating activities:                              |      |               |               |
| Net cash (used in)/provided by operating activities                | 18   | (2,458)       | 475           |
| Cash flows from investing activities:                              |      |               |               |
| Dividends, interest and rents from investments                     |      | 17            | 19            |
| Purchase of property, plant and equipment                          |      | (384)         | (1,184)       |
| Proceeds from sale of property                                     |      | -             | 2,300         |
| Net cash provided by/(used in) investing activities                |      | (367)         | 1,135         |
| Cash flows from financing activities:                              |      |               |               |
| (Repayments of)/additional borrowing                               |      | (3)           | (7)           |
| Net cash (used in)/provided by financing activities                |      | (3)           | (7)           |
| Change in cash and cash equivalents in the reporting period        |      | (2,828)       | 1,603         |
| Cash and cash equivalents at the beginning of the reporting period |      | 12,805        | 11,202        |
| Cash and cash equivalents at the end of the reporting period       | 19   | 9,977         | 12,805        |

The notes on pages 55 to 82 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 and last amended on 27 September 2012. The company registered a change in name on 25 September 2009 with registration number 871954. The company was registered as a charity with the Charity Commission on 26 April 1966. The principal address and registered office is The Robbins Building, 25 Albert Street, Rugby, Warwickshire, CV21 2SD. The principal activity is to inspire 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.

The COVID-19 crisis has resulted in exceptional disruption and uncertainty about the future. Our field work has been disrupted but the large majority of staff globally have continued to work remotely and we have adapted our programmes and approaches to enable our programmes to continue, albeit with some delays. We have revised our future income projections downward but are taking action to bring costs down in line. We are monitoring income carefully and results from the first part of 2020/21 are encouraging, with unrestricted income holding steady and several major new grants having been secured. We entered the crisis in a robust financial position with reserves at the top of our target range and while we will draw on reserves in the year ahead we expect them to remain within or close to the target range, maintaining our financial resilience to further shocks.

Basis of consolidation

The consolidated financial statements incorporate the results of Practical Action and all of its subsidiary undertakings as at 31 March 2020 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 expenditure includes net expenditure from the charitable company itself of £1,607k (2019: £223k).

Income and endowments

Income is accounted for on an accruals basis in the period in which the charity is entitled to income where the amount can be measured with reasonable certainty. Where the entitlement to project or grant income is performance related the income is recognised when the conditions for entitlement have been fulfilled.



Legacies are recognised when receipt is reasonably certain and the amount is quantifiable. We recognise a legacy when the executors have determined that a payment can be made following the agreement of the estate’s accounts, or on notification by the executors that payment will be made. Where funds are received net of tax, and tax is recoverable, the income is recognised gross at the time of receipt. Gifts in kind– donated goods and services are recognised in the financial statements, as both income and expenditure, at a reasonable estimate of their value in the period in which they are donated.

Resources expended

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

Basis of allocation of costs

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

Fundraising costs

This is the money we spend on activities to generate donations and legacies, including the costs of keeping donors informed about

our work and the administration of gifts. Costs are made up of salaries of people working in our fundraising, marketing and supporter care teams and the direct costs of running fundraising campaigns. They do not include the 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 a percentage of salaries for management, company secretarial/legal costs, internal and external audit costs, meeting costs for strategic leadership team and Trustees (including travel costs) and an apportionment of support costs.

Fixed assets

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

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

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

Investments

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

Stocks

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

Debtors

Debtors are measured at cost less any impairment.

Cash at bank and in hand

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

Creditors and provisions

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

Pension costs

The charity has accounted for pension costs in accordance with FRS 102.

The charity operates a defined benefits scheme in the UK, which was closed to contributions in 2002. 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 is chargeable to the projects using the partial exemption method.



2. Critical accounting judgements and key sources of estimation uncertainty

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

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

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

Pension liabilities

The charity recognises its liability to its defined benefit pension scheme which involves a number of estimations as disclosed in the Pensions note 17. No such liability has been recognised in 2020 (2019:£nil).

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 2019–20. These contributions are shown in line with our income recognition policy.

Our accounting policy is to recognise income when the conditions for entitlement have been fulfilled and so this may differ from amounts received from these and other funders in this period.

Income received through subsidiary entities is classified as unrestricted at the group level.

