



Annual Report and Accounts

2021 - 2022

Big change starts small

**Practical
ACTION**



Our vision is for

A WORLD THAT WORKS BETTER...

...FOR EVERYONE

Contents

- 04 Welcome from the Chair and Chief Executive**
- 06 Trustees' and Directors' Annual Report**
- 32 Strategic Report**
- 35 Governance and Administration**
- 44 Independent Auditor's Report**
- 47 Financial Statements**

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

Front cover image: In Rwanda, we're supporting refugees to get access to electricity so they can take their lives off hold.

Welcome from the Chair and Chief Executive

Martin Tyler, Chair of Trustees

Practical Action's vision is for a world that works better for everyone. Agriculture and cities that work for people and planet. Clean energy that transforms lives and enables more productive farming. Opportunities to create jobs and improve health and income. Climate resilience as a way of life, especially for those most affected.

The communities we work alongside, and our global team, responded brilliantly to some considerable challenges in 2021-22. As a result, our impact was felt at all levels – from households to communities to national governments and systems. We continued to make progress towards our vision.

My heartfelt thanks go to Yvonne Pinto, who chaired Practical Action for three years until the end of March 2022. Yvonne worked incredibly hard during one of the most testing times for charity leadership and international development and leaves Practical Action in a strong position. I feel privileged to take over as interim Chair of the Board from my previous position as Chair of the Finance Audit and Risk Committee.

The organisation has taken great steps forward in improving its diversity. The different backgrounds, specialisms and viewpoints present in both our Leadership Team and Board of Trustees make us a stronger, more adaptable organisation. The whole Board is absolutely committed to continuing to further challenge and help break down the barriers that create inequality throughout the world.

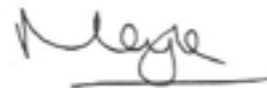
“Our impact was felt at all levels – from households to communities to national governments and systems.”

The ongoing effects of the pandemic, combined with economic shocks caused by the war in Ukraine, and widespread political unrest, have been devastating for many of the communities we work alongside. Many of them were already facing the worst effects of the climate crisis.

These same factors disrupted the global funding environment. Many donors and governments diverted funds or delayed or changed their decisions. However, we're confident that this will improve in 2022-23 and in the meantime, we have strong reserves with which to weather the storm.

I'm extremely proud of our teams and our partners around the world. Their determination and talent are extraordinary and have led them to deliver incredible results in challenging circumstances this year. Thanks to them, we end the year in a strong position.

What strikes me about the real impact that Practical Action has, is that while the scale of the global issues that face us can seem to be so overwhelming at times, it is often just simple interventions that can make a huge difference for individuals, and that when these are replicated and scaled up so does the impact. You'll see evidence of this philosophy throughout this report.



Martin Tyler



Sarah Roberts, Chief Executive Officer

As I reflect on challenges that the world faces, I am reminded again and again about why Practical Action's work is needed more than ever. We continue to effectively link practical work grounded in the needs of communities with influential partnerships that can scale-up approaches that make a difference.

The capacity to overcome challenge is in Practical Action's DNA: we were set up to solve problems. And, over the course of the past year, our network of communities, partners and staff stepped up to considerable challenges, from continuing waves of Covid-19 to the consequences of the climate crisis.

16 million people have been reached by our work to change the systems that keep people poor and vulnerable.

I saw some of this work first-hand when I visited Nyabiheke refugee camp in Rwanda. Our partnership with UNHCR and local renewable energy providers has transformed life for residents. Streetlights are making the camp so much safer after dark, enabling everything from commerce to children's education and football games to continue when the sun goes down. Read more about this work on page 10.

The climate crisis cuts across all the work we do; people living in poverty tend to be the most vulnerable to climate change. Farmers must adapt their practices and crops in order to survive, cities continue to grow rapidly as people leave rural areas which can no longer support them, placing more pressure on services such as waste management, water

supplies and sewers. In many cases, communities move from land destroyed by drought or rising sea levels to areas vulnerable to landslides and flooding.

So I joined our staff from different countries at COP26 in Glasgow where our team was working to get greater progress and investment for the people that need it most: from being part of national delegations, to amplifying the voice of those on the front line of climate change and brokering partnerships for change.

“16 million people have been reached by our work to change the systems that keep them poor and vulnerable.”

The Zurich Flood Resilience Alliance (page 20) continues to transform the world's approach to the biggest consequence of the climate crisis: flooding. Another of our partnerships – the Global Distributors Collective (page 13) – is increasing the effectiveness of businesses supplying millions of people living in remote, low-income communities with life-changing products such as solar energy. It's partnerships like these that have led to us being recognised by the Sustainable Markets Initiative as an exemplar of NGO-private partnerships achieving big change.

That big change must start small to work for those who need it most was central to the philosophy of our founder E.F. 'Fritz' Schumacher (page 26). This philosophy is as relevant now as when Fritz was working. But, as I look ahead, we will be redoubling our efforts to build the commitment and investment to scale up sustainable solutions and deliver the big change that the world so badly needs.



Sarah Roberts



Our goals for change by 2025

We put our expertise and ingenuity to work with communities in Africa, Asia and Latin America, so they can build resilient futures free from poverty. We influence and partner with policy makers, governments and the private sector to scale up solutions that work.

6M

Our work with partners will have improved the lives of 6 million people living in or vulnerable to poverty by 2025.

20M

By 2025, our work changing the systems that keep people in poverty will have positively impacted a further 20 million people.

We combine expertise across four specialist areas to achieve this:



Harnessing energy that transforms

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



Cultivating farming that works

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



Building resilience that protects

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



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 reach and impact 2021-22

Our work reached:

440K

people through our knowledge sharing platforms

4M

people through their families, community, or local partners

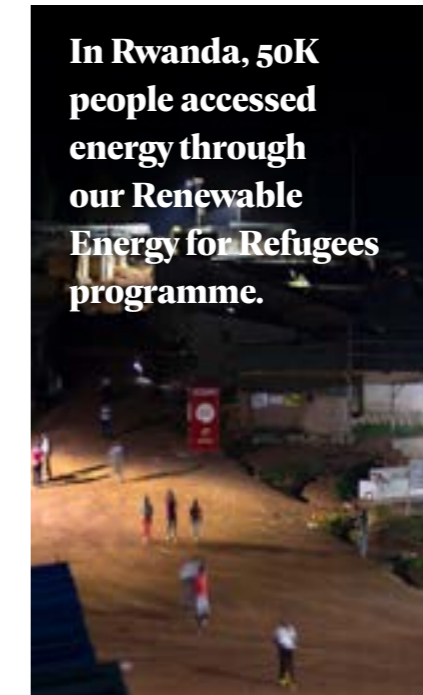
11.6M

people through NGOs, governments and businesses who adopted our approaches

16M +

people in total

Some highlights from our impact around the world:



In Rwanda, 50K people accessed energy through our Renewable Energy for Refugees programme.



In Zimbabwe, we inspired the Government to adopt 'Pfumvudza', benefitting 2.4M smallholder farmers.



In Nepal, the Government made clean cooking a key part of its plans to reduce carbon emissions.



In Bangladesh & Kenya, 142K people living in low-income settlements have improved access to water, sanitation, hygiene and waste services.

To find out more about how we calculate our impact visit practicalaction.org.uk/annual-report

Meet the changemakers

We work with communities in the poorest parts of the world, so they can take on their toughest challenges. Our impact is achieved through the energy and generous support of like-minded individuals, and through bold collaborations with forward thinking partners, governments, international organisations and businesses. When we come together around shared goals, big change really is possible. Thank you!

STRATEGIC AND DELIVERY PARTNERS

achieving shared goals

“We’ve been partnering for more than four years with Practical Action on the Global Distributors Collective (GDC). It’s a true joy to be working with a team that is so focused on our end goal; positively impacting the 200+ GDC members – last mile distribution companies delivering life-changing products to low-income consumers. Never has our end goal been compromised. The Practical Action team deeply listens to GDC members’ needs so we can jointly act.”

Emile Schmitz, Managing Director at Bopinc



SUBJECT-MATTER EXPERTS

amplifying community voices

“An important aspect of our projects is to address social challenges by promoting gender equality and the involvement of people with disabilities. Women have been involved equally in all project planning and implementation with their views and needs are captured in community action plans.”

Mutaz Eltayeb, Project Manager, Practical Action



FUNDING PARTNERS

kickstarting big change

“Players of the People’s Postcode Lottery are supporting Practical Action’s innovative work in Rwanda. Together, we’re building innovative solutions using sustainable agriculture and renewable energy in Mahama, one of the country’s largest refugee camps. The project is helping people in and around the camp improve their food security, production and livelihoods with regenerative and climate-adaptive farming.”

Laura Chow, Head of Charities at People’s Postcode Lottery



PRIVATE COMPANIES

supporting alternative approaches

“We’re delighted with our long-term partnership between Practical Action and Kilburn & Strode’s Innovation for All Foundation. With Practical Action, we have found a partner sharing our vision for diversity and inclusion, and sustainability. We are excited that together, through innovation, we can enable communities around the world to work towards freeing themselves from poverty.”

Caelia Bryn-Jacobsen, Partner, Kilburn & Strode



SUSTAINABILITY PARTNERS

enhancing green strategies

“Deloitte is proud to have worked with Practical Action for 2 years. Through our D2international (D2i) collaboration, we identified the opportunity to build on Practical Action’s existing donor and partnership base as they aim to scale their impact in re-generative agriculture & WASH across Kenya.”

Samantha Smith, Senior Consultant at Deloitte



COMMUNITY MEMBERS

bringing innovation to life

“My ambition is that my ‘Awesome’ peanut butter will become the best peanut butter company in the region. Thank you to Practical Action supporters for helping young people like me find an alternative source of sustaining our livelihoods.”

