

PRI Association

(A company limited by guarantee)

**Directors' report, Group strategic report
and Consolidated financial statements**

For the year ended 31 March 2019

Registered number: 07207947

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Company Information

Directors	W Cromwell (appointed 1 January 2019) X Den Uyl A Emslie E Halvarsson S Hendricks (appointed 15 April 2019) H Mizuno R Mokate M Skancke T Sneyers L Tankwe (appointed 1 January 2019) P Webster
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Company secretary	Bristows Secretarial Limited
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Registered number	07207947
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Registered office	5th Floor 25 Camperdown Street London E1 8DZ
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Independent auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
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Directors' report

For the year ended 31 March 2019

The directors present their report and the Consolidated financial statements of PRI Association and its subsidiaries, together referred to as 'the group' for the year ended 31 March 2019.

Results and dividends

The surplus for the year, after taxation, amounted to £554,140 (2018: £193,185).

Directors

The directors who served during the year were:

W Cromwell (appointed 1 January 2019)
X Den Uyl
A Emslie
E Halvarsson
H Mizuno
R Mokate
M Skancke
T Sneyers
L Tankwe (appointed 1 January 2019)
P Webster
S Carlisle (resigned 31 December 2018)
M Madureira (resigned 31 July 2018)
P Mathur (resigned 16 January 2019)

S Hendricks was appointed as a director on 15 April 2019.

Directors' report (continued)

For the year ended 31 March 2019

Directors' responsibilities statement

The directors are responsible for preparing the Group strategic report, the Directors' report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the surplus or deficit of the group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the group's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements and other information included in Directors' reports may differ from legislation in other jurisdictions.

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company and the group's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company and the group's auditor is aware of that information.

This report was approved by the board and signed on its behalf.

M Skancke
Director



Date:

19 August 2019

Group strategic report

For the year ended 31 March 2019

Principal activities

The Principles for Responsible Investment ('the PRI') were developed by an international group of institutional investors reflecting the increasing relevance of environmental, social and corporate governance issues (ESG) to investment practices. The process was convened by the United Nations Secretary-General.

The main activity of the PRI is the adoption of these principles into investment practice namely:

1. Incorporation of ESG issues into investment analysis and decision-making processes.
2. Active ownership.
3. Appropriate disclosure on ESG issues by the entities in which signatories invest.
4. Promotion of the acceptance and implementation of the Principles within the investment industry.
5. Working together to enhance signatory effectiveness in implementing the Principles.
6. Reporting on signatory activities and progress towards implementing the Principles.

The PRI's work is guided by the PRI's 10-year Blueprint for Responsible Investment which may be found on the PRI website.

More specifically, projects delivered during the year included:

- The Credit Rating Agency project, phase two and three reports;
- The Inevitable Policy Response report;
- The Just Transition report;
- Support of the EU Sustainable Finance Action Plan
- A series of PRI-CFA integration studies
- The TCFD implementation guide; and
- Coordination of the Climate Action 100+ engagement

In addition, PRI began a comprehensive review of the reporting framework, assessment and associated outputs. It also conducted an organisational review which created a new global management structure.

The PRI board met four times during the financial year and spent significant time discussing the following priorities:

- Empowering asset owners
- Showcasing leadership and increasing accountability
- Driving meaningful data
- Championing climate action
- Enabling real-world impact aligned with the SDGs

As well as the programmatic discussions, the board reviewed the annual pay review process, organisational re-design, finances, operational risks, Chair and CEO performance, and the governance of local networks of PRI signatories.

The board's work is supported by a number of board committees.

Financial review

The PRI reports a surplus of £554,140 (2017/18: £193,185) on total revenue of £14,732,198 (2017/18: £11,190,048), or 3.8% of revenue (2017/18: 1.7%). The PRI's policy is to maintain an available cash reserve to meet normal operational costs in the short term, being a minimum of four month's payroll. The current reserves exceed the minimum.

Signatories grew to 2,373 by the year's end, an increase of 422 from 31 March 2018. Fee income rose to £11,376,438 (2017/18: £9,103,417).

Grants income also increased in 2018/19 from £397,780 in 2017/18 to £769,833.

Group strategic report (continued)

For the year ended 31 March 2019

Financial review (continued)

PRI Academy had a successful year with revenue increasing to £542,519 (2017/18: £285,401). PRI Enterprises Ltd, which houses the Academy, moved into surplus.