|  | Unrestricted<br>£'000 | Restricted<br>£'000 | Total<br>2020<br>£'000 | Total<br>2019<br>£'000 |
|--|-----------------------|---------------------|------------------------|------------------------|
| Bill & Melinda Gates Foundation                              | -                     | 807                 | 807                    | 905                    |
| Carbon Trust   | 436                   | -                   | 436                    | -                      |
| Comic Relief   | -                     | 166                 | 166                    | 303                    |
| Christian Aid  | -                     | 262                 | 262                    | 156                    |
| Department for International Development                     | 42                    | 1,396               | 1,438                  | 1,419                  |
| European Union   | 51                    | 1,018               | 1,069                  | 3,246                  |
| Food and Agriculture Organisation                            | -                     | 1,883               | 1,883                  | 1,559                  |
| Global Resilience Partnership                                | -                     | -                   | -                      | 317                    |
| German Technical Cooperation Agency (GIZ)                    | 24                    | 487                 | 511                    | 604                    |
| Grundfos Foundation  | -                     | 371                 | 371                    | -                      |
| Hivos  | 95                    | 195                 | 290                    | -                      |
| IKEA Foundation  | 191                   | 3,997               | 4,188                  | 983                    |
| International Organization for Migration                     | -                     | 297                 | 297                    | 373                    |
| Isle of Man Government                                       | -                     | 322                 | 322                    | -                      |
| Swedish Embassy  | -                     | 715                 | 715                    | 293                    |
| United Nations Children’s Fund (UNICEF)                      | 7                     | 1,766               | 1,773                  | 413                    |
| United Nations Development Programme (UNDP)                  | 122                   | 2,659               | 2,781                  | 1,001                  |
| United Nations Environment Programme (UNEP)                  | -                     | 593                 | 593                    | -                      |
| USAID  | 66                    | 379                 | 445                    | 462                    |
| ZOA  | -                     | 1,733               | 1,733                  | 1,056                  |
| Zurich Insurance Company Limited and its Z Zurich Foundation | 19                    | 1,031               | 1,050                  | 893                    |
| Other (income under £250k)                                   | 12,461                | 2,481               | 14,942                 | 17,221                 |
| Total  | 13,514                | 22,558              | 36,072                 | 31,204                 |



|                                     | Unrestricted<br>£'000 | Restricted<br>£'000 | Total<br>2020<br>£'000 | Total<br>2019<br>£'000 |
|-------------------------------------|-----------------------|---------------------|------------------------|------------------------|
| <b>Donations and Legacies</b>       |                       |                     |                        |                        |
| Donations                           | 7,045                 | 852                 | 7,897                  | 9,073                  |
| Legacies *                          | 3,227                 | -                   | 3,227                  | 3,094                  |
| <b>Total Donations and Legacies</b> | <b>10,272</b>         | <b>852</b>          | <b>11,124</b>          | <b>12,167</b>          |
| <b>Charitable activities</b>        |                       |                     |                        |                        |
| Grant income                        | 331                   | 21,317              | 21,648                 | 15,528                 |
| Consultancy and Publishing income   | 2,518                 | 389                 | 2,907                  | 2,724                  |
| <b>Total charitable activities</b>  | <b>2,849</b>          | <b>21,706</b>       | <b>24,555</b>          | <b>18,252</b>          |
| <b>Investments</b>                  |                       |                     |                        |                        |
| Interest                            | 17                    | -                   | 17                     | 19                     |
| <b>Total investments</b>            | <b>17</b>             | <b>-</b>            | <b>17</b>              | <b>19</b>              |
| <b>Other</b>                        |                       |                     |                        |                        |
| Other income                        | 376                   | -                   | 376                    | 766                    |
| <b>Total other</b>                  | <b>376</b>            | <b>-</b>            | <b>376</b>             | <b>766</b>             |
| <b>Total</b>                        | <b>13,514</b>         | <b>22,558</b>       | <b>36,072</b>          | <b>31,204</b>          |

*\*Approximately £441k of residual and £69.5k of reversionary legacies had been notified to the charity before 31 March 2020 but have not been recognised as income in the year as they do not meet the SORP FRS102 income recognition criteria.*

### Gifts in Kind

During the year ended 31 March 2020 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 the following volunteers:

- 1 volunteer in the communications department in Kenya;
- 1 volunteer in the communications department in Sudan;
- 1 volunteer in the operations department in Sudan; and
- 130 volunteers supporting humanitarian projects in Bangladesh.

## 4. Total resources expended

|   | Grants payable<br>£'000 | Direct costs<br>£'000 | Support costs<br>£'000 | Total<br>2020<br>£'000 | Total<br>2019<br>£'000 |
|---|-------------------------|-----------------------|------------------------|------------------------|------------------------|
| <b>Fundraising:</b>                               | <b>-</b>                | <b>2,523</b>          | <b>328</b>             | <b>2,851</b>           | <b>2,879</b>           |
| <b>Charitable activities:</b>                     |                         |                       |                        |                        |                        |
| Energy that transforms                            | 1,895                   | 6,962                 | 869                    | 9,726                  | 7,624                  |
| Farming that works                                | 2,405                   | 6,866                 | 1,152                  | 10,423                 | 8,911                  |
| Cities fit for people                             | 1,719                   | 6,038                 | 960                    | 8,717                  | 5,306                  |
| Resilience that protects                          | 845                     | 2,919                 | 374                    | 4,138                  | 5,090                  |
| Knowledge that inspires                           | -                       | 916                   | 44                     | 960                    | 1,308                  |
| Other   | 21                      | 441                   | 117                    | 579                    | 435                    |
| Governance  | -                       | 415                   | 54                     | 469                    | 425                    |
| <b>Total expenditure on charitable activities</b> | <b>6,885</b>            | <b>24,557</b>         | <b>3,570</b>           | <b>35,012</b>          | <b>29,099</b>          |
| <b>Total resources expended*</b>                  | <b>6,885</b>            | <b>27,080</b>         | <b>3,898</b>           | <b>37,863</b>          | <b>31,978</b>          |