Beryl Akoth Opiyo, Peanut Butter Producer, Kisumu, Kenya



INDIVIDUAL SUPPORTERS

driving innovative solutions

“I’d never come across an organisation that resonated so much with my own ways of living and personal beliefs. Practical Action is not about painting over rust or putting a bandage over a wound. It’s about actually equipping and empowering people on the ground to improve their own situations.”

Leyla Kazim; Presenter, Journalist and Practical Action Supporter



Energising futures for refugee communities



Denyse Umubyeyi, Practical Action's Country Director in Rwanda explains:

We believe no-one should be left behind from the benefits of clean, reliable energy. Only a few years ago, providing electricity for cooking, lighting, heating and powering businesses, to support people living for the long term in refugee settings, was not a priority for humanitarian organisations. Our work is challenging this status quo and improving life for thousands of refugees and the communities surrounding them.

More than 895,000 people live as refugees in Rwanda and Jordan. Among the many challenges they face each day is a lack of access to safe, affordable energy – and with this, a struggle for warmth, light, cooking, communication, and the tools to earn a living.

Working with the IKEA Foundation, the UNHCR, the Government and others, Renewable Energy for Refugees (RE4R) set out to rewrite the rule book. The project, which began in 2017 and ended in March 2022, has shown the transformative effect of renewable energy for over 83,000 refugees and their host communities.

Heating, lighting, cooking, mobile phones, tools, and appliances, enable camp residents to do business, moving from reliance on aid to economic independence. Many people assume refugees want free things, but they don't – they want jobs and secure futures. Many of them are living for decades in this situation with their lives on hold.

Esther (pictured) is a tailor, but without electricity, she struggled to earn enough money to feed her children and buy their clothes and household necessities. Now she's joined a cooperative supported by the project. Members can buy electric machines and set up their operations in the camp business centre. Here, Esther can take clients from inside and outside the camp, grow her income and support for her family.

“There is evolution in our business and we work in a safe place”

Esther, Gihembe camp



Esther's business is thriving now she has electricity to power her sewing machine.



“
Now we have
light and this
gives us hope”

Street lights are key to helping refugees feel safe after dark.

Learning from communities and sharing our knowledge

We consulted with refugee communities as partners, co-designers, customers and evaluators throughout the project so we could understand their most pressing needs and their ideas for solutions.

Streetlights quickly became a priority. People told us outdoor lights would make them feel safer, as well as meaning they could run their businesses after dark. Before streetlights, the camp residents, especially women and girls, said they felt like a dark island in the middle of a well-lit surrounding area. After the streetlights were installed they told us they felt like they were living in a ‘proper’ city.

At the end of the project, we brought the problems faced by refugees and their host communities to the attention of decision makers and shared our learning through a series of high-profile presentations.

Following on from the success of RE4R, we’re starting a new phase of work in Rwanda, while continuing to bring the issue of clean, affordable energy for refugees to the world’s attention. Two new projects are planned. One will take place thanks to funding from the Swedish International Development Agency (SIDA). The other project will be funded by the People’s Postcode Lottery and Kilburn and Strode.

The Global Distributors Collective

National plans to roll out electricity provision often fail those living in remote and rural areas of poorer countries. This was the challenge the Global Distributors Collective (GDC) was set up to solve. The GDC supports organisations that serve low-income customers with life changing products such as solar lights and clean cookstoves.

We offer services to these ‘last mile distributors’ to help them do business more effectively – saving time, reducing costs, building capacity and developing business partnerships. Practical Action established this global collective alongside implementing partners Hystra and Bopinc.

In just five years, the GDC has grown to over 200 members in 50 countries. Thanks to this, over 33 million people have been able to buy affordable sustainable goods such as cookstoves, solar home systems, another example – which enable them to live more safely, study after dark, run small businesses that require electricity. These are people who had been left behind by the technology that could improve their lives, now able to cook safely and use electricity to power their education and businesses.



13,389

In Jordan, 13,389 students are going to schools with better lighting and temperature control



Solar power means off-grid communities can power the electrical devices they need to run successful businesses.

“
We have seen that women
can go beyond what was
always imagined for them”

Marvis has grown a successful
business making and selling
low-smoke briquettes.

Catalysing economic empowerment for women



Lydia Muchiri, Practical Action's
Gender Advisor in Kenya explains:

A self-sustaining clean cooking industry – powered by women – is flourishing in Kenya. It's the result of our Women in Energy Enterprises Programme, which is instilling women with the confidence, skills, knowledge, and networks to tread an unconventional path and take control of their lives and livelihoods.

In millions of kitchens worldwide, women and girls breathe polluted air caused by dirty cooking fuel. Our vision wasn't just for women to have access to cleaner cooking options in their own kitchens. It was to transform the whole cooking sector so that women can take part in the development, supply chain and sales of cookstoves, fuels and solar-powered products.

When the women we worked with felt empowered to take matters into their own hands, we saw a much greater spread of women as producers, sellers, and marketers of cookstoves, cleaner fuel briquettes and solar products, not only as end users.

This is the crux of our clean cookstove work – it's not only about women's health. It's not even about women entrepreneurs rejecting ingrained gender roles and running successful businesses. It's about making the whole sector work better so it creates employment opportunities in production and distribution of clean stoves and fuels so women can benefit in many more ways.

“
Where once we saw women selling a stove to cover a one-off cost – for example, some sugar that day – we now have women seeing clean energy as a career. We have seen that women can go beyond what was always imagined for them.”

Overcoming ingrained social norms

Cleaner cooking has, historically, been seen as a 'women's affair', and it's been hard to convince male-dominated financiers and policymakers that it's an important issue. For this programme to be effective, we needed to work with governments, businesses, and communities to bring household air pollution to their attention and keep it there. We needed to help empower women to start making their own changes too.

The need for action is urgent. Household air pollution caused by unclean cooking fuels – like wood, charcoal, and agricultural waste – is estimated to cause 3.2 million premature deaths a year. Women and children account for the majority of these as, in many countries, they are the ones at home preparing meals. Burning unclean fuels also causes deforestation and contributes to carbon emissions.

Through planned engagement and consultation, we worked with women to understand the barriers to success. Lack of self-confidence came up repeatedly – women felt they had no agency to run a successful energy business. Training, in partnership with the Clean Cooking Alliance, to improve their agency and technical knowledge of clean fuels and stoves, helped.

This work was carried out alongside Energia, an organisation with over 25 years' experience of building gender-equal energy access, with support from The Swedish International Development Agency (SIDA). Together, we've achieved nationwide change. The Kenyan Government has adopted a National Gender Policy for Energy, thanks to our research and advocacy work. We're helping them implement it across the country. That's big change.

How carbon finance can scale up clean cooking

Cleaner cooking fuels and clean stoves have considerable potential to reduce carbon emissions and help countries meet their carbon reduction targets under the Paris Agreement.

We've won awards for a carbon offsetting programme that has developed a market for Liquid Petroleum



\$2.4 TN
The cost of inaction towards clean cooking is estimated at US \$2.4 trillion a year.

Gas (LPG) involving women in the supply chain and supporting them through loans to get cooking businesses off the ground in Sudan. Now we are developing new clean cooking programmes in other countries financed through carbon offsets.



Cleaner cooking options are boosting women's health and their incomes in Sudan.

Turning the tables on climate change



Awadalla Hamid Mohamed, project manager in our Sudan team explains:

220,000 people in North Darfur and Kassala have benefited from a holistic approach to farming that's bringing people together to improve farming practices while restoring natural resources. The approach has been showcased as best practice at UN conventions and is being adopted by other development organisations. This replication is at the heart of what we do – sharing knowledge to achieve impact beyond what we can do alone.

Breaking with farming convention

We've been working in North Darfur and Kassala in Sudan for decades. These are two of the most drought-prone places in the world. Climate change has made weather patterns less predictable. Rains that used to fall no longer do. Crops that used to flourish now fail. As a result, there is competition over the remaining natural resources, made worse by centuries of conflict.

Global farming systems are bypassing millions of smallholder farmers, many of whom are living on the front line of climate change, like those in North Darfur and Kassala. We're bucking the trend by teaming up with those worst affected to build solutions that make farming work for them. Through this work, people who were once overlooked are becoming climate change pioneers that we can all learn from.

A holistic farming solution

Our approach blends agroforestry, integrated water management, increasing soil organic matter, seed systems, regenerative and conservation agriculture. Water management solutions, many of which were supported by the UN, include building and repairing dams and installing irrigation systems so water can be better managed, reforestation to restore soil quality and greening pastureland to reduce conflict between pastoralists and farmers.

Farmers learn a wide range of skills at our farmers field schools, from organic and planet-friendly control of pests and diseases to management of livestock and processing crops. These skills mean they can adapt their farming to be more resilient to climate change.

New cooperatives and savings and loans groups, linked to local banks, make it easier for farmers to get loans so they can invest in their businesses. These groups are especially useful for women, who historically have found it more difficult to access finance.

The programme featured here is funded by UKAid and enabled by thousands of individual donations from members of the public, thanks to its Aid Match programme. The UN Environment Programme initiated this work and was our implementing partner. Our work in Sudan is also funded by the EU, UNOCHA (the UN Office for Coordination of Humanitarian Affairs) and UNDP (The UN Development Programme).



The Korga dam runs for kilometres. It was built with our support after the community helped map the catchment area.

“
Climate change has brought
new challenges, but as a
community, we’re facing
these challenges together.”

Suliman, a farmer
in Darfur, Sudan



*In North Darfur, Suliman is regreening
land lost to the desert due to droughts
made worse by climate change.*



78%

78% of the world’s poorest
people are farmers

Partnering with companies to improve farmer incomes and the sustainability of farming

We believe smallholder farmers should have the opportunity to go beyond subsistence farming and be able to build viable businesses and earn a decent living. It is also essential that we transition to more regenerative agriculture that maintain soil fertility and water resources, builds resilience and contributes to reducing the climate impact of our food and farming system. This belief is shared by the East West Tea Company (Yogi Tea & Choice Organics). We’ve teamed up with this private company to work with smallholder farmers in Rwanda.

