



**Annual Report and Accounts**

**2022 - 2023**

**Big change starts small**

**Practical  
ACTION**

Practical Action | Company Reg. No. 871954 | Reg Charity No. 247257 | Year ended 31 March 2023



A woman with short dark hair, wearing a bright green long-sleeved shirt over a black and white checkered shirt, is shown in profile, reaching into a dense green tree to harvest a lime. She is holding a lime in her left hand. The background is a clear blue sky with some light clouds. The text 'Our vision is for A WORLD THAT WORKS BETTER FOR EVERYONE' is overlaid in large white letters on the left side of the image.

# Our vision is for A WORLD THAT WORKS BETTER FOR EVERYONE

In Kenya, Lourine harvests limes grown in vermicompost, a rich organic soil created using a combination of earthworm digestion and aerobic decomposition.

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*Some numbers in the Trustees' and Directors' Annual Report and Strategic Report sections have been rounded.*

*Front cover image: In Nepal, Kamali is growing bountiful harvests with the sustainable farming skills she learned at our farmer field school.*



# Welcome from the Chair and Chief Executive

## Martin Tyler, Chair of the Board of Trustees

Welcome to Practical Action's Annual Report for 2022/23. Our vision remains steadfast: a world that works better for everyone. But right now we're seeing that the urgency of the climate and environmental crises, along with the long-term impact of Covid-19 and rising inflation, are pushing progress on poverty backwards. Now, more than ever, the practical approach you'll read about in this report is crucial.

Two years into our current strategy, I'm pleased to be able to report we're on track to deliver our impact numbers. Our impact is felt at many levels - from individual households to larger community groups and up to national governance and international systems. You can read about all of these levels in the report on our work with informal waste workers in Bangladesh, on page 26.

Despite being on track to deliver our impact targets, last year, we experienced what we expect to be a temporary reduction in our overall income. This drop had two main reasons. It became more difficult to raise unrestricted income from the general public because of the UK's cost-of-living crisis and lower disposable incomes since late 2021. And additionally, lower levels of new grant funding secured during the pandemic years started to flow through to our programme delivery and expenditure in 2022/23.

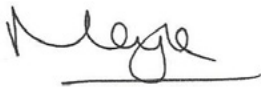
Despite this, I am pleased to say that we expect to grow both our impact and our income in the coming years. Thanks to significant efforts to diversify our income and a focus on securing long term larger programme grants, we secured over £30 million in new grants in 2022/23 and expect close to a similar level in 2023/24. These record amounts will fund new programmes over a 10-year period, reinforcing our commitment to long-term impact.

As we plan for this growth, we're mindful of the increased risks of scaling up delivery, undertaking longer-term projects, and facing more climate shocks. Conflicts such as we are seeing in Sudan also add complexity, disrupting supply chains and creating unstable conditions that affect our work and our staff. To navigate

these challenges, we're taking steps to diversify and devolve power closer to where our programmatic work is happening.

Key additions to our board and leadership team are aiding this effort. Hope Chigudu, based in Harare with a strong background in feminist movement building, has joined our Board, adding valuable experience to our decision-making. In the leadership team, Ayan Banerjee is our new Asia Regional Director and Akinyi Walender is our new Africa Director. Their new roles are pivotal in enhancing our capabilities as we navigate the challenges and opportunities I've outlined here.

With this year's unique circumstances in mind, I want to express my immense pride in our global teams and partners. Their remarkable determination and skill have set the stage for future growth and resilience.



Martin Tyler



## Sarah Roberts, Chief Executive Officer

This year, the 50th anniversary of our founder, E.F. Schumacher's ground-breaking book, *Small is Beautiful*, provides an opportune moment to reflect the relevance of his philosophy and approaches to today's challenges.

*Small is Beautiful* challenged dominant development and economic paradigms and acted as an inspirational call to action. Schumacher's approach of solutions tailored to context, powering people with skills and knowledge, and 'economics as if people mattered' is as relevant today as it was 50 years ago. He was a holistic thinker, ahead of his time, warning that 'if we squander the capital represented by living nature around us, we threaten life itself'.

Our work which has always been important, has become urgent. Progress against poverty has been reversed in recent years and the intensification of the climate crisis is disproportionately impacting on the people we work with.

In a time when it is easy to be despondent, Practical Action is making positive change happen every day. Action that means we can remain hopeful. With six decades of innovating with communities to deliver practical solutions to economic, social and environmental challenges, and linking with diverse partners to drive improvement for millions more people, we can see pathways out of the interconnected poverty-climate-environment-conflict crises that are challenging our world.

In Bangladesh I met with women's groups, local administrators and city mayors, all part of an extensive network of people working at every level to build climate resilience that enable people to thrive in the face of flooding. Despite becoming more frequent and intense, far fewer people are dying in floods in Bangladesh than they did fifty years ago.

We can all learn from Bangladesh's innovations in early warning systems, adaptations to housing and service provision and farming practices, that keep people safe and enable them to carry on developing their lives and livelihoods, even as climate change intensifies. Bringing together the evidence of what works in different contexts is one of the roles that we play in the Zurich Flood Resilience Alliance. Using the evidence in joint advocacy approaches by the Alliance partners has been effective at helping governments institutionalise these changes and bringing in more investment to support scaling of approaches that build resilience ahead of crises.

In Kenya, it was the young people who inspired me, innovating with our team and partners to develop farming and agri-businesses that are more regenerative, providing good incomes and jobs that contribute to vibrant, sustainable rural economies. Now the lessons from four years of work is leading to new investment to scale effective approaches to many more people.

It seems fitting to close with a quote from *Small is Beautiful*, which is as apt now as when Schumacher penned it:

“Our most important task is to get off our present collision course. And who is there to tackle such a task? I think every one of us, whether old or young, powerful or powerless, rich or poor, influential or uninfluential. To talk about the future is useful only if it leads to action now.”



Sarah Roberts



# Our goals for change by 2025

**Practical Action is a global development organisation with a vision of a world that works better for everyone.**

But right now, the global climate and environmental crisis threatens years of progress against poverty.

Catastrophic flooding is bringing disaster. Depleted soil and drought is destroying crops. Plastic pollution is devastating rivers and cities. Unchecked, unhygienic waste is spreading disease and environmental damage. Lives and livelihoods are under threat and the world's poorest people are bearing the brunt.

**But at Practical Action, we believe where there's action, there's hope.**

Together with Practical Action, and with our global network of partners and supporters, communities on the frontlines of poverty and climate change are leading the way. Returning desert to productive land. Converting waste into energy and energy into jobs. Turning surviving into thriving. Overcoming injustice, especially for women and vulnerable groups. Together we're developing unexpected, real-world solutions that work for both people and planet.

Innovations that blend cutting-edge technology with traditional know-how. Simple effective solutions, delivered at pace and shareable across countries and continents. Accelerating solutions that bring about big change.

Because when it comes to living with climate change hope can't wait.

Hope needs action. **Practical Action.**

**In our 2021-25 strategy we aim to:**

6M

**Improve the lives of 6 million people living in, or vulnerable to poverty**

We are on track to exceed this goal, having reached 5.5M people by March 2023

20M

**Positively impact 20 million people through our work to change the systems that keep people in poverty**

We are on track to reach this goal, having reached 13.2M people by March 2023

# Our reach and impact

**In 2022-23 our work reached:**

482K

**people through our knowledge sharing platforms**

2.2M

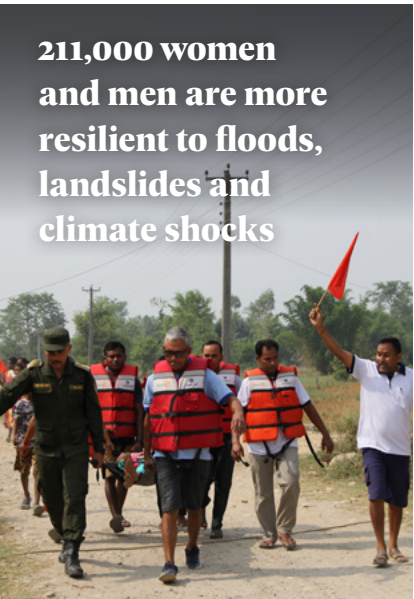
**people through their families, community, or local partners (1.2M women)**

8.4M

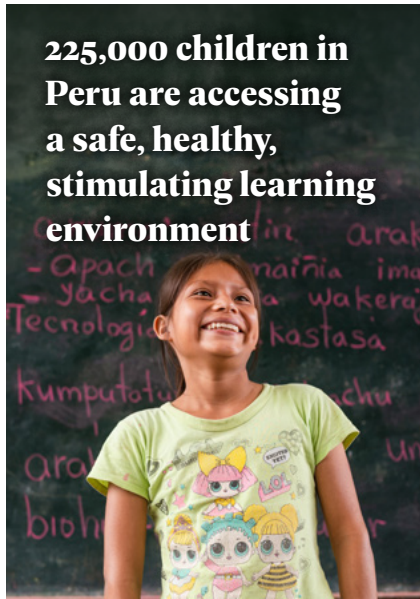
**people through NGOs, governments and businesses who adopted our approaches (4.2M women)**

14

**Across 14 countries.**



**211,000 women and men are more resilient to floods, landslides and climate shocks**



**225,000 children in Peru are accessing a safe, healthy, stimulating learning environment**



**306,000 people have improved energy access**

To find out more about how we calculate our impact visit [practicalaction.org.uk/annual-report](https://practicalaction.org.uk/annual-report)



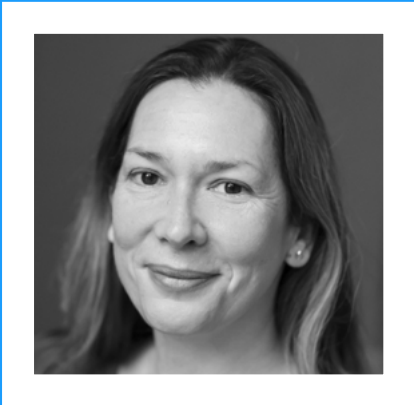
# Our Global Network of PARTNERS AND SUPPORTERS

## FUNDING PARTNERS

taking climate action

*“We are really pleased to be supporting Practical Action and look forward to working together over the next three years. Our partnership will make real changes that deliver more sustainable agriculture and better food security and livelihoods for vulnerable farming communities.”*

Nikki Jeffery, Executive Director at King Charles III Charitable Fund



## SUBJECT-MATTER EXPERTS

amplifying community voices

*“The most important thing is that we use a bottom-up approach, where the communities themselves are in the driving seat of changing their lives. We bring them together to share their knowledge, and we share our knowledge and together we find a way to make farming work again.”*

Menila Kharel, Thematic Lead - Sustainable Agriculture and Markets, Practical Action



## INDIVIDUAL SUPPORTERS

driving innovative solutions

*“Having the opportunity to do just a small bit to support the communities Practical Action work with is a privilege. I was inspired by learning about how Practical Action engages with communities to understand what works, and their collaborative approach to helping improve lives, sustainably.”*

Naomi Paterson, Practical Action Supporter



## RESEARCH PARTNERS

enhancing our knowledge

*“British Geological Survey (BGS) has worked collaboratively with Practical Action through interdisciplinary research projects focussing natural hazards for several years. As an example, in India, through the Landslide Multi-Hazard Risk Assessment, Preparedness (LANDSLIP) project, Practical Action ensured that the prototype landslide early warning system was co-developed and locally contextualised to consider social, cultural and governance factors.”*

Emma Bee, co-Principal Investigator LANDSLIP project at BGS

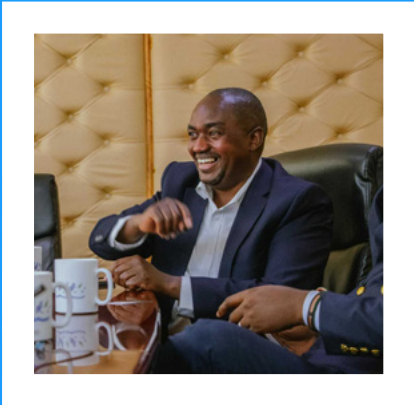


## DELIVERY PARTNERS

achieving shared goals

*“Together, Integral Media Limited and Practical Action achieved great things through the Digitizing Clean Energy Project in Narok and Baringo Counties in Kenya. By utilising a digital platform, we enabled direct communication, collaboration, and upskilling opportunities for young people working in the clean energy sector.”*

Ashington Ngigi, Managing Director at Integral Media Limited



## STRATEGIC PARTNERS

kick starting big change

*“EnDev is proud to work with Practical Action on, amongst others, inspiring and impactful innovation projects. Aligning the aims of both Practical Action and EnDev, these projects focus on digitalisation and pave the way for next steps in the mission to enable energy access for all.”*

Eva Top, Program Advisor at EnDev



# Scaling up agri-businesses that don't cost the earth

An exciting new project, with the ambitious goal of becoming a blueprint for the whole Kenyan rural economy, aims to transform the lives of 100,000 young people through skills in regenerative agriculture and business management, developing solutions to combat poverty and turn the tables on climate change.

## Making farming a career of choice

The agricultural sector has the potential to be a major source of employment and income for young people in Kenya but it is seen as unattractive. It is hard to make a living due to the impacts of climate change, limited access to land, and poor access to credit and markets.

Consequently, a growing number of young people in Kenya leave rural communities hoping to find work in cities, only to discover that there are not enough jobs. Unemployment in young people stands at 40%. Their leaving profoundly affects rural communities, food production and contributes to a cycle of poverty and decline for those who remain, as local economies struggle, and the effects of climate change become ever more apparent.