*\*Total resources expended include £231k 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. £809k of shared programme support, management and quality assurance costs have been included in direct costs.

| Support costs                | 2020<br>£'000 | 2019<br>£'000 |
|------------------------------|---------------|---------------|
| CEO office                   | 170           | 220           |
| Marketing and communications | 981           | 1,183         |
| Finance                      | 903           | 695           |
| IT                           | 476           | 455           |
| HR                           | 606           | 489           |
| Facilities and services      | 331           | 520           |
| Other                        | 431           | 366           |
| <b>Total</b>                 | <b>3,898</b>  | <b>3,928</b>  |

Other costs includes depreciation, UK pension service costs, VAT annual rate adjustment, re-structuring and other exceptional costs.



| Total expenditure on charitable activities<br>(inclusive of support costs) split by country / region | Total<br>2020<br>£'000 | Total<br>2019<br>£'000 |
|--|------------------------|------------------------|
| <b>Charitable activities:</b>  |                        |                        |
| East Africa  | 4,226                  | 2,177                  |
| Latin America  | 2,864                  | 3,323                  |
| South Asia   | 3,884                  | 4,879                  |
| Southern Africa  | 5,090                  | 4,693                  |
| Bangladesh   | 5,936                  | 4,108                  |
| Sudan  | 5,528                  | 3,566                  |
| West Africa  | 508                    | 667                    |
| International direct programme work  | 6,507                  | 5,261                  |
| Governance costs   | 469                    | 425                    |
| <b>Total expenditure on charitable activities</b>  | <b>35,012</b>          | <b>29,099</b>          |

International direct programme work includes our International Policy, Consulting and Publishing work plus work in Jordan in partnership with the Norwegian Refugee Council.

During the year ended 31 March 2020, 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.

| Grants to partners greater than £200k   | Total<br>2020<br>£'000 | Total<br>2019<br>£'000 |
|---|------------------------|------------------------|
| Adventist Development and Relief Agency | 367                    | -                      |
| Center for Community Development Nepal  | 219                    | -                      |
| COPPADES                                | 219                    | -                      |
| Jasmar Human Security Organisation      | 254                    | -                      |
| NMB                                     | 321                    | 255                    |
| Norwegian Refugee Council               | 1,131                  | -                      |
| OSVSWA                                  | 269                    | 483                    |
| Rangpur Dinajpur Rural Services         | -                      | 336                    |
| Save the Children                       | 463                    | -                      |
| SNV                                     | -                      | 406                    |
| Sudan Vision                            | 664                    | 305                    |
| Sustainable Agricultural Technology     | 412                    | 289                    |
| SUVO                                    | 210                    | -                      |
| UNITAR                                  | 238                    | -                      |
| Other                                   | 2,118                  | 3,095                  |
| <b>Total</b>                            | <b>6,885</b>           | <b>5,169</b>           |

| Amounts payable to the auditor | 2020<br>£'000 | 2019<br>£'000 |
|--------------------------------|---------------|---------------|
| Statutory audit                | 107           | 65            |
| Other assurance services       | 1             | 61            |
| Tax advisory services          | -             | -             |
| Other financial services       | 1             | 3             |
| <b>Total</b>                   | <b>109</b>    | <b>129</b>    |

5. Employees

| Staff costs                                 | 2020<br>£'000 | 2019<br>£'000 |
|---|---------------|---------------|
| Wages and salaries                          | 12,388        | 11,036        |
| Social security costs                       | 896           | 1,000         |
| Pension costs (employee benefit scheme)     | 48            | 89            |
| Pension costs (stakeholder scheme)          | 563           | 457           |
| Staff end of service costs*                 | 284           | 315           |
| Redundancy, ex gratia and termination costs | 138           | 122           |
| Total emoluments of employees               | 14,317        | 13,019        |
| Other staff costs **                        | 337           | 421           |
| Total staff costs                           | 14,654        | 13,440        |

*\*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 | 2020<br>Number | 2019<br>Number | Average number of employees | 2020<br>Number | 2019<br>Number |
|--|----------------|----------------|-----------------------------|----------------|----------------|
| Eastern Africa                                   | 56             | 44             | Eastern Africa              | 56             | 44             |
| Latin America                                    | 71             | 73             | Latin America               | 71             | 73             |
| South Asia                                       | 71             | 87             | South Asia                  | 71             | 87             |
| Southern Africa                                  | 65             | 61             | Southern Africa             | 65             | 61             |
| Bangladesh                                       | 153            | 113            | Bangladesh                  | 153            | 113            |
| Sudan  | 75             | 93             | Sudan                       | 75             | 93             |
| UK   | 116            | 113            | UK                          | 119            | 119            |
| Total  | 607            | 584            | Total                       | 610            | 590            |

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

|                    | 2020 Number | 2019 Number |
|--------------------|-------------|-------------|
| £60,001 – £70,000  | 7           | 4           |
| £70,001 – £80,000  | 2           | 6           |
| £80,001 – £90,000  | 2           | -           |
| £90,001 – £100,000 | 1           | 1           |

During the year, the CEO earned a salary of £95,593.