Ian Brabbin, VP Global Sourcing and Sustainability, East West Tea Company says: “We buy tea from Sorwathe for our Choice Organics range and we wanted to help support the small-scale farmers in this district by improving their incomes through diversification. This will involve growing botanicals alongside their tea bushes and introducing regenerative agricultural practices to increase biodiversity, soil health and yields.”

The learning from our regenerative agriculture project in Rwanda, and similar work in Kenya, is already helping shape future plans to make agriculture an attractive and resilient employment option for many thousands more young people.

The human impact of the climate crisis



Miluska Ordoñez Caldas, Practical Action's and Zurich Peru's Project Specialist explains:

Globally, the impacts of climate change are getting worse. Weather patterns are becoming increasingly extreme and erratic. The world's poorest people, who are least to blame, are hardest hit. We're taking a multi-layered approach, from working with communities on the ground so they can adapt to the changing climate, to making sure their voices are heard at the highest level.

Communities adapting to escalating climate risks

Climate change, combined with population growth, urbanization and economic development, is worsening flooding in many regions. We believe that everyone should have the tools to predict and prepare for climate-related hazards like floods, to minimise the impact on their lives and livelihoods.

This vision is shared by the humanitarian, development, research and private sector partners that make up the Zurich Flood Resilience Alliance, funded by the Z Zurich Foundation and Zurich Insurance. We've been working together for decades to strengthen people's resilience to

floods and other climate hazards. We work with flood prone communities and local government in resilience planning, building capacity of local governance bodies to implement agreed measures and using the lessons to influence for policy and practice change.

In Peru, we're working with the national hydro-meteorological agency to roll out our early warning systems across the country. 135,000 people are now protected by an early warning system, thanks to the activities of the Alliance. In November 2020, we expanded our programme of work to Senegal and Zimbabwe.

“**I think the answer lies within the community and the people. We can't wait for others to take action. We have to take responsibility and work within ourselves.**”

Camilla, Flood Resilience Brigade Leader in Santa Eulalia, Peru

With our support, Camilla has become a leader in her community, helping others prevent floods, minimise the damage they cause and recover more quickly from them.

Insuring against crises in Nepal

People living in poorer, flood-prone areas can lose everything when floods hit. Without the means to mitigate the risk posed by flooding, they are unable to take out insurance. When the flood waters recede, they have to start from scratch with nothing.

In Nepal, we're working with InsuResilience, the Government of Nepal and local authorities to address this challenge. The InsuResilience Global Partnership for Climate and Disaster Risk Finance and Insurance Solutions aims to strengthen the resilience of developing countries

and protect the lives and livelihoods of poor and vulnerable people against the impacts of disasters. By working with communities to mitigate their vulnerability to risk, we're also opening up untapped markets to insurers.

Our expertise has led to our recognition as a local expert, with the Asia Disaster Preparedness Centre offering additional financial support to explore insurance in different climate impacted contexts in Nepal, something we are now developing.



A flood gauge means Parvati's community can mitigate the effects of flooding.

\$115 BILLION

Floods have caused \$115 billion damage in the last half century



Keeping the needs of communities in the spotlight

Alongside our work on the ground with communities affected by climate change, we work to influence decision-makers to create policies that consider the needs of those communities and keep those needs on the global agenda. From national media coverage to shaping UN priorities, it's a continuation of our heritage and our core belief that no-one should be left behind.

We have seats in key international committees and advocacy networks and are adept at getting the

perspectives of communities heard, influencing policy makers, and other organisations such as insurance companies, to adapt their approaches so that they help reduce and mitigate these risks.

This is one reason that The Guardian and Observer chose to feature us as one of four charities supporting people who are already dealing with the severe impacts of climate change in their Climate Justice Appeal.



Local photographer on location with a community in Nepal who featured in the Guardian and Observer appeal.

The Terra Carta: building an economy with people and planet at its heart

In 2021, our Patron HRH Prince Charles (now King Charles III) launched the Terra Carta, a blueprint for how the private sector can help address the climate emergency and environmental degradation. The Terra Carta sets out an action plan to achieve this by 2030, by harnessing the power of Nature, combined with the transformative power, innovation, and resources of the private sector.

The Zurich Flood Resilience Alliance (the Alliance) and the Global Distributors Collective (GDC) were both included in the latest impact report for the Terra Carta. Both Practical Action examples combine an innovative

approach to development with private sector expertise to create sustainable change for good at scale. Read more about the Alliance on page 20 and the GDC on page 13.

King Charles is an admirer of the work of our founder, E.F. Schumacher, and has been Patron of Practical Action since 1980. We share the same goal of bringing businesses into the fight against the effects of climate change. His convening power has helped keep the issues faced by communities in the spotlight and has been instrumental in bringing our work to a wider audience. We are very grateful for his long-term support.



Maria Claudia Valdivia Verde, Practical Action's Green Business Thematic Lead in Peru explains:

Creating impact at scale for long-term systems change

In November, I joined colleagues from every continent Practical Action works with at COP26 in Glasgow. We were there to amplify the voices of the people we work with, and to share what we have learned from those who are already adapting to extreme climate events.

Some of our staff were part of national delegations, directly influencing the negotiations. Others made sure that a range of people with influence on the COP outcomes were hearing what is required by the most vulnerable and focused on ensuring more support and finance is directed to meeting those needs.

Loss and damage refers to the destructive impacts of climate change that cannot be avoided either by mitigation (avoiding and reducing greenhouse gas emissions) or adaptation (adjusting to current and future climate change impacts). A new commitment to finance loss and damage was announced by Scottish First Minister Nicola Sturgeon as keynote speaker at our COP26 side event, which we hosted in partnership with Oxfam International and Prakriti Resources Institute.

We are planning to attend COP27 in Egypt, which will provide opportunities to demonstrate how practical programmes are helping people on the front line, especially in Africa, adapt to the changing climate. We will continue to push for greater funding for adaptation, and for the loss and damage caused to poorer countries for a climate emergency that is not of their making.

“It's vital that we speak up for those who are already facing the world's toughest challenges – and who hold the key to overcoming them.”

Colin McQuistan, Practical Action's Head of Climate and Resilience

120M

Climate change could push more than 120 million more people into poverty by 2030



Practical Action's Colin McQuistan, far right, shares our work in a loss and damage discussion at COP26.

Championing a people centred approach to the growing waste crisis



Uttam Kumar Saha, Strategic Lead
from our Bangladesh team, explains:

The knowledge and needs of informal waste workers are the catalyst for our work transforming city waste systems. Together, we're making cities in poorer countries cleaner, healthier, fairer places for people to live and work. In Bangladesh, we're empowering informal waste workers to lead the way revolutionising how different types of waste are managed, including an innovative way of processing thin plastics.

Waste: a global challenge

As cities continue to expand, waste is a growing problem. Waste that's not disposed of properly damages people's health and the environment, with people in the poorest communities most affected.

The city of Faridpur in Bangladesh typifies the challenge. It's home to a growing population of nearly 560,000 people. Waste services are lacking and the informal workers who step in face poor working conditions and discrimination.



With our support, Rajon is leading a co-operative of waste workers who are clearing plastic from the streets of Faridpur.

“**We've been able to build a successful family business that doesn't just collect the plastic but also sorts and processes it.**”

Rajon Mohammad Shakh,
a waste entrepreneur in
Faridpur, Bangladesh

Empowering informal workers

Our success in Faridpur has prompted the Government of Bangladesh to replicate our approach across all 329 of the country's municipalities.

Listening to the needs of undervalued informal waste workers and sharing their knowledge are at the heart of our unconventional approach. By forming co-operatives, waste workers are able to talk directly to city authorities and have a say in decision-making. Through the co-operatives, they

are also able to charge a fair rate for their services and equip themselves with safety equipment.

The waste service industry consists of multiple income streams including waste collection, recycling and producing secondary products such as biogas. Our holistic approach means better lives and livelihoods for the city's poorest residents as well as cleaner streets and rivers and less plastic polluting the world's oceans.

Turning plastic waste into wealth in Bangladesh

We are now turning our experience to address the problem of plastic pollution in our oceans. As well as locally generated plastics, the Padma River in Faridpur sees huge flows of plastic from further upstream. By extracting plastics from the river, we hope to prevent its outflow to the ocean, significantly reducing this pollution. This work will also make the city cleaner and safer and generate an income for the waste workers.

We've teamed up with two environmental clean-up companies, River Recycle and Lamor Foundation, and a local community organisation based in Faridpur – the Society Development Committee. The project is supported by the Danish Department for International Development, Danida through its market development programme.

This innovative project is establishing dignified, well-functioning waste collection and processing systems for low-grade plastic, gathered from the most polluted parts of the town: marketplaces, low-income neighbourhoods,

the landfill site and the Padma River as it passes the town. State-of-the-art dredging technology will be used to collect the waste, while a new generation pyrolysis process will convert it into clean fuel and carbon.

15-20M
15-20 million people
in the cities of developing
countries work in
recycling

Putting people at the heart of the solution

Our new report, *Managing Our Waste*, was launched this year through UN-Habitat's Waste Wise Cities network. Using and adapting the very latest research frameworks from UN-Habitat and others, and with a foreword by the then Prince of Wales, the launch brought our community-first approach to a new global audience.

The report has already caught the attention of the UN Climate Champions on Open Burning of Waste. They invited us to be their strategic partner as they plan for the phasing out of open burning of waste in Africa and seek further commitments at COP27.



Informal waste workers are key to our plan to recycle more thin plastics before they reach the ocean.

Over 50 years of radical change

The ideas of our founder were considered maverick, in the 1970's. He was even accused of being a 'crank'. His philosophy has since been recognised, and his principles of sustainability, adaptability and collaboration have never been more important. Practical Action's work continues to embody his philosophy.



Nicola Craddock, Practical Action supporter and daughter of E.F. Schumacher

My father – known to the world as E.F. (Fritz) Schumacher – founded Practical Action over 50 years ago. He believed that the true measure of success is not unlimited economic growth, but the wellbeing of humanity and the planet.

