

2024 FINANCIAL REPORT

**Stichting Practica
Papendrecht**

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Stichting Practica - Management report

Structure of the board and executive management

Our organization was established on February 21st 2001 and is registered under the name 'Stichting Practica' at the Chamber of Commerce, with registration number 09119363. As by the statutes, Practica is a non-profit organization. The organization was managed by a Board of Directors formed by Mr. W.H.B. van den Pol (Head of Operations) and Mrs. M. Heurter (Head of Administration). As per September 11th 2024 the executive board continued in the form of one Managing Director, Mr. W.H.B. van

The executive Board is supported by a Supervisory Board consisting of Mrs. J.H.M. Barendse (Chair), Mr. F. Baas (Treasurer) and Mr. M.T. Westra (Secretary). As per November 18th 2024, Mr. F. Baas has withdrawn and Mrs. A.M. van den Broek has joined the Supervisory Board. Next to the head office in Papendrecht, the Netherlands, Practica has a field office in Antananarivo, Madagascar which was managed by Mr. D. Rason in 2024.

Mission and strategy

Adapted technology and practical know-how are critical elements for development. Practica aims to improve the livelihoods of people in low- and middle-income countries, by contributing to sustainable and inclusive access to water, food, energy and sanitation. We recognize the capacity of local service providers and entrepreneurs as key players in delivering the required services. To this end, we innovate to develop effective technologies, tools, trainings and support mechanisms for the private sector, development partners and knowledge institutes.

Practica focuses on sector development in four main pillars: sustainable rural drinking water supply, cost-effective groundwater development, climate-smart agriculture and safely managed urban sanitation. The organisation acts as a non-profit consultancy organization: we partner with international and local organizations that share our goals, and support those organizations to implement technical innovations within their programs. We charge a consultancy fee for those services based on an organizational cost-recovery basis. Surplus revenues are invested in in-house applied research and product development to ensure continued innovation in the sector.

Results

In 2024 Practica has invested in activities that prepare for scaling innovations in our focus countries: Madagascar, Burkina Faso, Uganda and Mozambique. This includes building strong partnerships, fine-tuning our hardware (TokenTap, Zainer, PuPu pump), software (Drillers Toolbox, IRRIS) and capacity building tools (Asset Management) and investigating diverse funding opportunities to adapt to the current political climate. This investment has led to a negative financial result for the year 2024, but contributed to a strong base for impact scaling in the upcoming years.

In 2024 the realized turnover has decreased from 1.5M to 1.4M Euro. The financial result is negative with -79,442 Euro which will be taken from our continuity reserve. For 2025 we expect a turnover of 1.5M Euro and a negative result of -106,327 Euro. The results for 2024 and 2025 are heavily impacted by already incurred costs in two USAID projects that were suddenly annulled. With the current reserves and project portfolio, the solvency and liquidity position at the balance sheet date are sufficient to continue operations in 2025. The Managing Director and Supervisory Board see sufficient room for future growth of our current strategy, as it is well aligned with the policies of the new Dutch government, and the Sustainable Development Goals.

Risk and risk mitigation

The main risk for 2025 and beyond is the global reduction in government spending on development cooperation. The immediate closure of two USAID funded projects early 2025 has confronted us with this new reality and accelerated the diversification of funding sources which we already started in 2024. Next to this, the security situation in the Sahel remains an important risk to our work. Through our increasing network of local consultants, we will continue to support our partners in this area.

Policy on financial reserves

Financial reserves of the organization are deposited at savings accounts of two Dutch banks, with an aim to divide the savings over the two banks. Financial reserves are never invested in stock exchange funds or similar high-risk products. For 2025 a continuity reserve of 75% of annual operational cost is targeted. Surplus funds are invested in Research and Development activities.

Papendrecht, March 2025

W.H.B. van den Pol
Managing Director

ANNUAL FINANCIAL STATEMENTS

Balance as of December 31, 2024

Assets		31-12-2024	31-12-2023
	ref	EUR	EUR
Fixed Assets			
Tangible Fixed Assets	2.1		
Other non current assets		5.679	6.533
		5.679	6.533
Current Assets			
Inventories		17.116	21.490
Accounts Receivable	2.2	389.693	454.128
Taxes and social insurance premiums	2.3	7.288	
Other receivables, prepayments and accrued income	2.4	7.226	22.109
		421.323	497.727
Cash and cash equivalents	2.5	90.636	164.016
		517.638	668.276
Equity and liabilities			
Equity			
Continuity reserve	2.6	270.211	341.101
Allocated reserves	2.6	0	8.552
		270.211	349.653
Short-term debts			
Accounts payable		48.197	40.563
Taxes and social insurance premiums	2.7	10.428	11.556
Current Projects	2.8	124.980	191.090
Other debts, accruals and deferred income	2.9	63.822	75.414
		247.427	318.623
		517.638	668.276

