



Annual Report and Accounts

2020 - 2021

Big change starts small

**Practical
ACTION**

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



We're working with communities in Sudan to regreen farmland lost to the desert due to climate change.

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

Front cover image: In Zimbabwe, Adivela is improving her family's health and her livelihood using planet-friendly farming techniques.

Welcome from the Chair and Chief Executive

Yvonne Pinto, Chair of Trustees

Even before the Covid-19 pandemic, 2020/21, my first full year as Chair of Trustees, was planned to be pivotal for Practical Action. We had already committed to a review of our governance and a refresh of our strategy, to account for the external environment. Our aim was to bring Practical Action's five decades of experience to bear on a world that urgently needs to transition. Both to become more inclusive of all people and to respond to the climate crisis, especially its impact on people in the communities we work with.

“ I’m proud of the impact the organisation has achieved, despite considerable challenges.”

Covid-19 added further urgency to this review and forced us to innovate to find new ways of delivering impact to the people we work with. Despite these innovations, the pandemic impaired our ability to deliver all our programmes as planned and this has had an impact on our income. However, we were overwhelmed by the support shown by our donors and partners. Our unrestricted income from individuals, family trusts and other donors surpassed all records, for which we are truly grateful.

Amid all this change, and in a rapidly developing external environment, we undertook a comprehensive governance review that drew on the experiences of directors from our global practice around the world. As a result, we've strengthened our governance and Terms of Reference. We've clarified our expectations of one another and taken efforts to diversify the Board, to bring in lived-in experience of the places in which we work, and to foster an environment where collective intelligence, discussion and decision-making is done in a fully inclusive way.

We've used the uncertainty of the last 12 months to invest in a modern and forward-looking vision for the future. There are many challenges ahead, especially in a rapidly changing funding and social landscape. With these in mind, we have worked hard to ensure our systems, structures and finances are aligned to cope with the

effects of the ongoing pandemic and expected future challenges. This involved independent external evaluation, engagement across the organisation and with external stakeholders, a deep-dive into our agricultural work, and staff-trustee working groups on significant issues.

Our updated strategy, and the new ways we have developed to measure our progress towards our aims transparently, are major achievements in 2020/21. I would like to pay tribute to Paul Smith Lomas who served as Chief Executive Officer from 2015-2021, leading the organisation through a period of growth and through the first year of the pandemic. And to welcome Sarah Roberts into the role of CEO, with the mission of advancing the new strategy and our approach to impact.

I'm incredibly proud of our teams and our partners around the world – whose passion and talent are second to none – and who have constantly punched above their weight to deliver extraordinary results in challenging circumstances this year.

It's these partnerships with people and organisations, that made the continuation of our work during the pandemic possible. Their support and expertise mean we're continuing to make progress towards our shared goals.



Yvonne Pinto



Sarah Roberts, Chief Executive Officer

It's a privilege to be writing this welcome as Practical Action's new Chief Executive, having stepped into the role of interim CEO towards the end of the reporting period. I'd like to offer my heartfelt thanks to Paul Smith Lomas for leading the organisation through a period of growth and change, and to the supporters, partners and staff who make our work possible.

“ I’m a passionate believer that our core vision for a world that works better for everyone is needed more than ever.”

I joined Practical Action because we work on the issues that really matter for the future of our world. Agriculture and cities that work for people and planet, energy that transforms lives and enables more productive farming and dealing with the climate emergency. This report shows that, despite all the challenges we faced during the year, we delivered significant impact in these goal areas at all levels, from community to systemic.

And our work is needed more than ever. Having arrived at Practical Action just as the pandemic was moving across the globe, I have seen how Covid-19 has added significantly to the vulnerability of the world's poorest. Much of the progress made towards the world's Sustainable Development Goals is moving into reverse. More people are vulnerable to hunger and poverty – and less able to cope with the effects of the climate crisis.

The need for radical responses has also accelerated innovation in key areas of policy and economics, new ways of working and new coalitions, and thinking about what is required for the future, which gives us new opportunities to change the systems that keep people poor and vulnerable.

Throughout this period of crisis and uncertainty, I have been hugely impressed with the way our staff and partners have innovated and adapted so that critical work can continue. Our strategy to 2025 sets out ambitious targets for our work with communities and how we will use our influence to link change on the ground to achieve change at scale. Partnerships are fundamental to achieving our aims and we are developing a range of new collaborations as well building on long-standing relationships.

In November 2021, I'll be part of the global Practical Action team at the UN Climate Change Conference (COP26). Our role as official observer enables us to influence the discussions, support negotiators from Global South, challenge the level of ambition, and encourage international cooperation and collaboration. We have built a range of direct relationships with decision makers, which give us influence on key agendas in the run up to COP26. Crucially, we help bring the voices of the communities most affected by climate change to the negotiating table and advocate for climate finance that delivers for them.

I'm a passionate believer that our core vision for a world that works better for everyone is needed more than ever. As I look forward to the year ahead, I'm reminded also of our heritage. The philosophy of our founder, E.F. Schumacher inspires so much of our work. His principles of sustainability, adaptability and collaboration have never been more relevant. You'll see them reflected throughout this report.



Sarah Roberts



BIG CHANGE

starts small

Our Schumacher heritage remains important today

We were founded over 50 years ago by radical economist E.F. Schumacher, who challenged the conventional aid thinking of the day. He believed in solutions suited to context, equipping people with the skills and knowledge to change their situation, economic systems that work for all, and living within the planet's means. While development approaches have changed, these founding beliefs still drive us, and have more widely come of age.

Our approach today is still based on these founding beliefs. We remain deeply rooted in the reality of people living in poverty.

We start small, to understand what's already working and how improvements can be made. We develop innovative, community-powered and locally owned solutions that achieve transformative change in lives and livelihoods.

But we aim 'big' – focussing on what will deliver the systems change required and the best role we can play.

We seek bold collaborations to work at scale. We are a trusted partner for communities, governments and international organisations and increasingly, the private sector.



“
An ounce of practice is
generally worth more
than a ton of theory.”

E.F. Schumacher



An ambitious strategy for a changing world

The pandemic has exposed just how fragile modern economics are. And now the world is waking up to the power of local, sustainable, community-powered solutions to tough problems.

Our strategy builds on our strengths and lessons from the last three years. While it takes the ongoing impact of the pandemic into account, it has been created to achieve long-term, systemic change.

Our work with communities on the ground will be supported by influencing work with policy-makers and governments. This will ensure the voices of the most vulnerable are heard and that solutions can be scaled up to achieve the greatest impact.

This is our chance to drive forward a new way, where renewable power, planet-friendly farming and sustainable livelihoods come to the fore.

Image (left): Bibana's cookstove business is transforming the health of her community in Kenya, boosting the local economy.

Our goals for 2025

6 MILLION

Our work with partners will have improved the lives of 6 million people living in, or vulnerable to, poverty.

20 MILLION

Our work on systems change will have positively impacted a further 20 million people.

Expertise for IMPACT

We work in four specialist areas, each with their own goals. However, our most impactful work combines our expertise across issues, to solve complex and interconnected problems, such as supporting smallholder farmers with renewable energy that can increase yields and open up bigger opportunities for the wider economy.



HARNESSING ENERGY THAT TRANSFORMS

For the one billion people without electricity, and the three billion people without clean cooking solutions.

We're bringing together rural communities, displaced people, energy providers and decision makers to put clean energy to work.

By 2025, our work with partners will have led to affordable, low-carbon energy access and cleaner cooking for two million people in 'last mile' communities and 18 million people through wider systems change.

BUILDING RESILIENCE THAT PROTECTS

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

We're working with people threatened by natural and climate related hazards, reducing vulnerability and minimizing the impact on their lives and livelihoods.

By 2025, our work with partners will have enhanced risk knowledge systems so that four million people living in hazard-prone, climate-vulnerable communities are better protected.

MAKING CITIES FIT FOR PEOPLE

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

Our work with communities is making cities in poorer countries cleaner, healthier, fairer places for people to live and work, with clean water for drinking and sewage safely contained, collected and processed.

By 2025, our work with partners will have led to improved water, sanitation and waste management services for one million people living in slum communities and a further 2.4 million people through wider systems change.

CULTIVATING FARMING THAT WORKS

For smallholder farmers struggling to make a sufficient income and adapt to the negative effects of climate change.

We're teaming up with smallholder farmers, many of whom are women, so they can adapt to climate change and achieve a good standard of living.

By 2025, our work with partners will have improved food security and incomes for two million people in rural communities and a further one million people through wider systems change.

How we contribute to SYSTEMS IMPACT

The problems of climate change, poverty and environmental degradation exist because the core systems that underpin our world are failing. Changing these systems is beyond any one business, government, NGO (Non-Governmental Organisation) or individual. It needs people to work together, pooling their skills and resources on a global scale. This approach allows us to develop solutions that work for people at all levels of society, and for the living systems we rely on.

However, in a complex and interconnected world, systems change is not linear and happens at multiple levels over multiple timescales. These changes may take years to achieve, and are brought about through the actions of many, including ourselves.

Everything we do at Practical Action is designed around the needs of the people we work with, and to contribute to changing the systems that hold them back. That's why we work in varied and connected ways, to achieve impact:

1. SOWING THE SEEDS OF CHANGE

Developing community led solutions and evidence of what solutions work, and what doesn't. And piloting new approaches to entrenched problems.



2. CULTIVATING STRONG GROWTH

Building on practical success and lessons learned, with our partners, to create wider impact in communities at a national or regional level.

3. REAPING GLOBAL HARVESTS

Connecting key players from the private and public sectors with communities, so proven high-tech and low-tech solutions can contribute to sustained big change.

Reporting on our progress

Systems changes are challenging to measure. Especially when our work may contribute just one input to a much larger change, with multiple inputs over time. But as an organisation committed to big, systemic change, we believe it is important to measure and report on our progress as transparently as possible.

Over the last year we have updated both how we measure our activities, and how we assess their outcomes.

Measuring our reach

We measure the reach of our activities annually, across different groups of people within a system. These groups may intersect and overlap, but this approach provides a measure of how many people we have reached with a potential benefit in a given year. Previously we have reported on direct and indirect reach. This year we have introduced an additional measure of systemic reach.

Direct reach:

Measures the number of people who benefit from participating directly in our projects and activities.

Indirect reach:

Measures the number of additional people who benefit beyond project participants. These are typically extended family members and the wider local community, as well as people reached through partners whom we have supported - such as local NGOs, or local government authorities.

Systemic reach:

Measures the wider groups of people reached by those equipped to deliver change at scale - such as the privatesector and national governments. We measure systemic reach where we can demonstrate a clear causal link, and these numbers may vary significantly year on year. For example, our influencing work may contribute to a policy change that creates the enabling environment for large numbers of people to benefit in the future. Or our work with the private sector may result in changes to their business models that deliver rapid ongoing benefits to many people.

Demonstrating positive outcomes

As well as measuring the reach of our work, we've introduced new global indicators that report on resulting outcomes. These figures tell us about the positive effects recorded in the lives of communities we work with.

Our global indicators include the number of new jobs and businesses created; the number of changes made to the enabling environment that support our strategic aims; and how many of our projects are designed around specific gender needs.