He was a man of action, saying “to talk about the future is only useful if it leads to action now.” The action he was calling for was small-scale, community-based, sustainable solutions to the problems faced by people in the Global South. And he championed the role of ordinary people in making the world work better for everyone.

My father argued that we should reduce our reliance on non-renewable forms of energy such as fossil fuels. Practical Action's work in the sustainable energy sector is an exemplar of this at work – electricity generation from renewable sources on a human scale.

He wanted to democratise food production because he thought that everyone should have access to organic, sustainably produced food, not just a privileged few. He would be impressed by the work Practical Action is doing on regenerative farming and food, particularly the use of agroforestry techniques.

My father would have been immensely encouraged by the action to help people deal with climate impacts, and to protect natural resources.

There's widespread recognition of the problems the world faces now – but not nearly enough in the way of solutions. Practical Action is so important because it's always adapting to tackle the most vital issues, while recognising the scale of the challenge, and pioneering solutions and building the partnerships needed to transform systems and achieve positive change.

My father once said “I can't myself raise the winds that might blow us or this ship into a better world. But I can at least put up the sail so that when the wind comes, I can catch it.”

Practical Action is actively putting up many more sails and raising the winds of change to help blow our planetary ship towards a more sustainable future.



The world needs more 'cranks' to challenge the status quo and revolutionise approaches to development.



1965 Fritz's article in The Observer challenged conventional aid policies of the day and launched ITDG - now Practical Action.



1970s Hands on from the start, we joined farmers in Sudan building boats so they could transport their crops to market when the roads were flooded.



1987 Women in Nepal used our low-smoke cook stoves to improve their health and reduce their reliance on non-renewable fuels.



2008 In Bangladesh, we piloted the first ever treatment plant tackling the challenge of how to deal with human waste from pit latrines.



2010 We published the first *Poor People's Energy Outlook*, challenging national planning assumptions on how to end energy poverty.



2013 An ambitious new multi-sector partnership, the Zurich Flood Resilience Alliance, was launched to revolutionise flood resilience.



2017 Huge swathes of Sudanese desert were transformed into fertile farmland, a success recognised with a UN Land for Life Award.



2021 Our *Managing Our Waste* report disrupted the status quo by calling for marginalised people to be a core part of the solution.



2022 The first Terra Carta impact report showcased the innovative ways we partnered with the private sector for a sustainable future.

How we were funded in 2021-22

£27.9M

Total income

£9.8M

Donations

£2.7M

Consultancy & Publishing

£3.0M

Legacies

£12.3M

Grants & awards

Total income: £27.9M

Donations from individuals, trusts and companies: £9.8M

The ability to innovate, be flexible, adapt our work when things change and allocate funds to where they're most needed is essential. That's why we're so grateful to the individuals and community groups whose generous support accounts for most of our unrestricted donations.

Unrestricted funds are those that aren't limited to being spent on a specific project, country or work area. We're thankful to everyone who made unrestricted donations to our work in 2021-22.

Legacies from people remembering us in their Will: £3M

To be recognised as part of someone's legacy through a gift in their Will is a wonderful tribute to the beliefs we have in common and our shared vision to achieve even greater things in the future. We're incredibly grateful to those who chose to support us in this very practical and personal way.

Income from our consultancy and publishing work: £2.7M

Over 2,000 consultants and academic contacts make up our global network, which provides specialist technical expertise to private businesses, other organisations and governments. Through our publishing work, we partner with the brightest minds to publish the latest development perspectives.

Grants and awards from governments, trusts, companies and other institutions: £12.3M

We partner with the international development departments and embassies of national governments. These include 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, the Asian Development Bank and the World Bank and specialist funding frameworks such as Energising Development and the Nordic Development Fund.

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

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.

Our strong partnerships with large foundations, trusts and companies provide substantial funding for our work. Partnerships 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 2021-22 that will fund exciting projects in 2022-23 and subsequent years.

Fit for the future

Practical Action is a complex multinational organisation working in already fragile and challenging countries. These volatile times bring challenges, but also offer fresh opportunities to adapt, build new partnerships and create new solutions.

A time of great volatility and change

Impacts of the climate crisis became more apparent in the form of frequent and severe weather events. The impact was felt around the world, with poorest people most affected. The war in Ukraine began towards the end of the reporting period, with global knock-on impacts for energy, food security and the focus of donor governments. There was ongoing civil unrest in many of the countries we work in, especially Sudan, Nepal, Bolivia and Peru. Economic uncertainty, inflation and exchange rate risks challenged our financial plans.

We're responding to this by close and adaptive management of our finances, being clear on our priorities and making informed choices about our financial commitments.

Practical Action's role is needed more than ever...

...but there are many calls on people's attention and funding. These include poverty alleviation and social support causes in the UK and, overseas, emergency humanitarian aid responses to the war in Ukraine and the Pakistan floods. These drew attention away from longer-term development projects.

in 2022-23, we'll continue to build on the increased awareness we won when we secured the Guardian Charity

Appeal, aiming to attract new supporters to Practical Action while continuing to nurture and build our very committed base of long-term supporters.

We have a history of working with communities so they can adapt to climate change and biodiversity loss. For more people to benefit, we need to develop strong evidence bases for our solutions, share them widely and scale them up. To achieve this, we're seeking to position ourselves more effectively with existing and new partners, sharing with them our vision and proposals for how large-scale systems change can be achieved across our aims and areas of expertise.

Securing funding for longer term programmes that really demonstrate how change can happen

During the pandemic, many potential donor decisions have been delayed, adding an additional challenge to a rapidly changing funding environment. Failure to secure funding across all of the countries we work in presents a significant risk.

While we started 2022-23 well-funded for the coming year, we need to work hard to secure more long-term funding beyond that, from a diverse base of funders and donors. We have a clear plan to grow our income with greater emphasis on multiyear, multi country programme grants such as the Zurich Flood Resilience Alliance, featured in the report.

Putting more power and leadership in the regions where we work

Practical Action's teams in the countries we work in are led and staffed by local people. We've taken great steps to bring stronger representation from these countries and the Global South more generally to the Board of Trustees.

Now we're going a step further – by developing a regional leadership structure replacing the UK-based International Directorate. We're starting in Africa and rolling out to Asia and Latin America. We're strongly committed to principles of equality, diversity and inclusion and will follow up on our global survey with concrete actions to address areas that were identified for improvement and ensuring more global roles are dispersed across the countries where we work.

Balancing organisational agility to adapt and innovate in the face of change with compliance, strong safeguarding and robust systems

To continue to work towards our goals, we need to apply for larger grants and carry out more complex and longer-term projects. To do this, we must work with new donors in a range of partnerships, consortia arrangements and multi-layered relationships. With this in mind, we continue to maintain the robust and well-managed compliance standards that make us a trusted partner within our current funding community.

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.



Strategic Report

FINANCIAL AFFAIRS

Our Chief Operations Officer, Rachel Parr, reviews our finances over 2021/22



Practical Action has navigated its finances and operational delivery well through this difficult year impacted by both the Covid-19 pandemic and ongoing political unrest in some of the countries we operate in. We also continue to hold at the end of the year the reserves necessary to tackle the ongoing challenges of the impacts of Covid-19 and additional global volatility.

At £27.9m, total income was 9% down on prior year with expenditure on charitable activities declining by 4%. These decreases were primarily driven by the impact of the Covid-19 pandemic and political unrest on the pace of operational delivery. Practical Action is still exposed to some uncertainties and risks relating to the ongoing impact of the Covid-19 pandemic.

The overall annual unrestricted deficit was £0.5m. Unrestricted general reserves closed the year at £7.3m, above the target range set by the Board of Trustees.

Unrestricted donations and legacies decreased by £1.0m (9%) overall to a total of £10.4m. This decrease was in part due to the very high levels of legacy donations received in the previous year, and partly driven by delays at the Probate Office. Our established supporters remain very engaged and committed to Practical Action's aims and approaches, whilst

we also work hard to attract new supporters.

In the difficult market conditions, income from consultancy services and publishing achieved a small increase in the year of £0.1m (4%) to £2.7m.

There was an £1.4m (6%) decrease in charitable activities expenditure to £25.2m. There was little change in support costs and the costs of fundraising which both decreased slightly to £3.0m and £2.4m respectively.

Our most significant donors during the year were the IKEA Foundation, UK Foreign and Commonwealth Development Office, United Nations Development Programme and the Z Zurich Foundation and Zurich Insurance. They funded projects covering food security and resilience. Programme activity had decreased in 2021/22 when compared to the prior financial year due to the pandemic. Political unrest caused delays to our work in Peru and Sudan.

The defined benefit pension scheme, which was closed to contributions in 2002, remained in actuarial 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 £10.7m, made up of £2.4m restricted reserves, £0.8m unrestricted fixed assets and general funds of £7.5m. Reserves are above the target range defined in our reserves policy of £4m to £5m based on 2021/22 figures. In the current economic circumstances this reserves position is felt to be appropriate, necessary and not excessively prudent by the Board of Trustees.

We require reserves for the following purposes:

- **Working Capital:** £2.2m. These funds are required to provide working cash and pre-financing for normal operations during the course of the year.
- **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.

Policy for grants

We work in partnership with a number of organisations globally and this is an important part of our work. During the financial year we granted £2.0m (2020/21: £3.4m) to our partners to support the delivery of programmes. Due diligence is carried out prior to any agreement being made and we track and monitor funds against the agreed deliverables. Partners are contracted to follow our policies and observe our standards in a range of areas including safeguarding and financial management.