Where others see a problem, we saw an opportunity and we were delighted to begin a five-year partnership with the Mastercard Foundation in 2022. Resilient Agriculture that Works for Youth (RAY) is targeting young 'agri-preneurs' with the aim of building vibrant agri-businesses that generate employment, build skills and food security and keep young people in their home communities. By focusing on regenerative farming techniques, the input costs are kept low and are planet friendly at the same time.

“The RAY project can provide a blueprint for the whole of the Kenyan rural economy. For years farming has been perceived as employment of the last resort and the flow of young people from rural areas to cities has left our agricultural sector struggling to meet demand. This project intends to show how we can reverse this trend, not only for the 100,000 people we'll be working with, but for many thousands more around the country.”



Susan Maina,  
Country Director for Kenya

David supplies major hotels in Homa Bay with chicken from his poultry farm.



## Faster routes to market

Access to land is one of the main barriers that young people face to engaging in agriculture, so innovative solutions including a focus on poultry farming which uses less land have been developed. This, teamed with fast growing crops, including African leafy vegetables and tomatoes, that can be sold into market quickly, reinforces a sustainable, viable economic model.

The project engages existing farmers as mentors to influence and inspire young people to embrace agriculture as a career. As the young people themselves learn new skills and build their businesses, they will, in turn, mentor other young people. In this way communities themselves are accelerating the take up of farming as each young farmer is an inspiration to the next group.

40%

Around 40% of young people in Kenya are out of work. We aim to combat unemployment and increase sustainable food production.



Mercy and her brother Robert use manure from their animals to grow vegetables at their home in Kisumu, Kenya.



Growing ambition and impact, and overcoming inequality with new funding

In the last four years we have been working with the IKEA Foundation to test the case for regenerative, low input farming as a catalyst to develop thriving agricultural businesses that are sustainable, climate smart and create jobs for young people. Over its lifetime around 6,000 young people participated in the Transforming Rural Economies and Youth Livelihoods (TREYL) programme. Their businesses are now providing direct and indirect employment for many more. It is this work, in two counties around Lake Victoria in Kenya which has inspired the acceleration of this programme with the Mastercard Foundation which will scale this up to nine counties and 100,000 participants - making this our largest and most ambitious agriculture programme to date.

Because women are vital to the rural economy, and recognising additional barriers they face in accessing land and finance, we are targeting that 70% of the participants in RAY will be women and at least 5% will be people living with a disability. All participants in RAY are aged 18-35. RAY, began its work in November 2022 and will continue until 2027.

Creating jobs that power the economy through young people

This programme is about setting up thriving businesses that create and stimulate employment not just for the people we work with, but for others who might work in their businesses and their supply chains.

Our aspiration is this will be a model for a new way of planet friendly farming that supports the growth of viable, sustainable, and thriving businesses in the sector.

Turning the tables on climate change

Our UK Aid Match appeals have improved thousands of lives. In Zimbabwe, 1,300 farmers are now improving crop yields through solar-powered irrigation. In drought prone Sudan, we've been working with communities to build dams and reservoirs in Darfur - work that has continued, even during the current conflict. In Nepal, communities in remote mountainous, climate-vulnerable regions are benefiting from reliable water supplies, improved farming techniques and gender equality initiatives. We have now launched two more projects there, with funding from Jersey Overseas Aid.



Nyaladzi, a government extension officer, checking on cabbage seedlings in Manake Garden in Zimbabwe.

Nepal at a 'tipping point' for clean cooking

The traditional wood burning cooking stove generates intense household air pollution which is linked to 22,000 premature deaths in Nepal every year - the majority of which are women and children under five years old.

Building on decades of experience

Since 2000, we've been working with Nepal's remote communities to introduce smoke hoods and improve conditions in homes. This work is saving lives and delivering vital health benefits, particularly for women and children. Now, electric cooking provides a chance to make cooking truly clean and safe.

Despite Nepal having a long history of improved cookstoves, 80% of households in rural areas still use wood for cooking. Collecting wood is exhausting work which erodes woodlands. Burning it accelerates the impacts of climate change.

“Our work has boosted government involvement and expanded access to safer cooking in remote areas. As a result, my country has reached a 'tipping point'. After 23 years of commitment to sustainable change, evolving to meet new challenges, we're a step away from significant, country-wide transformation, and we'll be there until that is achieved.”



Pooja Sharma, Country Director, Nepal



Sujata's electric cookstove means her kitchen in Tanahun, Nepal, is clean and safe.



## Solar and hydro providing completely clean solutions

Solar and hydro power generation has significantly increased in Nepal providing the opportunity for electric cooking to supersede solid fuel stoves across the country.

With a National Electric Cooking campaign involving government and other stakeholders we are working to improve the capacity of the electrical infrastructure. And in rural areas where micro-hydro schemes and solar power are being developed, we are working with Community-based Rural Electrification Entities (CREEs), which are managed by the communities themselves.

This improved infrastructure provides the opportunity to rapidly scale up adoption of clean cooking. In the new phase of the 10-year project funded by Energising Development (EnDev), we are moving beyond improved

cookstoves and into a new phase introducing electric infrared, induction cookers and electric pressure cookers.

As well as the health benefits, the rollout of electric cooking provides economic and environmental benefits as businesses are built around the sale and repair of stoves. It eliminates the need to collect wood, reducing work that would traditionally be fulfilled by women and girls and provides more time for productive employment contributing to the income and wellbeing of households.

Nepal is at a tipping point; where the transformative combination of wide scale adoption of cleaner cooking, and collaboration between national and local Government, civil society and the private sector is making it truly sustainable.

## Transforming lives through digital technologies

Digital technologies are being used to help entrepreneurs build their businesses selling and repairing stoves. Mobile apps are being developed which provide information on electric cooking, including user guides, how to maintain the equipment and what sort of food can be prepared.

QR codes are provided for repair and maintenance, which can be scanned and sent directly to the repair centre and a business platform connects manufacturers to local distributors.



## Collaboration delivering change

Our goal is not only to provide cleaner cooking options, but to drive market growth and overcome barriers to adopting this clean technology, through collaboration with private companies, government, district authorities, researchers, and civil society. By strengthening the supply chain and increasing demand we are focussed on making the stoves more financially attainable for households.

Safer cooking relies on close collaboration with communities and together we are co-creating solutions that are relevant and answer the challenges that they face. We are working to make it a right for people to cook in a clean environment and with e-cooking solutions, Nepal is a pioneer in this, proving that clean cooking it is a feasible option with strong environmental, economic, and social benefits

## Electric cooking in Bangladesh

To tackle the issue of indoor air pollution, we are applying our expertise in market systems and electric cookstove supply chains to Faridpur in Bangladesh. In partnership with the government's Sustainable and Renewable Energy Development Authority and Netherlands NGO, SNV, we'll work with local businesses to strengthen the market, improve product development and share insights. With funding from the Netherlands Enterprise Agency (RVO), the project aims to incentivise the sale of 35,000 'e-cookstoves' which will reduce health issues and save time for 140,000 people.







Mirriam (left) and Eli tend to their tomato plants.

# Malawi's women farmers lead the charge

Malawi faces high poverty rates and is highly vulnerable to both floods and droughts. Women, and women farmers specifically, feel the impacts more than most due to limited access to essential services like electricity and finance.

The Renewable Energy for Agriculture (RE4A) project in Chintheche, northern Malawi represents a smart solution to some of the multiple challenges this community is facing.

The project, developed in partnership with Malawian social enterprise, Modern Farming Technologies (MFT), worked with women farmers. Results show that with the right technical and practical support, they can generate sufficient revenue to run their businesses and take a reasonable income home to support their families and their community.

## Greenhouses and refrigeration improve yields and reduce waste

Through solar technology, better access to land, and small grants, this initiative serves as a financial lifeline for its members. It offers them the opportunity to join a growing network of women entrepreneurs.

It has delivered better harvests, better incomes, and reduces the need for fertilisers. Through solar irrigation and controlled farming environments, including the growing of tomatoes in greenhouses, farmers can produce all year, reducing their vulnerability to vagaries of the weather.

As solar can bypass the low electrification rates of rural Malawi, the project is overcoming one of the barriers farmers face preventing them earning a sustainable income – waste. Historically, almost a third of produce is lost, in part due to a lack of refrigeration; this figure is almost 50% for more delicate produce, such as tomatoes. Through this project, this has been reduced to less than 10%. With produce now being preserved in a solar-powered chiller, farmers can harvest and store their crops before selling them in less immediately accessible markets.

“Renewable Energy for Agriculture has shown the potential for business models that rely less on grants. It has provided valuable insights on how solar power in agriculture can sustainably improve production, reduce post-harvest loss and enable access to markets. And it has shown how all of this can provide opportunities for women to develop incomes and leadership.”



John Chettleborough, Agriculture and Markets Lead, Practical Action




Farmers bringing in harvested tomatoes to the solar chiller.



# Creating lasting change for women farmers

Working specifically with women farmers, the participants have built a credit history that enables them to apply for future finance. This credit history serves as clear proof to financial institutions that women farmers are a viable investment.

As well as increasing their incomes the women reported a range of other benefits. Over 97% revealed that the project had positively impacted their decision making and entrepreneurial skills, their perceptions of gender equality and their participation had given them more confidence in engaging in community activities and working together with other women.



50%

Between 30 to 50 per cent of Malawian farmers struggle with post-harvest loss.

# Enabling business model

The social enterprise Modern Farming Technologies worked as a ‘one-stop shop’ providing the access to technology, equipment and other inputs. It also provided relevant training, support from planting through to harvesting as well as a guaranteed market for the cropped tomatoes.

The pumps, along with irrigation equipment and polytunnels are purchased by groups of women farmers, through an interest-free ‘Rent to Own’ scheme with MFT. Under the ‘Rent to Own’ business model all of the top-grade tomatoes were sold to MFT by the farmers with a 25% deduction being made to repay the initial investment. This provides a circular financial model with funds returning to the project over an expected five-year period, to be invested in new participants. Other grades of crops remained with the farmers to be sold independently into other markets, with traders visiting daily.

Practical Action secured 50% of the initial funding through PREO, which is a fund set up by UK Aid and the IKEA Foundation and MFT secured a grant from German Technical Cooperation Agency (GIZ). The project now uses its innovative business model and the provision of small grants as a catalyst for big change.

Practical Action is using the learnings from this project as a blueprint to help in the design of other energy initiatives that bring financial and social benefits and that work in partnership with the private sector. We are currently scoping the potential of similar work in East and Southern Africa.



A farmer picks her ripe tomatoes in the community greenhouse in Chintheche.

# Renewable energy reaching more refugee communities

The Renewable Energy for Refugees project ran from 2017-2022 and provided solar-power energy to 4,881 households in Rwanda and Jordan. We are working to replicate this in four new refugee camps in partnership with United Nations High Commissioner for Refugees and Ministry of Emergency Management. Thanks to funding from the Swedish International Development Cooperation Agency (SIDA), more than 100k people in Mahama, Kiziba and Mugombwa will benefit from solar energy systems, street lighting and cookstoves powered by clean fuel by 2026.



Diamant runs a successful beauty salon in Nyabiheke camp, with access to the electricity she needs to power her appliances.



# Protecting lives and livelihoods from floods

**Flooding is the biggest impact of the climate crisis, worsening over time and affecting many of the people we work with. For over 20 years, we've focused on early warning systems to help people defend against severe flooding. Using river gauges, weather stations and satellite imagery, we closely monitor rainfall and water levels in Western Nepal's flood-prone Lower Karnali River basin. When danger is spotted, radio broadcasts, SMS messages and community loudspeakers spread the alert.**

These warning systems have proven effective in saving both lives and livelihoods. In 2022 alone, more than 13 million early warning messages were shared. Families throughout the Karnali River basin moved to safety, taking their livestock and key possessions with them. Now, with our new insurance system, families now know their crop values are also secure.

## Experience and collaboration key to unlocking insurance

With our extensive history in monitoring and the on-going success in early warning systems, it was possible to expand our work to develop an insurance scheme to protect the farmers and their communities.

We worked with Durham University to research what insurance products could work to mitigate the effects of flooding on communities and whether such a product would be accepted by the farmers, the five local authorities

in the area and the Government. After consultation it was decided to launch just one product, designed to be simple and easy to understand and manage.

Index Based Flood Resilience Insurance (IBFRI), was designed so that pay-outs are automatically triggered to farmers once an agreed-upon set of criteria, such as a certain river flow rate or an amount of rainfall is met.

## Automatic pay-outs and transparency

Information gathered from Government led river-level monitoring is publicly available, which means it is transparent and accessible to everyone. Once flooding occurs the scheme is automatically triggered, ensuring fair payouts for everyone enrolled with the scheme. Farmers do not have to claim individually, so there are no incidents of fraudulent or declined claims. To further streamline the process, payments are made to the local farming cooperatives who act as the group policy holder for local farmers. This means payments are made soon after a flooding incident, when they are most needed.

Pay-outs are based on the level of the flooding and the farmers do not need to produce documents proving their losses. Another key change from previous schemes is that they were based on inputs (seeds sowed), rather than


outputs (value of crops damaged). This means farmers are now getting their income, rather than their costs insured against.

The biggest factor in being able to launch this scheme is the widespread adoption of early warning systems. Farmers are required to meet standards and maintain their participation in the early warning systems, protecting communities from future disasters – building resilience to climate change.

This model for insurance schemes has been accepted at a national level for future expansion to other regions and its impact continues to accelerate as we advocate for similar schemes internationally.

# 13 MILLION

More than 13 million messages were shared in 2022, giving up to 6 hours of vital notice for a flood incident.





