PRI Association

Directors' report, Group strategic report and Consolidated financial statements

for the year ended 31 March 2020

Registered number: 07207947

Company Information

Directors	W Cromwell X Den Uyl A Emslie E Halvarsson S Hendricks (appointed 15 April 2019) M Jantzi (appointed 1 January 2020) H Mizuno R Mokate M Skancke T Sneyers L Tankwe
Company secretary	Bristows Secretarial Limited
Registered number	07207947
Registered office	5th Floor 25 Camperdown Street London E1 8DZ
Independent auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL

Contents

Directors' report
for the year ended 31 March 2020

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 2020.

Results and dividends

The surplus for the year, after taxation, amounted to £1,753,372 (2019: £554,140).

Directors

The directors who served during the year were:

W Cromwell
X Den Uyl
A Emslie
E Halvarsson
S Hendricks (appointed 15 April 2019)
M Jantzi (appointed 1 January 2020)
H Mizuno
R Mokate
M Skancke
T Sneyers
L Tankwe
P Webster (resigned 31 December 2019)

Matters covered in the strategic report

The company has chosen in accordance with s414C(11) Companies Act 2006 to set out in the company's Strategic report information required by Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 to be contained on the Directors' report. It has done so in respect of discussion of future developments and the information on the financial risk management policies and objectives.

Directors' report (continued)

for the year ended 31 March 2020

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.

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.

Martin Skancke
Martin Skancke (Sep 1, 2020 17:31 GMT+2)

M Skancke
Director

Date: 27 August 2020

Group strategic report
for the year ended 31 March 2020

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:
- ESG in Credit Risk and Ratings forums and report series;
- The Inevitable Policy Response 'Forecast Policy Scenario' report;
- Financial Sector Commission on Modern Slavery and Human Trafficking report, 'Unlocking Potential: A Blueprint for Mobilizing Finance Against'
- Manager Selection Appointment and Monitoring guide for Asset Owners
- Support for the European Technical Expert Group on Sustainable Finance –Taxonomy;
- Coordination of the Climate Action 100+ engagement; and
- Forty other reports and guides on ESG issues and responsible investment practices.

In addition, PRI proceeded with a comprehensive reform of the reporting framework, assessment and associated outputs.

The PRI board met four times during the financial year and spent significant time discussing the following priorities:
- Reform of the reporting framework;
- Fostering a community of active owners;
- Driving meaningful data throughout markets;
- Enabling real-world impact aligned with the SDGs; and
- Initial discussions on the 2021-24 PRI strategy.

As well as the programmatic discussions, the board reviewed the annual pay review process, annual business plan and budgets, finances, human resources, operational risks, Chair and CEO performance, digital and communications plans, and progress of the organisation in different markets.

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

Financial review

The PRI reports a surplus of £1,753,372 (2018/19: £554,140) on total revenue of £19,739,091 (2018/19: £14,732,198), or 8.9% of revenue (2018/19: 3.8%). This is consistent with the general reserves and liquidity policy. The PRI's policy is to maintain liquidity enough to meet three months operational costs.

Signatories grew to 3037 by the year's end, an increase of 663 from 31 March 2019. Fee income rose to £14,223,295 (2018/19: £11,376,438).

Grants income also increased in 2019/20 from £769,833 in 2018/19 to £1,539,692.

Group strategic report (continued)
for the year ended 31 March 2020

Financial review (continued)

PRI Academy had a successful year with revenue increasing to £736,970 (2018/19: £542,519). PRI Enterprises Ltd, which houses the Academy, moved into surplus.

In 2019/20 expenditure rose to £17,975,709 (2018/19: £14,212,405). 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.

A Representative Office in Beijing of PRI Association (Hong Kong) Ltd was established in in May 2019 for our China operation.

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 15 countries [UK, USA, France, Japan, Spain, Sweden, 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.

Country Risk. We have operations in 15 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.

Group strategic report (continued)
for the year ended 31 March 2020

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. After the changes that resulted from the organisational effectiveness review the previous year, this year has been focussed on developing and retaining staff. Employee turnover remained low at 8% over the year.