Looking forward

Practical Action has, so far, with considerable determination, ingenuity and agility from its people, partners, supporters and donors, managed to cope well with the unexpected impacts brought upon us all by the 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 during the pandemic, we have creatively adapted our programmes and approaches wherever possible. However, the pace of delivery for the benefit of those we seek to serve and spend will occasionally fall short where delivery has been adapted. The global Covid-19 pandemic has therefore led to some reduction of our projections and we anticipate needing to use £1m in unrestricted funds to finance the impact of programme disruption and delays to deliverables mandated by restricted donor awards. We continue to push our future fundraising and business development efforts and have been encouraged by the results to date.

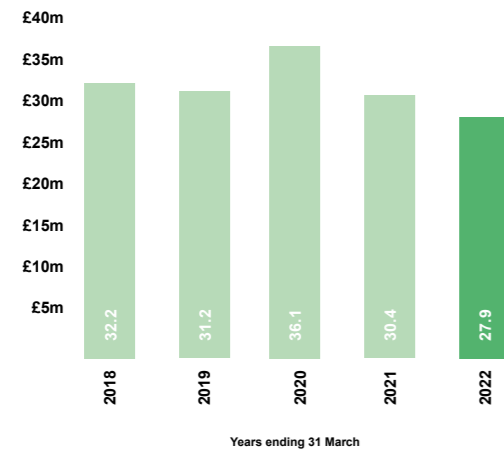
It is also worth noting that the nature of funding for the work that we do continues to shift. Many funders are reviewing their strategies, which can cause delays in decision-making but can also open up new avenues for us. Global volatility and the cost-of-living crisis means that we may find it harder to grow unrestricted funding but we see different options for growing our impact and funding in the future.

Going Concern

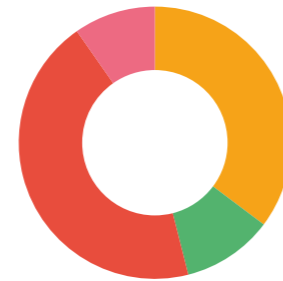
Organisation changes made between 2020 and 2022, and our ongoing adaptability, enable us to cover projected costs in the years ahead, on the basis of realistic income projections. We anticipate keeping the reserves within the target range and thus retaining considerable financial resilience against future uncertainty and so we are confident that the organisation remains a going concern.

Summary of income and expenditure

Total annual income

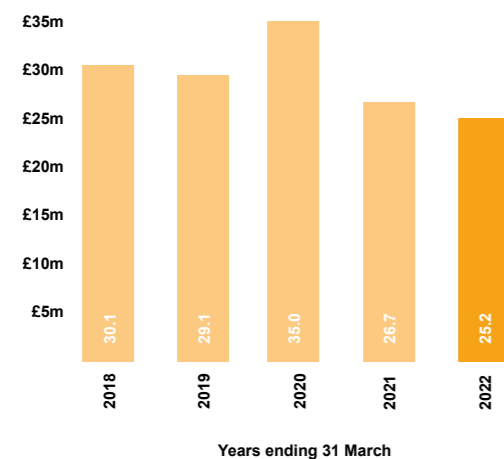


2021/22

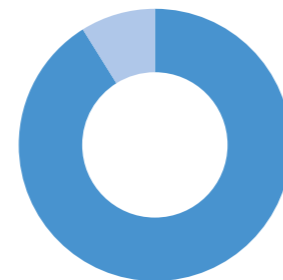


- Donations from individuals, trusts and companies £9.8m (35%)
- Legacies from people remembering us in their Will £3.0m (11%)
- Grants from governments, trusts and foundations, and companies £12.3m (44%)
- Consultancy work and Practical Action Publishing £2.7m (10%)

Total expenditure on charitable activities (£m)



2021/22 (including fundraising and governance)



- Charitable activities £25.2m (91%)
- Fundraising £2.4m (9%)

We explain what we mean by charitable activities and how we allocate costs 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 overseen by the Governance and People Committee and informed by a skills, experience and diversity audit of the Board. Trustee recruitment is supported by the use of specialist recruitment agencies together with public advertisements 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. Practical Action had 11 Trustees by the end of the 2021/22 financial year.

We provide an individual induction programme and in-depth reading materials as a welcome pack for each new Trustee, covering all aspects of the role and the organisation. All Trustees are encouraged to attend external training events and seminars to enhance their skill however due to the outbreak of Covid-19 in 2020, meetings and events have been conducted virtually. These events help provide Trustees with a greater understanding of their legal responsibilities and discuss emerging issues affecting the sector. Trustees have been unable to visit international programmes in the last financial year due to Covid-19 travel restrictions.

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 2022 was £25,000+ insurance tax premium.

About the organisation

The Board of Trustees is responsible for the overall management and control of the organisation and meets at least four times a year. Trustees are not remunerated and receive no benefits from the organisation, other than the fact that Practical Action pays for Trustee Indemnity Insurance. The Trustees are allowed to claim for travel and accommodation expenses

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

The Finance, Audit and Risk Committee

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

The Governance and People Committee

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

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

Subsidiaries and associated organisations

The charity has two wholly owned primary purpose trading subsidiaries

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

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

Practical Action Consulting Limited provides technical assistance consultancy services to governments, NGOs, aid agencies, research institutions and the private sector, in areas closely aligned with our change ambitions. Practical Action (the Charity) is now rounding up the activities of Practical Action Consulting Limited in the UK. Consulting services will be carried out by the Charity directly.

Practical Action Consulting Limited previously 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 Bangladesh Limited – a private limited company registered in Bangladesh Practical Action Consulting Limited UK has a 99% shareholding in the company.
- Practical Action Consulting S.A.C. – a private limited company registered in Peru. Practical Action Consulting Limited UK holds 49% shareholding.
- Practical Action Consulting Rwanda is registered as a branch of Practical Action Consulting Limited UK.
- Practical Action Consulting West Africa provides consultancy services to governments, NGOs, aid agencies, research institutions and the private sector across the ECOWAS region of West Africa.
- Practical Action Consulting Limited Malawi – a dormant private company limited by guarantee registered in Malawi. Practical Action Consulting Limited UK is one of the two members of the company.

Practical Action has two dormant subsidiaries held 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. In response to the recommendations of the Board Effectiveness Review conducted in 2019, the Governance and People Committee was formed to implement the recommendations received. Practical Action firmly believes in the requirements of the Code and has recently reviewed its board composition, board effectiveness and has just concluded significant trustee recruitment. In September 2021 the Board appointed new five Trustees with specialisms in programme development, digital development, People and Culture and other relevant

areas. The new Trustee appointments also significantly increased the ethnic and cultural diversity of the Board. The Trustees confirm that the Charity is taking positive steps towards working in line with the Code in all ways where it is practicable to do so.

Statement of Directors duties

As Company Directors, the Trustees must act in a way they consider to be in good faith and would be most likely to promote the success of the company for the benefit of all of its members as a whole both in the current period and in the long term.

In discharging their duties above, the directors of the charity carefully consider, amongst other matters, the impact of their decisions on various stakeholder groups. The groups we consider in this regard are our employees, our beneficiaries, our funders and our delivery partners as well as the wider community in which we operate. The directors recognise that building strong relationships with our stakeholders will help us to deliver our long-term strategy in line with our core values and operate the business in a sustainable way. We are committed to conducting business responsibly. The directors do not believe that there have been any key decisions faced during the year which require specific reference and have had significant impact on any of the company's stakeholder groups.

Our fundraising philosophy

Our Supporter Promise 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 34 complaints relating to our fundraising activities in 2021/22. The most common feedback related to the data breach which occurred in January 2021/22. We received no serious complaints relating to our fundraising activities in 2021/22.

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 two third party Professional Fundraising Organisations (PFOs) however, due to

ongoing impact of the pandemic we still have very little on-site activity to promote payroll giving through PFOs. The PFOs carried out 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 2021/22, 26,702 people supported us with a gift. 1,818 of these were new donors.

Despite external challenges, our fundraising performance has allowed us to continue to invest in securing income for the future. Thanks to pledges from committed givers and other donors, at the start of the 2022/23 financial year, we’re confident that 31% of our public fundraising target is already secured.

Remuneration and staff engagement statement

Practical Action’s Remuneration Policy is based on an ambition to recruit and retain skilled staff who are remunerated fairly but primarily motivated to work with us because of our mission. We aim to pay staff at a level close to the relevant market median, normally similar organisations and equivalent roles in the local employment market, using a fair and transparent pay system free from individual bias. We aim for equitable remuneration for all employees regardless of sex, race, religion, ethnic or national origin, caste, tribe, belief, age, marital status, civil partnership, pregnancy, caring responsibilities, sexual orientation, gender reassignment, gender identity 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 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.

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 our differences and where we feel our contribution is valued. We value the differences that a diverse workforce brings and seek to build a culture of meritocracy, openness, fairness and transparency where we benefit from a variety of viewpoints and perspectives.

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

In 2021 we conducted a survey focussed on Equity, Diversity and Inclusion (EDI) and this has led to the creation of an action plan and our progress on implementation will be monitored by the Strategic Leadership Team and Board of Trustees. With this senior level commitment, and in response to the survey, we have formed an EDI delivery group whose activities are sponsored by our EDI lead Board member. The Strategic Leadership Team will be participating in an Inclusive Leadership learning programme to better understand how we create inclusive cultures, globally. In the UK next year we will be partnering with external EDI experts to run workshops that explore issues of race and power and we will be running focus groups to better understand and improve the experiences of women in Practical Action.

Global gender pay data as at March 2022

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 where people do not encounter barriers to joining, progressing or contributing based on their gender.

To fulfil our commitment, and ensure that opportunities are not defined or limited by gender, Practical Action may need to take different actions specifically aimed at addressing the barriers that people face in each of our locations and 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 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 37% more than men

Median:
Women are paid 65% more than men

This data is based on local currency to GBP exchange rates as at March 2022.

Globally, 43% of our employees are women and make up 39% of our highest paid quartile; our most senior global leadership team is 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 (66%) 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, 35% of Practical Action's staff are women, a figure which has remained broadly consistent over the last two years.