In addition, we will report against a range of outcomes that relate to our core aims. For example this reporting could include the number and percentage of people with improved food security within a target area; or the number and percentage of people with better waste management systems within an identified slum community.

This is how we will measure progress towards our strategic objectives - from the positive changes to individuals' lives through our projects, to our contribution to wider systemic change.

Meet the changemakers

We achieved this reach and impact by working with partners to take solutions from small and local to systemic and global. By convening the right mix of people at the right time, we were able to create meaningful change in many more lives than by acting alone.

The six stories on the following pages demonstrate the impact we've achieved in different contexts and at different scales. From a pilot project that's set to overturn the status quo of urban migration in Kenya, to a partnership that's already changed the game for millions in flood-prone areas around the world - and is set to do even more...



Adapting to achieve impact in a **TURBULENT YEAR**

Our strong and trusted partnerships with individual supporters, large funding organisations and local delivery partners mean we've been able continue working with communities during the pandemic. The support and expertise of our partners has allowed us to pivot and adapt existing projects, as well as launch new initiatives, continuing to make progress towards our shared goals.

The challenge

Covid-19 has had a devastating effect in many of the countries we work in. For many people, abiding by strict lockdown measures was impossible. Others faced significant setbacks in their livelihoods and living conditions. The pandemic has led to rates of extreme poverty rising for the first time in 20 years and reversed much of the progress made towards the World's Sustainable Development Goals. The result is many more people vulnerable to hunger and poverty – and less able to cope with the effects of the rapidly-escalating climate crisis.

Our goal

We took rapid action to protect the lives and livelihoods of the communities we work with safely, balancing our immediate response with our longer-term goals. We teamed up with private businesses, local authorities and national governments to limit the spread of the virus, work with communities to keep essential services running and support longer-term recovery.

"I had to keep working despite the risks of Covid-19, but I couldn't afford to buy PPE. Now that I have the PPE from Practical Action I can do my job without worrying about being infected or passing on any infection to my family."

Sumati Naik, informal waste worker in Faridpur, Bangladesh

What we achieved in 2020/21

In the slums of Kisumu, Kenya, we worked with companies who make hygiene and cleaning products to provide emergency supplies for free to people who can't afford them. We distributed supplies to 21,000 people and enabled 19,000 people to access water closer to their homes. As a result, people have been able to keep their families healthy during the pandemic.

We used our influence with the Government of Bangladesh to highlight the challenges faced by informal waste workers in the country during the pandemic. This prompted the Government to approve vaccinations for all sanitation workers, meaning that tens of thousands of people working in hazardous conditions can now protect themselves and their families and continue to earn a living safely.

We worked with the Government of Peru on a pilot project to bring remote learning to isolated communities. Travelling to school here was already difficult – restrictions due to Covid-19 made it impossible. This pilot, which started with 16 schools, has been so successful we're now working with the Government to scale it up to reach 200,000 children.

Future plans

As well as adapting and pivoting existing projects, the unprecedented nature of the pandemic has led to new coalitions, new ways of working and accelerated innovation in key areas. An example is an innovative new project we've launched in Bangladesh in partnership with private sector business River Recycle, the Lamor Foundation and the Ministry of Foreign Affairs of Denmark, Danida

The project, which launched in July 2021, is creating jobs for low-wage rubbish collectors, while also preventing plastic waste in the Padma River from entering the ocean. It uses cutting edge technology to collect low-grade plastic from the most polluted parts of the river then convert the waste into a high-grade oil, which can be used for transportation. This project not only supports long-term recovery from the pandemic by boosting employment, but will act as a pilot that, if successful, can be scaled-up in Bangladesh and replicated elsewhere.



726K

In Bangladesh, we reached 726,000 people living in slums and settlements with better sanitation, water and waste services in 2020/21

Supporting entrepreneurs for PEOPLE AND PLANET

Many of our projects work towards more than one of our strategic aims. Our clean cookstove work in Africa is improving health and supporting women entrepreneurs to create thriving businesses - while also reducing carbon emissions. On a global scale, our work with over 200 last mile distributors in over 50 countries is bringing more life-changing products to the people who need them most.

The challenge

Almost three billion people don't have clean, safe cooking facilities. Cooking with wood and charcoal damages their health as well as contributing to carbon emissions. The local entrepreneurs who are best placed to make and distribute clean cooking solutions are held back by a lack of business skills and contacts. It's more vital than ever that we find innovative ways to create clean fuels to protect health, power progress and protect natural resources.

Our goal

Our goal is to bring together communities, energy providers and decision makers to put sustainable, clean energy solutions to work for the people who need them most. We're working with communities around the world to make it easier to buy, sell and use clean cooking fuels and equipment.



Entrepreneurs in Kenya with an example of the low-smoke cookstove that's boosting health and incomes.

What we achieved in 2020/21

In Kenya, women have played an integral role in making and promoting the use of improved cookstoves and briquettes, an alternative cooking fuel that emits less smoke than traditional fuels. Natural resources are conserved, health is improved and jobs are created. As well as the stoves and briquettes, these entrepreneurs sell other essential, life-changing products such as solar lights and water filters to those who need them most - low income customers in remote, under-served communities.

For entrepreneurs, this work means they can build successful businesses, inspire others and earn enough money to educate their children. Many of their customers can buy life-changing products for the first time. Whole communities can see a long-term boost to their health and financial security.

"My family is financially secure because of my clean cooking business. I plan to save money so that I can invest more and employ others so they can also be successful."

Launter, clean energy entrepreneur in Busia, Kenya

Through the Global Distributors Collective (GDC), we're bringing more life-changing products to the people who need them most. The GDC offers business support services that help last-mile distributors save time, reduce costs, build capacity and develop commercial partnerships. We established the GDC alongside implementing partners Hystra and Bopinc. Together, we're dedicated to supporting distributors to help them reach millions of unserved customers with life-changing products, such as clean cookstoves, solar lights and water filters.

Future work

The GDC is at the heart of our plans to scale up our energy work. Our target for 2025 is that our work with partners will have led to a further 18 million people having access to affordable low-carbon energy, for household, business and community uses. This would represent a positive systemic shift in the way energy products are distributed.



33M

To date, GDC members have reached 33,000,000 people in last mile households with life-changing products

Enabling young farmers to build THRIVING BUSINESSES

We refuse to accept that the only future for food production is an agricultural system that damages the planet, while farmers often struggle to earn a decent living. Our work with young farmers in Kenya is helping buck the trend of urban migration and demonstrating that a regenerative approach to agriculture can be profitable.

The challenge

Farming in poorer, isolated parts of the world has always been difficult. Climate change has caused disruption to weather patterns that have made it even tougher. Many young people growing up in rural areas don't see farming as a profitable career option. There is an exodus of young people leaving rural areas of Kenya to find work in the cities. This damaging trend is causing rural economies to stagnate and food production to slump. Communities, NGOs and the government of Kenya have struggled to implement solutions that make farming an attractive livelihood for young people.

Our goal

We're aiming to breathe new life into rural economies by demonstrating that regenerative agriculture can create viable business opportunities for young people and thriving local economies. We know that farmers can succeed, while also preserving natural resources. Our goal is to address the inefficiencies and inequalities present in the existing system to make success possible.

Planet-friendly techniques are making farming work for young people in Kenya.



What we achieved in 2020/21

Our work with young people in rural areas, in partnership with the IKEA Foundation, is building a business case to demonstrate that regenerative agriculture can be commercially successful. We're working with an initial cohort of 6,000 young women and men, enhancing their business skills based on a planet-friendly approach to farming.

The regenerative farming techniques we're championing includes reusing waste products from one part of the farm elsewhere. For example, chicken poo makes an excellent fertiliser for vegetables and can help improve soil health. Using techniques like this, young farmers can achieve independence and a good standard of living, while protecting the environment and giving them skills for the future.

It's not just about farming techniques. We're also supporting young people with the business side of things. That includes identifying new business opportunities and gaps in the market and finding the best suppliers. Meanwhile, we're working to improve the poultry, groundnut and tomato value chains, so farmers can sell their produce for the best possible price. And we're chairing working groups, made up of commercial providers and government agencies, to tackle access to finance, training services and market information.

"I never considered farming as a career because I thought it couldn't be profitable. With the training I've had in farming techniques and business skills I feel confident I can succeed."

Everlyne, young farmer in Homa Bay, Kenya

Future work

Over the longer term, we're hoping to impact 80,000 young people by demonstrating the viability of businesses in the agricultural sector. We'll transform local market systems and create demand for products and services provided by young people to ensure the programme's long-term sustainability.

By 2021, we aim for our work with partners to have improved food security and incomes for two million people in rural communities around the world and a further one million people through wider, systemic change.



300K

Our work with
partners in 2020/21
means 300,000 more
farmers worldwide
have higher income
or better food
security

Empowering women to create CITY-WIDE CHANGE

We know that creating and improving jobs can offset people's need for aid and that empowering women is a powerful driver of social change. Our work with women waste workers in Bangladesh does both these things and is on the cusp of creating city-wide change in Faridpur.

The challenge

The population of urban slums and settlements continues to grow, with the needs of the poorest and most vulnerable often overlooked. Lives are at risk from a lack of clean water services and inadequate and unsafe sewage and refuse management. In Bangladesh, a growing urban population is putting greater strain on city infrastructures. In this environment, the needs of people in the slums are often overlooked. Informal waste workers, many of them women, work in a dangerous environment, while also facing exclusion and discrimination.

Our goal

Our aim is to work with our partners to make cities in developing countries cleaner, healthier, fairer places for people to live and work. By 2025 our goal is to reach one million people living in slums in 21 towns and cities around the world. We'll do this by identifying whoever is already providing a waste service, however informally, so we can build on existing solutions. Then we'll adapt our work so that we can replicate our success in other towns and cities. It's a tried and tested approach that's already working in Faridpur, Bangladesh.



Alo (centre, with certificate) on the day her cooperative won a national award for its sustainable and innovative project ideas.



What we achieved in 2020/21

We've teamed up with women working as informal waste workers in the slums of Faridpur to boost their incomes, improve their working conditions and gain greater recognition of their vital role in the city. It starts with protective clothing such as gloves to protect workers hand from cuts that could result in infection, and masks to protect against viruses like Covid-19. We then help form cooperatives, which gives them more credibility and influence with decision makers. Together, we convince authorities that when informal waste workers have more of a voice, everyone in society benefits.

We have been able to influence national policy so that informal waste and sanitation work is included under the category of 'hazardous work', giving those workers access to an important national Labour Welfare fund from which they were previously excluded. Informal workers now have more rights and opportunities, as well as the confidence to further improve their circumstances.

"Being part of the cooperative means we can make our voices heard by the local authority and improve our lives and working conditions through the pandemic and beyond."

Alo, community leader in Faridpur, Bangladesh

Future work

Other municipalities are now interested in adopting our approach. We'll work with them to implement the solutions we've developed. Our priority will be getting the best possible outcomes for informal waste workers and slum communities. Another example of broad, systemic change resulting from our community-led approach – big change that starts small.

We formed partnerships during the year with three commercial companies in Bangladesh to bring state-of-the-art treatment technologies to Faridpur. Their investments should improve commercial viability by increasing the value of the end products from treatment of faecal sludge, organic kitchen waste, and thin plastics.