In 2018/19 expenditure rose to £14,212,405 (2017/18: £11,015,443). This represents a continuing investment in the 10 – Year Blueprint. The PRI has continued to control operational costs and implement cost savings where possible to deliver value.

In December 2018 PRI Association France SARL was established for our activity in France.

A Representative Office in Beijing of PRI Association (Hong Kong) Ltd was in the process of being set up at the year end. This was completed in May 2019.

Risk Management, Objectives and Policies

The directors have assessed the major risks to which the PRI is exposed, those relating to the specific operational areas of the organisation and its finances. The risks are regularly reviewed, and the risk register monitored at each meeting of the board. The directors have not identified any significant financial or other risks that are not already monitored or controlled.

Financial risk management

The PRI operates in a number of jurisdictions and currencies. Such exposure gives rise to the following financial risks:

Liquidity risk. The principal liquidity risk facing the PRI relates to its ability to raise enough funding to fully meet its objectives as explained within principal activities. The PRI seeks to manage financial risk by ensuring enough liquidity is available to meet foreseeable working capital requirements, contingencies and for specific strategic plans. This includes ensuring we do not fall below a minimum cash balance as set by the board.

Credit Risk. The PRI's principal financial assets are cash and trade debtors. Bank balances are regarded as low risk. The principal credit risk arises, therefore, from receivables. Outstanding balances are reviewed and monitored through effective credit control procedures. Ageing of debtors and recoverability is considered and, where needed, provision is made as appropriate for slow payers.

Market risk. Market risk is the risk of adverse financial impact due to changes in future cash flows of financial instruments due to fluctuations in interest rates and market prices. The most notable risk is that of falling markets and their link to the fees we charge signatories. Asset Owners and Investment Managers fees are based on assets under management. Although we cannot eliminate the downside impacts from these and other risk factors on our earnings and profitability, as part of our strategic planning activity we model business plans across a range of economic scenarios to ensure their resilience.

Currency Risk. The PRI is based in 14 countries [UK, USA, France, Japan, Spain, Germany, Switzerland, China (including Hong Kong), South Africa, Columbia, Brazil, Netherlands, Australia and Canada] and as a result is exposed to the effect of changes in foreign currency rates. The impact of currency fluctuations affects us because of mismatches between the currencies in which our operating costs are incurred and those in which revenues are received. Fees are billed in sterling, the currency in which most of our costs are incurred. We also have significant exposures to the US dollar and Euro and to a smaller degree other currency. Where we can find a natural currency hedge, we take this, otherwise we model exchange rate fluctuations as part of our strategic planning activity to ensure that we are resilient.

Group strategic report (continued)

For the year ended 31 March 2019

Risk Management, Objectives and Policies (continued)

Country Risk. We have operations in 14 countries, some in jurisdictions where the political, economic and legal systems are less predictable than in countries with more developed institutional structures. Political or economic upheaval, inflation or changes in laws may have a material effect on our operations in these countries. We actively monitor all countries in which we operate. Regular formal and informal interaction with business partners, such as lawyers and accountancy firms, assist us in remaining abreast of changes and new developments.

Operating risks

As the PRI's transformational journey continues and we undergo significant changes to our operational environment and organisational model our principal risks evolve to reflect this. In addition to the risks we mention below we actively monitor and manage a wide range of other risks that PRI is exposed to.

Signatory experience (value proposition). An inability to successfully evolve our mission and signatory experience in line with expectations could have an impact on our ability to retain signatories and thus achieve our mission. Signatory engagement is a key component of the PRI mission.

Talent, Culture & Capability. A failure to attract, develop and motivate the right talent could slow down our ability to achieve operational and strategic objectives. This year an organisational effectiveness review was completed. This included the creation of a C-Suite to take the organisation forward, and the establishment of clear career pathways. There is also a focus on fair pay, including gender, ethnicity, disability and age.

Brexit. The continued delay in agreeing the nature and timing of the UK's exit from the European Union creates uncertainty. Whilst an orderly exit would allow business planning to more effectively address the consequences of change against a defined timeframe, a no-deal would have a more immediate and negative impact. Potential impacts include currency volatility and a potential tightening of the labour market. The board continues to monitor the ongoing negotiations between the UK and the EU.

This report was approved by the board and signed on its behalf.