PRI response to Covid-19. A specific, global, Covid-19 Action Plan was produced to capture the organisational response to the virus, including business continuity, working from home arrangements, employment matters and health & safety. Supporting staff practically and emotionally has been a key priority. A phased re-opening of the office is underway, but this will be on an entirely voluntary basis. Longer term we aim to expand the range of flexible working solutions as a result of some of the positive benefits the pandemic has created.

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.

Martin Skancke
Martin Skancke (Sep 1, 2020 17:31 GMT+2)

M Skancke
Director

Date: 27 August 2020

Buzzacott

Independent auditor's report to the members of PRI Association

for the year ended 31 March 2020

Opinion

We have audited the financial statements of PRI Association (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2020, 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 2020 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.

Buzzacott

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

for the year ended 31 March 2020

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, 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.

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.

Buzzacott

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

for the year ended 31 March 2020

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 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 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

1 September 2020

Consolidated statement of comprehensive income
for the year ended 31 March 2020

	Note	2020 £	2019 £
Income	4	**19,739,091**	14,732,198
Administrative expenses		**(17,975,709)**	(14,212,405)
Operating surplus	5	**1,763,382**	519,793
Interest receivable and similar income	8	**78,568**	34,347
Surplus before taxation		**1,841,950**	554,140
Tax on surplus		**(88,578)**	-
Surplus for the financial year		**1,753,372**	554,140
Foreign exchange movement on reserves		**5,275**	1,100
Other comprehensive income for the year		**5,275**	1,100
Total comprehensive income for the year		**1,758,647**	555,240

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

The notes on pages 15 to 26 form part of these financial statements.

Consolidated balance sheet

As at 31 March 2020

	Note		2020 £		2019 £
Fixed assets					
Tangible assets	11		**178,813**		188,408
			178,813		188,408
Current assets					
Debtors: amounts falling due within one year	13	**2,138,816**		2,047,976	
Cash at bank and in hand	14	**7,998,319**		6,095,088	
		10,137,135		8,143,064	
Creditors: amounts falling due within one year	15	**(4,801,604)**		(4,611,207)	
Net current assets			**5,335,531**		3,531,857
Total assets less current liabilities			**5,514,344**		3,720,265
Provisions for liabilities					
Provisions	16	**(70,864)**		(35,432)	
			(70,864)		(35,432)
Net assets			**5,443,480**		3,684,833
Capital and reserves					
Foreign exchange reserve			**(742)**		(6,017)
Contingency reserve	17		**450,000**		450,000
Profit and loss account			**4,994,222**		3,240,850
			5,443,480		3,684,833

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

Martin Skancke
Martin Skancke (Sep 1, 2020 17:31 GMT+2)

M Skancke
Director

Date: 27 August 2020

The notes on pages 15 to 26 form part of these financial statements.

Company balance sheet

As at 31 March 2020

	Note		**2020** £		2019 £
Fixed assets					
Tangible assets	11		**178,813**		188,408
Investments	12		**9,678**		9,678
			188,491		198,086
Current assets					
Debtors: amounts falling due within one year	13	**2,568,346**		2,230,764	
Cash at bank and in hand	14	**7,187,375**		5,838,126	
		9,755,721		8,068,890	
Creditors: amounts falling due within one year	15	**(4,651,346)**		(4,513,525)	
Net current assets			**5,104,375**		3,555,365
Total assets less current liabilities			**5,292,866**		3,753,451
Provisions	16	**(70,864)**		(35,432)	
			(70,864)		(35,432)
Net assets			**5,222,002**		3,718,019
Capital and reserves					
Contingency reserve	17		**450,000**		450,000
Profit and loss account brought forward		**3,268,019**		2,730,255	
Profit for the year		**1,503,983**		537,764	
Profit and loss account carried forward			**4,772,002**		3,268,019
			5,222,002		3,718,019

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

Martin Skancke

Martin Skancke (Sep 1, 2020 17:31 GMT+2)

M Skancke
Director

Date: 27 August 2020

The notes on pages 15 to 26 form part of these financial statements.