Statement of revenues and expenses for the year 2024

		realization 2024	budget 2024	realization 2023
	<i>ref</i>	EUR	EUR	EUR
Revenues		1.369.425	1.801.807	1.505.506
Project costs	3.1	-855.923	-1.072.474	-906.079
		513.502	729.333	599.427
Personnel costs	3.2	401.587	501.665	423.339
Depreciation	3.3	3.616	6.000	4.071
Other operational expenses	3.4	183.011	144.896	152.157
Total expenses		588.214	652.561	579.567
Operating result		-74.712	76.772	19.860
Finance result		-4.730	-5.500	-4.922
Result for the year		-79.442	71.272	14.938

The result for the year 2024 is added to the following reserves:

	2024	2023
	EUR	EUR
- Continuity reserve	-70.890	31.386
- Allocated reserves	-8.552	-16.448
	-79.442	14.938

Cash flow statement for the year ended December 31, 2024

	2024	2023
	EUR	EUR
Cash flow from operating activities		
Operating result	-74.712	19.860
<i>Adjustments for:</i>		
Depreciation	3.616	4.071
<i>Changes in working capital</i>		
Changes in receivables	72.030	-221.385
Changes in inventories	4.374	-13.933
Changes in liabilities	-71.196	139.086
	<u>5.208</u>	<u>-96.232</u>
Cash flow from operating activities	-65.888	-72.301
Finance result	<u>-4.730</u>	<u>-4.923</u>
Cash flow from operating activities	-70.618	-77.224
Cash flow from investment activities		
Investments in tangible fixed assets	-2.762	-3.802
Investments in intangible fixed assets		
Desinvestments in tangible fixed assets	<u>-2.762</u>	<u>-3.802</u>
Cash flow from investment activities	-2.762	-3.802
Net increase/(decrease) in cash and cash equivalents	-73.380	-81.026
Cash and cash equivalents as per January 1	164.016	245.042
Changes in cash and cash equivalents	<u>-73.380</u>	<u>-81.026</u>
Cash and cash equivalents as per December 31	<u><u>90.636</u></u>	<u><u>164.016</u></u>

Notes to the balance sheet and the statement of revenues and expenses

1 General notes

1.1 *Accounting policies for the balance sheet*

General

The financial statements have been prepared in accordance with the Dutch Accounting Standard C1 "Kleine-organisaties-zonder-winststreven" as issued by the Dutch Accounting Standards Board. The financial statements are expressed in euros. In general, assets and liabilities are stated at the amounts at which they were acquired or incurred. If not specifically stated otherwise, they are recognised at the amounts at which they were acquired or incurred. The balance sheet and statement of revenues and expenses include references to the notes.

(In)Tangible Fixed Assets

Other non-current assets are valued at historical cost or manufacturing price including directly attributable expenditure, less straight-line depreciation over their estimated useful lives and impairment losses.

Inventories

Inventories are valued at cost price based on the FIFO method (first in, first out) or lower realisable value.

Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables.

Cash and cash equivalents

Cash and cash equivalents include cash in hand and bank balances. Cash and cash equivalents are carried at nominal value.

Reserves

The reserves are at the disposal of the board.

Short-term debts

On initial recognition current liabilities are recognised at fair value. After initial recognition current liabilities are recognised at the amortised cost price, being the amount received, taking into account premiums or discounts, less transaction costs. This usually is the nominal value.

1.2 *Prior-year comparison*

The accounting policies have been consistently applied to all the years presented.

1.3 *Estimates*

The preparation of the financial statements in conformity with the relevant rules requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies of the foundation. If necessary for the purpose of providing the essential view, the nature of these estimates and judgements, including the related assumptions, is disclosed in the notes to the financial statement items in question.

1.4 *Accounting policies for the statement of revenues and expenses*

General

Results are determined as the difference between the realisable value of the services rendered, and the costs and other charges for the year. Revenues are recognised in the year in which they are realized; losses are taken as soon as they are foreseeable.

Revenues

The subsidies and gifts are accounted for in the year to which they relate. Revenues are recognized based on the services performed to the balance sheet date as a percentage of the total services to be performed and in accordance with the subsidy conditions.

Depreciation

(In)Tangible fixed assets are depreciated over their estimated useful lives as from the inception of their use. Future depreciation is adjusted if there is a change in estimated future useful life.

Project costs

Costs of projects represents direct expenses attributable to the services performed.

Employee benefits

Salaries, wages and social security contributions are taken to the statement of revenues and expenses based on the terms of employment, where they are due to employees.

The foundation has a pension plan. All annual premiums are accounted for as expenses. Premium adjustments as a result of salary changes only have effect on future pension premiums and not on past premiums.

Other operational expenses

Other operating expenses comprise costs chargeable to the year that are not directly attributable to the costs of projects.

1.5 *Notes to the cash flow statement*

The cash flow statement has been prepared using the indirect method. The cash and cash equivalents disclosed in the cash flow statement comprised of cash and cash equivalents. Cash flows denominated in foreign currencies have been translated at average exchange rates. Interest received is included in net cash from operating activities.