“The Index Based Flood Resilience Insurance scheme really links to what Schumacher was saying that Small is Beautiful, and so here we started very small and now the impact is much bigger”



**Bikram Rana,**  
Insuresilience Solutions  
Fund Project Manager

A community in Nepal take part in a flood drill so they know what to do when they get an early warning message.

## Big change starts small

The insurance scheme has been celebrated by farmers and other potential policyholders. Within just two weeks of its introduction, the insurance product had been purchased by 12 cooperatives providing cover to 935 potentially flood-affected households. 2022 saw two triggers of payments when flood waters rose to 10.8 and 11.8 metres. The scheme paid out successfully.

These initial pay-outs saw wide-scale acceptance of the scheme as the farmers could see that it was working. With this success, more farmers joined local cooperatives and can now take part in other programmes, such as seed development.

Demand for the scheme continues to grow dramatically from hundreds of households to many thousands of farms. We are working with partners to get this type of insurance to farmers facing flooding in other river basins and also to adapt it to other contexts.



A trained community member rings the siren during a flood drill.



# Influencing the financial flows that can support climate vulnerable countries

With the impacts of the climate crisis disproportionately impacting low-income countries and communities, Practical Action attended the United Nations Climate Change Conference of Parties (COP)27 to ensure that the voices of the people we work with were heard as global leaders took decisions about their futures.

## Did the ‘Africa COP’ realise it’s ambition?

One of the main highlights of COP27 was the agreement to establish a Loss and Damage Fund, which will provide finance to nations experiencing devastating climate impacts. We have been directly contributing to the discussions, providing evidence to a range of organisations and key negotiators at COP to build the case, including reports on the realities of climate-induced Loss and Damage in Nepal and Bangladesh.

However, this positive news was balanced by a failure to agree on sufficient funding for adaptation to climate change for billions of people around the world who are already having to change their lives and livelihoods.

## Building greater resilience and accelerating impact

Growing resilience will be a key factor to the success of the Loss and Damage Fund and we’re already working within communities to build preparedness before catastrophic events arrive. By anticipating impacts and finding new approaches that protect the environment, damage to local communities can be mitigated.

An example of this is our work as part of the Zurich Flood Resilience Alliance in Peru, where we’re collaborating with local committees to train, identify risk zones and develop early warning systems. With the right tools and information, communities can be better prepared for climate-related emergencies and help prevent disasters.



“The voices of the communities that we work with do not get to this space enough. We know what works and what doesn’t because we are co-creating solutions with people at the sharp end of climate change. Communities have a lot of knowledge, they have a lot of skills, and this is why we engage in the COP process. We have to bridge the gap between those with finance and influence, and those for whom the climate crisis is a stark reality.”

Akinyi Walender,  
Africa Director

## Where do we go from here?

For the Loss and Damage Fund to be a success, it’s about identifying solutions, like our work in Peru, that is already delivering at the local level. It’s about building local capacity to be able to respond and react to these disasters.

Details of how the fund will operate and where funding will come from will not be agreed until COP28 in November 2023. We will continue to work alongside


partners across government, civil society and local communities to hold the process to account and push for a fair decision that really delivers for impacted countries.

We will also be calling on forward-thinking allies from all sectors to help us take proven solutions to scale and reach even more people on the frontlines of climate change. People who are adapting because they have no choice.



# 1.7 BILLION

More than 1.7 billion people globally were affected by climate and weather-related disasters between 2010-2020



“There is no possibility of building a future when there is a risk. You cannot build something when you know a rock can take it away in a second.”

Eva Luiz Davalos





# Boosting access to life's essentials

Billions of people globally lack access to key products like solar lighting, water filters, clean cookstoves, and nutrition items. These products are vital for achieving the Sustainable Development Goals (SDGs), including clean water, sanitation, and energy. The challenge is not in developing these kinds of products, but in distributing them to the most underserved customers. These people often live in poverty, in remote or hard-to-reach areas, missing out on essential products they need for a better quality of life.

When Practical Action won the Zayed Future Energy prize in 2016 we created an innovation fund, challenging teams to come up with ideas that would truly accelerate access to energy for people who were being left behind.

## Making the last mile the first priority

We recognised that engaging with last mile distributors was a solution. These businesses and social enterprises sell products that contribute to the SDGs in remote, vulnerable communities.

Last year, we focused on the major challenge for last mile distributors: access to finance. We created a specific workstream and appointed a part-time Access to Finance Lead for meaningful progress.

We published a report at our Last Mile Distribution Investor Forum 2022 which we co-hosted with D-Prize and Acumen and which brought together over 100 investors, donors, and last mile distributors. The report has been downloaded over 3,000 times and looks at the financial landscape in last mile distribution and how to direct more funding into this area.

A new collection of practical tools for last mile distributors is helping them prepare for investment. This includes a self-assessment tool for investment readiness, pitch recommendations, and a financial modelling tool.

We made a video series about investing in last mile distribution. It features stories from three Global Distributors Collective (GDC) members. The videos show how important the right kind of finance is for last mile distributors at different growth stages. It also highlights the role of investors in helping these distributors make a bigger impact.

“The GDC is a powerhouse of local heroes. These distributors are deeply rooted in and committed to their communities. They may not be making the front page, but their collective efforts are nothing short of game-changing.”



Russell Lyseight, Head of the Global Distributors Collective



Keita, an electrician and Energy+ customer in Mali, can now work by solar lighting.

## GDC members now reaching over 40 million people in 60 countries

There are 200 last mile distributors who are members of the GDC in over 60 countries. Since the GDC was formed in 2018, collectively they have reached over 40 million people in last mile households with life changing beneficial products such as solar lights, clean cooking stoves and water filters.

Last mile distributors face a range of challenges. They often operate in isolation within high-risk and low-infrastructure markets, with little capacity and limited access to finance. Instead of learning from and leveraging one another, they have traditionally had to continuously reinvent the wheel. The GDC has brought people together to change this status quo.

The seed funding from the Zayed Future Energy prize enabled us to test out the GDC’s ‘collective’ approach and develop and research ideas, and then determine the partners and the model to make it work. We developed activities and leveraged knowledge specifically to benefit the entire membership of distributors. Since 2018 the GDC has been supported with funding from British International Investment, GET.invest and UK Aid under the Transforming Energy Access platform.

The Collective's impact is accelerating, creating real change. Our members are reaching millions more people in their communities, improving lives through the products they sell. We believe last mile distributors and their products are essential for alleviating global poverty and achieving the Sustainable Development Goals.



Damaris inside her shop in Kisumu, Kenya, where she sells cooking briquettes.



# Making sanitation work in Bangladesh

Since 2008, we've been changing perceptions of sanitation in Bangladesh. In collaboration with informal waste workers, we're not only improving sanitation but also increasing incomes, which has a cascade of benefits for public health and the environment.

Our work has been supported by the Bill and Melinda Gates Foundation since 2014. We host the Bangladesh Faecal Sludge Management Network, active since 2016, and have shared resources with similar networks in India and Nepal. With a new round of funding that began in November 2022, we've developed a strategic plan and expanded the network's membership.

In a new initiative, we aim to collaborate with a commercial company to set up hubs across the country. This will allow more municipalities and co-operatives to access the machinery we've tested and improved over the past eight years. Commercial partnerships can offer valuable social benefits and help with scaling.

## Big change starts small

The project's broader goal is to demonstrate that informal service providers in sanitation and household waste can be valued, enjoy better working conditions, and play a central role in a fully safe sanitation system, especially where piped sewerage isn't feasible or cost-effective.

“Every day, we see real change – waste workers earning fair wages, gaining respect, and doing their jobs safely. This project is about transforming an entire profession, improving individual lives and making cities healthier.”



Uttam Kumar Saha,  
Project Manager

The waste service industry consists of multiple income streams, including waste collection, recycling and producing secondary products such as biogas.

## Challenging the status quo

This work is at a turning point in several ways. Public health is getting better as sanitation-related diseases decline, the environment gains better protection against water pollution, and job opportunities in the sanitation sector increase.

We're now working to establish a national platform for waste and sanitation workers to give them a distinct voice with the Government. We also organise an annual Sanitation Workers Convention for this purpose. Additionally, we're on the Advisory Group for a global initiative aimed at improving conditions for informal sanitation workers and have received some funding to conduct research with co-operatives and their members.

## Increased roles for women

We also see the improvement of the sanitation system as a way to open doors for women and other marginalised groups. We support women in taking on more advisory roles, where they guide households, municipalities, and other cooperatives on the most appropriate emptying technology depending on the type of latrine and the consistency of the sludge.

To date, we have helped form 56 cooperatives with more than 2,300 members across 13 towns and cities. This has had tangible benefits: over four years, average incomes have increased by 15%, and the number of working days lost to injury and illness has dropped by 73%, even at the height of Covid-19.

## A path to entrepreneurship

We've taken extra steps to ensure fair wages and greater respect for waste workers by working with them to establish cooperatives. These cooperatives are more than just a collection of workers; they are growing businesses. They have developed service agreements with municipalities for the safe disposal of sludge, which not only tackles environmental issues but also fights against the social stigma traditionally associated with this work. This allows sanitation workers to operate with pride and opens the door to transform their role from emptier to entrepreneur.

## Looking ahead

The Faecal Sludge Management programme has proven so successful that it's being expanded to include plastic and solid waste management. We worked alongside the Bangladesh Government to build these solutions into new regulations and a national action plan. We continue to support the Government to roll out these plans, and other policy initiatives, by serving on national technical and policy committees.

We've seen first-hand how improved safety and dignity for waste workers can be the building blocks of healthier, more prosperous cities.

Asma is part of a cooperative collecting plastic from the streets of Faridpur in Bangladesh and sorting it for recycling.



# 50 YEARS ON

## Small is still beautiful

### A radical vision

In 2023, we celebrate 50 years since the publication of the ground-breaking book *Small is Beautiful*. Its author, E.F. Schumacher, believed in a radical new approach to support communities living with poverty that was grounded in small, simple, and sustainable solutions.

Schumacher founded Practical Action (then the Intermediate Technology Development Group) on the principle of 'finding out what people are doing and helping them do it better.' Schumacher's philosophy focused on small, simple, and sustainable development solutions – feeling that contemporary approaches were unsustainable.

### Our guiding philosophy

We're using this 50th anniversary to ask what Schumacher would expect Practical Action to be focused on today. In a world facing catastrophic climate change, his practical, optimistic and grounded approach is needed more than ever.

Two themes shone out to us;

**“ECONOMICS AS IF PEOPLE MATTERED”**  
and  
**“LIVING WITHIN PLANETARY BOUNDARIES”**



**“ Infinite growth of material consumption in a finite world is an impossibility.”**

### A people-centred approach

Schumacher believed that economies should be built around people, not goods. In *Small is Beautiful* he introduced the concept of 'economics as if people mattered'. He argued that solutions should be tailored for each community, taking into account their unique situations and challenges. Schumacher also warned against economies focused on unlimited growth, advocating for a lifestyle that preserves the world's natural resources.

### Confronting the climate crisis

Given the current climate and environmental crises, and their unequal impact on those least responsible, we believe Schumacher would want us to use our skills, resources, and ingenuity to tackle these issues head-on. This way, people can not only survive but also thrive despite the climate challenges. We go beyond addressing the immediate needs of individual communities and aim to transform the underlying systems contributing to global issues.



**“ Development does not start with goods; it starts with people.”**

### Accelerating sustainable solutions

We continue to build real-world solutions, and our efforts don't stop there. In collaboration with our global network of funders and partners, we're scaling up successful initiatives across countries and continents.

As Colin McQuistan, our Head of Climate and Resilience, puts it, *“Changing existing systems and shifting the focus from economics to sustainability is tough. But difficulty doesn't deter us. In many countries where we operate, living within environmental limits is already the norm. These traditional systems don't see natural resources as expendable but as valuable assets to be cared for and respected.”*

### The lasting impact of Small is Beautiful

Looking back over 50 years, it's remarkable how much of Schumacher's book remains relevant today. Though written in the 1970s and lacking in areas like fossil fuel pollution and gender inequality, it continues to be a strong advocate for sustainability. It aligns well with modern concepts like degrowth, circular, and donut economics. Our work has evolved, but the core vision and values from this book still guide our actions today.

**“ To talk about the future is useful only if it leads to action now.”**



# How we were funded in 2022-23



# Total income: £27.0M

## Donations from individuals, trusts and companies: £8.5M

We are very grateful to all the individuals and community groups whose generous support makes up most the unrestricted donations we receive. This unrestricted funding allows us to innovate and adapt, enabling us to work where the need is greatest. Unrestricted funds are those that aren't limited to being spent on a specific project, country or area of work. Thank you to everyone who has made an unrestricted donation in 2022-23.

## Legacies from people remembering us in their Will: £3.4M

Being recognised as part of someone's legacy through a gift in their Will is a great honour. It shows shared beliefs and values, and speaks to the trust earned, that our work will achieve even greater things in the future. We're incredible grateful to those who chose to support us in this very practical and personal way.

## Income from our consultancy and publishing work: £1.8M

Through our extensive global network of consultants and academics, we provide specialist technical expertise to private businesses, other organisations and governments. Through our publishing work, we partner with the brightest minds to publish the latest development perspectives.

## Grants and awards from governments, trusts, companies and other institutions: £12.9M

We partner with the international development departments and embassies of national governments. These include the UK, Sweden, USA, and Jersey. We also receive significant funding from specialist frameworks such as German Technical Cooperation Agency, Energising Development and the Carbon Trust.