Consolidated statement of changes in equity

for the year ended 31 March 2020

	Foreign exchange reserve	Contingency reserve	Profit and loss account	Total equity
	£	£	£	£
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 1 April 2019	**(6,017)**	**450,000**	**3,240,850**	**3,684,833**
Surplus for the year	**-**	**-**	**1,753,372**	**1,753,372**
Foreign exchange movement	**5,275**	**-**	**-**	**5,275**
At 31 March 2020	**(742)**	**450,000**	**4,994,222**	**5,443,480**

The notes on pages 15 to 26 form part of these financial statements.

Company statement of changes in equity
for the year ended 31 March 2020

	Contingency reserve	Profit and loss account	Total equity
	£	£	£
At 1 April 2018	**450,000**	**2,730,255**	**3,180,255**
Surplus for the year	-	**537,764**	**537,764**
At 1 April 2019	**450,000**	**3,268,019**	**3,718,019**
Surplus for the year	-	**1,503,983**	**1,503,983**
At 31 March 2020	**450,000**	**4,772,002**	**5,222,002**

The notes on pages 15 to 26 form part of these financial statements.

Consolidated statement of cash flows
for the year ended 31 March 2020

	2020	2019
	£	£
Cash flows from operating activities		
Profit for the financial year	**1,753,372**	554,140
Adjustments for:		
Amortisation of intangible assets	**-**	4,470
Depreciation of tangible assets	**80,621**	89,519
Loss on disposal of tangible assets	**33,048**	-
Interest received	**(78,568)**	(34,347)
Taxation charge	**88,578**	-
(Increase) in debtors	**(90,840)**	(188,544)
Increase in creditors	**101,819**	1,114,959
Increase in provisions	**35,432**	35,432
Corporation tax received/(paid)	**-**	(74)
(Decrease)/increase in foreign exchange reserve	**5,275**	1,100
Net cash generated from operating activities	**1,928,737**	1,576,655
Cash flows from investing activities		
Purchase of tangible fixed assets	**(104,074)**	(157,576)
Interest received	**78,568**	34,347
Net cash from investing activities	**(25,506)**	(123,229)
Net increase in cash and cash equivalents	**1,903,231**	1,453,426
Cash and cash equivalents at beginning of year	**6,095,088**	4,641,662
Cash and cash equivalents at the end of year	**7,998,319**	6,095,088
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	**7,998,319**	6,095,088

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

Notes to the financial statements

for the year ended 31 March 2020

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 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 Statement of cash flows exemption

The company, as a qualifying entity, has taken advantage of the reduced disclosures for subsidiaries set out in Section 1 of FRS 102 and has elected to not prepare a Statement of cash flows.

2.4 Going concern

The company has sufficient liquid resources to continue as a going concern for the foreseeable future and the directors believe the group and the company will be able to meet its liabilities as they fall due for at least twelve months from the date of approval of these financial statements.

A specific, global, Covid-19 Action Plan was produced to capture the organisational response to the virus, including business continuity, working from home arrangements, employment matters and health & safety. Supporting staff practically and emotionally has been a key priority. A phased re-opening of the office is underway, but this will be on an entirely voluntary basis. Longer term we aim to expand the range of flexible working solutions as a result of some of the positive benefits the pandemic has created.

The directors do not consider this to be a cause for material uncertainty in respect of the group's or company's ability to continue as a going concern.

Notes to the financial statements
for the year ended 31 March 2020

2. Accounting policies (continued)

2.5 Income

Income represents annual subscriptions paid by members, events income, online learning services, 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. Online learning service income is recognised when made available for the customer to download. Donations are recognised on a receipts basis. Reimbursement grants are recognised in line with relevant expenses on an accrual basis.

2.6 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.

2.7 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.

2.8 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.9 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.

Notes to the financial statements
for the year ended 31 March 2020

2. Accounting policies (continued)

2.10 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.

2.11 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.

2.12 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.

2.13 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.

Notes to the financial statements
for the year ended 31 March 2020

2. Accounting policies (continued)

2.14 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.

2.15 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.

2.16 Interest income

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

2.17 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 profit or loss 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.

2.18 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.

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.