M Skancke
Director



Date:

19 August 2019

Independent auditor's report to the members of PRI Association

For the year ended 31 March 2019

Opinion

We have audited the financial statements of PRI Association (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2019, which comprise the Consolidated statement of comprehensive income, the Group and Company balance sheets, the Consolidated statement of cash flows, the Consolidated and company statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2019 and of the group's surplus 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 United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Independent auditor's report to the members of PRI Association (continued)

For the year ended 31 March 2019

Other information

The directors are responsible for the other information. The other information comprises the information included in the Directors' report and Group strategic report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Group strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Group strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group strategic report or the Directors' 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 accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Independent auditor's report to the members of PRI Association (continued)

For the year ended 31 March 2019

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement on page 2, the directors 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 directors 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 directors are responsible for assessing the group's and the parent 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 directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's report.

Use of our report

This report is made solely to the 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 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 company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Buzzacott LLP

Katherine White (Senior statutory auditor)

for and on behalf of

Buzzacott LLP

Statutory Auditor

130 Wood Street

London

EC2V 6DL

Date: 19 August 2019

Consolidated statement of comprehensive income

For the year ended 31 March 2019

		2019 £	2018 £
Income	4	14,732,198	11,190,048
Administrative expenses		(14,212,405)	(11,015,443)
Operating surplus	5	519,793	174,605
Interest receivable and similar income	8	34,347	19,740
Interest payable and expenses	9	-	(1,383)
Surplus before taxation		554,140	192,962
Tax on surplus		-	223
Surplus for the financial year		554,140	193,185
Foreign exchange movement on reserves		1,100	1,471
Other comprehensive income for the year		1,100	1,471
Total comprehensive income for the year		555,240	194,656

There is no minority interest in the surplus for the year.

The notes on pages 15 to 29 form part of these financial statements.

Consolidated balance sheet

As at 31 March 2019

	Note	2019 £	2018 £
Fixed assets			
Intangible assets	11	-	4,470
Tangible assets	12	188,408	120,351
		<u>188,408</u>	<u>124,821</u>
Current assets			
Debtors: amounts falling due within one year	14	2,047,976	1,859,432
Cash at bank and in hand	15	6,095,088	4,641,662
		<u>8,143,064</u>	<u>6,501,094</u>
Creditors: amounts falling due within one year	16	(4,611,207)	(3,496,322)
Net current assets		<u>3,531,857</u>	<u>3,004,772</u>
Total assets less current liabilities		<u>3,720,265</u>	<u>3,129,593</u>
Provisions for liabilities			
Provisions	17	(35,432)	-
		<u>(35,432)</u>	<u>-</u>
Net assets		<u><u>3,684,833</u></u>	<u><u>3,129,593</u></u>
Capital and reserves			
Foreign exchange reserve		(6,017)	(7,117)
Other reserves		450,000	450,000
Profit and loss account		3,240,850	2,686,710
		<u><u>3,684,833</u></u>	<u><u>3,129,593</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

M Skancke
Director



Date: 19 August 2019

The notes on pages 15 to 29 form part of these financial statements.

Company balance sheet

As at 31 March 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	12	188,408	120,351
Investments	13	9,678	846
		<u>198,086</u>	<u>121,197</u>
Current assets			
Debtors: amounts falling due within one year	14	2,230,764	1,916,121
Cash at bank and in hand	15	5,838,126	4,501,776
		<u>8,068,890</u>	<u>6,417,897</u>
Creditors: amounts falling due within one year	16	(4,513,525)	(3,358,839)
Net current assets		<u>3,555,365</u>	<u>3,059,058</u>
Total assets less current liabilities		<u>3,753,451</u>	<u>3,180,255</u>
Provisions	17	(35,432)	-
		<u>(35,432)</u>	<u>-</u>
Net assets		<u><u>3,718,019</u></u>	<u><u>3,180,255</u></u>
Capital and reserves			
Other reserves		450,000	450,000
Profit and loss account brought forward		2,730,255	2,445,340
Surplus for the year		<u>537,764</u>	<u>284,915</u>
Profit and loss account carried forward		<u>3,268,019</u>	<u>2,730,255</u>
		<u><u>3,718,019</u></u>	<u><u>3,180,255</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

M Skancke
Director

Date: 19 August 2019

Matej Hala

The notes on pages 15 to 29 form part of these financial statements.