In addition, we receive funding from several UN agencies: the United Nations Children's Fund (UNICEF), the United Nations Development Programme (UNDP), the United Nations Environment Programme (UNEP), Food and Agricultural Organisation (FAO) and the United Nations Office for The Coordination of Humanitarian Affairs (UNOCHA).

Our strong partnerships with large foundations, trusts and companies provide substantial funding for our work. Partnerships include the Bill and Melinda Gates Foundation, the IKEA Foundation, Zurich Insurance Company Ltd and its Z Zurich Foundation, Grundfos Foundation, Mastercard Foundation, Old Dart Foundation, King Charles III Charitable Fund (Formerly Prince of Wales Charitable Fund) and the People's Postcode Lottery.

In addition to the ongoing work that's funded by these partners, we were delighted to secure grants from many of them in 2022-23 that will fund exciting projects in 2023-24 and subsequent years.

Interest and other income: £0.4m



# Fit for the future

**Practical Action is an innovative development and change-making organisation operating in countries that are already facing many challenges. These turbulent times present not only difficulties but also new chances to adapt, forge new collaborations, and build innovative practical solutions.**

## An increasingly volatile world

The world is becoming more unstable, with intensifying climate events, conflict in the places we work, especially in Sudan and political volatility, which we experienced in Peru in 2022. Conflict in Ukraine and other factors have led to higher inflation and increased living costs, disproportionately affecting people already living in poverty.

Our work on the ground supports communities to mitigate these risks, for example, in our agriculture programmes we develop low input farming techniques that use local crop varieties with the potential to reduce reliance on imports. Conscious that conflict places staff and projects at risk, we’re revising our crisis protocols to adapt to these new challenges. Our focus is on training staff, supporting their wellbeing and finding ways to keep our programmes running despite the volatile conditions.

## Climate shocks

The impacts of climate change are becoming increasingly severe, manifesting in floods, droughts, and wildfires. Where previously climate resilience was one of our aims, it is now becoming core to programming across all our work. Our focus is increasingly on working with communities most impacted by the climate and environmental crisis to find ways to adapt their livelihoods and thrive despite the intensification of climate events. And because women and girls and people who are socially excluded are more affected by these shocks more of our work will focus on these groups.

We are mainstreaming climate adaptation and mitigation into all our programmes. We’re also focusing on gender inequalities and working with vulnerable groups, because they are the people most impacted by the climate crisis. We’re building innovative new partnerships to create products such as insurance and disaster risk reduction strategies as cost-effective ways to build resilience, and we’re seeking to build more partnerships like this in the future.

## Income generation and long-term funding

Securing long term funding, especially unrestricted funding to support the innovative projects we are known for remains a challenge. We are working to develop new income streams to support this work and to engage wider audiences in this area. One focus for this is on greater engagement with companies through the Environmental, Social, and Governance programmes.

We are also committed to growth, but we recognise that this will be difficult and require long term effort. Our funding strategy has been updated and in 2022/23 we started to see an upturn in the number, size and duration of grants secured to support our programmes. We will remain very focused on this, especially on ensuring we are building medium and longer-term pipelines from a more diversified funding base. This will help us secure the financial stability needed to continue our work.

## Quality of delivery and programme performance

As we grow, we need to ensure we maintain the quality of our programmes, especially in places where our programmes are expanding rapidly.

We are rolling out our Programme Quality and Delivery Framework and a newly structured Operations department is providing greater oversight and support on compliance. In 2023 we will roll out our new finance system. At regional level, experienced Directors and Operations leads are providing greater support to the teams in county offices. All of these initiatives are being put in place to support the quality of our delivery and programme performance and efforts to ensure that our planned growth does not compromise the effectiveness of our work.

## An organisation for the future

As an organisation that works in close collaboration with communities, we welcome the sector-wide action to ensure international development remains relevant in today’s world, including the shift to greater localisation of power and resources.

As well as working with communities so that they can lift themselves out of poverty we also work with a range of local, national and international partners to influence broader systems so that transformative change for communities can be sustained and scaled. In 2023/24, we’ll begin crafting our strategy for 2025–30 which will include more detailed work on how our role and relationships with other organisations need to evolve to remain relevant.

Practical Action’s teams in the countries we work in continue to be led and staffed by local people. We have also continued to address equity, diversity, and inclusion (EDI) throughout the organisation, including appointing people from the countries we work into our board and Global Leadership Team, changing the balance of our global leadership to better represent the communities we work with.

**There are both opportunities and risks in these key work areas. For details on the risks we’re facing and our plans to address them, see pages 42–43.**





# Strategic Report

# FINANCIAL AFFAIRS

Our Chief Operations Officer, Rachel Parr, reviews our finances over 2022/23



Practical Action has navigated its finances and operational delivery well through this difficult year impacted by a turbulent external environment. Key changes to the Global Leadership Team (GLT), the implementation of a regional structure and the identification of cost savings provide us with a sharpened focus to deliver on our short, medium and long-term change ambitions.

### Income and fundraising

Total income was £27.0m in the year ended 31 March 2023 (2022: £27.8m), a 3% decrease.

Restricted income for the year was £15.9m (2022: £15.1m) an increase of 5%. Our most significant donors during the year were the IKEA Foundation, UK Foreign and Commonwealth Development Office, United Nations Office for The Coordination of Humanitarian Affairs and Zurich Insurance / Foundation.

Unrestricted income for the year ended 31 March 2023 was £11m (2022: £12.7m) a decrease of 13%. Unrestricted donations fell by £0.5m to £6.9m. This decline was driven by the cost-of-living crisis in the UK and competitive pressures from a number of high-profile emergency appeals and a greater urgency of domestic causes in the UK related to the cost of living.

Legacy income grew to £3.4m, of which £0.7m was restricted to our work in Peru. Unrestricted income from Consultancy and Publishing trading subsidiaries fell by £1m to £1.2m in the year ended 31 March 2023. This decrease was expected following the restructure of Practical Action Consulting International in year ended 31 March 2023, with many parts integrated into the main Charity.

### Expenditure

Total expenditure was £28.9m in the year ended 31 March 2023 (2022: £27.6m), of which £26.4m related to charitable activities and £2.5m to raising funds.

Given this decrease in unrestricted income we implemented cost reduction plans in the year with savings identified across the group resulting in overall unrestricted expenditure reducing by £0.6m to £12.6m.

Total restricted expenditure increased by £1.9m to £16.3m reflecting our success in grant applications. In the year ended 31 March 2023 there were five projects with expenditure above £1m compared to three in the previous year, reflecting a shift to high value grants.

### Reserves

Total reserves for the year ended 31 March 2023 were £8.1m, of which £1.9m was restricted and £6.2m was unrestricted. Restricted reserves relate to funds tied to multi-year grants for use in future years.

Unrestricted reserves comprise fixed assets and general funds.

Free unrestricted reserves, which excludes amounts related to fixed assets, reduced by £2.1m to £5.2m in line with forecasts submitted to Trustees. The level of free reserves for the year ending 31 March 2023 remains above the target range defined in our reserves policy of £4m to £5m based on 2022/23 figures. We anticipate the need to continue to draw down on our unrestricted reserves in the short-term to fund business critical investments. In line with our strategic business plan, we are expecting to grow our reserves in 2025/26.

Free reserves are held for the following purposes:

- **Working Capital:** These funds are required to provide working cash and pre-financing for normal operations during the course of the year.
- **Fundraising:** to be able to repay donors or inject additional money into projects if there were a failure to meet grant conditions.
- **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.

### Pension Scheme

The valuation of Practical Action’s pension scheme at 31 March 2023, for the purposes of FRS 102, showed a deficit of £491k. The above deficit has been disclosed separately within unrestricted funds in line with FRS 102. Recovery contributions are to be agreed between Practical Action and the Pension Regulator.

### 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 £2.1m (2022: £2m) 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

Practical Action continues to operate with considerable determination, ingenuity and agility against the backdrop of a turbulent external environment. Rising inflation and the increased cost of living will put pressure on our unrestricted income in the medium term. We have made prudent adjustments to our budgets to ensure that we navigate through this period. We are also increasing our focus on cost coverage, and this

will form a key part of our proposals going forward. By the end of 2022–23 we had secured new funding of £31.6m, more than double previous years. This considerable growth in restricted funding, will enable us to undertake programmatic work from 2023–2033 and puts us in an excellent position to build from. Moving in to 2023–24 this will enable us to scale up our agriculture programmes, including starting our largest ever programme in Kenya. The implementation of our regional structure, bringing oversight and support much closer to the countries we work in, will be key to ensuring the successful delivery of our programmes going forward.

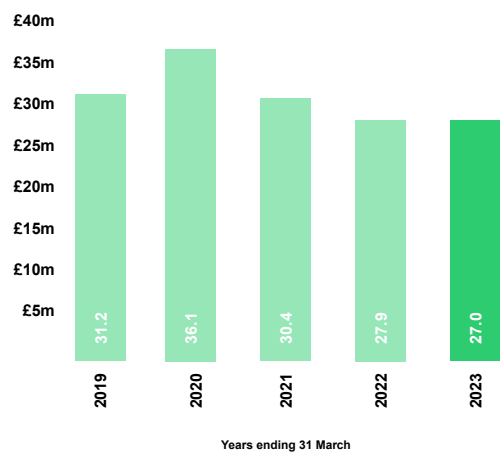
### Going Concern

Practical Action adopted a proactive and prudent approach in 2023, adjusting our budgets for the years ahead. Close attention has been given to the risks posed to income, expenditure and reserves levels. We anticipate keeping the reserves within the target range and thus retaining considerable financial resilience against future uncertainty and so we are confident that the organisation remains a going concern.

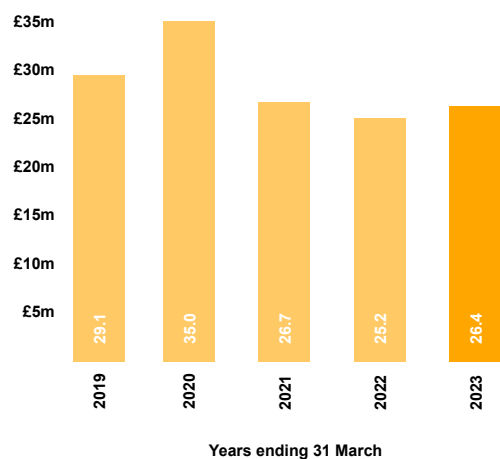


# Summary of income and expenditure

Total annual income

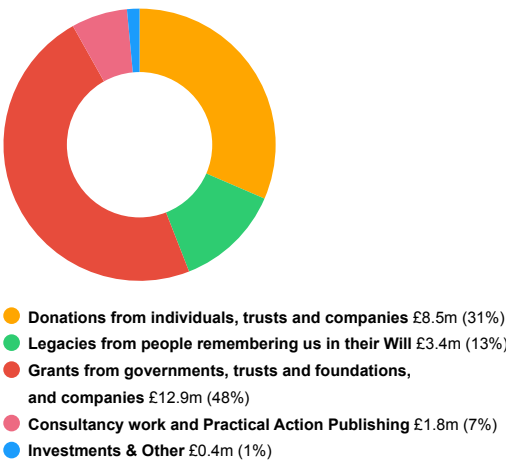


Total expenditure on charitable activities (£m)

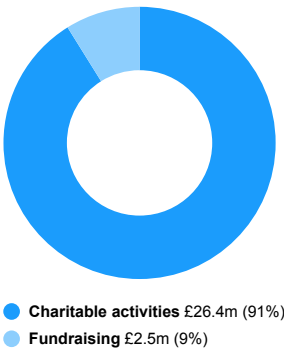


We explain what we mean by charitable activities and how we allocate costs on page 52.

2022/23



2022/23 (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. The Board of Trustees have a formal schedule of matters which are reserved for their consideration and approval. These matters are included in Practical Action’s Delegation of Authority policy. 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 the absence of any exceptional circumstances, Trustees serve for a maximum period of six years. Trustee recruitment is conducted by the Governance and People Committee and is undertaken with an external recruitment agency with additional public advertising

on our website, a variety of sector websites and on social media. The Board of Trustees may appoint a person to be a Trustee either to fill a vacancy or as an additional Trustee. Practical Action had 11 Trustees by the end of the 2022/23 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 skill. These events help provide Trustees with a greater understanding of their legal responsibilities and discuss emerging issues affecting the sector. Trustees have begun visiting international programmes as COVID-19 travel restrictions have now been lifted.

In accordance with normal commercial practice, the organisation has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions. The insurance provides cover up to £5,000,000 on any one claim and the cost for the period ended 31 March 2023 was £27,000+ insurance tax premium.

## 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 face to face meetings.

The Board of Trustees have created two committees of the Board. Each committee includes members of Board of Trustees and may include additional members appointed for their specialist knowledge. These Committees are:

### The Finance, Audit and Risk Committee

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

### The Governance and People Committee

This Committee reviews the composition and effectiveness of the Board and subsidiary companies as well as overseeing the Trustee recruitment process. It also oversees the terms and conditions of employment of the Strategic Leadership Team and considers reports from the organisation’s International Remuneration Committees.

The Board delegates day-to-day decision making and operations to the Chief Executive and Senior Leadership Team according to an approved delegation of authority policy and schedule of delegations.

### Subsidiaries and associated organisations

The Charity has two wholly owned primary purpose trading subsidiaries registered in England and Wales – Practical Action Publishing Limited



and Practical Action Consulting Limited. It also has a subsidiary registered in Senegal – Practical Action Consulting West Africa.

**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, in areas closely aligned with our change ambitions. Practical Action (the Charity) is concluding the activities of Practical Action Consulting Limited in the UK, with consulting services now being carried out by the Charity directly.