Benefits are accruing to ten (2019: nine) higher-paid employees under Practical Action’s stakeholder pension scheme, which is open to all eligible employees. Employer contributions of £69,346 (2019: £67,851) have been made into this stakeholder scheme for these higher-paid employees. Within Practical Action’s Employee Benefits Scheme, benefits are accruing for one (2019: two) higher-paid employee.

Key management personnel is a term used by FRS 102 for those persons having authority and responsibility for planning, directing and controlling the activities of the charity, directly or indirectly, including any director (whether executive or otherwise) of the charity. This definition includes Trustees and those members of staff who are the senior management personnel to whom the Trustees have delegated significant authority or responsibility in the day-to-day running of the charity. For Practical Action, our Strategic Leadership Team (SLT) consists of those executives listed on page 48. In 2019/20 the total cost of SLT was £969k (2018/19 £1,020k). In 2019/20 this represented 13 people (2018/19 13 people).

Salaries and benefits of the Strategic Leadership Team (SLT) 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 £2,937 (2019: £4,281), which related to travel and refreshment costs for meetings, and postage.

Expenses were reimbursed to five Trustees (2019: eight 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 (2019 policy: £11,760).



6. Net income from trading subsidiaries and summary balance sheets

The results of the principal trading subsidiaries are summarised below:

|   | Practical<br>Action<br>Consulting<br>2020<br>£'000 | PAC India<br>(Subsidiary<br>of PAC UK)<br>2020<br>£'000 | PAC Nepal<br>(Subsidiary<br>of PAC UK)<br>2020<br>£'000 | PAC<br>Malawi<br>(Subsidiary<br>of PAC UK)<br>2020<br>£'000 | PAC<br>Bangladesh<br>(Subsidiary<br>of PAC UK)<br>2020<br>£'000 | PAC Peru<br>(Subsidiary<br>of PAC UK)<br>2020<br>£'000 | Practical<br>Action<br>Publishing<br>2020<br>£'000 |
|---|--|---|---|---|---|--|--|
| Income                                      | 2,091  | 51  | 310   | 383   | 668   | -  | 552  |
| Expenditure                                 | (2,171)  | (77)  | (304)   | (424)   | (643)   | -  | (626)  |
| Net profit/(loss)                           | (80)   | (26)  | 6   | (41)  | 25  | -  | (74)   |
| Income per subsidiary<br>accounts           | 2,091  | 51  | 310   | 383   | 668   | -  | 552  |
| Less: interest receivable                   | 1  | -   | -   | -   | -   | -  | 0  |
| Less: grants from parent charity            | (416)  | -   | -   | -   | -   | -  | (100)  |
| Less: intercompany grants                   | (251)  |   |   |   |   |  |  |
|   | 1,425  | 51  | 310   | 383   | 668   | -  | 452  |
| Expenditure per accounts                    | (2,171)  | (77)  | (304)   | (424)   | (643)   | -  | (626)  |
| Less: group charges                         | 170  | -   | -   | -   | -   | -  | 50   |
| Less: Gift Aid                              | 97   | -   | -   | -   | -   | -  | -  |
|   | (1,904)  | (77)  | (304)   | (424)   | (643)   | -  | (576)  |
| Net effect on group<br>results for the year | (479)  | (26)  | 6   | (41)  | 25  | -  | (124)  |

| Summary balance sheet                     |       |       |     |       |    |      |       |
|---|-------|-------|-----|-------|----|------|-------|
| Fixed Assets                              | 67    | -     | 0   | 27    | 0  | -    | 98    |
| Net current assets/(liabilities)          | (384) | ( 61) | 202 | ( 17) | 61 | 12   | (266) |
| Net Assets / (liabilities)                | (317) | (61)  | 202 | 10    | 61 | 12   | (168) |
| Called up share capital                   | -     | 31    | 34  | -     | 10 | 13   | -     |
| Profit & loss account                     | (317) | ( 92) | 168 | 10    | 51 | ( 1) | (168) |
| Surplus/(deficit) on<br>shareholder funds | (317) | (61)  | 202 | 10    | 61 | 12   | (168) |

|   | Practical<br>Action<br>Consulting<br>2019<br>£'000 | PAC India<br>(Subsidiary<br>of PAC UK)<br>2019<br>£'000 | PAC Nepal<br>(Subsidiary<br>of PAC UK)<br>2019<br>£'000 | PAC<br>Malawi<br>(Subsidiary<br>of PAC UK)<br>2019<br>£'000 | PAC<br>Bangladesh<br>(Subsidiary<br>of PAC UK)<br>2019<br>£'000 | PAC Peru<br>(Subsidiary<br>of PAC UK)<br>2019<br>£'000 | Practical<br>Action<br>Publishing<br>2019<br>£'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<br>accounts           | 2,090  | 77  | 310   | 394   | 150   | (1)  | 579  |
| Less: interest receivable                   | -  | -   | -   | -   | -   | -  | -  |
| Less: grants from<br>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<br>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<br>shareholder funds | (185) | (40) | 200 | 24 | 36 | 12  | (93)  |