2 Explanatory notes regarding the balance

2.1 *Tangible Fixed Assets*

	Other non current assets
	<u>EUR</u>
January 1, 2024	
Acquisition price	57.175
Accumulated depreciation	<u>-50.642</u>
Book value	6.533
Changes in 2024	
Investments	2.762
Divestments	
Divestment depreciation	
Bookresults on divestments	0
Depreciation	<u>-3.616</u>
	-854
December 31, 2024	
Acquisition price	59.937
Accumulated depreciation	<u>-54.258</u>
Book value	5.679
Depreciation percentages	20- 50%

2.2 *Accounts Receivable*

	31-12-2024	31-12-2023
	<u>EUR</u>	<u>EUR</u>
Accounts Receivable	389.693	454.128
Provision for doubtful debts	<u>0</u>	<u>0</u>
	389.693	454.128

2.3 *Taxes and social insurance premiums*

	31-12-2024	31-12-2023
	<u>EUR</u>	<u>EUR</u>
VAT	<u>7.288</u>	<u>0</u>
	7.288	0

2.4 *Other receivables, prepayments and accrued income*

	31-12-2024	31-12-2023
	<u>EUR</u>	<u>EUR</u>

Pre-paid costs and other receivables	7.226	22.109
Credit notes in accounts payable	0	0
	7.226	22.109

2.5 Cash and cash equivalents

	31-12-2024	31-12-2023
	EUR	EUR
ASN Bank	190	50.845
Triodos Bank	38.050	71.227
Societe Generale Madagascar	51.480	40.946
Cash	916	998
	90.636	164.016

The cash and cash equivalents are freely disposable

2.6 Equity

	2024	2023
	EUR	EUR
Continuity reserve		
At 1 January	341.101	309.715
Result appropriation	-70.890	31.386
At 31 December	270.211	341.101

The continuity reserve serves as a buffer in the event certain calamities occur in the future, and to pre-finance project activities. The board agreed that Practica will work towards a continuity reserve in 2024 of € 493,546, based on 75% of the annual operational costs prognosis for 2024 of € 658,061. For 2025 the supervisory board and board of directors decided to aim for a continuity reserve of € 484,735, equal to 75% of the annual fixed costs for 2025 of € 646,313.

	2024	2023
	EUR	EUR
Allocated reserves		
Acceleration R&D		
At 1 January	8.552	25.000
Result appropriation	-8.552	-16.448
At 31 December	0	8.552

Short-term debts

2.7 Taxes and social insurance premiums

	31-12-2024	31-12-2023
	EUR	EUR
Payroll taxes	10.428	11.556
	10.428	11.556

2.8 Current projects

	31-12-2024	31-12-2023
	EUR	EUR
- Invoiced in advance	232.891	320.576
- To be invoiced	-107.911	-129.486
	124.980	191.090

2.9 Other debts, accruals and deferred income

	31-12-2024	31-12-2023
	EUR	EUR
Other debts	3.463	13.359
Holiday allowances	16.586	17.472
Vacation days	23.391	21.823
Restricted performance based bonuses employees (maximum 8% of annual salary)	12.882	15.260
Auditor's fees	7.500	7.500
	63.822	75.414

2.10 Rights and obligations not included in the balance sheet

The foundation has entered into a rental obligation for housing for an amount of € 43,683 per year. This obligation expires with a notice period of 1 year.

3 Explanatory notes to the statement of revenues and expenses

3.1 Project costs

	realization 2024	budget 2024	realization 2023
	EUR	EUR	EUR
Consultants / personel costs projects	417.330		544.156
Material / other costs projects	438.593		361.923
	855.923	1.072.474	906.079

Personnel costs in Madagascar for projects are recognized directly under project costs

3.2 Personnel costs

	realization 2024	budget 2024	realization 2023
	EUR	EUR	EUR
Wages and salaries	285.176	364.674	313.870
Social security contributions	58.750	72.679	61.109
Pension Costs	5.931	5.436	5.802
Other personnel costs	31.903	32.050	26.093
Salaries Madagascar	19.827	26.826	16.465
	401.587	501.665	423.339

Average number of FTEs in service Netherlands	5,4	5,6	5,5
Average number of FTEs in service Madagascar	1,0	1,0	1,0

3.3 Depreciation

	realization 2024	budget 2024	realization 2023
	EUR	EUR	EUR
Depreciation Tangible Fixed Assets	3.616	6.000	4.071
	3.616	6.000	4.071

3.4 Other operational expenses

	realization 2024	budget 2024	realization 2023
	EUR	EUR	EUR
Housing costs	49.933	52.780	48.761
Office expenses	23.515	29.566	29.033
General costs	97.378	62.550	74.363
Non-refundable VAT input tax	12.185	0	
	183.011	144.896	152.157

BUDGET of revenues and expenses for the year 2025

**budget
2025
EUR**

Revenues	1.468.628
Project costs	922.642
	545.986
Personnel costs	495.363
Depreciation	6.000
Other operational expenses	144.250
Total expenses	645.613
Operating result	-99.627
Finance result	-6.700
Result for the year	-106.327

Papendrecht, 2025

On behalf of the Board of Directors

W.H.B. van den Pol
Managing Director

On behalf of the Supervisory Board

J.H.M. Barendse
Chair

A.M. van den Broek

M.T. Westra

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Auditor's report