Consolidated statement of changes in equity

For the year ended 31 March 2019

	Foreign exchange reserve	Other reserves	Profit and loss account	Total equity
	£	£	£	£
At 1 April 2017	(8,588)	450,000	2,493,525	2,934,937
Surplus for the year	-	-	193,185	193,185
Foreign exchange movement	1,471	-	-	1,471
At 1 April 2018	(7,117)	450,000	2,686,710	3,129,593
Surplus for the year	-	-	554,140	554,140
Foreign exchange movement	1,100	-	-	1,100
At 31 March 2019	(6,017)	450,000	3,240,850	3,684,833

The notes on pages 15 to 29 form part of these financial statements.

Company statement of changes in equity

For the year ended 31 March 2019

	Other reserves	Profit and loss account	Total equity
	£	£	£
At 1 April 2017	450,000	2,445,340	2,895,340
Surplus for the year	-	284,915	284,915
At 1 April 2018	450,000	2,730,255	3,180,255
Surplus for the year	-	537,764	537,764
At 31 March 2019	450,000	3,268,019	3,718,019

The notes on pages 15 to 29 form part of these financial statements.

Consolidated statement of cash flows

For the year ended 31 March 2019

	2019 £	2018 £
Cash flows from operating activities		
Surplus for the financial year	554,140	193,185
Adjustments for:		
Amortisation of intangible assets	4,470	9,751
Depreciation of tangible assets	89,519	82,595
Interest paid	-	1,383
Interest received	(34,347)	(19,740)
(Increase) in debtors	(188,544)	(830,599)
Increase in creditors	1,114,959	1,727,366
Increase in provisions	35,432	-
Corporation tax (paid)	(74)	(4,369)
Decrease in Foreign exchange reserve	1,100	1,471
Net cash generated from operating activities	1,576,655	1,161,043
Cash flows from investing activities		
Purchase of tangible fixed assets	(157,576)	(34,233)
Interest received	34,347	19,740
Net cash from investing activities	(123,229)	(14,493)
Cash flows from financing activities		
Interest paid	-	(1,383)
Net cash used in financing activities	-	(1,383)
Net increase in cash and cash equivalents	1,453,426	1,145,167
Cash and cash equivalents at beginning of year	4,641,662	3,496,495
Cash and cash equivalents at the end of year	6,095,088	4,641,662
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	6,095,088	4,641,662

An analysis of changes in net debt has not been presented as all of the entity's cash flows relate to movements in cash, and the entity has no items to include in such an analysis, other than the cash flows above.

Notes to the financial statements

For the year ended 31 March 2019

1. General information

PRI Association is a company limited by guarantee incorporated in England and Wales. Its company registration number is 07207947. The registered office and principal place of activity is 25 Camperdown Street, London, E1 8DZ.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' ('FRS 102') and the Companies Act 2006.

The group has elected to apply all amendments to FRS 102, as set out in the triennial review published in December 2017, prior to the mandatory adoption for accounting periods beginning on or after 1 January 2019.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires group management to exercise judgement in applying the group's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the company and its subsidiaries as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

The company has taken advantage of the exemption in Section 408 of the Companies Act 2006 from presenting its individual statement of comprehensive income.

2.3 Income

Income represents annual subscriptions paid by members, events income, voluntary donations and grants. Subscriptions are recognised on joining the Association or on subsequent renewal dates, on an accruals basis. Events income is recognised as the event occurs. Donations are recognised on a receipts basis. Reimbursement grants are recognised in line with relevant expenses on an accrual basis.

Notes to the financial statements

For the year ended 31 March 2019

2. Accounting policies (continued)

2.4 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. Amortisation is provided at rates calculated to write off the cost of intangible fixed assets, less their estimated residual value, over their expected useful lives of 4 years.

2.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management:

Depreciation is provided on the following basis:

Leasehold improvement costs	- 20% straight line
Fixtures and fittings	- 20% straight line
Computer equipment	- 33.33% straight line
Office equipment	- 20% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.6 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.7 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.8 Cash and cash equivalents

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

In the Consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the group's cash management.

Notes to the financial statements

For the year ended 31 March 2019

2. Accounting policies (continued)

2.9 Financial instruments

The group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated statement of comprehensive income.

2.10 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.11 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated statement of comprehensive income.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transaction took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

2.12 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

Notes to the financial statements

For the year ended 31 March 2019

2. Accounting policies (continued)

2.13 Operating leases

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.14 Pensions

Defined contribution pension plan

The group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. Once the contributions have been paid the group has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the group in independently administered funds.