7. Intangible and tangible assets

| Intangible fixed assets | Total<br>£'000 |
|-------------------------|----------------|
| Group cost              |                |
| At 1 April 2019         | 27             |
| Additions               | 28             |
| At 31 March 2020        | 55             |
| Amortisation            |                |
| At 1 April 2019         | 27             |
| Charge for the year     | -              |
| At 31 March 2020        | 27             |
| Net Book Value (NBV)    |                |
| At 31 March 2019        | -              |
| At 31 March 2020        | 28             |

| Tangible fixed assets   | Freehold and<br>Leasehold<br>property<br>£'000 | Motor<br>vehicles<br>£'000 | Computer<br>equipment<br>£'000 | Furniture<br>and other<br>equipment<br>£'000 | Total<br>£'000 |
|-------------------------|--|----------------------------|--------------------------------|--|----------------|
| Group cost or valuation |  |                            |                                |  |                |
| At 1 April 2019         | 136  | 1,747                      | 1,572                          | 1,353  | 4,808          |
| Additions               | -  | 199                        | 128                            | 29   | 356            |
| Disposals               | -  | (51)                       | (17)                           | (16)   | (84)           |
| At 31 March 2020        | 136  | 1,895                      | 1,683                          | 1,366  | 5,080          |
| Depreciation            |  |                            |                                |  |                |
| At 1 April 2019         | -  | 1,633                      | 1,382                          | 616  | 3,631          |
| Charge                  | -  | 145                        | 156                            | 198  | 499            |
| Disposals               | -  | (48)                       | (16)                           | (16)   | (80)           |
| At 31 March 2020        | -  | 1,730                      | 1,522                          | 798  | 4,050          |
| Net Book Value (NBV)    |  |                            |                                |  |                |
| At 1 April 2019         | 136  | 114                        | 190                            | 737  | 1,177          |
| At 31 March 2020        | 136  | 165                        | 161                            | 568  | 1,030          |

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

| Tangible fixed assets of the subsidiary undertakings | NBV<br>2020<br>£'000 | NBV<br>2019<br>£'000 |
|--|----------------------|----------------------|
| Motor Vehicles                                       | 25                   | 21                   |
| Computer Equipment                                   | 7                    | 11                   |
| Furniture and Other Equipment                        | 67                   | 92                   |

8. Investments

|                               | 2020<br>£'000 | Group<br>2019<br>£'000 | 2020<br>£'000 | Charity<br>2019<br>£'000 |
|-------------------------------|---------------|------------------------|---------------|--------------------------|
| Cash investments              |               |                        |               |                          |
| Cash investments              | 509           | 252                    | 509           | 252                      |
| Common investment fund        | 490           | 479                    | 490           | 479                      |
| Investment bonds              | 13            | 18                     | 13            | 18                       |
| Impairment provision          | (13)          | (18)                   | (13)          | (18)                     |
| Total                         | 999           | 731                    | 999           | 731                      |
| Programme investments         |               |                        |               |                          |
| Capital loans to subsidiaries | -             | -                      | 224           | 224                      |
| Programme investments         | -             | -                      | 11            | 19                       |
| Total                         | -             | -                      | 235           | 243                      |

|   |  |       |
|---|--|-------|
| Reconciliation of common investment fund: |  | £'000 |
| Historical cost                           |  | 396   |
| Opening balance at 1 April 2019           |  | 479   |
| Additional investment                     |  | -     |
| Realised gain                             |  | 11    |
| Closing balance at 31 March 2020          |  | 490   |

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.



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       |               |
|---------------------|---------------|---------------|---------------|---------------|
|                     | 2020<br>£'000 | 2019<br>£'000 | 2020<br>£'000 | 2019<br>£'000 |
| Finished goods      | 115           | 127           | -             | -             |
| Work in progress    | 14            | 11            | -             | -             |
| Balance sheet total | 129           | 138           | -             | -             |

10. Debtors

|  | Group         |               | Charity       |               |
|--|---------------|---------------|---------------|---------------|
|  | 2020<br>£'000 | 2019<br>£'000 | 2020<br>£'000 | 2019<br>£'000 |
| Trade debtors                            | 2,397         | 3,550         | 2,045         | 2,971         |
| Prepayments & accrued income             | 4,448         | 3,771         | 3,816         | 3,408         |
| Amounts owed to the charity by the group | -             | -             | 175           | 136           |
| Other debtors                            | 1,434         | 1,911         | 1,313         | 1,834         |
| Total                                    | 8,279         | 9,232         | 7,349         | 8,349         |

11. Cash at bank & in hand

The balance held at year-end includes £4.0m (2019: £4.0m) of project specific funds which are held in foreign currency bank accounts.