73%

The number of working days lost to illness or injury dropped by 73% among the informal sanitation workers we supported in Bangladesh

Improving food security on a NATIONAL SCALE

Small-scale solutions can lead to big change. This core principle was central to the philosophy of our founder, radical economist E.F. Schumacher. Our work developing and promoting a farming technique called Pfumvudza in Zimbabwe shows it's as relevant today as ever. After working with smallholder farmers to use this innovative technique, we've passed the baton to the Government of Zimbabwe, who are rolling it out across the country.

The challenge

More of the world's people rely on agriculture for their survival than any other occupation. But three quarters of the world's poorest people are farmers, confirming that agriculture simply isn't working for the most of them. Zimbabwe's agricultural sector is predominantly smallholders, who are reliant on rain-fed crops. Climate change is altering the weather patterns, and they are becoming less predictable and more extreme. Low rainfall, drought and cyclones have led to extreme hardship. The impact on many smallholder's livelihoods, food and nutrition is devastating.

Our goal

Our aim is to work with rural communities to build farming systems that connect nature (climate, land, water, plants and animals) with people (culture, economics and society). Sometimes referred to as 'agroecology', this approach can enable smallholder farmers to achieve a decent standard of living, whilst protecting the environment and building natural resources. The result is a sustainable alternative to intensive agriculture, with the potential to transform the lives of millions of families.



A field of nutritious maize means a boost to Shuwiso's health and income.

What we achieved in 2020/21

One of the solutions we've been supporting farmers to put into action is Pfumvudza. This innovative idea was originally developed by a local NGO and involves planting in small pot holes that trap water. It means a family can grow enough food for a year on a small plot of land with limited water. Any remaining land is freed up to grow cash crops to earn an income.

After the government of Zimbabwe's Secretary for Agriculture visited our programme, the government decided to scale the approach. This means it will reach a further 1.8 million farmers. Even more farmers will be reached with the inclusion of the approach in the government's overall agricultural policy. The subsequent increased food production has the potential to reach 5m people – about 1/3 of the population of Zimbabwe.

"From my first year of using Pfumvudza as a way of farming, and demonstrating it to others in the village, my crops never failed. The rainfall was erratic as usual, but we got a good harvest."

Shuwiso, farmer from Makoni in Zimbabwe

Future work

We're implementing other planet-friendly farming techniques in other parts of Africa. In Malawi, erratic rainfall caused by climate change means shrinking harvests. Combined with a lack of reliable access to markets, many farmers struggle to make an income. We'll work with women farmers, who face additional gender barriers, to grow more using greenhouses and solar drip irrigation. We'll support them to overcome gender barriers by forming cooperatives. With new farming techniques and greater selling power, women farmers in Malawi will be able to make a living from farming despite climate change.

700%

Farmers using Pfumvudza saw a 700% increase in average yields when compared to conventional farming

Creating impact for long-term SYSTEMS CHANGE

Our work as part of the Zurich Flood Resilience Alliance shows what's possible when we start with a clear idea of the big change we want to achieve then develop and refine our approach as we learn what works. As our learning grows, we replicate elements of our solutions in different contexts and locations, adapting all the while and never losing sight of our commitment to long term systemic change.

The challenge

Flooding affects an average of 250 million people per year. More than any other natural hazard. Across the world, climate change, growing populations and unsustainable land use are increasing flood risk. And when an area floods, it's the poorest communities who suffer the most.

Our goal

Our goal is to work with flood-prone communities to make resilience a way of life. We'll do this by advising people how to adapt their lives to a changing climate and by putting plans and systems in place to predict disasters and minimise their impact. We aim to reach 4 million people by 2025.



Community-led design is at the heart of the work of the Zurich Flood Resilience Alliance.

What we achieved in 2020/21

We've been part of the Zurich Flood Resilience Alliance since 2013. At the start of the reporting period, this partnership had already reached over 225,000 people directly across 13 programs in nine countries. The Alliance expanded to new countries in 2020/21 - Zimbabwe, Senegal and Bolivia. It also increased in scope, to more urban environments and heat resilience, and in terms of influence.

We introduced digital technology to help local volunteers monitor, predict and evacuate their communities as early as possible before floods happen. And we provided the tools and knowledge that residents and local business owners need to increase their resilience to future floods, so that they can invest in future success.

In Peru, our Early Warning System work which initially benefitted 10,000 people, has been used as evidence in the national approach. We have influenced the government to invest over £10 million in developing early warning systems, to reduce the risk to lives and livelihoods of people vulnerable to flood risks.

“Practical Action and the Z Zurich Foundation have been working in partnership since 2008. In 2021, we have extended our work together further in Peru and Nepal and started new work in Zimbabwe and Bolivia, focused on supporting communities to develop resilience in the face of increased flood risks. I'm delighted that we can continue on our journey together helping some of the most vulnerable people in the world shape a more climate resilient future.”

David Nash, Climate Change and Partnerships Senior Manager at Z Zurich Foundation

Future work

We're expanding the reach of our work in partnership with the Zurich Flood Resilience Alliance. This means supporting more people to deal with more climate related hazards in more contexts. For example, we plan to extend our expertise to urban environments.

REAPING GLOBAL HARVESTS



221K

Our work with partners in 2020/21 means that 221,000 more people are protected by early warning or climate information services

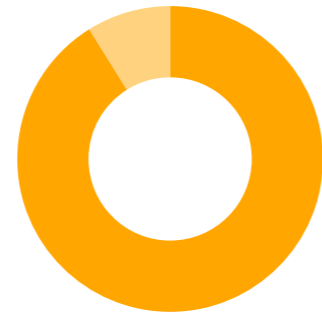
Our reach and impact in 2020-2021...

£30.4 M

We raised £30.4 million in 2020/21

£26.7 M

We spent £26.7 million on our work



91p out of every £1 was spent on charitable activities

96 PROJECTS

We delivered 96 projects on the ground in 12 countries.



We provided technical & specialist expertise in **30 COUNTRIES**

16M PEOPLE have been impacted by our work to change the systems that keep people poor.

We worked with

2M PEOPLE

directly and

2.2M PEOPLE

indirectly.

Progress towards the four key aims in our strategy in 2020/21



ENERGY THAT TRANSFORMS

173K £6.5M

We reached 173,000 people, whilst spending £6,461,000 on our energy programme



FARMING THAT WORKS

609K £8.5M

We reached 609,000 people, whilst spending £8,456,000 on our farming programme



CITIES FIT FOR PEOPLE

875K £5.4M

We reached 875,000 people, whilst spending £5,393,000 on our cities programme



RESILIENCE THAT PROTECTS

296K £4.4M

We reached 296,000 people, whilst spending £4,400,000 on our resilience programme

Community of support

Our impact is achieved through a unique network of individual supporters, local, national and international partners, government organisations and forward-thinking companies and funders. Our shared goals and combined expertise mean that together we can take on some of the world's toughest challenges.

COMMUNITY MEMBERS

are catalysts for change

“Our community worked with Practical Action to install solar-powered irrigation and found out about seeds that grow better as the climate changes. We have so many natural resources in our country and there are lots of opportunities. If we give our best and work hard then anything is possible.”

Chaha Bahadur, farmer from Bajura in Nepal



NATIONAL GOVERNMENTS

support global development

“Jersey is proud to have worked with Practical Action for over 35 years. Our partnership has helped hundreds of thousands of people lift themselves out of poverty, driven by Practical Action’s empirical, innovative and results-driven approach to development.”

Simon Boas, Executive Director, Jersey Overseas Aid



SUBJECT-MATTER EXPERTS

showcase solutions that work

“We’re contributing to global climate policy discussions. In November’s UN Climate Conference (COP26) Practical Action will be an Admitted Observer. The UK Government will be showcasing our work with farmers re-greening the desert in Sudan to show how people can adapt to the changing climate.”

Maria Goss, Agriculture Systems and Innovation Leader, Practical Action



INDIVIDUAL SUPPORTERS

drive innovative solutions

“I chose to support Practical Action because they are very clear about what they do. And very grassroots. The stories of the people they are working with really spoke to me.”

Natasha Awuku, Practical Action supporter



LOCAL DELIVERY PARTNERS

make things happen on the ground

“We spent a year on research and development to create one of the most energy efficient, solar powered refrigerated containers on the market. We are excited to take this innovation to the field.”

Joanna Gentili, CEO of African Mini Grids, our partner in Kenya and Malawi



FUNDING PARTNERS

kick-start big change

“IKEA Foundation is committed to funding innovative solutions that tackle the world’s gravest problem – climate change. Our partnership with Practical Action is an opportunity to create resilient livelihoods on a thriving planet.”

Elton Mudyazvivi, Programme Manager at IKEA Foundation



PRIVATE COMPANIES

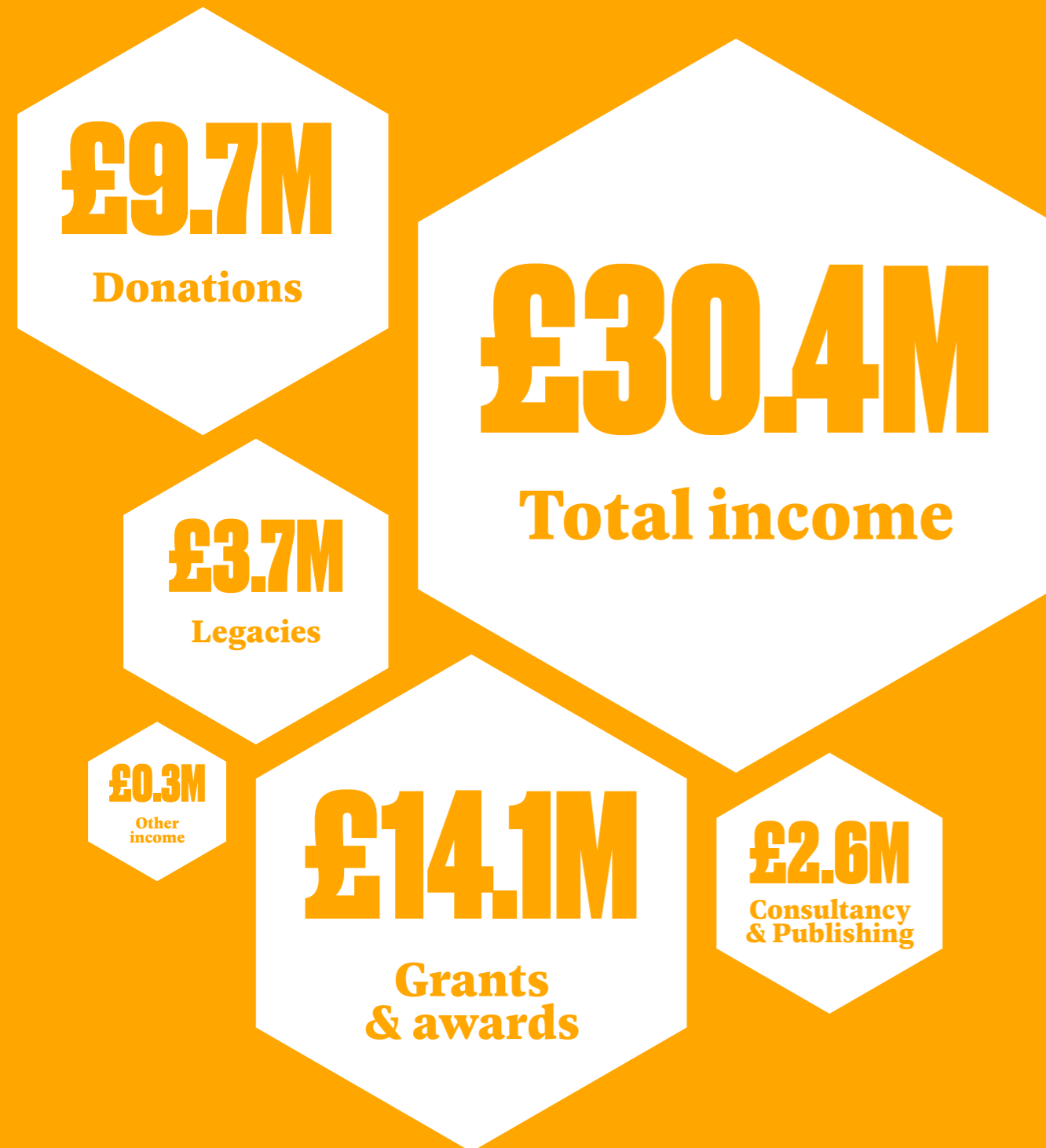
provide specialist insight

“Together with our partners, the Grundfos Foundation provides access to clean water and we’re delighted to continue our partnership with Practical Action in the arid Turkana region, home to Kenya’s most vulnerable nomadic communities.”