2.15 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.16 Provisions for liabilities

Provisions are made where an event has taken place that gives the group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Consolidated statement of comprehensive income in the year that the group becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

2.17 Taxation

Tax is recognised in profit or loss, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company and the group operate and generate income.

Notes to the financial statements

For the year ended 31 March 2019

3. Judgements in applying accounting policies and key sources of estimation uncertainty

The directors do not consider that there were any significant areas of estimation uncertainty or application of judgement.

4. Turnover

An analysis of turnover by class of business is as follows:

	2019 £	2018 £
Membership fees	11,376,438	9,103,417
Events	1,763,321	1,387,997
Grants	769,833	397,780
Contribution to projects	224,908	893
Miscellaneous income	55,179	14,560
PRI Academy	542,519	285,401
	<u>14,732,198</u>	<u>11,190,048</u>

Analysis of turnover by country of destination:

	2019 £	2018 £
United Kingdom	2,643,062	1,886,221
Rest of Europe	4,713,683	4,091,608
Rest of the world	7,375,453	5,212,219
	<u>14,732,198</u>	<u>11,190,048</u>

Notes to the financial statements

For the year ended 31 March 2019

5. Operating surplus

The operating surplus is stated after charging:

	2019 £	2018 £
Exchange differences	(61,418)	168,663
Other operating lease rentals	286,357	249,018
	<u>224,939</u>	<u>417,681</u>

6. Auditor's remuneration

	2019 £	2018 £
Fees payable to the group's auditor for the audit of the group's annual financial statements	20,800	18,700
	<u>20,800</u>	<u>18,700</u>

Fees payable to the group's auditor in respect of:

Taxation compliance services	2,975	2,900
Tax advisory services	14,650	5,890
Preparation of financial statements and related services	7,525	6,736
	<u>25,150</u>	<u>15,526</u>

Notes to the financial statements

For the year ended 31 March 2019

7. Employees

Staff costs were as follows:

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Wages and salaries	4,928,790	4,431,324	4,293,802	3,882,303
Social security costs	523,589	474,415	480,795	436,033
Cost of defined contribution scheme	414,258	246,784	352,497	210,612
	<u>5,866,637</u>	<u>5,152,523</u>	<u>5,127,094</u>	<u>4,528,948</u>

The average monthly number of employees, including the directors, during the year was as follows:

	Group 2019 No.	Group 2018 No.	Company 2019 No.	Company 2018 No.
Management & Operations	16	14	16	14
Policy, Research & Climate	12	10	12	10
Reporting & Assessment	11	10	11	10
Communications & Events	11	9	11	9
Global Networks & Outreach	14	12	9	7
ESG	12	11	12	11
IP	11	13	11	13
HR	3	3	3	3
PRI Academy	4	3	-	-
	<u>94</u>	<u>85</u>	<u>85</u>	<u>77</u>

8. Interest receivable

	2019 £	2018 £
Other interest receivable	<u>34,347</u>	<u>19,740</u>

Notes to the financial statements

For the year ended 31 March 2019

9. Interest payable and similar expenses

	2019 £	2018 £
Bank interest payable	-	1,383

10. Taxation

	2019 £	2018 £
Corporation tax		
Current tax on surplus for the year	-	(223)
Taxation on surplus on ordinary activities	-	(223)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2018: lower than) the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are explained below:

	2019 £	2018 £
Surplus on ordinary activities before tax	554,140	192,962
Surplus on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018: 19%)	105,287	36,663
Effects of:		
Utilisation of tax losses	(23,614)	-
Non-taxable income less expenses not deductible for tax purposes, other than goodwill and impairment	(81,673)	(36,886)
Total tax charge for the year	-	(223)

Notes to the financial statements

For the year ended 31 March 2019

11. Intangible assets

Group

	Intellectual Property Rights £
Cost	
At 1 April 2018	39,006
At 31 March 2019	39,006
Amortisation	
At 1 April 2018	34,536
Charge for the year	4,470
At 31 March 2019	39,006
Net book value	
At 31 March 2019	-
At 31 March 2018	4,470