Notes to the financial statements
for the year ended 31 March 2020

4. Turnover

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

	2020 £	2019 £
Membership fees	**14,223,295**	11,376,438
Events	**2,975,200**	1,763,321
Grants	**1,539,692**	769,833
Contribution to projects	**228,325**	224,908
Miscellaneous income	**35,609**	55,179
PRI Academy	**736,970**	542,519
	19,739,091	14,732,198

Analysis of turnover by country of destination:

	2020 £	2019 £
United Kingdom	**3,683,123**	2,643,062
Rest of Europe	**6,922,541**	4,713,683
Rest of the world	**9,133,427**	7,375,453
	19,739,091	14,732,198

5. Operating surplus

The operating surplus is stated after charging:

	2020 £	2019 £
Exchange differences	**47,251**	(61,418)
Operating lease rentals	**369,589**	286,357

Notes to the financial statements
for the year ended 31 March 2020

6. Auditor's remuneration

	2020	2019
	£	£
Fees payable to the group's auditor for the audit of the group's annual financial statements	**21,400**	20,800

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

	2020	2019
Taxation compliance services	**3,075**	2,975
Tax advisory services	**24,940**	14,650
Preparation of financial statements and related services	**10,455**	7,525

7. Employees

Staff costs were as follows:

	Group 2020 £	Group 2019 £	**Company 2020 £**	Company 2019 £
Wages and salaries	**6,238,797**	4,928,790	**5,263,434**	4,293,802
Social security costs	**680,414**	523,589	**592,259**	480,795
Cost of defined contribution scheme	**656,308**	414,258	**542,215**	352,497
	7,575,519	5,866,637	**6,397,908**	5,127,094

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

	Group 2020 No.	Group 2019 No.	**Company 2020 No.**	Company 2019 No.
Management & Operations	**18**	16	18	16
Policy, Research & Climate	**16**	12	13	12
Reporting & Assessment	**11**	11	11	11
Communications & Events	**14**	11	14	11
Global Networks & Outreach	**19**	14	8	9
ESG	**19**	12	19	12
IP	**8**	11	8	11
HR	**4**	3	4	3
PRI Academy	**4**	4	-	-
	113	94	95	85

Notes to the financial statements
for the year ended 31 March 2020

8. Interest receivable

	2020	2019
	£	£
Bank interest receivable	**78,568**	34,347

9. Taxation

	2020	2019
	£	£
Corporation tax		
Current tax on surplus for the year	**60,625**	-
Foreign tax on income for the year	**27,953**	-
Taxation on surplus on ordinary activities	**88,578**	-

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2019 -lower than) the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are explained below:

	2020	2019
	£	£
Surplus on ordinary activities before tax	**1,841,950**	554,140
Surplus on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018: 19%)	**349,971**	105,287
Effects of:		
Utilisation of tax losses	**-**	(23,614)
Non-taxable income less expenses not deductible for tax purposes, other than goodwill and impairment	**(273,676)**	(81,673)
Other differences leading to an increase (decrease) in the tax charge	**12,283**	-
Total tax charge for the year	**88,578**	-

Notes to the financial statements
for the year ended 31 March 2020

10. Intangible assets

Group and Company

	Intellectual Property Rights £
Cost	
At 1 April 2019	**39,006**
At 31 March 2020	**39,006**
Amortisation	
At 1 April 2019	**39,006**
At 31 March 2020	**39,006**
Net book value	
At 31 March 2020	**-**
At 31 March 2019	-

Notes to the financial statements
for the year ended 31 March 2020

11. Tangible fixed assets

Group and Company

	Leasehold improvement costs £	Fixtures and fittings £	Office equipment £	Computer equipment £	Total £
Cost or valuation					
At 1 April 2019	**246,023**	**87,893**	**37,116**	**173,337**	**544,369**
Additions	**61,053**	**-**	**-**	**43,021**	**104,074**
Disposals	**(210,590)**	**(72,559)**	**(20,490)**	**-**	**(303,639)**
At 31 March 2020	**96,486**	**15,334**	**16,626**	**216,358**	**344,804**
Depreciation					
At 1 April 2019	**175,243**	**67,069**	**29,397**	**84,252**	**355,961**
Charge for the year on owned assets	**22,393**	**5,258**	**2,785**	**50,185**	**80,621**
Disposals	**(183,327)**	**(66,774)**	**(20,490)**	**-**	**(270,591)**
At 31 March 2020	**14,309**	**5,553**	**11,692**	**134,437**	**165,991**
Net book value					
At 31 March 2020	**82,177**	**9,781**	**4,934**	**81,921**	**178,813**
At 31 March 2019	70,780	20,824	7,719	89,085	188,408