12. Creditors: amounts falling due within one year

|                              | Group         |               | Charity       |               |
|------------------------------|---------------|---------------|---------------|---------------|
|                              | 2020<br>£'000 | 2019<br>£'000 | 2020<br>£'000 | 2019<br>£'000 |
| Trade creditors              | 584           | 669           | 483           | 469           |
| Payments received in advance | 7,436         | 9,890         | 7,085         | 9,759         |
| Accruals                     | 965           | 821           | 829           | 677           |
| Taxation and social security | 328           | 277           | 250           | 248           |
| Other creditors              | 1,199         | 956           | 818           | 608           |
| Total                        | 10,512        | 12,613        | 9,466         | 11,761        |

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<br>£'000 | Charity<br>£'000 |
|-------------------------|----------------|------------------|
| Balance brought forward | 9,890          | 9,759            |
| Released to income      | (9,890)        | (9,759)          |
| Received in year        | 7,436          | 7,085            |
| Balance carried forward | 7,436          | 7,085            |

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

|                            | 2020  | Group | 2020  | Charity |
|----------------------------|-------|-------|-------|---------|
|                            | £'000 | 2019  | £'000 | 2019    |
|                            |       | £'000 | £'000 | £'000   |
| Bank loan: unsecured       |       |       |       |         |
| 1-2 years                  | -     | 3     | -     | 3       |
| 2-5 years                  | -     | -     | -     | -       |
| More than 5 years          | -     | -     | -     | -       |
| Other creditors: unsecured |       |       |       |         |
| 1-2 years                  | -     | -     | -     | -       |
| 2-5 years                  | -     | -     | -     | -       |
| More than 5 years          | -     | -     | -     | -       |
| Total                      | -     | 3     | -     | 3       |

14. Provisions

|                                   | Balance at | Provisions | Provisions | Balance at |
|-----------------------------------|------------|------------|------------|------------|
|                                   | 1.4.19     | created    | utilised   | 31.3.20    |
|                                   | £'000      | £'000      | £'000      | £'000      |
| Project issues                    | 173        | 26         | (33)       | 166        |
| Redundancy                        | 3          | 6          | (3)        | 6          |
| Annual leave/retirement provision | 16         | 6          | (16)       | 6          |
| Total                             | 192        | 38         | (52)       | 178        |

15. Funds note

|                          | Opening      | Incoming  | Expenditure | Transfer | Closing      |
|--------------------------|--------------|-----------|-------------|----------|--------------|
|                          | balance 2019 | resources | and charges |          | balance 2020 |
|                          | £'000        | £'000     | £'000       | £'000    | £'000        |
| 2020                     |              |           |             |          |              |
| Fixed asset fund         | 774          | -         | -           | 72       | 846          |
| Revaluation reserve      | 83           | -         | -           | 11       | 94           |
| Free reserves            | 8,800        | 13,514    | 15,286      | 132      | 7,160        |
| Total unrestricted funds | 9,657        | 13,514    | 15,286      | 215      | 8,100        |
| Energy that transforms   | 212          | 5,163     | 5,196       | -        | 179          |
| Farming that works       | (30)         | 7,841     | 7,775       | -        | 36           |
| Cities fit for people    | 33           | 6,508     | 6,506       | -        | 35           |
| Resilience that protects | 670          | 2,880     | 2,907       | (215)    | 428          |
| Other                    | 481          | 166       | 182         | -        | 465          |
| Total restricted funds   | 1,366        | 22,558    | 22,566      | (215)    | 1,143        |
| Total funds              | 11,023       | 36,072    | 37,852      | -        | 9,243        |

Transfers to the revaluation reserves represents a £11k increase in the value of the Common Investment Fund. Material fund balances carried forward are in respect of the Zurich Flood Resilience Programme. Transfers to the general fund of £215k represent receipts that had previously been reported as restricted income but are actually unrestricted.

|                          | Opening      | Incoming  | Expenditure | Transfer | Closing      |
|--------------------------|--------------|-----------|-------------|----------|--------------|
|                          | balance 2018 | resources | and charges |          | balance 2019 |
|                          | £'000        | £'000     | £'000       | £'000    | £'000        |
| 2019                     |              |           |             |          |              |
| Fixed asset fund         | 1,335        | -         | -           | (561)    | 774          |
| Revaluation reserve      | 595          | -         | -           | (512)    | 83           |
| Free reserves            | 8,490        | 13,929    | 14,778      | 1,159    | 8,800        |
| Total unrestricted funds | 10,420       | 13,929    | 14,778      | -        | 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      | -        | 1,366        |
| Total funds              | 11,578       | 31,204    | 31,759      | -        | 11,023       |



16. Total funds

|  | Unrestricted funds | Restricted funds | 2020 Total | 2019 Total |
|--|--------------------|------------------|------------|------------|
| 2020   | £'000              | £'000            | £'000      | £'000      |
| Fixed assets                                 | 845                | 213              | 1,058      | 1,177      |
| Investments                                  | 999                | -                | 999        | 731        |
| Stock  | 129                | -                | 129        | 138        |
| Debtors                                      | 3,973              | 4,306            | 8,279      | 9,232      |
| Cash at bank and in hand                     | 5,593              | 3,875            | 9,468      | 12,553     |
| Creditors: amount due within than 1 year     | (3,427)            | (7,085)          | (10,512)   | (12,613)   |
| Creditors: amount due after more than 1 year | -                  | -                | -          | (3)        |
| Provisions for liabilities and charges       | (12)               | (166)            | (178)      | (192)      |
| Pension liability                            | -                  | -                | -          | -          |
| Total  | 8,100              | 1,143            | 9,243      | 11,023     |

|  | Unrestricted funds | Restricted funds | 2019 Total | 2018 Total |
|--|--------------------|------------------|------------|------------|
| 2019   | £'000              | £'000            | £'000      | £'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     |
| Creditors: amount due within than 1 year     | (2,854)            | (9,759)          | (12,613)   | (8,449)    |
| Creditors: 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     |