Kim Nøhr Skibsted, Executive Director, Grundfos Foundation



How we were funded in 2020-21



Total income: £30.4M

Donations from individuals, trusts and companies: £9.7M

Amid the turbulence of an uncertain year, our individual supporters rose to the challenge and supported our work when it was needed most. We're so grateful to the individuals and community groups whose generous support accounts for the majority of our unrestricted donations – which were well above target for the reporting period.

Our Turning the Tables on Climate Change appeal, which ended in March 2021, raised over £3.15 million, including £1.48 million of match funding by the UK Government. The project, which starts in spring 2022, will help farmers in Nepal and around the world thrive in the new climate reality.

Legacies from people remembering us in their Will: £3.7M

There is no greater privilege for an organisation like us than to be recognised as part of someone's legacy through a gift in their Will. It's a wonderful tribute to the beliefs we have in common and our shared vision to achieve even greater things in the future.

Income from our consultancy and publishing work: £2.6M

Our network of over 2,000 consultants and academic contacts from across the globe provides specialist technical expertise to private businesses, other organisations and governments. Our publishing work sees us partner with the brightest minds to publish the latest development perspectives.

Grants and awards from governments, trusts, companies and other institutions: £14.1M

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

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

We have strong partnerships with large foundations, trusts and companies, which provide significant funding for our work. These include the Bill and Melinda Gates Foundation, Comic Relief, the IKEA Foundation, Zurich Insurance Company Ltd & Z Zurich Foundation, Grundfos Foundation and the Latin American Children's Trust.

In addition to the ongoing work that's funded by these partners, we were delighted to secure grants from many of them in 2020-21 that will fund exciting projects in 2021-22 and subsequent years.

Fit for the future

We've achieved significant impact this year against a backdrop of accelerating climate change and the Covid-19 pandemic. As we look ahead, we are focusing on a number of key areas to ensure that Practical Action maintains relevance, secures the funding it needs, and attracts the people and partners to work with us to achieve maximum positive impact in the future.

Continuing to adapt to the pandemic

We'll continue to work with our partners to adapt to the ongoing effects of Covid-19. For example, we're partnering with the Government of Peru to develop apps that mean students in remote areas will be able to access education resources from home. The unprecedented nature of the pandemic has led to accelerated innovation in key areas of policy and economics, new ways of working and new coalitions and thinking about what is required for the future. We'll position ourselves at the heart of these conversations to ensure that the voices of the most vulnerable are heard.

Diversifying our donor base

Securing the funding we need is vital to our ongoing viability. We are investing in diversifying our donor base and attracting new support. In 2020/21 we secured £12.4m of new grants, awards and contracts that, together with income from grants secured in earlier years and the unrestricted income we generate every year from donations and legacies, will contribute to funding our work over the next 3-5 years. However, there is still a need to attract more funding investment if we are to achieve our impact goals.

The funding environment for UK based INGOs (International Non-Governmental Organisations) is changing rapidly, with Brexit, the reduction of the UK aid budget and merger of DFID into the FCDO specific factors that affect us. We are already making good progress in our strategy of diversifying our donor base, working with a wider range of institutions, and positioning Practical Action as an attractive partner for foundations and private sector funders. But with the rapidly changing landscape this activity is ever more critical.

Putting diversity, equity and inclusion at the heart of our mission

Our vision of a world that works better for everyone can only be achieved if we are truly inclusive, diverse and fully embrace equity and inclusion across all that we do. In 2020-21, we launched an organisation-wide initiative to re-examine our structures, culture and ways of working. In 2020 we founded an internationally led Diversity, Equity and Inclusion group which in 2021 launches a global survey as the start of a listening process that ensures staff everywhere we work are being heard, valued, respected and included. Learnings from this will inform global people and culture strategies and future leadership actions.

Maintaining organisational agility with new partnerships

We have set a clear direction through our 2025 strategy and new business plans. To deliver these plans, we'll build and develop partnerships that give us the breadth and depth of expertise needed to deliver change at scale. These will include new and unfamiliar relationships with the private sector and those who may work in different ways

and approach issues from a different perspective to those we are accustomed to.

Influencing policy makers to achieve big change

We have built a range of direct influencing relationships with national governments along with international agencies and civil society coalitions during the reporting period. This gives us access and influence on key bodies and agendas in the run up to COP26 in November 2021. Our official observer status will enable us to influence the discussions, support negotiators from developing countries, challenge the level of ambition, and encourage international cooperation and collaboration.

Along with the opportunities presented by these key areas of work come risks. Read more about the key risks we're facing, and what we're doing to mitigate them, on pages 40-41.

In Nepal, our partnership with local seed suppliers is helping farmers turn the tables on climate change.

Strategic Report

FINANCIAL AFFAIRS

Our Finance and Services Director, Steve Page, reviews our finances over 2020/21



Practical Action has navigated its finances and operational delivery very well through this difficult year impacted by the Covid-19 pandemic. We have the reserves and options necessary to continue to tackle the ongoing challenges of the impacts of climate change, Covid-19 and our four change ambitions (Cities, Energy, Farming and Resilience).

At £30.4m total income was 16% down on prior year with expenditure on charitable activities declining by 24%. These decreases were, of course, primarily driven by the impact of the Covid-19 pandemic on the pace of operational delivery. Practical Action is still exposed to some ongoing uncertainties and risks relating to the ongoing impact of the Covid-19 pandemic.

The overall annual unrestricted surplus was £0.6m as we promptly implemented a global restructure, reducing our number of staff by 27 people which included the closure of the Development Education Unit. These regrettably difficult decisions are never easy on all involved to implement, and we thank those who left the organisation, those who stayed and the employee representatives who guided the consultation, for their patience and abilities to accept and adapt to the changes made.

Unrestricted general reserves closed the year at £7.9m, slightly above the target range set by the Board of Trustees.

Unrestricted donations and legacies increased by £1.1m (11%) overall to a total of £11.4m. This increase was driven by the generosity of our loyal established supporters including a successful UK Aid Match campaign for Nepal. Our established supporters remain very engaged and committed to Practical Action's aims and approaches. However, attracting a new generation remains an ongoing challenge which we are working hard to address.

In the understandably difficult market conditions income from consultancy services and publishing decreased by in the year by £273k (9%) to £2.6m.

There was an £8.1m (24%) decrease in charitable activities expenditure to £26.7m. There was no growth in Support costs and the costs of fundraising which stayed broadly consistent at £3.5m and £2.6m respectively.

Our most significant donors during the year were for IKEA, UN Food & Agriculture Organization, ZOA and Zurich Insurance / Foundation funded projects covering Renewable Energy for refugees, food security and resilience. Programme activity had decreased in 2020/21 when

compared to the prior financial year due to two reasons:

- (i) Covid-19 delays which for example affected our IKEA funded "RE4R" work in Kenya and Rwanda
- (ii) Programmes ending during the financial year, therefore with only part year activity in 2020/21 such as UNICEF funded "L4L" and UNDP funded "SHF Kasala" in Sudan.

The defined benefit pension scheme, which was closed to contributions in 2002, remained in surplus. As such no actuarial charge nor gain was booked in the year: we do not judge it appropriate to recognise the surplus as a recoverable asset.

Balance Sheet and Reserves

Total reserves (funds) at the end of the year were £10.5m, made up of £1.7m restricted reserves, £0.8m unrestricted fixed assets and general funds of £7.9m. Reserves are slightly above the target range defined in our reserves policy, £6.1m - £7.1m based on 2021/22 budgets. In the current circumstances still dominated by the uncertainty of the direct and indirect impacts of Covid-19 on the people we serve and on our organisation, this reserves position is felt to be appropriate, necessary and not excessively prudent by the Board of Trustees.

We require funds for the following purposes:

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

Our reserves policy requires us to hold between £3.5m and £4.5m in contingency against the following principal risks:

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

Policy for grants

We work in partnership with a number of organisations globally and this is an important part of our work. During the financial year we granted £1.3m (2019/20: £4.8m) to our partners (amounts in excess of £0.2m only included) 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 has, so far, with considerable determination, ingenuity and agility from its people, partners, supporters and donors, managed to cope relatively well with the unexpected impacts brought upon us all by the global Covid-19 pandemic. Our primary concern has been and remains the safety of the communities with whom we work, our own and partners' staff. While most staff have continued to work remotely and we have creatively adapted our programmes and approaches wherever possible, the

pace of delivery for the benefit of those we seek to serve, and spend will inevitably occasionally fall short of original targets.

The global Covid-19 crisis has therefore negatively impacted our financial projections. We still anticipate needing to use £1m in unrestricted funds to finance the impact of programme disruption and delays to deliverables mandated by restricted donor awards.

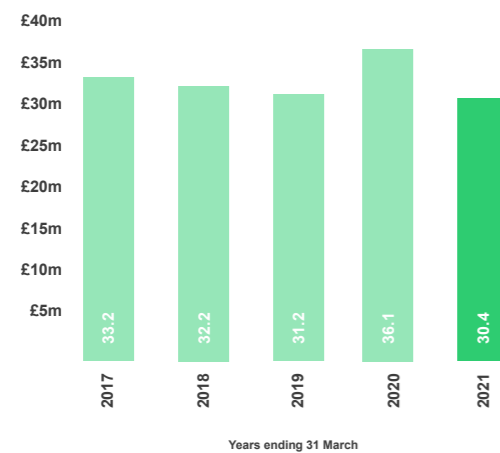
We continue to push our future fundraising and business development efforts and have been encouraged by the results to date. It is also worth noting that the nature of funding for international development NGOs is undergoing a shift, with Public Private Sector Partnerships and digital engagement with individual supporters adding to the existing landscape. Nevertheless the impact of the economic sluggishness associated with the wake of the Covid-19 pandemic will impact our ability to grow our unrestricted funding and we have moderated our future projections. We have also moderated our restricted income projections in light of the impact of Covid-19 and other developments for some of our donors.