Practical Action Consulting Limited registered a number of development consultancy subsidiaries under the Practical Action Consulting name globally (the trademark being licensed from Practical Action). These subsidiaries have been set up to further the aims and objectives of Practical Action.

- Practical Action Consulting Private Limited Nepal – a private limited company registered in Nepal. Practical Action Consulting Limited UK has a 51% shareholding
- Practical Action Consulting (India) Private Limited – a private limited company registered in India. Practical Action Consulting Limited UK has a 99.9% shareholding.

- Practical Action Consulting 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 holds 49% shareholding.
- Practical Action Consulting Rwanda is registered as a branch of Practical Action Consulting Limited UK.
- Practical Action Consulting West Africa provides consultancy services to governments, NGOs, aid agencies, research institutions and the private sector across the ECOWAS region of West Africa.
- Practical Action Consulting Limited Malawi – a dormant private company limited by guarantee registered in Malawi. Practical Action Consulting Limited UK is one of the two members of the company.

Practical Action has two dormant subsidiaries held to protect its 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. This entity is now being wound up.

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.

**Charity Governance Code**

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. In response to the recommendations of the Board Effectiveness Review conducted in 2019 by an external consultancy firm, the Governance and People Committee was formed to implement the recommendations received. Practical Action firmly believes in the requirements of the Code and during the year conducted a self-evaluation of the effectiveness of the changes implemented after the 2019 review. The Charity has reviewed the composition of its senior leadership team and has now expanded this to

include an Africa and Asia Director. 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.

**Statement of Directors duties**

As Company Directors, the Trustees must act in a way they consider to be in good faith and would be most likely to promote the success of the company for the benefit of all of its members as a whole both in the current period and in the long term. In discharging their duties above, the directors of the charity carefully consider, amongst other matters, the impact of their decisions on various stakeholder groups. The groups we consider in this regard are our employees, our beneficiaries, our funders and our delivery partners as well as the wider community in which we operate. The directors recognise that building strong relationships with our stakeholders will help us to deliver our long-term strategy in line with our core values and operate the business in a sustainable way. We are committed to conducting business responsibly. The directors do not believe that there have been any key decisions faced during the year which require specific reference and have had significant impact on any of the company's stakeholder groups.

**Our fundraising philosophy**

Our Supporter Promise commits that our fundraising will be respectful, honest and accountable. We promptly answer queries about fundraising from our supporters and we have a complaints procedure for investigating complaints. We received 7 complaints relating to our fundraising activities in 2022/23. These were neither serious nor difficult to resolve and were dealt

with promptly, by the Supporter Care team. Complaints included issues such as the tone and contents of appeals, administrative errors and a complaint from a regular supporter unhappy about being asked for further donations. We did not receive any serious complaints that needed to be escalated.

We comply with relevant statutory regulations, including the Charities Act 2011, the Charities (Protection and Social Investment) Act 2016, the Data Protection Act 2018, the Privacy and Electronic Communications Regulations 2003. We are 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 voluntary income generation in the UK.

Our Fundraising Compliance Handbook and Fundraising policy demonstrate our commitment to the highest standards of practice. These cover current fundraising regulations, data protection, accepting and refusing donations, protecting vulnerable people and complaints procedures. For all fundraising staff, objectives include knowledge and understanding of these documents and of the Codes of Fundraising Practice. The Finance, Audit and Risk committee has an oversight role of fundraising.

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. During the reporting period, we worked with two third-party Professional Fundraising Organisations (PFOs). Since the pandemic we have scaled this activity back due to the reduced opportunity to promote payroll

giving through PFOs at workplaces. The PFOs continue to carry out digital activity where possible.

In 2022/23, 26,081 people supported us with a gift. 1,556 of these were new donors.

Despite external 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 2023/24 financial year, we are confident that 35% of our public fundraising target is already secured.

**Remuneration and staff engagement statement**

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, ethnic or national origin, caste, tribe, belief, age, marital status, civil partnership, pregnancy, caring responsibilities, sexual orientation, gender reassignment 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



Governance and People Committee of the Board. Remuneration of Executive Directors is subject to the approval of the Governance and People Committee. Chief Executive Officer’s remuneration requires Board approval.

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

We openly consult with staff on matters important to the organisation’s activities and keep people updated through regular all-staff meetings 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. In 2021 we conducted a survey focussed on Diversity, Equity and Inclusion (DEI) and this has led to the creation of an action plan. Our progress on implementation will be monitored by the Strategic Leadership Team and Board of Trustees, where Hope Chigudu acts as the Trustee champion on DEI matters.

**Global gender pay data as at March 2023**

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 barriers to joining, progressing or contributing based on 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 in each of our locations based on the local context. Because there is evidence to show that many obstacles to achieving inclusivity relate to women more than men, in practice our gender action plans may focus on addressing key difficulties that women face entering and progressing in the workplace. We are committed to understanding actual or perceived barriers to inclusivity experienced by either women or men and will prioritise actions to remove or reduce these.

Whilst we do not fall within scope of the UK 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 pay global gap. Globally we have a significant mean pay gap in favour of women (27%) which is driven by the high proportion of women employed in the UK office (61%) and the high value of UK salaries in context of the global list; when we exclude UK employees from our data set, we have a much smaller, 9% mean pay gap in favour of women.

Whilst the global metric is the one we agreed (with GAP) to report externally, analysis of more localised data is required to understand what the data is telling us.

Following last year’s analysis, Bangladesh and Nepal were priority countries because, despite Bangladesh having a pay gap in favour of women, the representation of women was low overall (13%) and in Nepal we had a significant mean pay gap in favour of men (36%). Encouragingly for 2022/23, the mean pay gap in favour of men narrowed significantly in Nepal, down to 14% largely due to the appointment of a female Country Director. In Bangladesh we are pleased to report a 10% increase in the number of women employed overall bringing the percentage participation of women up to 23%. The number of women employed in Bangladesh increased across all four quartiles which in turn reduced the mean pay gap in favour of women from 70% down to 42%.

The initiation of Women Trainee Programme with a pilot in Nepal and Bangladesh has been planned which is a unique initiative focussing on providing opportunity to fresh graduates, especially women, in the country to learn and develop on the job. This is specifically initiated to support young professionals and socially excluded groups especially focussing on women. There is more for us to do to continue this trajectory, but these are two positive success stories since last year’s data.

In the UK office last year, we recorded a 6% mean pay gap in favour of men. This was due to an underrepresentation of men in less senior roles rather than an underrepresentation of women in more senior roles. In 2022/23, the number of men employed in the lowest paid quartile increased by 14%, and as a result, our mean pay gap in favour of men decreased to 3%

which is positive. When we review gendered participation by quartile in the UK, we now see a good balance in the two highest paid quartiles and in the lowest paid quartile, with broadly 50/50 participation. However, in the lower middle quartile we still see an underrepresentation of men with 22 women employed (85%) and only four men (15%) and this creates a median pay gap remains of 19% in favour of men.

In conclusion, we have good gender balance across most of the UK team and, whilst there remains an underrepresentation of men at the senior support level, we do not consider this to be a priority area for action other than to communicate the data so that the underlying picture is clear. We will however continue to prioritise increasing the participation of women in our Asia region and enabling progression to senior levels.

**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. Shivani Wadhwa is the safeguarding trustee and Chair of the Governance and People Committee. Global policies in Recruitment, Pre-employment screening and References are in place and designed to prevent the perpetrators of abuse from being employed through safer

recruitment practices. Our employees are trained in safeguarding through both e-learning and face-to-face. Our offices continue to undertake annual self-assessments on safeguarding measures and we track compliance levels through our organisational Key Performance Indicators. We have commenced the roll out of new Safeguarding Communities Framework in three Country Offices and will continue to roll this out in all other locations over the next two years. Awareness of available reporting mechanisms is prioritised and people are 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 using 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 Governance and People Committee and details of all concerns are provided.

During the year April 2022 to March 2023, we received 16 people related complaints, a small increase of three compared to last year but still in range of the number of complaints received by Practical Action over the last four years (19/20: 18, 20/21: 15, 21/22: 13, 22/23: 16). Average time to closure reduced from 70 to 44 days which is very positive given the complexity of some cases experienced. Overall, 44% (7) were up-held or partially upheld and 50% (8) were not upheld (one case was not taken to conclusion). There were three safeguarding cases, two of which were upheld and were reported to the Charity Commission. Overall, the number of cases is deemed to be

at an acceptable level and the number upheld/not upheld suggests objective consideration of cases.

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

**Section 172 Governance disclosure on carbon reporting**

Practical Action is deeply concerned about climate change and its effects on everyone especially marginalised, low-income families. Core to all Practical Action’s work is an ambition to safeguard the planet today and for the benefit of future generations. As well as our programming and influencing work, Practical Action aims to keep its carbon footprint as small as possible. This means exploring ways to reduce footprint, while still being able to carry out work effectively.

The organisation does this by looking at and managing the emission of greenhouse gases generated by its operations. Practical Action programmes are designed with the aim of protecting and improving the environment.

Practical Action has undergone a carbon footprint baselining process and developed an organisational carbon reduction plan. Every year, we will continue to measure our footprint and report progress against our baseline. The key findings being measured are; flights (international and national), use of vehicles, gas and electricity usage, paper, and other consumables



UK Greenhouse gas emissions and energy use data for the period 1 April 2022 to 31 March 2023

	2022/23
UK Energy consumption used to calculate emissions (kWh)	159,243
Energy consumption breakdown (kWh)	
Gas	96,818
Electricity <sup>1</sup>	62,425
Associated greenhouse gas emissions (kg CO <sub>2</sub> ) <sub>2</sub> equivalent)	
Gas	17,427
Electricity	12,072
Total Associated Greenhouse gas emissions (Kg CO <sub>2</sub> equivalent)	29,499
Intensity ratio (kg CO <sub>2</sub> equivalent per square feet)	2.85

<sup>1</sup> Electricity kWh is an estimation calculated using the average annual consumption the period January 2022 – December 2022

How we manage our affairs

How our activities deliver public benefit

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

Risk management

A quarterly risk review at Group, country and regional level was carried out on behalf of the Board by the Finance Audit and Risk Committee. It confirmed that the risks to which the organisation is exposed are properly identified, reviewed and evaluated. Mitigation strategies are in place for all key risks and these are continually monitored to ensure compliance with management’s risk appetite. The Group has a well-established system of internal controls which are used to govern operations. The Internal Audit function assesses the adequacy and effectiveness of these controls through a risk based internal audit programme. 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 invasion of Ukraine created multiple new global risks including exacerbating food security challenges for many low-income countries. High rates of inflation and cost of living

crises affected multiple aspects of our work including our unrestricted funding. We updated our financial scenarios and implemented a number of changes to reduce our expenditure. We also saw considerable volatility in the labour market which made recruitment for some specific roles more challenging than expected. We are reviewing our approach to reward as well as developing our learning and development offer.

Failure to secure sufficient income restricts our ability to deliver our full strategy is a risk the leadership has been seized of for several years. Over 2022–23 this risk changed as we have had one of our most successful years in terms of restricted (programme) funding and our future pipeline is strong. However, our unrestricted funding was less successful than planned, reducing our flexible funding. Some of this was due to the external economic environment and we have revised our future unrestricted targets downwards and are working to adapt our business model to deal with a different balance of restricted and unrestricted funding.

With a rapidly changing external environment the failure to adapt swiftly enough to opportunities and challenges is a risk which we continue

to be focused on. We continued to move forward with adapting our structure and leadership team, with a new post of Asia Director joining the Africa Director on the Global Leadership Team to drive forward our global strategy and support the development of new local and regional partnerships.

We operate in many countries which are politically volatile and or there is significant potential for civil unrest. We have been updating our security protocols and planning ahead for dealing with shutdowns or funders pausing strategies and funding ahead of governmental elections.

Programme implementation and financial management is a risk we have had to increase our focus on in some specific countries and programmes. We are working to strengthen rigour and compliance at all levels, supported by new Operations Manager roles at the regional level and updated approaches to due diligence, project risk analysis and monitoring.

We continue to focus on managing the risk that we fail to be an inclusive organisation. Hope Chigudu is our board member with EDI responsibility, and we have reviewed and updated our Diversity and Dignity at Work policy. We continue to shift the balance of senior roles from the UK so that there is greater leadership, responsibility and accountability in Africa and Asia. We have delivered inclusive leadership training to the Senior Leadership Team, run sessions and focus groups on the experience of different groups at Practical Action and held initial training on race and power which we will be building on.

Safeguarding remains a risk we focus on. We have a safeguarding accountability group made up of key roles across the organisation, which meets regularly. We have a rolling programme of safeguarding training

for all staff and have a planned process for community and partner safeguarding training.