17. Pension costs and FRS 102

Practical Action Employee Benefits Scheme

The charity operates a defined benefits scheme in the UK which was closed to contributions in 2002. The charity has accounted for pension costs in accordance with FRS 102. 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 scheme's 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 2020 by an independent qualified actuary using the following assumptions.

|                                     | 2020        | 2019        |
|-------------------------------------|-------------|-------------|
| Discount Rate                       | 2.2%        | 2.4%        |
| Inflation (RPI)                     | 2.4%        | 3.0%        |
| Inflation (CPI)                     | 1.7%        | 2.3%        |
| Future salary increases             | 3.9%        | 4.5%        |
| Revaluation in Deferment            | 1.7%        | 2.3%        |
| Pension Increases                   | 2.4%        | 3.0%        |
| Mortality                           |             |             |
| – Base Table                        | S2PXA       | S2PXA       |
| – Allowance for Future Improvements | CMI2016[1%] | CMI2016[1%] |

a) Balance Sheet Position

|                                       | 2020<br>£'000 | 2019<br>£'000 |
|---------------------------------------|---------------|---------------|
| Present value of funded obligations   | (10,716)      | (10,943)      |
| Fair value of plan assets             | 11,052        | 11,188        |
| <b>Surplus / (deficit) per FRS102</b> | <b>336</b>    | <b>245</b>    |
| <b>Amounts in the balance sheet:</b>  |               |               |
| Liabilities                           | -             | -             |
| Assets                                | -             | -             |
| <b>Net liability</b>                  | <b>-</b>      | <b>-</b>      |

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:

|  | 2020<br>£'000 | 2019<br>£'000 |
|--|---------------|---------------|
| Opening defined benefit obligation               | 10,943        | 11,172        |
| Past service cost                                | -             | 108           |
| Interest cost                                    | 259           | 280           |
| Benefits paid                                    | (286)         | (834)         |
| Curtailments / settlements                       | -             | (97)          |
| Remeasurement losses / (gains)                   | (200)         | 314           |
| <b>Defined benefit obligation at end of year</b> | <b>10,716</b> | <b>10,943</b> |

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

|  | 2020<br>£'000 | 2019<br>£'000 |
|--|---------------|---------------|
| Opening fair value of scheme assets                | 11,188        | 11,052        |
| Interest income                                    | 265           | 276           |
| Remeasurement gains / (losses)                     | (73)          | 768           |
| Employer contributions                             | 48            | -             |
| Benefits paid                                      | (286)         | (834)         |
| Expenses paid                                      | (90)          | (74)          |
| <b>Fair value of scheme assets at the year end</b> | <b>11,052</b> | <b>11,188</b> |
| The actual return on the scheme assets in the year | 192           | 1,044         |

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

|  | 2020<br>£'000 | 2019<br>£'000 |
|--|---------------|---------------|
| Expenses   | (90)          | (74)          |
| Interest on net liability  | 6             | (4)           |
| Past service cost  | -             | (108)         |
| Curtailments / (settlements)   | -             | 97            |
| <b>Total amount charged within net (outgoing) resources</b>            | <b>(84)</b>   | <b>(89)</b>   |
| Actual return on plan assets less interest                             | (73)          | 768           |
| Experience (losses) / gain on liabilities                              | 68            | (16)          |
| Change in assumptions  | 132           | (298)         |
| Less gains not recognised  | (43)          | (245)         |
| <b>Actuarial gains recognised</b>                                      | <b>84</b>     | <b>209</b>    |
| <b>Total gains recognised in the statement of financial activities</b> | <b>-</b>      | <b>120</b>    |

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

|  | 2020<br>£'000  | 2019<br>£'000 |
|--|----------------|---------------|
| Net (expenditure) / income for the reporting period (as per the statement of financial activities) | (1,780)        | (764)         |
| Proceeds from sale of property   | -              | ( 2,300)      |
| (Gains) / losses on investments  | (10)           | (10)          |
| Dividends, interest and rents from investments   | ( 17)          | (19)          |
| Depreciation   | 499            | 543           |
| Loss on the disposal of fixed assets   | 4              | 1,671         |
| Decrease / (Increase) in stocks  | 8              | 58            |
| (Increase) / decrease in debtors   | 951            | (3,109)       |
| Increase / (decrease) in creditors and provisions  | (2,113)        | 4,312         |
| Difference between the pension contributions and current service costs                             | -              | 93            |
| <b>Net cash provided by/(used in) operating activities</b>   | <b>(2,458)</b> | <b>475</b>    |



19. Analysis of cash and cash equivalents

|  | 2020<br>£'000 | 2019<br>£'000 |
|--|---------------|---------------|
| Cash in hand                                       | 9,468         | 12,553        |
| Cash held as part of investment portfolio (Note 8) | 509           | 252           |
| Total cash and cash equivalents                    | 9,977         | 12,805        |

20. Contingent liabilities

In fulfilment of other contractual requirements, the charity has entered into an agreement with Prime Bank Ltd in Bangladesh in support of charitable activities, resulting in contingent liabilities totalling £ 41,037. The agreement is to provide a bank guarantee to the value of 4,465,550BDT (c. £ 41,037) as required by the Bangladesh Rural Electrification Board (BREB) on the project – Translating Electricity Supply into Improvements of Rural Households.