Going Concern

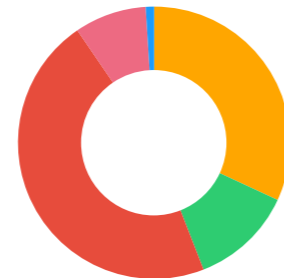
The changes we have made through both the 2020 global restructure and our ongoing adaptability, enable us to cover projected costs in the years ahead, on the basis of realistic income projections. We anticipate being able to keep reserves within or close to the target range and thus retain considerable financial resilience against further shocks. Our reserves level is adequate to the funding risks faced in the coming years, even in worst case scenarios, and we are confident that the organisation remains a going concern.

Summary of income and expenditure

Total annual income

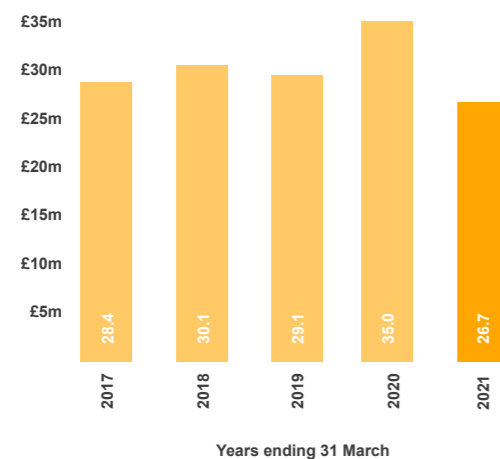


2020/21



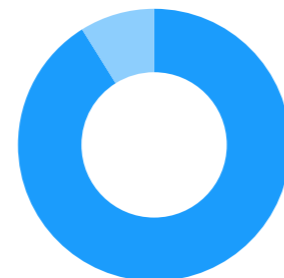
- Donations from individuals, trusts and companies £9.7m (32%)
- Legacies from people remembering us in their Will £3.7m (12%)
- Grants from governments, trusts and foundations, and companies £14.1m (46%)
- Consultancy work and Practical Action Publishing £2.6m (9%)
- Investment & Other £0.3m (1%)

Total expenditure on charitable activities (£m)



2020/21

(including fundraising and governance)



- Charitable activities £26.7m (91%)
- Fundraising £2.6m (9%)

We explain what we mean by charitable activities on page 51.

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 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. Trustee recruitment is conducted by the Governance and People Committee (formerly known as the Organisation Committee). Trustee recruitment advertisements are placed on our website, in selected publications and on a variety of sector websites. The Board of Trustees may appoint a person to be a Trustee either to fill a vacancy or as an additional Trustee, as long as the total number does not exceed 18. Any

Trustee appointed during the year holds office until the next AGM when he or she stands for election by the Members but does not count as part of the rotation for that year. Practical Action had 8 Trustees by the end of the 2019/20 financial year.

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

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 2021 was £11,550 + insurance tax premium.

New Trustees

We've been proactively taking action to diversify our Board of Trustees. An inspiring and diverse group of new Trustees joined our Board in September 2021. The Biographies of all trustees can be found on our website at www.practicalaction.org/our-people

About the organisation

The Board of Trustees is responsible for the overall management and control of the organisation and meets at least four times a year. Trustees are not remunerated and receive no benefits from the organisation, other than the fact that Practical Action pays for Trustee Indemnity Insurance. The Trustees are allowed to claim for travel and accommodation expenses after attending meetings. The Board of Trustees created two committees of the Board. Each committee includes members of Board of Trustees and may include additional members appointed for their specialist knowledge. These Committees are:

The Finance, Audit and Risk Committee

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

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

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

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

– Practical Action Consulting Limited Malawi – a private company limited by guarantee registered in Malawi. Practical Action Consulting Limited UK is one of the two members of the company.

– Practical Action Consulting Bangladesh Limited – a private limited company registered in Bangladesh. Practical Action Consulting Limited UK has a 99% shareholding 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.

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

Practical Action 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 has two dormant subsidiaries held in order to protect our previous company names: Intermediate Technology Development Group Limited (CRN 1017062) and Intermediate Technology Publications Limited (CRN 6424984).

ATS Property Holdings (Pvt) was established as a private limited company registered in Sri Lanka in order to purchase Practical Action’s office premises there. It was deemed appropriate to do this through a locally registered, wholly owned subsidiary rather than the Charity itself.

We are also affiliated with two locally-registered overseas entities carrying the Practical Action name. Practical Action is registered as an International Non-Governmental Organisation in Kenya and has a Board made up of two Kenya nationals plus 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. A Board Effectiveness Review was conducted to help strengthen the governance of the Board, its Committees and the Senior Management. In response to the recommendations of the Board Effectiveness Review, the Governance and People Committee was formed to implement the recommendations received. Practical Action firmly believes in the requirements of the Code and is recently reviewing its board composition, board effectiveness and is currently carrying out trustee recruitment. 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.

Our fundraising philosophy

Our Supporter Promise is our public commitment to supporters that we will behave in a way that’s respectful, honest and accountable. Our in-house supporter care team answers queries about fundraising from our supporters and we have a complaints procedure for investigating complaints. We received 11 complaints relating to our fundraising activities in 2020/21. The most common feedback related to frequency of mailings and the campaign content or fulfilment. We received no serious complaints relating to our fundraising activities in 2020/21.

We comply with all relevant statutory regulations, including the Charities Act 2011, the Charities (Protection and Social Investment) Act 2016, the Data Protection Act 2018, the Privacy and Electronic Communications Regulations 2003. We 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 all aspects of voluntary income generation in the UK. We’re also members of the Institute of Fundraising.

We’ve developed a Fundraising Compliance Handbook and a Fundraising Policy to further support our commitment to high standards of practice. These cover current fundraising regulations, data protection, accepting and refusing donations, protecting vulnerable people and complaints procedures. For all fundraising staff, long-term and short-term objectives include knowledge and understanding of these documents and of the Codes of Fundraising Practice. Joanne Smith, a Trustee, has extensive fundraising management experience, which strengthens the Board in its fundraising governance role.

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 three third party Professional Fundraising Organisations (PFOs) however, due to the pandemic most planned activity especially relating to payroll giving elicited through PFOs was put on hold due to staff furlough and the work at home directive. The PFOs carried out a lower level of digital activity where this was possible.

We’ve focused on encouraging philanthropic giving, regular giving and legacy gifts, as well as on attracting new long-term supporters. In 2020-21, 29,750 people supported us with a gift. 2,860 of these were new donors, we saw an uplift in new

donors towards the end of the year for our UK Aid Match campaign and will continue to build our efforts in attracting new supporters in the coming year.

Despite the challenges, our fundraising performance has allowed us to continue to invest in securing income for the future. Thanks to pledges from committed givers and other donors, at the start of the 2021-22 financial year, we’re confident that 29% of our public fundraising target is already secured.

Remuneration, equal opportunities 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, caste, tribe, belief, age, marital status, pregnancy, caring responsibilities, sexual orientation, gender or disability. Management remuneration committees are accountable for determining pay scales, benefit packages and cost-of-living awards based on a consideration of benchmarking surveys, local inflation, recruitment and retention experience, affordability and financial performance, employment market trends, and any other relevant factors pertaining to the local context. The management remuneration committees are held to account by the 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 gender, race, religion, ethnic or national origin, caste, tribe, belief, age, marital status, pregnancy, caring responsibilities, sexual orientation, or disability.

We openly consult with staff on matters important to the organisation's activities and keep people updated through 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. Our most recent survey recorded award winning levels of employee engagement in all of our offices.

Global gender pay data as at March 2021

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 all staff. 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 people 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 any member of staff and will prioritise actions to remove or reduce these.

Whilst we do not fall within scope of the regulatory requirement to collect or report gender pay gap information, as a global organisation, and because our commitment to diversity and inclusion applies everywhere we operate, we measure and publicise our pay global gap i.e. we consider all employees based in all offices. Our global pay gap is as follows:

Mean:
Women are paid 46% more than men.

This is an increase of 13 percentage points compared to 2019/20.

Median:
Women are paid 54% more than men.

This is an increase of 29 percentage points compared to 2019/20.

This data is based on local currency to GBP exchange rates as at March 2021.

Globally, 41% of our employees are women and make up 63% of our highest paid quartile; our most senior global leadership team is also made up of 64% women. The most significant driver of our gender pay gap in favour of women is the markedly different number of men and women in different locations, in particular the high proportion of women employed in our UK office (70%) where salaries are relatively high compared to other countries in which Practical Action operates and the lower proportion of women employed in country offices where salaries are lower. Excluding the UK team, 33% of Practical Action's staff are women which is broadly consistent with last year. When looked at by location, in our largest offices we find a mixed picture of mean pay gaps ranging from between 85% in favour of women to 35% in favour of men. The largest pay gap in favour of women is in Bangladesh where overall the number of women employed is small and those women who are employed tend to be in senior, higher paid, positions. Despite having an overall pay gap in favour of women, we believe there is more we can do to explore and address the representation of women in this and other locations, particularly in our Asian offices where women only make up around 10% of the entire team.

We remain committed to improving inclusion and our actions have included reviewing recruitment questions and job adverts for gender sensitivity, having a gender balanced interview panel, assessing gender awareness before appointing candidates, reviewing family friendly policies, developing an e-learning module on Gender Intelligence, and launching a new Diversity and

Dignity at work policy supported by Diversity and Inclusion training.

The pandemic has created additional challenges for our staff. Many people have had to juggle work with childcare, care of sick or elderly relatives, or other new domestic responsibilities. We recognised that women often faced more challenges of this sort than men. Our staff are our most valuable asset and we supported all of them with their mental, emotional and physical wellbeing throughout this turbulent period.

We will continue to:

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

Safeguarding

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

The Safeguarding Policy is reviewed and approved by the Board and a designated Safeguarding Trustee, Yvonne Pinto, oversees necessary governance arrangements for safeguarding. 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. We have developed and launched a self-assessment framework for safeguarding. 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 through the use of disciplinary action.

Transparency is one of the ways Practical Action demonstrates its commitment to safeguarding. As such, we record, report and publish the number and type of complaints received. Regular reports of these complaints are provided to the Governance and People Committee and details of all concerns are provided. In the year 2020/21, 15 complaints were received as follows:

Complaint type	Number of complaints
Safeguarding	5
Grievance	5
Other	5
Total	15

Of these complaints, four serious incidents were reported to the Charity Commission during the year. Two safeguarding complaints were upheld

and appropriate action taken to respond to the concern, support the complainants and mitigate future risks.

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."

Governance disclosure on carbon reporting

Core to all of Practical Action's work is an ambition to safeguard the planet today and for the benefit of future generations. Our programmes are designed with the aim of protecting and improving the environment.

We also recognise our responsibility to minimise our negative impacts including our own carbon emissions.

The disclosure on the next page is given to meet UK regulatory requirements, in line with our statutory obligation as a UK registered company.