Trustees’ responsibilities for the financial statements

The Trustees (who are also Directors of Practical Action for the purposes of company law) are responsible for preparing the Trustees’ Annual Report and Accounts (which includes the Annual and Strategic Reports being the Companies Act Directors’ Report) for each financial year, which give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the Charity and Group and of the results of the Group for that period. In preparing those financial statements, the Trustees are required to:

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

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

The Trustees are responsible for maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Charity

and enable them to ensure that the financial statements comply with the Companies Act 2006. Trustees are also responsible for safeguarding the assets of the Charity and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. In accordance with company law, as the company’s directors, we certify that:

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

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

Auditors

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

The Trustees are pleased to present the Trustees’ Report and Accounts for the Charity for the year ended 31 March 2023, 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

<b>Charity name:</b> Practical Action. Practical Action is a company limited by guarantee and is a Charity.	<b>Registered office:</b> The Robbins Building, 25 Albert Street, Rugby, Warwickshire, CV21 2SD	<b>Bankers:</b> Barclays Bank plc, North Street, Rugby, Warwickshire, CV21 2AN
<b>Charity number:</b> 247257	<b>Auditors:</b> Crowe U.K. LLP, Statutory Auditor, Black Country House, Rounds Green Road, Oldbury, B69 2DG	<b>Solicitors:</b> Farrer & Co LLP, 66 Lincoln's Inn Fields, London, WC2A 3LH; Bates Wells, 10 Queen Street Place, London. EC4R 1BE
<b>Company number:</b> 871954		

## Executives

### Global leadership team

<b>Chief Executive</b> Sarah Roberts	<b>Asia Director</b> Ayan Banerjee <i>(appointed December 2022)</i>	<b>Fundraising, Marketing and Communications Director</b> Rachel Hudson
<b>Chief Operating Officer</b> Rachel Parr <i>(appointed September 2022)</i>	<b>Africa Director</b> Akinyi Walender <i>(appointed August 2022)</i>	<b>Impact, Influence and Innovation Director</b> Simon Hotchkin <i>(appointed September 2022)</i>
<b>International Director</b> Yolanda Weldring <i>(Interim – resigned March 2023)</i>		

### Country Directors

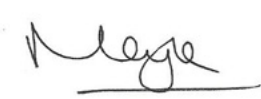
<b>Kenya Country Director</b> Susan Maina	<b>West Africa Director (Senegal and Burkina Faso)</b> Edwin Obiero	<b>Executives who served in the period</b>
<b>Sudan Country Director</b> Muna Eltahir	<b>Bangladesh Country Director</b> Shawkat Begum	Alex Bush, <i>Interim East Africa Director, then Interim Africa Director (July 2021 to September 2022)</i>
<b>Nepal Country Director</b> Pooja Sharma <i>(appointed March 2023)</i>	<b>South Asia Director (Nepal and India)</b> Achyut Luitel <i>(resigned March 2023)</i>	Kudzai Marovanidze, <i>Southern Africa Director (to September 2022)</i>
<b>Rwanda Director</b> Denyse Umubyeyi	<b>Regional Director for Latin America</b> Alicia Quezada	Steve Page, <i>Interim Finance and Services Director (June 2021 to August 2022)</i>
<b>Zimbabwe Director</b> Emmanuel Madhara <i>(appointed December 2022)</i>	<b>Bolivia Country Representative</b> Victor Yapu	Lucy Stevens, <i>Interim Influence and Impact Director (April 2021 to September 2022)</i>

## 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:

Martin Tyler (Chair) Fayezul Choudhury Graham Young Ian Thornton Joanne Smith (stood down 5th October 2023) Rachel Sibande Bill Liao Mourad Wahba Shivani Wadhwa Matt Haikin Hope Chigudu (appointed April 20th, 2022) Yvonne Pinto (stood down 1st April 2022)	<b>Governance and People Committee</b> Shivani Wadhwa (Chair) Fayezul Choudhury Graham Young Martin Tyler Mourad Wahba Hope Chigudu	<b>Finance, Audit and Risk Committee</b> Fayezul Choudhury (Chair) Martin Tyler Joanne Smith Bill Liao Graham Young
	<b>Secretary</b> Rachel Parr	

This report, which incorporates the Trustees’ and Directors’ Annual Report and Strategic Report, was approved by the Board on 17th November 2023 and signed on their behalf by:



**Martin Tyler**  
Chair of the Board of Trustees





# Independent Auditor’s Report to the Members of Practical

## Opinion

We have audited the financial statements of Practical Action (‘the charitable company’) and its subsidiaries (‘the group’) for the year ended 31 March 2023 which comprise Consolidated Statement of Financial Activities, Consolidated Balance Sheet, Consolidated Statement of Cash Flows, and notes to the financial statements, including 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 2023 and of the group’s income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## 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

In auditing the financial statements, we have concluded that the trustee’s use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company’s or the group’s ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

## Other information

The trustees are responsible for the other information contained

within the annual report. 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.

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 this gives rise to a material misstatement in the financial statements themselves. 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 prepared for the pur-poses of company law, for the financial year for which the financial statements are prepared

- is con-sistent with the financial statements; and
- the directors’ report included within the trustees’ report have been prepared in accordance with appli-cable legal requirements.

## Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in 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:

- adequate and proper accounting records have not been kept; or
- the 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 43, 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 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.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

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.

## Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members including internal specialists and significant component audit teams. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charitable company and group operates, focusing on those laws and regulations that have



a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006, the Charities Act 2011 together with the Charities SORP (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charitable company’s and the group’s ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company and the group for fraud. The laws and regulations we considered in this context for the UK operations were General Data Protection Regulation (GDPR), Health and safety legislation, Employment legislation and Anti-fraud, bribery and corruption legislation. We also considered compliance with local legislation for the group’s overseas operating segments.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial

statements from irregularities, including fraud, to be within income recognition and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management, internal audit, component auditors and the Finance, Audit & Risk Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, sample testing on income, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission, and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

These inherent limitations are particularly significant in the case of misstatement resulting from fraud as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, collusion or the provision of intentional misrepresentations.

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

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: 23rd November 2023

Financial statements

Consolidated statement of financial activities for the year ended 31 March 2023  
(incorporating the income and expenditure statement)

	Note	Unrestricted £'000	Restricted £'000	Total 2023 £'000	Total 2022 £'000
Income and endowments from:					
Donations and Legacies	3	9,587	2,276	11,863	12,796
Charitable activities	3	1,272	13,456	14,728	15,073
Investments	3	30	-	30	-
Other income	3	180	149	329	( 2)
Total income and endowments	3	11,069	15,881	26,950	27,867
Resources expended					
Expenditure on raising funds	4	2,437	59	2,496	2,417
Total expenditure on raising funds		2,437	59	2,496	2,417
Expenditure on charitable activities:					
Energy that transforms	4	2,990	3,466	6,456	6,228
Farming that works	4	3,271	6,983	10,254	9,244
Cities fit for people	4	458	979	1,437	2,706
Resilience that protects	4	2,130	4,791	6,921	5,803
Knowledge that inspires	4	738	12	750	777
Other	4	585	22	607	488
Total expenditure on charitable activities		10,172	16,253	26,425	25,246
Total expenditure	4	12,609	16,312	28,921	27,663
Net gain/(loss) on investments	8	-	-	-	-
Net income/(expenditure)		(1,540)	(431)	(1,971)	204
Actuarial loss on defined benefit pension scheme	16	(1,506)	-	(1,506)	-
DB scheme asset ceiling changes	16	1,004	-	1,004	-
Transfers between funds		-	-	-	-
Net movement in funds		(2,042)	(431)	(2,473)	204
Balance brought forward 01 April 2022					
		8,248	2,422	10,670	10,466
Balance carried forward as at 31 March 2023	14,15	6,206	1,991	8,197	10,670

The notes on pages 52 to 79 form part of these financial statements.



Consolidated and charity balance sheets at 31 March 2023

		Group			Charity
	Note	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Fixed assets					
Intangible assets	7	34	42	-	-
Tangible assets	7	913	750	906	725
Investments	8	2,837	4,541	2,840	4,538
Programme investments	8	-	-	29	791
Total fixed assets		3,784	5,333	3,775	6,054
Current assets					
Stock	9	131	140	-	-
Debtors	10	7,570	6,601	8,015	6,035
Cash at bank and in hand	11,19	8,433	6,912	8,166	6,505
Total current assets		16,134	13,653	16,181	12,540
Creditors: amounts falling due within one year	12	(10,954)	(8,301)	(10,544)	(7,666)
Net current assets		5,180	5,352	5,637	4,874
Provisions for liabilities and charges	13	(276)	(15)	(276)	(15)
Net assets before pension liability		8,688	10,670	9,136	10,913
Defined benefit pension scheme liability	16	( 491)	-	( 491)	-
Net assets after pension liability		8,197	10,670	8,645	10,913
Funds					
Restricted	14	1,991	2,422	1,991	2,422
Unrestricted fixed assets	14	946	792	906	725
Revaluation reserve	14	60	94	60	94
General funds		5,200	7,362	5,687	7,672
Unrestricted funds net of pension liability	14	6,206	8,248	6,653	8,491
Total Funds	14	8,197	10,670	8,644	10,913

The net deficit for the financial year dealt within the financial statements of the parent charity was £2,269k (2022 - £154k surplus)

The notes on pages 52 to 79 form part of these financial statements

The financial statements were approved by the board on 17th November 2023.

**Martin Tyler**  
Chair of the  
Board of Trustees

**Fayeul Choudhury**  
Chair of the Finance,  
Audit and Risk Committee

**Company Number:** 00871954

Consolidated cash flow statement for the year ended 31 March 2023

	Note	2023 £'000	2022 £'000
<b>Cash flows from operating activities:</b>			
<b>Net cash (used in)/provided by operating activities</b>	<b>17</b>	<b>348</b>	<b>(587)</b>
<b>Cash flows from investing activities:</b>			
Dividends, interest and rents from investments		30	0
Purchase of property, plant and equipment		(521)	(429)
<b>Net cash provided by/(used in) investing activities</b>		<b>(491)</b>	<b>(429)</b>
<b>Net cash (used in)/provided by financing activities</b>			
		-	-
Change in cash and cash equivalents in the reporting period	18	(143)	(1,018)
Cash and cash equivalents at the beginning of the reporting period		10,960	11,976
<b>Cash and cash equivalents at the end of the reporting period</b>		<b>10,817</b>	<b>10,960</b>

The notes on pages 52 to 79 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 8 December 2021. The company registered a change in name on 25 September 2009 with registration number 871954. The company was registered as a charity with the Charity Commission on 26 April 1966. The principal address and registered office is The Robbins Building, 25 Albert Street, Rugby, Warwickshire, CV21 2SD. The principal activity is to use technology to challenge poverty in developing countries and enable communities to build on their skills and knowledge to produce sustainable and practical solutions, thus improving their lives and protecting the world around them.

The organisation is a Public Benefit Entity.

## 1. Accounting policies

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

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

The following principal accounting policies have been applied:

### Going concern

We have set out in the Trustees’ report a review of financial performance and the charity’s reserves position. We have adequate financial resources and are well placed to manage the business risks. Our planning process, including financial projections, has taken into consideration the current economic climate and its potential impact on the various sources of income and planned expenditure. We have a reasonable expectation that we have adequate resources to continue in operational existence for the foreseeable future. We

believe that there are no material uncertainties that call into doubt the charity’s ability to continue. The financial statements have therefore been prepared on the basis that the charity is a going concern.

### Basis of consolidation

The consolidated financial statements incorporate the results of Practical Action and all of its subsidiary undertakings as at 31 March 2023 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 deficit includes a net deficit from the charitable company itself of £2,269k (2022: £154k surplus).

### Income and endowment

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 its cost compared with the higher of its net realisable value and its value in use.

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

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

Motor vehicles	33.3% per annum straight line
Computer equipment	33.3% per annum straight line
Fixtures and fittings	20.0% per annum straight line

### Intangible assets

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

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

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

### Investments

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

### Stocks

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

### Debtors

Debtors are measured at cost less any impairment.

### Cash at bank and in hand

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

### Creditors and provisions

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



at their settlement amount after allowing for any trade discounts due.

**Pension costs**

**Practical Action Employee Benefits Scheme**

The charity has accounted for pension costs in accordance with FRS 102. 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 16. A liability of £491k has been recognised at the year end.

**Project issues provision**

The charity recognises its potential liability as disclosed in Provisions note 13.



3. Income and endowments

The table below lists funders who contributed over £250,000 to charitable activities carried out in 2022–23. These contributions are shown in line with our income recognition policy (page 52, Accounting Policies).

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 £'000	Restricted £'000	Total 2023 £'000	Total 2022 £'000
Bill & Melinda Gates Foundation	-	366	366	259
Carbon Trust	29	173	202	572
FCDO	74	1,422	1,496	1,639
Food and Agricultural Organisation (FAO)	22	107	128	444
German Technical Cooperation Agency (GIZ)	-	425	425	486
Grundfos Foundation	-	798	798	117
Endev		550	550	172
Hivos	2	112	114	404
IKEA Foundation	-	1,816	1,816	2,724
Mastercard Foundation	-	320	320	
Old Dart Foundation	-	344	344	424
SIDA (Swedish International Development Cooperation Agency)	-	555	555	210
United Nations Children's Fund (UNICEF)	-	212	212	343
United Nations Development Programme (UNDP)	-	658	658	1,079
United Nations Environment Programme (UNEP)	-	1,246	1,246	98
United Nations Office for The Coordination Of Humanitarian Affairs (UNOCHA)	-	2,098	2,098	721
USAID	-	335	335	249
USAID (BHA)	-	254	254	-
ZOA	-	-	-	170
Zurich Insurance Company Ltd and its Z Zurich Foundation	-	1,517	1,517	1,769
Other (donations under £250k)	10,942	2,573	13,515	15,985
Total	11,069	15,881	26,950	27,867

	Unrestricted £'000	Restricted £'000	Total 2023 £'000	Total 2022 £'000
Donations and Legacies				
Donations	6,935	1,548	8,483	9,846
Legacies *	2,652	728	3,380	2,950
Total Donations and Legacies	9,587	2,276	11,863	12,796
Charitable activities				
Grant income	53	12,870	12,923	12,327
Consultancy and Publishing income	1,219	586	1,805	2,746
Total charitable activities	1,272	13,456	14,728	15,073
Investments				
Interest	30	-	30	0
Total investments	30	0	30	0
Other				
Other income	180	149	329	-2
Total other	180	149	329	(2)
Total	11,069	15,881	26,950	27,867

\* Approximately £3,058k of residual and £41k of reversionary legacies had been notified to the charity before 31 March 2023 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 2023 Practical Action received gifts in kind totalling £174k (2022:£611k).