Notes to the financial statements

For the year ended 31 March 2019

12. Tangible fixed assets

Group and Company

	Leasehold improvement costs £	Fixtures and fittings £	Office equipment £	Computer equipment £	Total £
Cost or valuation					
At 1 April 2018	191,433	69,989	31,859	93,512	386,793
Additions	54,590	17,904	5,257	79,825	157,576
At 31 March 2019	246,023	87,893	37,116	173,337	544,369
Depreciation					
At 1 April 2018	138,413	55,883	23,925	48,221	266,442
Charge for the year	36,830	11,186	5,472	36,031	89,519
At 31 March 2019	175,243	67,069	29,397	84,252	355,961
Net book value					
At 31 March 2019	70,780	20,824	7,719	89,085	188,408
At 31 March 2018	53,020	14,106	7,934	45,291	120,351

Notes to the financial statements

For the year ended 31 March 2019

13. Fixed asset investments

Subsidiary undertakings

The following were subsidiary undertakings of the company, and are included in the consolidated financial statements:

Name	Class of shares	Holding
PRI Enterprises Limited	Ordinary	100 %
PRI US Inc.	Ordinary	100 %
PRI Association (Hong Kong) Limited	Ordinary	100 %
PRI Association France SARL	Ordinary	100 %

Name	Registered office
PRI Enterprises Limited	25 Camperdown Street, London, E1 8DZ
PRI US Inc.	45 Rockefeller Plaza, Suite 2000, New York, NY, 10111, USA
PRI Association (Hong Kong) Limited	27th Floor Alexandra House, 18 Chater Road, Central, Hong Kong
PRI Association France SARL	44-46 Rue de la Bienfaisance, 75008 Paris, France

Company

	Investments in subsidiaries £
At 1 April 2018	846
Additions	8,832
At 31 March 2019	9,678
At 31 March 2018	846

Notes to the financial statements

For the year ended 31 March 2019

14. Debtors

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Trade debtors	642,852	644,652	607,002	550,455
Amounts owed by group undertakings	-	-	271,727	182,157
Other debtors	1,405,124	1,214,780	1,352,035	1,183,509
	<u>2,047,976</u>	<u>1,859,432</u>	<u>2,230,764</u>	<u>1,916,121</u>

Group and company other debtors includes a rent deposit totalling £16,655 (2018: £nil) which is repayable in more than one year.

15. Cash and cash equivalents

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Cash at bank and in hand	<u>6,095,088</u>	<u>4,641,662</u>	<u>5,838,126</u>	<u>4,501,776</u>

16. Creditors: amounts falling due within one year

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Trade creditors	956,839	927,747	883,245	913,236
Corporation tax	-	74	-	-
Other taxation and social security	113,360	130,539	101,096	125,848
Other creditors	3,541,008	2,437,962	3,529,184	2,319,755
	<u>4,611,207</u>	<u>3,496,322</u>	<u>4,513,525</u>	<u>3,358,839</u>

Notes to the financial statements

For the year ended 31 March 2019

17. Provisions

Group and company

	Dilapidation provision £
At 1 April 2018	-
Charged to profit or loss	35,432
At 31 March 2019	<u>35,432</u>

The provision relates to property dilapidations. The resulting payments are expected to be paid within six months after the end of the term on 10 September 2023.

Notes to the financial statements

For the year ended 31 March 2019

17. Provisions (continued)

Company

	Other provision 1 £	Total £
Charged to profit or loss	35,432	35,432
At 31 March 2019	35,432	35,432

18. Contingency reserve

There is no planned change to the contingency reserve set aside in the year from the 2015/16 surplus. This money was set aside after a number of risks were considered. Chief among these was a potential fall in markets that would adversely impact fee income.

19. Pension commitments

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in independently administered funds.

The pension cost charge represents contributions payable by the group to the funds and amounted to £414,258 (2018: £246,784).

Contributions totalling £51,574 (2018: £28,264) were payable to the pension funds at the reporting date and are included in creditors.

20. Commitments under operating leases

At 31 March 2019 the group and the company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Not later than 1 year	313,961	104,520	274,740	83,959
Later than 1 year and not later than 5 years	946,912	-	946,912	-
	<u>1,260,873</u>	<u>104,520</u>	<u>1,221,652</u>	<u>83,959</u>

Notes to the financial statements

For the year ended 31 March 2019

21. Related party transactions

In the year ended 31 March 2019, key management personnel compensation totalled £385,250 (2018: £374,848). There was an average of 3 (2018: 3) people who made up key management personnel during the year.

There were no other related party transactions requiring disclosure in the financial statements.

22. Company limited by guarantee

The company is limited by guarantee and does not have any share capital. The liability of the members in the event of the company being liquidated is limited to £1 per member.