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

UK greenhouse gas emissions and energy use data from 1 April 2020 to 31 March 2021

	2020/21
UK Energy consumption used to calculate emissions (kWh)	83,342
Energy consumption breakdown (kWh)	
Gas	69,405
Electricity	8,028
Electricity (Publishing)	5,909
Associated greenhouse gas emissions (kg CO ₂) ₂ equivalent)	
Gas	12,761
Electricity	3,249
Total Associated Greenhouse gas emissions (Kg CO₂ equivalent)	16,011
Intensity ratio (kg CO ₂ equivalent per square feet)	1.35

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

The risk of failing to secure sufficient restricted income for future years. The UK's exit from the EU and changes in the way the UK's aid budget will be managed and reduced have and will affect two of our historically most significant donors. Some trusts and other donors' capacity to fund has been impacted by the economic impact of the Covid-19 crisis, whilst

others are reviewing their priorities. We have been successful in developing new funding partnerships over the past years and have embraced new funding mechanisms such as the UK Aid-Match programme and carbon financing. However, we are conscious that we need to continue to sharpen our offer and our business development capabilities to ensure that we can fund our ambitious strategic objectives.

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

Despite having award-winning levels of staff engagement, this has become a particular risk in the context of widespread remote

working, the change programme that was implemented and with the changes of personnel in certain senior management roles. We have put in place a range of measures to help staff through all of this and keep all staff engaged. We have an active programme of internal communication globally involving all of the locations in which we work.

Safeguarding events and fraud remain significant risks particularly with reduced levels of day-to-day oversight of staff and partners. We have a strong policy framework in place and continue to roll out training and awareness programmes. We have also strengthened financial controls through implementation of an online authorisation system.

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

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

Trustees' responsibilities for the financial statements

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

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

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

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

The Trustees 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 2021, which have been prepared in accordance with the Charity Statement of Recommended Practice – SORP 2015 and the Companies Act 2006.

Corporate directory

Legal and administrative details

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

Charity number: 247257

Company number: 871954

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

Auditors: Crowe U.K. LLP, Black Country House, Rounds Green Road, Oldbury, B69 2DG

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

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

Executives

Chief Executive

Paul Smith Lomas
(resigned 30 April 2021)
Sarah Roberts⁹
(appointed 1 September 2021)

Fundraising, Marketing and Communications Director

Rachel Hudson⁸

Finance and Services Director

John Lockett (resigned 8th July 2021)
Steve Page¹¹
(Interim – joined 8th June 2021)

Influence and Impact Director

Lucy Stevens⁶
(Interim – appointed 1st April 2021)

International Director

Amy Mina
(resigned 6th July 2021)
Yolanda Weldring¹²
(Interim – joined 4th August 2021)

East Africa Director

Farida Aliwa
(resigned 20th August 2021)
Alex Bush² (Interim – appointed 1st September 2021)

Sudan Director

Muna Eltahir⁷

Bangladesh Director

Shawkat Begum¹⁰

South Asia Director

Achyut Luitel¹

Southern Africa Director

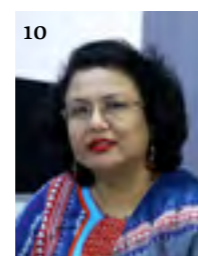
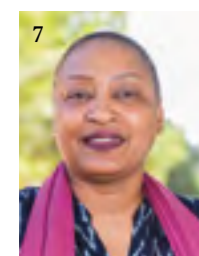
Kudzai Marovanidze⁵

Latin America Director

Alicia Quezada³

West Africa Director

Mattia Vianello
(resigned 5th April 2021)
Edwin Obiero⁴
(joined – 1st September 2021)



Trustees

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

Yvonne Pinto¹³ (Chair)
Martin Tyler¹⁷ (joined 1st April 2020)
Brenda Lipson²⁰
Fayezul Choudhury¹⁹ (joined 1st April 2020)
Graham Young¹⁶
Helena Wayth¹⁵
Ian Thornton¹⁴
Joanne Smith¹⁸
Bill Liao (joined September 2021)
Shivani Wadhwa (joined September 2021)

Mourad Wahba (joined September 2021)
Rachel Sibande (joined September 2021)
Matt Haikin (joined September 2021)
James Smith (stood down 9th July 2020)
Nigel Saxby-Soffe (stood down 10th December 2020)
Roger Clarke (stood down 10th December 2020)
Waleed Elbashir Elobeid (stood down 10th December 2020)

Governance and People Committee (previously known as Organisation Committee)

Fayezul Choudhury (Chair)
Brenda Lipson

Graham Young
Helena Wayth
Martin Tyler
Nigel Saxby-Soffe (stood down 10th December 2020)
Roger Clarke (stood down 10th December 2020)

Finance, Audit and Risk Committee

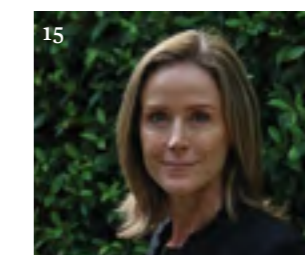
Martin Tyler (Chair)
Joanne Smith
Graham Young
Fayezul Choudhury
Nigel Saxby-Soffe (stood down 10th December 2020)

Secretary

John Lockett (resigned 8th July 2021)
Steve Page (appointed 8th July 2021)

This report, which incorporates the Trustees' and Directors' Annual Report and Strategic Report, was approved by the Board on 25th October 2021 and signed on their behalf by:

Yvonne Pinto
Director (Chair)



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 2021 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 2021 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 purposes of company law, for the financial year for which the financial statements are prepared

is consistent with the financial statements; and

- the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and 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 41, the trustees (who are also the directors of the

charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the 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. 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
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor
Black Country House
Rounds Green Road
Oldbury
B69 2DG

Date: 16th November 2021

Financial statements

Consolidated statement of financial activities for the year ended 31 March 2021 (incorporating the income and expenditure statement)

	Note	Unrestricted £'000	Restricted £'000	Total 2021 £'000	Total 2020 £'000
Income and endowments from:					
Donations and Legacies	3	11,402	1,965	13,367	11,124
Charitable activities	3	2,802	13,960	16,762	24,555
Investments	3	15	-	15	17
Other income	3	291	4	295	376
Total income and endowments	3	14,510	15,929	30,439	36,072
Resources expended					
Expenditure on raising funds	4	2,573	-	2,573	2,851
Total expenditure on raising funds		2,573	-	2,573	2,851
Expenditure on charitable activities:					
Energy that transforms	4	3,692	2,769	6,461	9,726
Farming that works	4	2,567	5,889	8,456	10,423
Cities fit for people	4	1,671	3,722	5,393	8,717
Resilience that protects	4	1,559	2,841	4,400	4,138
Knowledge that inspires	4	1,006	22	1,028	960
Other	4	806	112	918	1,048
Total expenditure on charitable activities		11,301	15,355	26,656	35,012
Total expenditure	4	13,874	15,355	29,229	37,863
Net gain/(loss) on investments	8	13	-	13	11
Net income/(expenditure)		649	574	1,223	(1,780)
Actuarial gain on defined benefit pension scheme	16	-	-	-	-
Transfers between funds	14	-	-	-	-
Net movement in funds		649	574	1,223	(1,780)
Balance brought forward 01 April 2020		8,100	1,143	9,243	11,023
Balance carried forward as at 31 March 2021	14, 15	8,749	1,717	10,466	9,243

The notes on pages 50 to 78 form part of these financial statements.

Consolidated and charity balance sheets at 31 March 2021

	Note	Group		Charity	
		2021 £'000	2020 £'000	2021 £'000	2020 £'000
Fixed assets					
Intangible assets	7	48	28	-	-
Tangible assets	7	754	1,030	702	931
Investments	8	4,053	999	4,049	999
Programme investments	8	-	-	240	235
Total fixed assets		4,855	2,057	4,991	2,165
Current assets					
Stock	9	148	129	-	-
Debtors	10	7,019	8,279	6,176	7,349
Cash at bank and in hand	11,18	8,430	9,468	8,563	9,687
Total current assets		15,597	17,876	14,739	17,036
Creditors: amounts falling due within one year	12	(9,941)	(10,512)	(8,937)	(9,465)
Net current assets		5,656	7,364	5,802	7,571
Provisions for liabilities and charges	13	(45)	(178)	(34)	(166)
Net assets before pension liability		10,466	9,243	10,759	9,570
Defined benefit pension scheme liability	16	-	-	-	-
Net assets after pension liability		10,466	9,243	10,759	9,570
Funds					
Restricted	14	1,717	1,143	1,717	1,143
Unrestricted fixed assets	14	804	846	702	718
Revaluation reserve	14	107	94	107	94
General funds		7,838	7,160	8,233	7,615
Unrestricted funds net of pension liability	14	8,749	8,100	9,042	8,427
	14	10,466	9,243	10,759	9,570

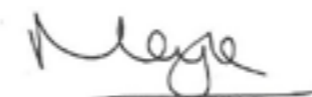
The net surplus for the financial year dealt with in the financial statements of the parent charity was £1,189k (2020 - £1,607k deficit)

The notes on pages 50 to 78 form part of these financial statements.

The financial statements were approved by the board on 25th October 2021.



Yvonne Pinto
Trustee



Martin Tyler
Trustee

Company Number: 00871954

Consolidated cash flow statement for the year ended 31 March 2021

	Note	2021 £'000	2020 £'000
Cash flows from operating activities:			
Net cash (used in)/provided by operating activities	17	2,154	(2,458)
Cash flows from investing activities:			
Dividends, interest and rents from investments		11	17
Purchase of property, plant and equipment		(166)	(384)
Net cash provided by/(used in) investing activities		(155)	(367)
Cash flows from financing activities:			
(Repayments of)/additional borrowing		-	(3)
Net cash (used in)/provided by financing activities		-	(3)
Change in cash and cash equivalents in the reporting period		1,999	(2,828)
Cash and cash equivalents at the beginning of the reporting period		9,977	12,805
Cash and cash equivalents at the end of the reporting period	18	11,976	9,977

The notes on pages 50 to 78 form part of these financial statements.

Notes on financial statements

Practical Action registration number 871954, is a company registered and incorporated in England and Wales, limited by guarantee, without share capital and governed by its Articles of Association dated 21 February 1966 and last amended on 27 September 2012. The company 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.

The Covid-19 crisis has resulted in exceptional disruption and uncertainty about the future. Our field work has been disrupted but the large majority of staff globally have continued to work remotely and we have adapted our programmes and approaches to enable our programmes to continue, albeit with some delays. We have revised our future income projections downward and are taking action to bring costs down. We are monitoring income carefully and the initial results from the first half of 2021 /22 are satisfactory for both unrestricted income and the securing of new restricted grants. We entered the crisis in a robust financial position with reserves at the top of our target range and while we may draw on reserves in the year ahead we expect them to remain within or close to the target range, maintaining our financial resilience to further shocks. We entered the crisis in a robust financial position with reserves at the top of our target range and while we will draw on reserves in 2021-22 we expect them to remain within or close

to the target range, maintaining our financial resilience to further shocks.

Basis of consolidation

The consolidated financial statements incorporate the results of Practical Action and all of its subsidiary undertakings as at 31 March 2021 using the acquisition method of accounting. The results of subsidiary undertakings are included from the date of acquisition. Dormant companies are excluded.