Volunteers

Practical Action does not have a volunteer programme, volunteer requests are dealt with on an individual basis. In the year there the following volunteers:

- 750 volunteers supporting humanitarian projects in Kenya.



4. Total resources expended

	Grants payable £'000	Direct costs £'000	Support costs £'000	Total 2023 £'000	Total 2022 £'000
Fundraising:	-	2,183	313	2,496	2,417
Charitable activities:					
Energy access	458	5,188	810	6,456	6,228
Food and agriculture	1,314	7,653	1,287	10,254	9,244
Urban water and waste	-	1,257	180	1,437	2,706
Disaster risk reduction	389	5,664	869	6,921	5,803
Knowledge broking	-	655	94	749	777
Other	-	2	0	2	24
Governance	-	529	76	605	464
Total expenditure on charitable activities	2,161	20,948	3,316	26,425	25,246
Total resources expended*	2,161	23,131	3,629	28,921	27,663

\*Total resources expended include £244k 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.

Support costs	2023 £'000	2022 £'000
CEO Office	221	158
Marketing and Communications	627	580
Finance	1,158	1,233
IT	532	510
HR	685	605
Facilities and Services	324	331
Other *	83	(27)
Total	3,630	3,390

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

	Total 2023 £'000	Total 2022 £'000
Total expenditure on charitable activities (inclusive of support costs)		
Charitable activities:		
East Africa	4,749	4,774
Latin America	3,490	2,785
South Asia	3,106	1,963
Southern Africa	1,363	2,293
Bangladesh	2,367	3,015
Sudan	5,214	3,835
West Africa	644	390
International direct programme work	4,887	5,727
Governance costs	605	464
Total expenditure on charitable activities	26,425	25,246

International programme work includes our global policy, Practical Action Consulting and Publishing work.



During the year ended 31 March 2023, Practical Action made grants to partner organisations. Grants payable to partner organisations are considered to be part of the costs of activities in the furtherance of the objects of the charity because much of the charity’s programme activity is carried out through grants to partner organisations that support long-term, sustainable benefits for a community, which are monitored by the charity.

	Total 2023 £'000	Total 2022 £'000
Grants to partners greater than £200k		
DECOS	316	-
E4I	-	260
Kuwait patient helping fund organization Sudan	-	243
Friends of Peace and Development Organization (FPDO)	262	-
Village Education Resource Center	-	218
Welthungerhilfe (WHH)	426	-
Other	1,157	1,343
Total	2,161	2,064

	2023 £'000	2022 £'000
Amounts payable to the auditor		
Statutory audit	72	72
Other assurance services	-	-
Tax advisory services	-	-
Other financial services	5	3
Total	77	75

5. Employees

Staff costs	2023 £'000	2022 £'000
Wages and salaries	10,516	10,180
Social security costs	875	1,030
Pension costs (employee benefit scheme))	52	50
Pension (stakeholder scheme)	829	548
Staff end of service costs*	282	379
Redundancy, ex gratia and termination costs	262	32
Total emoluments of employees	12,816	12,219
Other staff costs **	250	237
Total staff costs	13,066	12,456

\* 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	2023 Number	2022 Number	Average number of employees	2023 Number	2022 Number
Eastern Africa	62	63	Eastern Africa	62	63
Latin America	71	74	Latin America	72	74
South Asia	53	48	South Asia	53	48
Southern Africa	20	33	Southern Africa	20	33
Bangladesh	84	94	Bangladesh	84	94
Sudan	33	64	Sudan	33	64
UK	104	108	UK	108	113
Total	427	484	Total	432	489

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

	2023 Number	2022 Number
£60,001 – £70,000	8	8
£70,001 – £80,000	3	2
£80,001 – £90,000	1	2
£90,001 – £100,000	-	-
£100,000–£110,000	1	1



The CEO during the year earned a salary of £107,625.

Benefits are accruing to eight (2022: nine) higher-paid employees under Practical Action’s stakeholder pension scheme, which is open to all eligible employees. Employer contributions of £58,666 (2022: £69,643) have been made into this stakeholder scheme for these higher-paid employees. Within Practical Action’s Employee Benefits Scheme, benefits are accruing for no (2022: none) 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. Earnings for key management personnel, which are considered to be the Global Leadership Team (GLT) as listed on page 44 were £702k in 2022/23 and £680k in 2021/22. This represented 7 people in 2022/23 and 2021/22. Following a restructure in 2022/23 roles have been amended in 2021/22 to better reflect a like for like comparison.

Salaries and benefits of the Global Leadership Team (GLT) are overseen by the Board’s Governance and People Committee in line with the policy and principles for all staff pay. These are considered by the Committee annually.

The Trustees receive no remuneration for their services. Expenses reimbursed to Trustees during the year amounted to £3,667 (2022: £24), which related to travel and refreshment costs for meetings, and postage.

Expenses were reimbursed to four trustees (2022: one Trustee).

Indemnity insurance is provided for Trustees which is incorporated into a Professional Indemnity policy for the Organisation at a total cost of £30,240 (2022 policy: £16,330).

6. Net income from trading subsidiaries and summary balance sheets

The results of the principal trading subsidiaries are summarised below:

	Practical Action Consulting 2023 £'000	PAC India (Subsidiary of PAC UK) 2023 £'000	PAC Nepal Private Ltd (Subsidiary of PAC UK) 2023 £'000	PAC Malawi (Subsidiary of PAC UK) 2023 £'000	PAC Bangladesh (Subsidiary of PAC UK) 2023 £'000	PAC Peru (Subsidiary of PAC UK) 2023 £'000	Practical Action Publishing 2023 £'000
Income	592	49	323	-	163	-	357
Expenditure	(710)	(49)	(340)	-	(96)	-	(502)
Net profit/(loss)	(118)	0	(17)	-	67	-	(145)
Income per subsidiary accounts	592	49	323	-	163	-	357
Less: grants from parent charity	(89)	-	-	-	-	-	(50)
	503	49	323	-	163	-	307
Expenditure per accounts	(710)	(49)	(340)	-	(96)	-	(502)
Less: group charges	69	-	-	-	-	-	48
	(641)	(49)	(340)	-	(96)	-	(454)
Net effect on group results for the year	(138)	-	(17)	-	67	-	(147)

Summary balance sheet							
Fixed Assets	2	-	2	-	-	-	36
Investment	65	-	-	-	-	-	-
Net current assets/(liabilities)	(679)	(87)	237	(124)	72	12	(417)
Net assets / (liabilities)	(612)	(87)	239	(124)	72	12	(381)
Called up share capital	-	29	35	-	10	13	-
Profit & loss account	(612)	(116)	204	(124)	62	(1)	(381)
Surplus/(deficit) on shareholder funds	(612)	(87)	239	(124)	72	12	(381)



	Practical Action Consulting 2022 £'000	PAC India (Subsidiary of PAC UK) 2022 £'000	PAC Nepal Private Ltd (Subsidiary of PAC UK) 2022 £'000	PAC Malawi (Subsidiary of PAC UK) 2022 £'000	PAC Bangladesh (Subsidiary of PAC UK) 2022 £'000	PAC Peru (Subsidiary of PAC UK) 2022 £'000	Practical Action Publishing 2022 £'000
Income	1,719	60	296	(45)	235	-	451
Expenditure	(1,795)	(74)	(292)	(158)	(169)	-	(508)
<b>Net profit/(loss)</b>	<b>(76)</b>	<b>(14)</b>	<b>4</b>	<b>(203)</b>	<b>66</b>	<b>-</b>	<b>(57)</b>
Income per subsidiary accounts	1,719	60	296	(45)	235	-	451
Less: grants from parent charity	(281)	-	-	(38)	-	-	(92)
	<b>1,438</b>	<b>60</b>	<b>296</b>	<b>(83)</b>	<b>235</b>	<b>-</b>	<b>359</b>
Expenditure per accounts	(1,795)	(74)	(292)	(158)	(169)	-	(508)
Less: group charges	220	-	-	-	-	-	51
	<b>(1,575)</b>	<b>(74)</b>	<b>(292)</b>	<b>(158)</b>	<b>(169)</b>	<b>-</b>	<b>(457)</b>
<b>Net effect on group results for the year</b>	<b>(137)</b>	<b>(14)</b>	<b>4</b>	<b>(241)</b>	<b>66</b>	<b>-</b>	<b>(98)</b>

Summary balance sheet							
Fixed Assets	1	-	1	-	3	-	68
Investment	65						
Net current assets/(liabilities)	(560)	(85)	256	(124)	-	12	-297
<b>Net assets / (liabilities)</b>	<b>(494)</b>	<b>(85)</b>	<b>257</b>	<b>(124)</b>	<b>3</b>	<b>12</b>	<b>(229)</b>
Called up share capital	-	30	35	-	10	13	-
Profit & loss account	(494)	(115)	222	(124)	(7)	( 1)	(229)
<b>Surplus/(deficit) on shareholder funds</b>	<b>(494)</b>	<b>(85)</b>	<b>257</b>	<b>(124)</b>	<b>3</b>	<b>12</b>	<b>(229)</b>

## 7. Intangible and tangible assets

Intangible fixed assets	Total £'000
<b>Group cost</b>	
At 1 April 2022	98
Additions	3
<b>At 31 March 2023</b>	<b>101</b>
<b>Amortisation</b>	
At 1 April 2022	53
Charge for the year	14
<b>At 31 March 2023</b>	<b>67</b>
<b>Net Book Value (NBV)</b>	
At 31 March 2022	45
<b>At 31 March 2023</b>	<b>34</b>

	Freehold and Leasehold property £'000	Motor vehicles £'000	Computer equipment £'000	Furniture and other equipment £'000	Total £'000
<b>Tangible fixed assets</b>					
<b>Group cost or valuation</b>					
As at 1 April 2022	136	2,142	1,831	1,409	5,518
Additions	-	332	154	28	514
Disposals	-	(259)	(229)	(143)	(631)
<b>At 31 March 2023</b>	<b>136</b>	<b>2,215</b>	<b>1,756</b>	<b>1,294</b>	<b>5,401</b>
<b>Depreciation</b>					
As at 1 April 2022	-	1,887	1,691	1,190	4,768
Charge	-	87	70	167	324
Disposals	-	(260)	(227)	(116)	(603)
<b>At 31 March 2023</b>	<b>-</b>	<b>1,714</b>	<b>1,534</b>	<b>1,240</b>	<b>4,488</b>
<b>Net Book Value (NBV)</b>					
As at 1 April 2022	136	255	140	219	750
<b>As at 31 March 2023</b>	<b>136</b>	<b>501</b>	<b>222</b>	<b>53</b>	<b>913</b>



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

	NBV 2023 £'000	NBV 2022 £'000
Tangible fixed assets of the subsidiary undertakings		
Motor vehicles	-	-
Computer equipment	6	5
Furniture and other equipment	-	23

8. Investments

	Group		Charity	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Cash investments				
Cash investments	2,384	4,048	2,384	4,048
Common investment fund	456	490	456	489
Investment bonds	(3)	3	-	-
Impairment provision	-	-	-	-
Total	2,837	4,541	2,840	4,537
Programme investments				
Capital loans to subsidiaries	-	-	-	653
Programme investments	-	-	29	138
Total	-	-	29	791

Reconciliation of common investment fund:	£'000
Historical cost	396
Opening balance at 1 April 2022	490
Additional investment	-
Realised loss	(34)
Closing balance at 31 March 2023	456

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 and address	Proportion of voting rights and ordinary share capital held	Nature of business
Practical Action Consulting Limited (Reg. No. 00952705)	England  The Robbins Building, 25 Albert Street, Rugby, Warwickshire, England, CV21 2SD	100%	Consultants for agriculture and industry
Practical Action Publishing Limited (Reg. No. 01159018)	England  As above	100%	Publishers and booksellers
Intermediate Technology Publications Limited (Dormant company Reg. No. 06424984)	England Dormant company	100%	Publishers and booksellers
Intermediate Technology Development Group Limited (Dormant company Reg. No. 01017062)	England Dormant company	100%	Developers of agriculture and industrial machinery
ATS Property Holdings Private Limited (Dormant company Reg. No. Sri-Lanka PV 6894)	Sri-Lanka Dormant company	100%	Property purchase, lease moveable, immoveable property
Practical Action Consulting Private Limited (Reg. No. Kathmandu, 117858/070/071)	Nepal  Practical Action, Indira House, House No.1114, Panipokhari Hill, Kathmandu, Nepal	51% PAC, 49% PA staff	Consultants for agriculture and industry
Practical Action Consulting (India) Private Limited (Reg. No. Delhi, CIN U74999DL2014FTC272886	India  Practical Action, Plot No: H-4, BJB Nagar, Lewis Road, Bhubaneswar – 751014, Odisha, India	99.7% PAC 0.3% PAC staff	Consultants for agriculture and industry
Practical Action Consulting Limited (Reg. No. 14654)	Malawi  Area 6, Plot 130, P.O. Box 30108, Lilongwe, Malawi	100%	Consultants for agriculture and industry



Practical Action Consulting Bangladesh Limited (Reg. No. C-130198/2016)	Bangladesh  House 28/A, Road 5, Dhanmondi, Dhaka – 1205, Bangladesh	99% PAC 1% PA staff	Consultants for agriculture and industry
Practical Action Consulting S.A.C Limited (Reg. No. 20601238200)	Peru  Oficina Regional de América Latina, Centro Empresarial Peruano Suizo Av. Aramburú 166 Of. 2A, Miraflores, Lima, Perú	49% PAC 51% PA staff	Consultants for agriculture and industry