When looked at by location, in our largest offices we find a mixed picture of mean pay gaps ranging from between 70% in favour of women in Bangladesh to 36% in favour of men in Nepal. 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 23% of the entire team. Looking at the data for Country Offices, the countries of our focus will be Bangladesh and Nepal as we have recorded notable pay gaps.

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 on Gender Intelligence, and launching a new Diversity and Dignity at work policy supported by Diversity and Inclusion training.

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 was the Safeguarding Trustee until April 2022. Shivani Wadhwa has been appointed the new Safeguarding Trustee and 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. Our offices continue to undertake annual self-assessments on safeguarding measures and we track compliance levels through our organisational Key Performance Indicators. We have commenced the roll out of new Safeguarding Communities Framework in three country offices and will continue to roll this out in all other locations over the next two years. Awareness of available reporting mechanisms is prioritised and people are encouraged to report concerns, including through an external anonymous reporting service. Appropriate ways to respond to issues raised are in place to investigate concerns and, where appropriate, deal with safeguarding misconduct, including 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 2021/22, 13 complaints were received as follows:

Complaint type	Number of complaints
Safeguarding	6
Grievance	1
Other	6
Total	13

Of these complaints, two serious incidents were reported to the Charity Commission during the year.

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

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

We do this by looking at and managing the emission of greenhouse gases generated by its activities. Our programmes are designed with the aim of protecting and improving the environment.

We developed an organisational carbon reduction plan with targets. Every year, we will continue to measure our footprint. The key things being measured and will be reported on are: flights (international and national), use of vehicles, fuel and paper within offices.

UK Greenhouse gas emissions and energy use data for the period 1 April 2021 to 31 March 2022

	2021/22
UK Energy consumption used to calculate emissions (kWh)	106,706
Energy consumption breakdown (kWh)	
Gas	94,386
Electricity ¹	6,160
Electricity (Publishing)	6,160
Associated greenhouse gas emissions (kg CO ₂) ₂ equivalent)	
Gas	17,288
Electricity	2,616
Total Associated Greenhouse gas emissions (Kg CO₂ equivalent)	19,904
Intensity ratio (kg CO ₂ equivalent per square feet)	1.68

¹ Electricity kWh is an estimation calculated using the average annual consumption the period January 2021 – December 2021

How we manage our affairs

How our activities deliver public benefit

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

and men in developing countries where we have country and regional programmes.

Risk management

A quarterly risk review at Group, country and regional level was carried out on behalf of the Board by the Finance Audit and Risk Committee. It confirmed that the risks to which the organisation is exposed are properly identified, reviewed and evaluated. Mitigation strategies are in place for all key risks and these are continually monitored to ensure compliance with management's risk appetite. The Group has a well-established system of internal controls which are used to govern operations. The Internal Audit function assesses the adequacy and effectiveness of these controls through a risk based internal audit programme. Overseas offices are audited every two to three years in accordance with a risk based approved plan. The Finance, Audit and Risk Committee reviews all reports and receives Group-wide quarterly updates on progress of agreed action points.

Principal Risks

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

The failure to secure sufficient restricted income remains our highest risk and the one that we are most focused on. While we are well funded for 2022/23, we ended 2021/22 having secured less than our funding target for future years. We have commissioned market intelligence which will be used to inform our strategic approach to fundraising and business development and continue to focus leadership attention to address this.

In a volatile and fast changing external environment, it is vital that we are able to adapt our organisation to respond to fast evolving challenges and new opportunities, and that we attract and recruit staff with the right skill-sets for our future success. There is a risk that we lack the organisational agility to adapt quickly to these challenges. We will take learning from our adaptation to the Covid-19 pandemic and are also appointing new recruits who bring in additional skills and networks to work with a wider range of stakeholders in new ways especially at regional level.

There is a risk that we fail to adapt our business model to match income and costs. We will actively monitor and reforecast both of these to ensure we can make timely decisions to keep expenditure in line with the income we are generating.

As with many organisations, we are seeing higher staff turnover as we emerge from the Covid-19 pandemic leading to increasing time and money on recruitment. We will be developing new hybrid working practices globally.

Failure to be an inclusive organisation. In 2021-22 we conducted and communicated the results of a global EDI survey and it is critical that we remain focused on diversity and inclusion, following up on actions and areas highlighted in the survey and maintaining staff confidence that we are making changes.

Failing to implement projects in line with plans and funding agreements is risk given the changeable nature of our operating environments and the nature of our work in tackling complex problems, often working with multiple partners from government, civil society and the private sector over long timeframes. Maintaining good governance and robust oversight of programme delivery especially in an era of increased global volatility and remote working remains a critical focus.

Safeguarding events and fraud remain significant risks. We have a strong policy framework in place and continue to roll out training and awareness programmes. We have also strengthened financial controls through systems development and staff training.

The health and safety of our 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 are renewing travel security training as restrictions are lifted.

Cybersecurity threats are increasing in frequency and severity. It is a risk that we have well managed but that we must remain alert to. All staff receive regular training in cybersecurity issues.

Trustees' responsibilities for the financial statements

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

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

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

The Trustees are responsible for maintaining proper accounting records, which disclose with

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

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

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

Auditors

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

The Trustees are pleased to present the Trustees' Report and Accounts for the Charity for the year ended 31 March 2022, 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, Statutory Auditor, 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
Sarah Roberts¹

Chief Operating Officer
Rachel Parr²

Fundraising, Marketing and Communications Director
Rachel Hudson³

Impact, Influence and Innovation Director
Simon Hotchkin⁴

Africa Director
Akinyi Walender⁵

International Director for Latin America and Asia
Yolanda Weldring⁶

Bangladesh Director
Shawkat Begum⁷

South Asia Director
Achyut Luitel⁸

Latin America Director
Alicia Quezada⁹

Kenya Director
Susan Maina¹⁰

Rwanda Director
Denyse Umubyeyi¹¹

Sudan Director
Muna Eltahir¹²

West Africa Director
Edwin Obiero¹³

Zimbabwe Director
Emmanuel Madhara¹⁴ (interim)

Executives who served in the period

Farida Aliwa, *East Africa Director (to July 2021)*
Alex Bush, *Interim East Africa Director, then Interim Africa Director (July 2021 to September 2022)*

John Lockett, *Finance and Services Director (to 8 July 2021)*
Kudzai Marovanidze, *Southern Africa Director (to September 2022)*

Amy Mina, *International Director, (to July 2021)*
Steve Page, *Interim Finance and Services Director (June 2021 to August 2022)*

Paul Smith Lomas, *Chief Executive (to April 2021)*

Lucy Stevens, *Interim Influence and Impact Director (April 2021 to September 2022)*



Trustees

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

Martin Tyler (Chair)
Fayezul Choudhury
Graham Young
Ian Thornton
Joanne Smith
Rachel Sibande (appointed September 7th 2021)
Bill Liao (appointed September 7th 2021)
Mourad Wahba (appointed September 7th 2021)
Shivani Wadhwa

(appointed September 7th, 2021)
Matt Haikin (appointed September 7th, 2021)
Hope Chigudu (appointed April 20th, 2022)
Brenda Lipson (stood down October 27th, 2021)
Helena Wayth (stood down October 2nd 2021)
Yvonne Pinto (stood down 1st April 2022)

Governance and People Committee (previously known as Organisation Committee)

Shivani Wadhwa (Chair)
Fayezul Choudhury
Graham Young
Martin Tyler
Mourad Wahba

Brenda Lipson (stood down October 27th 2021)
Helena Wayth (stood down October 2nd 2021)

Finance, Audit and Risk Committee

Fayezul Choudhury (Chair)
Martin Tyler
Joanne Smith
Bill Liao
Graham Young

Secretary

John Lockett (resigned 8th July 2021)
Steve Page (8th July 2021 – 16th August 2022)
Rachel Parr (appointed 1st September 2022)

This report, which incorporates the Trustees' and Directors' Annual Report and Strategic Report, was approved by the Board on 22nd November 2022 and signed on their behalf by:

Martin Tyler
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 2022 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 2022 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: 23rd November 2022

Financial statements

Consolidated statement of financial activities for the year ended 31 March 2022 (incorporating the income and expenditure statement)

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

The notes on pages 50 to 76 form part of these financial statements.

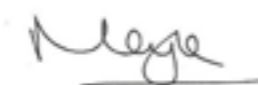
Consolidated and charity balance sheets at 31 March 2022

	Note	Group		Charity	
		2022 £'000	2021 £'000	2022 £'000	2021 £'000
Fixed assets					
Intangible assets	7	42	48	-	-
Tangible assets	7	750	754	725	702
Investments	8	4,541	4,053	4,538	4,049
Programme investments	8	-	-	791	240
Total fixed assets		5,333	4,855	6,054	4,991
Current assets					
Stock	9	140	148	-	-
Debtors	10	6,601	7,019	6,035	6,176
Cash at bank and in hand	11,18	6,912	8,430	6,505	8,563
Total current assets		13,653	15,597	12,540	14,739
Creditors: amounts falling due within one year	12	(8,301)	(9,941)	(7,666)	(8,937)
Net current assets		5,352	5,656	4,874	5,802
Provisions for liabilities and charges	13	(15)	(45)	(15)	(34)
Net assets before pension liability		10,670	10,466	10,913	10,759
Defined benefit pension scheme liability	16	-	-	-	-
Net assets after pension liability		10,670	10,466	10,913	10,759
Funds					
Restricted	14	2,422	1,717	2,422	1,717
Unrestricted fixed assets	14	792	804	725	702
Revaluation reserve	14	94	107	94	107
General funds		7,362	7,838	7,672	8,233
Unrestricted funds net of pension liability	14	8,248	8,749	8,491	9,042
Total Funds	14	10,670	10,466	10,913	10,759

The net surplus for the financial year dealt with in the financial statements of the parent charity was £154k (2021 - £1,189k)

The notes on pages 50 to 76 form part of these financial statements.

The financial statements were approved by the board on 22nd November 2022.