No statement of financial activities is presented for the charitable company alone as the results of the subsidiary companies are separately identified within the group accounts and the charitable company is exempt from presenting such a statement under section 408 of Companies Act 2006. The group net income includes net income from the charitable company itself of £2,428k (2020: £1,607k net expenditure).

Income and endowments

Income is accounted for on an accruals basis in the period in which the charity is entitled to income where the amount can be measured with reasonable certainty. Where the entitlement to project or grant income is performance related the income is recognised when the conditions for entitlement have been fulfilled. Legacies are recognised when receipt is reasonably certain and the amount is quantifiable. We recognise a legacy when the executors have determined that a payment can be made following the agreement of the estate's accounts, or on notification by the executors that payment will be made. Where funds are received net of tax, and tax is recoverable, the income is recognised gross at the time of receipt. Gifts in Kind – Donated goods and services are recognised in the financial statements, as both income and expenditure, at a reasonable estimate of their value in the period in which they are donated. Government grants have been included as 'income from charitable activities'. Restricted income for grants is accrued at the point of expenditure, provided all the conditions of the grant have been met and reversed out in the next period. Unrestricted income for grants is recognised at the point of grant agreement or on the receipt of cash where there is no grant agreement.

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, governance costs and termination benefits. Support costs represent the costs of providing the

infrastructure and organisational services that support the charitable activities. Governance costs are discussed below. Termination benefits represent costs associated with the termination of employment before retirement date, or where the employee accepts voluntary redundancy in exchange for these benefits.

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, which are 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. No such liability has been recognised in 2021 (2020: £nil).

Project issues provision

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

3. Income and endowments

The table below lists funders who contributed over £250,000 to charitable activities carried out in 2021-22. These contributions are shown in line with our income recognition policy (page 50, 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 2021 £'000	Total 2020 £'000
Bill & Melinda Gates Foundation	-	323	323	807
Carbon Trust	444	-	444	436
Christian Aid	-	46	46	262
European Union	43	455	498	1,069
Food and Agricultural Organisation (FAO)	-	1,392	1,392	1,883
German Technical Cooperation Agency (GIZ)	7	441	448	511
Grundfos Foundation	-	769	769	371
Hivos	87	303	390	290
IKEA Foundation	-	2,377	2,377	4,188
International Organization for Migration	-	38	38	297
Isle Of Man Government	-	338	338	322
Old Dart Foundation	-	289	289	-
RTI International	195	20	215	-
SIDA (Swedish International Development Cooperation Agency)	-	640	640	715
UK Government Foreign Commonwealth and Development Office (FCDO)	43	1,127	1,170	1,438
United Nations Children's Fund (UNICEF)	-	740	740	1,773
United Nations Development Programme (UNDP)	23	843	866	2,781
United Nations Environment Programme (UNEP)	-	690	690	593
United Nations Office for The Coordination Of Humanitarian Affairs (UNOCHA)	-	527	527	-
USAID	9	-	9	445
ZOA	-	1,238	1,238	1,733
Zurich Insurance Company Ltd and its Z Zurich Foundation	-	1,309	1,309	1,050
Other (donations under £250k)	13,659	2,024	15,683	15,108
Total	14,510	15,929	30,439	36,072

	Unrestricted £'000	Restricted £'000	Total 2021 £'000	Total 2020 £'000
Donations and Legacies				
Donations *	7,702	1,965	9,667	7,897
Legacies **	3,700	-	3,700	3,227
Total Donations and Legacies	11,402	1,965	13,367	11,124
Charitable activities				
Grant income	493	13,635	14,128	21,648
Consultancy and Publishing income	2,309	325	2,634	2,907
Total charitable activities	2,802	13,960	16,762	24,555
Investments				
Interest	15	-	15	17
Total investments	15	-	15	17
Other				
Other income	291	4	295	376
Total other	291	4	295	376
Total	14,510	15,929	30,439	36,072

* Included within donations is approximately £37k of Coronavirus Job Retention Scheme income.

**Approximately £190k of residual and £41k of reversionary legacies had been notified to the charity before 31 March 2021 but have not been recognised as income in the year as they do not meet the SORP FRS102 income recognition criteria.

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

Gifts in Kind

During the year ended 31 March 2021 Practical Action received gifts in kind totalling £26k (2020:£nil).

Volunteers

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

- 384 volunteers in the projects implementation team in Kenya

4. Total resources expended

	Grants payable £'000	Direct costs £'000	Support costs £'000	Total 2021 £'000	Total 2020 £'000
Fundraising:	-	2,233	340	2,573	2,851
Charitable activities:					
Energy that transforms	1,081	4,520	860	6,461	9,726
Farming that works	1,054	6,273	1,129	8,456	10,423
Cities fit for people	814	3,859	720	5,393	8,717
Resilience that protects	426	3,387	587	4,400	4,138
Knowledge that inspires	-	892	136	1,028	960
Other	35	375	63	473	579
Governance	-	416	29	445	469
Total expenditure on charitable activities	3,410	19,722	3,524	26,656	35,012
Total resources expended*	3,410	21,955	3,864	29,229	37,863

*Total resources expended include £236k 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. £385k of shared programme support management and quality assurance costs have been included in direct charitable activities.

Support costs	2021 £'000	2020 £'000
CEO's office	122	170
Marketing and communications	763	981
Finance	950	903
IT	486	476
HR	538	606
Facilities and services	307	331
Other *	698	431
Total	3,864	3,898

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

Total expenditure on charitable activities (inclusive of support costs)	Total 2021 £'000	Total 2020 £'000
Charitable activities:		
East Africa	4,230	4,226
Latin America	2,529	2,864
South Asia	2,471	3,884
Southern Africa	3,553	5,090
Bangladesh	3,662	5,936
Sudan	3,549	5,528
West Africa	413	508
International programme work	5,804	6,507
Governance costs	445	469
Total expenditure on charitable activities	26,656	35,012

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

During the year ended 31 March 2021, 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 2021 £'000	Total 2020 £'000
Grants to partners greater than £200k		
Adventist Development and Relief Agency	-	367
Center for Community Development Nepal	-	219
COPPADES	-	219
E4I	260	-
Jasmar Human Security Organisation	-	254
Kuwait patient helping fund organization Sudan	243	-
NMB	-	321
Norwegian Refugee Council	526	1,131
OSVSWA	-	269
Save the Children	-	463
Sudan Vision	-	664
Sustainable Agricultural Technology	265	412
SUVO	-	210
UNITAR	-	238
Other *	2,116	2,118
Total	3,410	6,885

* Included within other is all other grants to partners less than £200k.

	2021 £'000	2020 £'000
Amounts payable to the auditor		
Statutory audit	85	107
Other assurance services	13	1
Other financial services	3	1
Total	101	109

5. Employees

Staff costs	2021 £'000	2020 £'000
Wages and salaries	11,557	12,388
Social security costs	838	896
Pension costs (employee benefit scheme)	49	48
Pension (stakeholder scheme)	567	563
Staff end of service costs*	311	284
Redundancy, ex gratia and termination costs**	197	138
Total emoluments of employees	13,519	14,317
Other staff costs ***	108	337
Total staff costs	13,627	14,654

*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.

**All redundancy, ex gratia and termination costs were paid in 2020/21.

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

Average number of full time equivalent employees	2021 Number	2020 Number	Average number of employees	2021 Number	2020 Number
Eastern Africa	58	56	Eastern Africa	58	56
Latin America	69	71	Latin America	69	71
South Asia	57	71	South Asia	57	71
Southern Africa	47	65	Southern Africa	51	65
Bangladesh	94	153	Bangladesh	94	153
Sudan	64	75	Sudan	65	75
UK	114	116	UK	117	119
Total	503	607	Total	511	610

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

	2021 Number	2020 Number
£60,001- £70,000	9	7
£70,001- £80,000	2	2
£80,001- £90,000	3	2
£90,001- £100,000	1	1

The CEO during the year earned a salary of £97,503.

Benefits are accruing to twelve (2020: ten) higher-paid employees under Practical Action's stakeholder pension scheme, which is open to all eligible employees. Employer contributions of £89,732 (2020: £69,346) have been made into this stakeholder scheme for these higher-paid employees. Within Practical Action's Employee Benefits Scheme, benefits are accruing for no (2020: one) higher-paid employee.

Key management personnel is a term used by FRS 102 for those persons having authority and responsibility for planning, directing and controlling the activities of the charity, directly or indirectly, including any director (whether executive or otherwise) of the charity. This definition includes trustees and those members of staff who are the senior management personnel to whom the trustees have delegated significant authority or responsibility in the day-to-day running of the charity. For Practical Action, our Strategic Leadership Team (SLT) consists of those executives listed on page 42. In 2020/21 the total cost of SLT was £992k (2019/20 £969k). In 2020/21 this represented 12 people (2019/20 13 people).

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

The Trustees receive no remuneration for their services. Expenses reimbursed to Trustees during the year amounted to £55 (2020: £2,937), which related to travel and refreshment costs for meetings, and postage.

Expenses were reimbursed to one Trustee (2020: five Trustees).

Indemnity insurance is provided for Trustees which is incorporated into a Professional Indemnity policy for the Organisation at a total cost of £11,550 (2020 policy: £11,760).

6. Net income from trading subsidiaries and summary balance sheets

The results of the principal trading subsidiaries are summarised below:

	Practical Action Consulting 2021 £'000	PAC India (Subsidiary of PAC UK) 2021 £'000	PAC Nepal Private Ltd (Subsidiary of PAC UK) 2021 £'000	PAC Malawi (Subsidiary of PAC UK) 2021 £'000	PAC Bangladesh (Subsidiary of PAC UK) 2021 £'000	PAC Peru (Subsidiary of PAC UK) 2021 £'000	PAC West Africa (Subsidiary of PAC UK) 2021 £'000	Practical Action Publishing 2021 £'000
Income	1,960	102	396	314	156	-	251	560
Expenditure	(1,932)	(104)	(346)	(273)	(281)	-	(191)	(559)
Net profit/(loss)	28	(2)	50	41	(125)	-	60	1
Income per subsidiary accounts	1,960	102	396	314	156	-	251	560
Less: grants from parent charity	(442)	-	-	(158)	-	-	(73)	(134)
	1,518	102	396	156	156	-	178	426
Expenditure per accounts	(1,932)	(104)	(346)	(273)	(281)	-	(191)	(559)
Less: group charges	170	-	-	-	-	-	-	50
	(1,762)	(104)	(346)	(273)	(281)	-	(191)	(509)
Net effect on group results for the year	(244)	(2)	50	(117)	(125)	-	(13)	(83)

Summary balance sheet

Fixed Assets	1	-	1	1	4	-	3	93
Investment	65	-	-	-	-	-	-	-
Net current assets/(liabilities)	(426)	(73)	252	50	(67)	12	70	(260)
Net assets / (liabilities)	(360)	(73)	253	51	(63)	12	73	(167)
Called up share capital	-	29	35	-	10	13	13	-
Profit & loss account	(360)	(102)	218	51	(73)	(1)	60	(167)
Surplus/(deficit) on shareholder funds	(360)	(73)	253	51	(63)	12	73	(167)