Notes to the financial statements
for the year ended 31 March 2020

12. Fixed asset investments

Company

	Investments in subsidiary companies £
Cost or valuation	
At 1 April 2019	**9,678**
At 31 March 2020	**9,678**

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Registered office	Class of shares	Holding
PRI Enterprises Limited	25 Camperdown Street London, E1 8DZ	Ordinary	100%
PRI US Inc.	45 Rockefeller Plaza, Suite 2000, New York, NY, 10111, USA	Ordinary	100%
PRI Association (Hong Kong) Limited	27th Floor Alexandra House, 18 Chater Road, Central, Hong Kong	Ordinary	100%
PRI Association France SARL	44-46 Rue de la Bienfaisance, 75008 Paris, France	Ordinary	100%

13. Debtors

	Group 2020 £	Group 2019 £	**Company 2020 £**	Company 2019 £
Trade debtors	**611,042**	642,852	**567,347**	607,002
Amounts owed by group undertakings	**-**	-	**533,070**	271,727
Other debtors	**1,527,774**	1,405,124	**1,467,929**	1,352,035
	2,138,816	2,047,976	**2,568,346**	2,230,764

Group and company other debtors includes a rent deposit totalling £16,655 (2019: £16,655) which is repayable in more than one year.

Notes to the financial statements
for the year ended 31 March 2020

14. Cash and cash equivalents

	Group 2020 £	Group 2019 £	**Company 2020 £**	Company 2019 £
Cash at bank and in hand	**7,998,319**	6,095,088	**7,187,375**	5,838,126

15. Creditors: amounts falling due within one year

	Group 2020 £	Group 2019 £	**Company 2020 £**	Company 2019 £
Trade creditors	**688,697**	956,839	**659,764**	883,245
Corporation tax	**65,531**	-	**14,914**	-
Other taxation and social security	**21,917**	113,360	**-**	101,096
Other creditors	**4,025,459**	3,541,008	**3,976,668**	3,529,184
	4,801,604	4,611,207	**4,651,346**	4,513,525

16. Provisions

Group and company

	Dilapidation provision £
At 1 April 2019	**35,432**
Charged to profit or loss	**35,432**
At 31 March 2020	**70,864**

The provision relates to property dilapidations. The resulting payments are expected to be paid within six months after the end of the term of the leases on 10 September 2023 and 9 May 2025.

17. 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.

Notes to the financial statements
for the year ended 31 March 2020

18. 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 £656,308 (2019: £414,258).

Contributions totalling £85,895 (2019: £51,574) were payable to the pension funds at the reporting date and are included in creditors.

19. Commitments under operating leases

At 31 March 2020 the group and the company had future minimum lease payments due under non-cancellable operating leases for the following periods:

	Group 2020 £	Group 2019 £	**Company 2020 £**	Company 2019 £
Not later than 1 year	**312,358**	313,961	**274,740**	274,740
Later than 1 year and not later than 5 years	**1,882,512**	946,912	**1,882,512**	946,912
	2,194,870	1,260,873	**2,157,252**	1,221,652

20. Related party transactions

In the year ended 31 March 2020, key management personnel compensation totalled £810,552 (2019: £772,800) There was an average of 7 (2019: 7) people who made up key management personnel during the year.

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

21. Post balance sheet events

After the reporting date, due to the Covid-19 pandemic, the group postponed the PRI in Person event in Barcelona from 2021 to 2022. The minimum financial cost of this postponement is £65,402, rising up to a maximum of £163,505 based upon factors outside of the group's control.

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.