Martin Tyler
Trustee



Fayeul Choudhury
Trustee

Company Number: 00871954

Consolidated cash flow statement for the year ended 31 March 2022

	Note	2022 £'000	2021 £'000
Cash flows from operating activities:			
Net cash (used in)/provided by operating activities	17	(587)	2,154
Cash flows from investing activities:			
Dividends, interest and rents from investments		-	11
Purchase of property, plant and equipment		(429)	(166)
Net cash provided by/(used in) investing activities		(429)	(155)
Net cash (used in)/provided by financing activities		-	-
Change in cash and cash equivalents in the reporting period		(1,016)	1,999
Cash and cash equivalents at the beginning of the reporting period		11,976	9,977
Cash and cash equivalents at the end of the reporting period	18	10,960	11,976

The notes on pages 50 to 76 form part of these financial statements.

Notes on financial statements

Practical Action is a company registered and incorporated in England and Wales, limited by guarantee, without share capital and governed by its Articles of Association dated 21 February 1966 and last amended on 8 December 2021. The company registered a change in name on 25 September 2009 with registration number 871954. The company was registered as a charity with the Charity Commission on 26 April 1966. The principal address and registered office is The Robbins Building, 25 Albert Street, Rugby, Warwickshire, CV21 2SD. The principal activity is to use technology to challenge poverty in developing countries and enable communities to build on their skills and knowledge to produce sustainable and practical solutions, thus improving their lives and protecting the world around them.

The organisation is a Public Benefit Entity.

1. Accounting policies

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

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

The following principal accounting policies have been applied:

Going concern

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

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

We have revised our future income projections downward but are taking action to bring costs down in line. We are monitoring income carefully and result from the first part of 2021/22 are encouraging with unrestricted income holding steady and several major new grants having been secured. We entered the crisis in a robust financial position with reserves at the top of our target range and while we will draw on reserves in the year ahead we expect them to remain within or close to the target range, maintaining our financial resilience to further shocks.

Basis of consolidation

The consolidated financial statements incorporate the results of Practical Action and all of its subsidiary undertakings as at 31 March 2022 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 £153k (2021: £2,428k).

Income and endowments

Income is accounted for on an accruals basis in the period in which the charity is entitled to income where the amount can be measured with reasonable certainty. Where the entitlement to project or grant income is performance related the income is recognised when the conditions for entitlement have been fulfilled. Legacies are recognised when receipt is reasonably certain and the amount is quantifiable. We recognise a legacy when the executors have determined that a payment can be made following the agreement of the estate's accounts, or on notification by the executors that payment will be made. Where funds are received net of tax, and tax is recoverable, the income is recognised gross at the time of receipt. Gifts in Kind – Donated goods and services are recognised in the financial statements, as both income and expenditure, at a reasonable estimate of their value in the period in which they are donated.

Resources expended

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

Basis of allocation of costs

The majority of costs are directly attributable to specific charitable activities. The remaining support costs relate to more than one activity

and are apportioned across charitable activities and fundraising costs based on the level of expenditure of these activities.

Fundraising costs

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

Governance costs

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

The costs are made up of a percentage of salaries for management, company secretarial/legal costs, internal and external audit costs, meeting costs for strategic leadership team and trustees (including travel costs) and an apportionment of support costs.

Fixed assets

Tangible fixed assets are stated at cost less any provisions for depreciation and impairment. Impairments are calculated such that the carrying value of the tangible fixed assets is the lower of 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 17. No such liability has been recognised in 2022 (2021:£nil)

Project issues provision

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

3. Income and endowments

The table below lists funders who contributed over £250,000 to charitable activities carried out in 2021-22. These contributions are shown in line with our income recognition policy (page 4, 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 2022 £'000	Total 2021 £'000
Bill & Melinda Gates Foundation	-	259	259	323
Carbon Trust	572	-	572	444
European Union	61	-	61	498
FCDO	117	1,523	1,640	1,170
Food and Agricultural Organisation (FAO)	8	436	444	1,392
German Technical Cooperation Agency (GIZ)	101	385	486	448
Grundfos Foundation	-	117	117	769
Hivos	92	312	404	390
IKEA Foundation	-	2,724	2,724	2,377
Isle Of Man Government	-	71	71	338
Old Dart Foundation	-	424	424	289
SIDA (Swedish International Development Cooperation Agency)	-	210	210	640
United Nations Children's Fund (UNICEF)	-	343	343	740
United Nations Development Programme (UNDP)	19	1,060	1,079	866
United Nations Environment Programme (UNEP)	-	98	98	690
United Nations Office for The Coordination Of Humanitarian Affairs (UNOCHA)	-	721	721	527
ZOA	-	170	170	1,238
Zurich Insurance Company Ltd and its Z Zurich Foundation	-	1,769	1,769	1,309
Other (donations under £250k)	11,736	4,539	16,275	15,991
Total	12,706	15,161	27,867	30,439

	Unrestricted £'000	Restricted £'000	Total 2022 £'000	Total 2021 £'000
Donations and Legacies				
Donations	7,413	2,433	9,846	9,667
Legacies *	2,950	-	2,950	3,700
Total Donations and Legacies	10,363	2,433	12,796	13,367
Charitable activities				
Grant income	134	12,192	12,327	14,128
Consultancy and Publishing income	2,226	521	2,746	2,634
Total charitable activities	2,360	12,713	15,073	16,762
Investments				
Interest	-	-	-	15
Total investments	-	-	-	15
Other				
Other income	(17)	15	(2)	295
Total other	(17)	15	(2)	295
Total	12,706	15,161	27,867	30,439

* Approximately £2,549k of residual and £41k of reversionary legacies had been notified to the charity before 31 March 2022 but have not been recognised as income in the year as they do not meet the SORP FRS102 income recognition criteria.

Gifts in Kind

During the year ended 31 March 2022 Practical Action received gifts in kind totalling £611k (2021:£26k).

Volunteers

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

- 625 volunteers supporting humanitarian projects in Kenya;
- 110 volunteers supporting humanitarian projects in Bangladesh.

4. Total resources expended

	Grants payable £'000	Direct costs £'000	Support costs £'000	Total 2022 £'000	Total 2021 £'000
Fundraising:	-	2,120	297	2,417	2,573
Charitable activities:					
Energy access	581	4,882	765	6,228	6,461
Food and agriculture	654	7,456	1,134	9,244	8,456
Urban water and waste	428	1,945	333	2,706	5,393
Disaster risk reduction	394	4,698	711	5,803	4,400
Knowledge broking	-	680	97	777	1,028
Other	7	14	3	24	473
Governance	-	414	50	464	445
Total expenditure on charitable activities	2,064	20,089	3,093	25,246	26,656
Total resources expended*	2,064	22,209	3,390	27,663	29,229

*Total resources expended include £230k of costs relating to irrecoverable VAT in the UK.

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

Support costs	2022 £'000	2021 £'000
CEO Office	158	122
Marketing and Communications	580	763
Finance	1,233	950
IT	510	486
HR	605	538
Facilities and Services	331	307
Other *	(27)	698
Total	3,390	3,864

* 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 2022 £'000	Total 2021 £'000
Charitable activities:		
East Africa	4,774	4,230
Latin America	2,785	2,529
South Asia	1,963	2,471
Southern Africa	2,293	3,553
Bangladesh	3,015	3,662
Sudan	3,835	3,549
West Africa	390	413
International direct programme work	5,727	5,804
Governance costs	464	445
Total expenditure on charitable activities	25,246	26,656

International direct programme work includes our Global Policy and Practical Action.

During the year ended 31 March 2022, 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 2022 £'000	Total 2021 £'000
Grants to partners greater than £200k		
E4I	260	260
Kuwait patient helping fund organization Sudan	243	243
Norwegian Refugee Council	-	526
Sustainable Agricultural Technology	-	265
Village Education Resource Centre	218	-
Other	1,343	2,116
Total	2,064	3,410

	2022 £'000	2021 £'000
Amounts payable to the auditor		
Statutory audit	72	85
Other assurance services	-	13
Other financial services	3	3
Total	75	101

5. Employees

Staff costs	2022 £'000	2021 £'000
Wages and salaries	10,180	11,557
Social security costs	1,030	838
Pension costs (employee benefit scheme)	50	49
Pension (stakeholder scheme)	548	567
Staff end of service costs*	379	311
Redundancy, ex gratia and termination costs	32	197
Total emoluments of employees	12,219	13,519
Other staff costs **	237	108
Total staff costs	12,456	13,627

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

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

Average number of full time equivalent employees	2022 Number	2021 Number	Average number of employees	2022 Number	2021 Number
Eastern Africa	63	58	Eastern Africa	63	58
Latin America	74	69	Latin America	74	69
South Asia	48	57	South Asia	48	57
Southern Africa	33	47	Southern Africa	33	51
Bangladesh	94	94	Bangladesh	94	94
Sudan	64	64	Sudan	64	65
UK	108	114	UK	113	117
Total	484	503	Total	489	511

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

	2022 Number	2021 Number
£60,001 - £70,000	8	9
£70,001 - £80,000	2	2
£80,001 - £90,000	2	3
£90,001 - £100,000	-	1
£100,000-£110,000	1	-

The CEO during the year earned a salary of £100,417.

Benefits are accruing to nine (2021: twelve) higher-paid employees under Practical Action's stakeholder pension scheme, which is open to all eligible employees. Employer contributions of £69,643 (2021: £89,732) have been made into this stakeholder scheme for these higher-paid employees. Within Practical Action's Employee Benefits Scheme, benefits are accruing for no (2021: none) higher-paid employee.

Key management personnel is a term used by FRS 102 for those persons having authority and responsibility for planning, directing and controlling the activities of the charity, directly or indirectly, including any director (whether executive or otherwise) of the charity. This definition includes trustees and those members of staff who are the senior management personnel to whom the trustees have delegated significant authority or responsibility in the day-to-day running of the charity. For Practical Action, our Strategic Leadership Team (SLT) consists of those executives listed on page 60. In 2021/22 the total cost of SLT was £1,081k (2020/21 £992k). In 2021/22 this represented 19 people (2020/21 12 people).