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

Summary balance sheet

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

7. Intangible and tangible assets

	Total £'000
Intangible fixed assets	
Group cost	
At 1 April 2020	55
Additions	31
At 31 March 2021	86
Amortisation	
At 1 April 2020	27
Charge for the year	11
At 31 March 2021	38
Net Book Value (NBV)	
At 31 March 2020	28
At 31 March 2021	48

	Freehold and Leasehold property £'000	Motor vehicles £'000	Computer equipment £'000	Furniture and other equipment £'000	Total £'000
Tangible fixed assets					
Group cost or valuation					
As at 1 April 2020	136	1,893	1,685	1,366	5,080
Additions	-	34	78	23	135
Disposals	-	(28)	(21)	-	(49)
At 31 March 2021	136	1,899	1,742	1,389	5,166
Depreciation					
As at 1 April 2020	-	1,730	1,521	800	4,051
Charge	-	76	119	195	390
Disposals	-	(10)	(19)	-	(29)
At 31 March 2021	-	1,796	1,621	995	4,412
Net Book Value (NBV)					
As at 1 April 2020	136	165	161	568	1,030
As at 31 March 2021	136	103	121	394	754

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

	NBV 2021 £'000	NBV 2020 £'000
Tangible fixed assets of the subsidiary undertakings		
Motor Vehicles	-	25
Computer Equipment	5	7
Furniture and Other Equipment	47	67

8. Investments

	Group		Charity	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Cash investments				
Cash investments	3,546	509	3,546	509
Common investment fund	503	490	503	490
Investment bonds	4	13	-	13
Impairment provision	-	(13)	-	(13)
Total	4,053	999	4,049	999
Programme investments				
Capital loans to subsidiaries *	-	-	224	224
Programme investments	-	-	16	11
Total	-	-	240	235

Reconciliation of common investment fund:	£'000
Historical cost	396
Opening balance at 1 April 2020	490
Additional investment	-
Realised gain	13
Closing balance at 31 March 2021	503

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

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

	Country of incorporation 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)	Dormant company	100%	Publishers and booksellers
Intermediate Technology Development Group Limited (Dormant company Reg. No. 01017062)	Dormant company	100%	Developers of agriculture and industrial machinery
ATS Property Holdings Private Limited (Dormant company Reg. No. Sri-Lanka PV 6894)	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	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Finished goods	141	115	-	-
Work in progress	7	14	-	-
Balance sheet total	148	129	-	-

10. Debtors

	Group		Charity	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Trade debtors	2,550	2,397	2,178	2,045
Prepayments & accrued income	3,948	4,448	3,144	3,816
Amounts owed to the charity by the group	-	-	504	175
Other debtors	521	1,434	350	1,313
Total	7,019	8,279	6,176	7,349

11. Cash at bank & in hand

The balance held at year-end includes £4.0m (2020: £4.0m) of project specific funds which are held in foreign currency bank accounts.

12. Creditors: amounts falling due within one year

	Group		Charity	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Trade creditors	509	584	382	483
Payments received in advance*	6,905	7,436	6,705	7,085
Accruals	934	965	632	829
Taxation and social security	522	328	433	250
Other creditors	1,071	1,199	712	818
Amounts owed to subsidiaries and associated undertakings	-	-	73	-
Total	9,941	10,512	8,937	9,465

*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	9,890	9,759
Released to income	(9,890)	(9,759)
Received in year	6,905	6,705
Balance carried forward	6,905	6,705

13. Provisions

	Balance at 1.4.20 £'000	Provisions created £'000	Provisions utilised £'000	Balance at 31.3.21 £'000
Project issues	166	54	(197)	23
Redundancy	6	11	(6)	11
Annual leave/retirement provision	6	8	(3)	11
Total	178	73	(206)	45

Project issues provisions represent estimated funds returnable to donors where Practical Action has not spent funds received in accordance with donor wishes.

Redundancy provisions relate to employees leaving employment with Practical Action. The amounts payable are determined by the salary and length of service of the employees. The provision is released when payments are made to employees on departure.

Annual leave provisions are calculated based on the salary and annual leave balance of the employees.

14. Funds note

2021	Opening balance 2020 £'000	Incoming resources £'000	Expenditure and charges £'000	Transfer £'000	Closing balance 2021 £'000
Designated reserves					
Fixed asset fund	846	-	-	(42)	804
Revaluation reserve	94	-	-	13	107
Free reserves	7,160	14,510	13,861	29	7,838
Total unrestricted funds	8,100	14,510	13,861	-	8,749
Energy that transforms	179	2,757	2,770	-	166
Farming that works	36	5,823	5,888	-	(29)
Cities fit for people	35	3,737	3,722	-	50
Resilience that protects	428	3,590	2,841	-	1,177
Other	465	22	134	-	353
Total restricted funds	1,143	15,929	15,355	-	1,717
Total funds	9,243	30,439	29,216	-	10,466

The fixed asset fund represents the net book value of tangible and intangible assets originally funded from free reserves. The transfer from the fund represents capital additions less disposal proceeds and depreciation.

The revaluation reserve Represents the difference between the historic cost of the common investment fund and the revalued amount. Transfers to the revaluation reserves represents a £13k increase in the value of the Common Investment Fund.

The free reserves represent the free funds of the charity not designated for particular purposes.

The restricted funds represent the funds that have been designated to spend in line with the objectives of the organisational aims.

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

15. Total funds

2021	Unrestricted funds £'000	Restricted funds £'000	2021 Total £'000	2020 Total £'000
Fixed assets	640	162	802	1,058
Investments	4,053	-	4,053	999
Stock	148	-	148	129
Debtors	2,195	4,824	7,019	8,279
Cash at bank and in hand	4,971	3,459	8,430	9,468
Creditors: amount due within than 1 year	(3,236)	(6,705)	(9,941)	(10,512)
Creditors: amount due after more than 1 year	-	-	-	0
Provisions for liabilities and charges	(22)	(23)	(45)	(178)
Pension liability	-	-	-	-
Total	8,749	1,717	10,466	9,243

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

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 small 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 1 April 2020 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	1.7%
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 2021 by an independent qualified actuary.

	2021	2020
Discount rate	2.1%	2.2%
Inflation (RPI)	3.2%	2.4%
Inflation (CPI)	2.5%	1.7%
Future salary increases	4.7%	3.9%
Revaluation in deferment	2.5%	1.7%
Pension increases	3.2%	2.4%
Mortality		
– Base table	S3PXA	S2PXA
– Allowance for future improvements	CMI2019[1%]	CMI2016[1%]

a) Balance Sheet Position

	2021 £'000	2020 £'000
Present value of funded obligations	(11,465)	(10,716)
Fair value of plan assets	11,785	11,052
Surplus / (deficit) per FRS102	320	336
Amounts in the balance sheet:		
Liabilities	-	-
Assets	-	-
Net liability	-	-

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

	2021 £'000	2020 £'000
Opening defined benefit obligation	10,716	10,943
Interest cost	233	259
Benefits paid	(306)	(286)
Remeasurement losses / (gains)	822	(200)
Defined benefit obligation at end of year	11,465	10,716

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

	2021 £'000	2020 £'000
Opening fair value of scheme assets	11,052	11,188
Interest income	240	265
Remeasurement gains / (losses)	796	(73)
Employer contributions	49	48
Benefits paid	(306)	(286)
Expenses paid	(46)	(90)
Fair value of scheme assets at the year end	11,785	11,052
The actual return on the scheme assets in the year	1,036	192

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

	2021 £'000	2020 £'000
Expenses	(46)	(90)
Interest on net liability	7	6
Total amount charged within net (outgoing) resources	(39)	(84)
Actual return on plan assets less interest	796	(73)
Experience (losses) / gain on liabilities	(45)	68
Change in assumptions	(777)	132
Less gains not recognised	65	(43)
Actuarial gains recognised	39	84
Total gains recognised in the statement of financial activities	-	-

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

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

	2021 £'000	2020 £'000
Net (expenditure) / income for the reporting period (as per the statement of financial activities)	1,223	(1,780)
(Gains) / losses on investments	(13)	(10)
Dividends, interest and rents from investments	(11)	(17)
Depreciation	394	499
Loss on the disposal of fixed assets	22	4
Decrease / (Increase) in stocks	(18)	8
(Increase) / decrease in debtors	1,261	951
Increase / (decrease) in creditors and provisions	(704)	(2,113)
Net cash provided by/(used in) operating activities	2,154	(2,458)

18. Analysis of cash and cash equivalents

	2021 £'000	2020 £'000
Cash in hand	8,430	9,468
Cash held as part of investment portfolio (Note 8)	3,546	509
Total cash and cash equivalents	11,976	9,977

19. Contingent liabilities

In fulfilment of other contractual requirements, the charity has entered into an agreement with Prime Bank Ltd in Bangladesh in support of charitable activities, resulting in contingent liabilities totalling £38,167.

The agreement is to provide a bank guarantee to the value of 4,465,550 BDT (c. £38,167) as required by the Bangladesh Rural Electrification Board (BREB) on the project – Translating Electricity Supply into Improvements of Rural Households.

20. Additional grants disclosures

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

Foreign Commonwealth and Development Office (formerly Department for International Development) Grants	2021 £'000	2020 £'000
Grants	1,127	1,396

Project funding details required by FCDO	Contract Number	2021 FCDO Funding £'000
Poor People's Energy Outlook	204343-106	40
Safe Pair Of Hands UK Aid Match	205210-217	372
Leave No One Behind	300462-101	282
Planting For Progress	205210-235	344
Building climate & conflict resilient livelihoods	205210-259	89
Total		1,127

IKEA Foundation Grants	2021 £'000	2020 £'000
Grants	2,402	3,997

Project funding details required by IKEA Foundation	Contract Number	2021 IKEA Funding		2020 IKEA Funding	
		£'000	€'000	£'000	€'000
RE4R	G- 1608-618	1,516	1,688	3,124	3,573
TREYL	G- 1808-1160	886	1,003	873	998
Total		2,402	2,691	3,997	4,571

21. Commitments under operating leases

As at 31 March 2021, the group had commitments under non-cancellable operating leases as set out below:

	2021 Land and buildings £'000	2020 Land and buildings £'000
Operating lease which expire:		
Within one year	389	441
In two to five years	1,137	1,223
Over five years	313	439
Total	1,839	2,103

The net income for the year has been stated after charging £456k (2020: £530k) for the hire of assets under operating leases.

22. 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 £50k (2019/20 £50k) and payroll costs totalling £203k (2019/20 £227k) were also charged to Practical Action Publishing Limited by the charity. At the year end, Practical Action Publishing Limited owed the charity £346k.

A management charge of £170k (2019/20 £170k) and payroll costs totalling £757k (2019/20 £979k) were also charged to Practical Action Consulting Limited from the charity. At the year-end, Practical Action Consulting Limited owed the charity £851k and were owed £73k by the charity.

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 2020/21 these related parties made donations in aggregate to Practical Action of £405.

23. Financial instruments

	2021 £'000	2020 £'000
Financial Instruments measured at fair value through profit and loss	503	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	2021 £'000	2020 £'000
Financial instruments measured at fair value at the start of the year:	490	479
Gain/(loss)	13	11
Purchases	0	-
Financial instruments measured at fair value at the end of the year	503	490

24. Comparative statement of financial activities for the year ended 31 March 2020

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

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



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