## 9. Stock

		Group		Charity	
		2023 £'000	2022 £'000	2023 £'000	2022 £'000
Finished goods		126	132	-	-
Work in progress		5	8	-	-
<b>Balance sheet total</b>		<b>131</b>	<b>140</b>	<b>-</b>	<b>-</b>

## 10. Debtors

		Group		Charity	
		2023 £'000	2022 £'000	2023 £'000	2022 £'000
Trade debtors		3,879	2,460	3,439	1,924
Prepayments & accrued Income		2,858	3,728	2,619	3,281
Amounts owed to the charity by the group		-	-	1,251	488
Other debtors		832	413	706	342
<b>Total</b>		<b>7,570</b>	<b>6,601</b>	<b>8,015</b>	<b>6,035</b>

## 11. Cash at bank and in hand

		Group		Charity	
		2023 £'000	2022 £'000	2023 £'000	2022 £'000
Cash and bank balances in UK		6,122	7,721	6,112	7,694
Cash and bank balances overseas		4,690	3,233	4,432	2,854
Petty cash		5	6	5	5
<b>Total</b>		<b>10,817</b>	<b>10,960</b>	<b>10,549</b>	<b>10,553</b>

## 12. Creditors: amounts falling due within one year

		Group		Charity	
		2023 £'000	2022 £'000	2023 £'000	2022 £'000
Trade creditors		573	637	498	527
Payments received in advance*		7,922	5,104	7,814	4,922
Accruals		754	1,039	556	745
Taxation and social security		272	332	257	314
Other creditors		1,433	1,189	1,419	1,158
<b>Total</b>		<b>10,954</b>	<b>8,301</b>	<b>10,544</b>	<b>7,667</b>

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

		Group £'000	Charity £'000
Balance brought forward		5,104	4,922
Released to income		(5,104)	(4,922)
Received in year		7,922	7,814
<b>Balance carried forward</b>		<b>7,922</b>	<b>7,814</b>

13. Provisions

	Balance at 1.4.22 £'000	Provisions created £'000	Provisions utilised £'000	Balance at 31.3.23 £'000
Project issues	8	260	(8)	260
Redundancy	5	0	(3)	2
Annual leave/retirement provision	2	5	(2)	5
Other	-	9	-	9
TOTAL	15	274	(13)	276

14. Funds note

	Opening balance 2022 £'000	Incoming resources £'000	Expenditure and charges £'000	Transfer £'000	Closing balance 2023 £'000
2023					
Designated reserves					
Fixed asset fund	792	-	-	154	946
Revaluation reserve	94	-	-	(34)	60
Free reserves	7,362	11,069	13,111	(120)	5,200
Total unrestricted funds	8,248	11,069	13,111	-	6,206
Energy that transforms	252	3,203	3,466	-	(11)
Farming that works	(289)	7,304	6,983	-	32
Cities fit for people	54	972	979	-	47
Resilience that protects	1,866	4,507	4,791	-	1,582
Other	539	(105)	93	-	341
Total restricted funds	2,422	15,881	16,312	-	1,991
Total funds	10,670	26,950	29,423	-	8,197

	Opening balance 2021 £'000	Incoming resources £'000	Expenditure and charges £'000	Transfer £'000	Closing balance 2022 £'000
2022					
Designated reserves					
Fixed asset fund	804	-	-	(12)	792
Revaluation reserve	107	-	-	(13)	94
Free reserves	7,838	12,706	13,207	25	7,362
Total unrestricted funds	8,749	12,706	13,207	0	8,248
Energy that transforms	166	2,944	2,858	-	252
Farming that works	(30)	5,829	6,088	-	(289)
Cities fit for people	50	1,584	1,580	-	54
Resilience that protects	1,177	4,564	3,875	-	1,866
Other	354	240	55	-	539
Total restricted funds	1,717	15,161	14,456	0	2,422
Total funds	10,466	27,867	27,663	0	10,670



15. Total funds

	Unrestricted funds	Restricted funds	2023 Total	2022 Total
2023	£'000	£'000	£'000	£'000
Fixed assets	784	162	946	792
Investments	2,837	-	2,837	4,541
Stock	130	-	130	140
Debtors	2,057	5,513	7,570	6,601
Cash at bank and in hand	4,288	4,146	8,434	6,912
Creditor: amount due within than 1 year	( 3,140)	( 7,814)	( 10,954)	(8,301)
Creditor: amount due after more than 1 year	-	-	-	-
Provisions for liabilities and charges	( 259)	( 16)	( 275)	(15)
Pension liability	( 491)	-	( 491)	-
Total	6,206	1,991	8,197	10,670

	Unrestricted funds	Restricted funds	2022 Total	2021 Total
2022	£'000	£'000	£'000	£'000
Fixed assets	630	162	792	802
Investments	4,541	-	4,541	4,053
Stock	140	-	140	148
Debtors	1,917	4,684	6,601	7,019
Cash at bank and in hand	4,400	2,512	6,912	8,430
Creditors: amount due within than 1 year	(3,373)	(4,928)	(8,301)	(9,941)
Creditors: amount due after more than 1 year	-	-	-	-
Provisions for liabilities and charges	(7)	(8)	(15)	(45)
Pension liability	-	-	-	-
Total	8,248	2,422	10,670	10,466

16. 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 2020, the latest valuation date, the actuarial value of the schemes assets was 94% of the value of past service liabilities on an ongoing (SFO) basis. However, the funding position was reassessed in March 2021 and it was revealed that there was a surplus at this later date, as a result of which the scheme trustees and the charity agreed that the charity would not be required to make any deficit contributions. The market value of the scheme’s assets at the valuation date was £11,030,000, excluding money purchase AVCs. Although it was agreed that no deficit contributions would be payable, the scheme trustees and the charity agreed that the charity would pay contributions to the scheme in respect of expenses and levies at the rate of £4,202 per month from 1 April 2021, increasing by 2.5% pa with the first such increase applying from 1 April 2022.

In arriving at the 2020 actuarial valuation above, the following assumptions were adopted:

	2020
Inflation RPI	3.0%
Inflation CPI	2.3%
Future salary increases	3.0%
Pension increases (where linked to RPI)	3.0%
Discount rate before retirement	4.0%
Discount rate post-retirement	2.70%
Mortality base tables	S3PXA
Improvement in mortality rates	1.25% (CMI 2019)

A valuation has been performed in order to assess the disclosures required under FRS 102 as at 31 March 2023 by an independent qualified actuary.

	2023	2022
Discount rate	4.80%	2.70%
Inflation (RPI)	3.40%	3.50%
Inflation (CPI)	2.50%	2.80%
Future salary increases	4.70%	5.00%
Revaluation in deferment	2.50%	2.80%
Pension increases	3.00%	3.50%
Mortality		
– Base table	S3PXA	S3PXA
– Allowance for future improvements	CMI2019[1%]	CMI2019[1%]

a) Balance Sheet Position

	2023 £'000	2022 £'000
Present value of funded obligations	(8,284)	(10,629)
Fair value of plan assets	7,793	11,633
<b>Surplus / (deficit) per FRS102</b>	<b>(491)</b>	<b>1,004</b>
<b>Amounts in the balance sheet:</b>		
Liabilities	(491)	-
Assets	-	-
<b>Net liability</b>	<b>(491)</b>	<b>-</b>

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

	2023 £'000	2022 £'000
Opening defined benefit obligation	10,629	11,465
Past service cost	-	-
Interest cost	282	237
Benefits paid	(410)	(321)
Curtailments / settlements		-
Remeasurement losses / (gains)	(2,217)	(752)
<b>Defined benefit obligation at end of year</b>	<b>8,284</b>	<b>10,629</b>

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

	2023 £'000	2022 £'000
Opening fair value of scheme assets	11,633	11,785
Interest income	308	244
Remeasurement gains / (losses)	(3,723)	50
Employer contributions	52	(79)
Benefits paid	(410)	(321)
Expenses paid	(67)	(46)
<b>Fair value of scheme assets at the year end</b>	<b>7,793</b>	<b>11,633</b>
The actual return on the scheme assets in the year	(3,415)	165

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

	2023 £'000	2022 £'000
Expenses	(67)	(46)
Interest on net liability	26	7
Past service cost	-	-
Curtailments / (settlements)	-	-
<b>Total amount charged within net (outgoing) resources</b>	<b>(41)</b>	<b>(39)</b>
Actual return on plan assets less interest	(3,723)	(79)
Experience (losses) / gain on liabilities	(317)	11
Change in assumptions	2,534	741
Less gains not recognised	-	-
<b>Actuarial gains recognised</b>	<b>(1,506)</b>	<b>673</b>
<b>Total losses recognised in the statement of financial activities</b>	<b>(1,547)</b>	<b>-</b>

The actuarial loss recognised is reduced by the prior year scheme surplus.

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

	2023 £'000	2022 £'000
Net expenditure/income for the reporting period (as per the statement of financial activities)	(1,971)	202
Proceeds from sale of property	-	-
(Gains) / losses on investments	37	13
Dividends, interest and rents from investments	(31)	-
Depreciation	335	443
Loss on the disposal of fixed assets	27	2
Decrease /(Increase) in stocks	9	7
(Increase)/decrease in debtors	(970)	419
Increase/(decrease) in creditors and provisions	2,912	(1,673)
Difference between the pension contributions and current service costs	-	-
<b>Net cash provided by/(used in) operating activities</b>	<b>348</b>	<b>(587)</b>



18. Analysis of cash and cash equivalents

	2023 £'000	2022 £'000
Cash in hand	8,433	6,912
Cash held as part of investment portfolio (Note 8)	2,384	4,048
Total cash and cash equivalents	10,817	10,960

19. Additional grants disclosures

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

Foreign Commonwealth and Development Office Grants	2023 £'000	2022 £'000
Grants	1,415	1,523

Project funding details required by FCDO	Contract Number	2023 FCDO Funding £'000
DFID aid match appeal Nepal	205210-279	562
Building climate and conflict resilient livelihoods	205210-259	617
Planting For Progress	205210-235	236
Total		1,415

IKEA Foundation Grants	2023 £'000	2022 £'000
Grants	1,816	2,724

Project funding details required by IKEA Foundation		2023 IKEA Funding £'000	2022 IKEA Funding £'000
RE4R	G- 1608-618	492	1,216
TREYL	G- 1808-1160	1,324	1,508
Total		1,816	2,724

20. Commitments under operating leases

As at 31 March 2023, the group had commitments under non-cancellable operating leases as set out below:

	2023 Land and buildings £'000	2022 Land and buildings £'000
Operating lease which expire:		
Within one year	389	360
In two to five years	1,042	1,237
Over five years	77	184
Total	1,508	1,781

The net income for the year has been stated after charging £397k (2022: £490k) for the hire of assets under operating leases.

21. Related party transactions

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

A management charge of £48k (2022 £50k) and payroll costs totalling £185k (2022 £148k) were also charged to Practical Action Publishing Limited by the charity. At the year end, Practical Action Publishing Limited owed the charity £553k (pooling balance and interco loan).

A management charge of £69k (2022 £220k) and payroll costs totalling £304k (2022 £757k) were also charged to Practical Action Consulting Limited from the charity. At the year-end, Practical Action Consulting Limited owed the charity £523k.

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 2023 these related parties made no donations to Practical Action.

22. Financial instruments

	2023 £'000	2022 £'000
Financial Instruments measured at fair value through profit and loss	456	490

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

Gains/Loss on financial instruments measured at fair value through profit and loss	2023 £'000	2022 £'000
Financial instruments measured at fair value at the start of the year:	490	503
Gain/(loss)	(34)	(13)
Purchases	-	-
Financial instruments measured at fair value at the end of the year	456	490

23. Comparative statement of financial activities for the year ended 31 March 2022

This is a breakout of the prior year statement of financial activities. (incorporating the Income and Expenditure Account)

	Note	Unrestricted £'000	Restricted £'000	Total 2022 £'000	Total 2021 £'000
Income and endowments from:					
Donations and Legacies	3	10,363	2,433	12,796	13,367
Charitable activities	3	2,360	12,713	15,073	16,762
Investments	3	-	-	-	15
Other income	3	(17)	15	(2)	295
Total income and endowments	3	12,706	15,161	27,867	30,439
Resources expended					
Expenditure on raising funds	4	2,414	3	2,417	2,573
Total expenditure on raising funds		2,414	3	2,417	2,573
Expenditure on charitable activities:					
Energy that transforms	4	3,370	2,858	6,228	6,461
Farming that works	4	3,156	6,088	9,244	8,456
Cities fit for people	4	1,126	1,580	2,706	5,393
Resilience that protects	4	1,928	3,875	5,803	4,400
Knowledge that inspires	4	752	25	777	1,028
Other	4	461	27	488	918
Total expenditure on charitable activities		10,793	14,453	25,246	26,656
Total expenditure	4	13,207	14,456	27,663	29,229
Net gain/(loss) on investments	8	-	-	-	13
Net income/(expenditure)		(501)	705	204	1,223
Transfers between funds	14	-	-	-	-
Actuarial gain on defined benefit pension scheme	16	-	-	-	-
Net movement in funds		(501)	705	204	1,223
Balance brought forward 01 April 2021		8,749	1,717	10,466	9,243
Balance carried forward as at 31 March 2022	14, 15	8,248	2,422	10,670	10,466





*On the flood plains of Bangladesh, Purnima is growing a bountiful harvest on her innovative floating farm.*



# BIG CHANGE

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