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

The Trustees receive no remuneration for their services. Expenses reimbursed to Trustees during the year amounted to £24 (2021: £54), which related to travel and refreshment costs for meetings, and postage.

Expenses were reimbursed to one trustee (2021: one Trustee).

Indemnity insurance is provided for Trustees which is incorporated into a Professional Indemnity policy for the Organisation at a total cost of £16,330 (2021 policy: £11,550).

6. Net income from trading subsidiaries and summary balance sheets

The results of the principal trading subsidiaries are summarised below:

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

Summary balance sheet

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

	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)

7. Intangible and tangible assets

Intangible fixed assets	Total £'000
Group cost	
At 1 April 2021	86
Additions	6
At 31 March 2022	92
Amortisation	
At 1 April 2021	38
Charge for the year	12
At 31 March 2022	50
Net Book Value (NBV)	
At 31 March 2021	48
At 31 March 2022	42

Tangible fixed assets	Freehold and Leasehold property £'000	Motor vehicles £'000	Computer equipment £'000	Furniture and other equipment £'000	Total £'000
Group cost or valuation					
As at 1 April 2021	136	1,899	1,742	1,389	5,166
Additions	-	160	249	20	429
Disposals	-	(68)	(10)	-	(78)
At 31 March 2022	136	1,991	1,981	1,409	5,517
Depreciation					
As at 1 April 2021	-	1,796	1,621	995	4,412
Charge	-	129	108	194	431
Disposals	-	(68)	(8)	-	(76)
At 31 March 2022	-	1,857	1,721	1,189	4,767
Net Book Value (NBV)					
As at 1 April 2021	136	104	121	393	754
As at 31 March 2022	136	134	260	220	750

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

Tangible fixed assets of the subsidiary undertakings	NBV	NBV
	2022	2021
	£'000	£'000
Motor vehicles	-	-
Computer equipment	5	5
Furniture and other equipment	23	47

8. Investments

	Group		Charity	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Cash investments				
Cash investments	4,048	3,546	4,048	3,546
Common investment fund	490	503	490	503
Investment bonds	3	4	-	-
Impairment provision	-	-	-	-
Total	4,541	4,053	4,538	4,049
Programme investments				
Capital loans to subsidiaries *	-	-	653	224
Programme investments	-	-	138	16
Total	-	-	791	240

Reconciliation of common investment fund:	£'000
Historical cost	396
Opening balance at 1 April 2021	503
Additional investment	-
Realised loss	(13)
Closing balance at 31 March 2022	490

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

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

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

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

9. Stock

	Group		Charity	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Finished goods	132	141	-	-
Work in progress	8	7	-	-
Balance sheet total	140	148	-	-

10. Debtors

	Group		Charity	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Trade debtors	2,460	2,550	1,924	2,178
Prepayments & accrued Income	3,728	3,948	3,281	3,144
Amounts owed to the charity by the group	-	-	488	504
Other debtors	413	521	342	350
Total	6,601	7,019	6,035	6,176

11. Cash at bank & in hand

The balance held at year-end includes £2.96m (2021: £4.0m) of project specific funds which are held in foreign currency bank accounts.

12. Creditors: amounts falling due within one year

	Group		Charity	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Trade creditors	637	509	527	382
Payments received in advance*	5,104	6,905	4,922	6,705
Accruals	1,039	934	745	632
Taxation and social security	332	522	314	433
Other creditors	1,189	1,071	1,158	712
Amounts owed to subsidiaries and associated undertakings	-	-	-	73
Total	8,301	9,941	7,666	8,937

* 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	6,905	6,705
Released to income	(6,905)	(6,705)
Received in year	5,104	4,922
Balance carried forward	5,104	4,922

13. Provisions

	Balance at 1.4.21 £'000	Provisions created £'000	Provisions utilised £'000	Balance at 31.3.22 £'000
Project issues	23	0	(15)	8
Redundancy	11	0	(6)	5
Annual leave/retirement provision	11	2	(11)	2
Total	45	2	(32)	15

14. Funds note

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

Transfers to the revaluation reserves represents a £13k decrease in the value of the Common Investment Fund. Material fund balances carried forward are in respect of the Zurich Flood Resilience Programme.

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

15. Total funds

2022	Unrestricted funds £'000	Restricted funds £'000	2022 Total £'000	2021 Total £'000
Fixed assets	630	162	792	802
Investments	4,541	-	4,541	4,053
Stock	140	-	140	148
Debtors	1,917	4,684	6,601	7,019
Cash at bank and in hand	4,400	2,512	6,912	8,430
Creditor: amount due within than 1 year	(3,373)	(4,928)	(8,301)	(9,941)
Creditor: amount due after more than 1 year	-	-	-	0
Provisions for liabilities and charges	(7)	(8)	(15)	(45)
Pension liability	-	-	-	-
Total	8,248	2,422	10,670	10,466

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	0
Provisions for liabilities and charges	(22)	(23)	(45)	(178)
Pension liability	-	-	0	0
Total	8,749	1,717	10,466	9,243

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	2.7%
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 2022 by an independent qualified actuary.

	2022	2021
Discount rate	2.7%	2.1%
Inflation (RPI)	3.5%	3.2%
Inflation (CPI)	2.8%	2.5%
Future salary increases	5.0%	4.7%
Revaluation in deferment	2.8%	2.5%
Pension increases	3.5%	3.2%
Mortality		
– Base table	S3PXA	S3PXA
– Allowance for future improvements	CMI2019[1%]	CMI2019[1%]

a) Balance Sheet Position

	2022 £'000	2021 £'000
Present value of funded obligations	(10,629)	(11,465)
Fair value of plan assets	11,633	11,785
Surplus / (deficit) per FRS102	1,004	320
Amounts in the balance sheet:		
Liabilities	-	-
Assets	-	-
Net liability	-	-

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

	2022 £'000	2021 £'000
Opening defined benefit obligation	11,465	10,716
Interest cost	237	233
Benefits paid	(321)	(306)
Curtailments / settlements	-	-
Remeasurement losses / (gains)	(752)	822
Defined benefit obligation at end of year	10,629	11,465

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

	2022 £'000	2021 £'000
Opening fair value of scheme assets	11,785	11,052
Interest income	244	240
Remeasurement gains / (losses)	50	49
Employer contributions	(79)	796
Benefits paid	(321)	(306)
Expenses paid	(46)	(46)
Fair value of scheme assets at the year end	11,633	11,785
The actual return on the scheme assets in the year	165	1,036

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

	2022 £'000	2021 £'000
Expenses	(46)	(46)
Interest on net liability	7	7
Past service cost	-	-
Curtailments / (settlements)	-	-
Total amount charged within net (outgoing) resources	(39)	(39)
Actual return on plan assets less interest	(79)	796
Experience (losses) / gain on liabilities	11	(45)
Change in assumptions	741	(777)
Less gains not recognised	-	65
Actuarial gains recognised	673	39
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

	2022 £'000	2021 £'000
Net expenditure/income for the reporting period (as per the statement of financial activities)	202	1,223
Proceeds from sale of property		
(Gains) / losses on investments	13	(13)
Dividends, interest and rents from investments	-	(11)
Depreciation	443	394
Loss on the disposal of fixed assets	2	22
Decrease / (Increase) in stocks	7	(18)
(Increase)/decrease in debtors	419	1,261
Increase/(decrease) in creditors and provisions	(1,673)	(704)
Difference between the pension contributions and current service costs	-	-
Net cash provided by/(used in) operating activities	(587)	2,154

18. Analysis of cash and cash equivalents

	2022 £'000	2021 £'000
Cash in hand	6,912	8,430
Cash held as part of investment portfolio (Note 8)	4,048	3,546
Total cash and cash equivalents	10,960	11,976

19. Additional grants disclosures

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

	2022 £'000	2021 £'000
Foreign Commonwealth and Development Office Grants		
Grants	1,523	1,127

	Contract Number	2022 FCDO Funding £'000
Project funding details required by FCDO		
Poor People's Energy Outlook	204343-106	49
Safe Pair Of Hands UK Aid Match	205210-217	129
Leave No One Behind	300462-101	50
Planting For Progress	205210-235	793
Building climate & conflict resilient livelihoods	205210-259	502
Total		1,523

	2022 £'000	2021 £'000
IKEA Foundation Grants		
Grants	2,724	2,402

		2022 IKEA Funding €'000
RE4R	G- 1608-618	1,216
TREYL	G- 1808-1160	1,508
Total		2,724

20. Commitments under operating leases

'As at 31 March 2022, the company had annual commitments under non-cancellable operating leases as set out below:

	2022 Land and buildings £'000	2021 Land and buildings £'000
Operating lease which expire:		
Within one year	360	389
In two to five years	1,237	1,137
Over five years	184	313
Total	1,781	1,839

The net income for the year has been stated after charging £490k (2021: £456k) for the hire of assets under operating leases.

21. Related party transactions

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

A management charge of £50k (2020/21 £50k) and payroll costs totalling £148k (2020/21 £203k) were also charged to Practical Action Publishing Limited by the charity. At the year end, Practical Action Publishing Limited owed the charity £482k (pooling balance and interco loan).

A management charge of £220k (2020/21 £170k) and payroll costs totalling £725k (2020/21 £757k) were also charged to Practical Action Consulting Limited from the charity. At the year-end, Practical Action Consulting Limited owed the charity £722k.

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 2021/22 these related parties made donations in aggregate to Practical Action of £60.

22. Financial instruments

	2022 £'000	2021 £'000
Financial Instruments measured at fair value through profit and loss	490	503

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	2022 £'000	2021 £'000
Financial instruments measured at fair value at the start of the year:	503	490
Gain/(loss)	(13)	13
Purchases	-	-
Financial instruments measured at fair value at the end of the year	490	503

23. Comparative statement of financial activities for the year ended 31 March 2021

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

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



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