At time of signing this report, we are in the process of conducting investigations concerning procurement in one of our country offices. This may result in a liability however we do not yet have sufficient information to reliably estimate the value of any loss that may arise.

21. Additional grants disclosures

The following donors require further details of their grants to be published in the accounts.

| Department for International Development Grants | 2020<br>£'000 | 2019<br>£'000 |
|---|---------------|---------------|
| Grants  | 1,396         | 1,295         |

| Project funding details required by DfID | Contract Number | 2020 DfID Funding<br>£'000 |
|--|-----------------|----------------------------|
| Poor People’s Energy Outlook             | 204343-106      | 138                        |
| Safe Pair Of Hands                       | 205210-217      | 436                        |
| Leave No One Behind                      | 300462-101      | 738                        |
| Planting For Progress                    | 205210-235      | 84                         |
| Total                                    |                 | 1,396                      |

| IKEA Foundation Grants | 2020<br>£'000 | 2019<br>£'000 |
|------------------------|---------------|---------------|
| Grants                 | 3,997         | 895           |

| Project funding details required by IKEA Foundation | Contract Number | 2020 IKEA Funding |       | 2019 IKEA Funding |       |
|---|-----------------|-------------------|-------|-------------------|-------|
|   |                 | £'000             | €'000 | £'000             | €'000 |
| RE4R  | G- 1608-618     | 3,124             | 3,573 | 909               | 1,044 |
| TREYL   | G- 1808-1160    | 873               | 998   | 74                | 85    |
| Total   |                 | 3,997             | 4,571 | 983               | 1,129 |

Average exchange rate applied £1: €1.143 (2019: £1: €1.148)

22. Commitments under operating leases

As at 31 March 2020, the group had commitments under non-cancellable operating leases as set out below:

|                               | 2020<br>Land and<br>buildings<br>£'000 | 2019<br>Land and<br>buildings<br>£'000 |
|-------------------------------|--|--|
| Operating lease which expire: |  |  |
| Within one year               | 441                                    | 390                                    |
| In two to five years          | 1,223                                  | 742                                    |
| Over five years               | 439                                    | 696                                    |
| Total                         | 2,103                                  | 1,828                                  |

The net income for the year has been stated after charging £530k (2019: £440k) 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 received by the charity from the subsidiaries are disclosed in note 6.

A management charge of £50k (2018/19 £60k) and payroll costs totalling £227k (2018/19 £216k) were also charged to Practical Action Publishing Limited by the charity. At the year end, Practical Action Publishing Limited owed the charity £375k.

A management charge of £170k (2018/19 £150k) and payroll costs totalling £979k (2018/19 £731k) were also charged to Practical Action Consulting Limited from the charity. At the year-end, Practical Action Consulting Limited owed the charity £1,713k.

Full declarations of interests are obtained from Trustees and Directors for their own activities outside of Practical Action governance as well as those of their close family members and those entities which they control or in which they have a significant interest. In 2019/20 these related parties made donations in aggregate to Practical Action of £1,955. There were no other related party transactions during the year.

24. Financial instruments

|  | 2020<br>£'000 | 2019<br>£'000 |
|--|---------------|---------------|
| Financial assets that are debt instruments measured at amortised cost      | 18,352        | 21,592        |
| Financial liabilities that are debt instruments measured at amortised cost | (2,586)       | (2,257)       |
| Financial Instruments measured at fair value through profit and loss       | 490           | 479           |

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

|   | 2020<br>£'000 | 2019<br>£'000 |
|---|---------------|---------------|
| Total interest income for financial assets measured at amortised cost   | 17            | 19            |
| Impairment losses on financial assets measured at amortised cost        | -             | -             |
| Total interest expense for financial liabilities held at amortised cost | -             | (1)           |

| Gains/Loss on financial instruments measured at fair value through profit and loss | 2020<br>£'000 | 2019<br>£'000 |
|--|---------------|---------------|
| Financial instruments measured at fair value at the start of the year:             | 479           | 469           |
| Gain/(loss)  | 11            | 10            |
| Purchases  | -             | -             |
| Financial instruments measured at fair value at the end of the year                | 490           | 479           |



# 25. Comparative statement of financial activities for the year ended 31 March 2019

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

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



In Sudan, Adam's farm is growing nutritious food for his family and the wider community since he learned new planet-friendly farming techniques.

# BIG CHANGE

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# 2019 - 2020

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BIENVENIDOS A MI



These children in Cajamarca, Peru, are connected to a world of education resources now their school is powered by sustainable electricity.



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