PRI Association

Annual report and Consolidated financial statements

for the year ended 31 March 2022

Registered number: 07207947

Company Information

Directors	S Connolly (appointed 1 January 2022) W Cromwell E Halvarsson S Hendricks T Kimura (appointed 16 July 2021) M Jantzi R Mokate H Mohn (appointed 1 January 2022) 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	Deloitte LLP Statutory Auditor 2 New Street Square London United Kingdom EC4A 3TR

Contents

Directors' report

for the year ended 31 March 2022

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 2022.

Results and dividends

The surplus for the year, after taxation, amounted to £1,720,282 (2021 - £2,611,602).

As a company limited by guarantee, the company has no share capital. Therefore the company has not proposed to pay a dividend.

Directors

The directors who served during the year and up to the date of signing the financial statements were:

S Connolly (appointed 1 January 2022)
W Cromwell
X Den Uyl (resigned 31 December 2021)
A Emslie (resigned 31 December 2021)
E Halvarsson
S Hendricks
T Kimura (appointed 16 July 2021)
M Jantzi
R Mokate
H Mohn (appointed 1 January 2022)
M Skancke
T Sneyers
L Tankwe

Directors' emoluments

In the year, a director received emoluments of £117,019 (2021 - £114,060).

Matters covered in the Group strategic report

The group has chosen in accordance with s414C(11) Companies Act 2006 to set out in the Group 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.

Political contributions

There were no political contributions in the current or prior period.

Qualifying third party indemnity provisions

There were no qualifying third party indemnity provisions in force for the benefit of any of the directors (or an associated company or of its directors).

Directors' report (continued)
for the year ended 31 March 2022

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 company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements 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.

Post balance sheet events

There have been no significant events affecting the group since the year end.

This report was approved by the board on 4 August 2022 and signed on its behalf.

Martin Skancke
M Skancke
Director

Group strategic report

for the year ended 31 March 2022

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 and 2021 – 2024 strategy 'Building a bridge between financial risk and real-world outcomes,' which may be found on the PRI website.

More specifically, projects delivered during the year included:

- Technical guidance and tools for investors, including updated Due Diligence Questionnaires (DDQs);
- *A Legal Framework for Impact* report, authored by Freshfields Bruckhaus Deringer, commissioned by the Generation Foundation, PRI, and UNEP FI;
- *Climate risk*: an investor resource guide;
- *Diversity, equity, and inclusion*: Key action areas for investors;
- *Video*: Putting the Principles into practice: Principle 1;
- Closing the funding gap: *The case for ESG incorporation and sustainability outcomes in emerging markets* ;
- *Published a new set of human rights case studies* (9 in total);
- *Launched advance*, a stewardship initiative for human rights and social issues ;
- *Coordination of the Climate Action 100+, Net Zero Asset Owner Alliance, Inevitable Policy Response, and Investor Agenda engagement*; and
- 52 other reports and guides, 72 case studies, 109 blog posts and articles, 35 podcast episodes on ESG issues and responsible investment practices.

Due to continued disruption caused by the global Covid-19 pandemic the board met virtually. The Board discussed the following areas:

Governance

- Chief Executive Officer recruitment process and transition. (The board had five meetings focussed solely on this)
- Chair and CEO performance.
- Board elections.

Strategy

- Reporting and Assessment Framework reform – this has been one of the board's key priorities for the year. It had frequent discussions to input into the strategy as well as oversight of the implementation.
- Enabling growth: digitisation, globalisation and post-Covid ways of working.
- Mission and purpose consultation initial discussions.
- Longer-term funding.
- Responsible investment policy approach.
- Signatory and stakeholder interaction and communications.

Group strategic report (continued)
for the year ended 31 March 2022

Oversight of operations including:

- An external review of the PRI's financial, business and operating model
- People and culture, including key person risk and rewards review.
- Annual business plan, budgets and signatory fees.
- Operational risks.
- PRI In Person planning.
- Collaborative partnerships.

The board's work is supported by six board committees including the Reporting and Assessment Framework oversight committee, which was formed in November 2021 to strengthen board oversight of this critical programme. The role of committees is to support the effectiveness of the board. They can give more time to issues helping the board to make more effective use of its time. No powers are delegated to these committees, their role is either to oversee and or make recommendations to the board.

Financial review

The PRI reports a surplus of £1,720,282 (2020/21: £2,611,602) on total revenue of £27,681,030 (2020/21: £21,737,915), or 6.2% of revenue (2020/21: 12%). 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 4,893 by the year's end, an increase of 1,064 from 31 March 2021. Fee income rose to £22,087,714 (2020/21: £17,310,302). This fee increase is in excess of 20% which will support scaling of PRI activities as the signatory base expands.

Grants income also increased in 2021/22 from £2,326,075 in 2020/21 to £2,505,262.

PRI Academy had a successful year with revenue increasing to £1,415,581 (2020/21: £1,213,019). PRI Enterprises Ltd, which houses the Academy, continues to operate with a surplus.

In 2021/22 expenditure rose to £25,795,150 (2020/21: £18,998,304). This represents a continuing investment in the 10 – Year Blueprint. 2021/22 saw a major increase in expenditure on the Reporting & Assessment framework as well as growth in the Content and Policy teams and Signatory Relations. Investment in IT and our digital capabilities also featured strongly. Further development of R&A framework and Digital Transformation are two drivers of increased expenditure over the next budget year. The PRI has continued to control operational costs and implement cost savings where possible to deliver value.

The directors expect the general level of activity to increase by around 20% in the forthcoming year. PRI signatories are estimated to grow from just under 5,000 at the end of March 2021 to close to 6,000 by March 2023. We are also expecting continued growth in our Academy online training. PRI in Person, our annual conference, is planned for late November 2022 and is anticipated to make a surplus. Covid could of course affect this, but reserves are sufficient to cope with any resulting cancellation.

Group strategic report (continued)
for the year ended 31 March 2022

Risk Management, Objectives and Policies

The Finance, Audit and Risk committee monitor the organisational risks, including risks around the Reporting and Assessment Framework, financials and people risk. These discussions and risks are reported to the board. The directors have not identified any significant financial or other risks that are not already monitored or controlled.

Financial and non-financial risk management

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

Reputation risk. Reputation is recognised as one of PRI's most important assets. For a global organisation such as ourselves this becomes increasingly complex. PRI's reputational resilience begins with cross-team identification and mitigation of risks and the close involvement of the board and its committees. Significant and urgent issues are rapidly escalated to board level.

Currency risk. The PRI is based in 19 countries [UK, USA, France, Japan, Spain, Sweden, Germany, Switzerland, China (including Hong Kong), South Africa, Columbia, Brazil, Netherlands, Australia, Luxembourg, Belgium, Portugal, Italy 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 19 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 2022

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.

IT disruption and data theft. When access to systems is denied because of a cyber-attack or a critical IT systems failure, or data compromised by theft, the operational and reputational consequences are clear. This is an ever-evolving threat which we reduce by a continued investment in IT infrastructure, data management and security.

Talent, Culture & Capability. A failure to attract, develop and motivate the right talent could slow down our ability to achieve our operational and strategic objectives. Continued homeworking continues to place added pressures on our ability to do so. An ongoing programme of work to engage with staff virtually at various levels and in various formats and continuing to develop and grown our existing talent have been key priorities. Employee turnover remained low at 12% (2020/21: 6%) over the year.

PRI response to COVID-19. We continue to operate a global, Covid-19 Action Plan 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 continued to be a key priority. Most of our offices are now open. We aim to support staff with a phased return to our various offices and then expand the range of flexible working solutions offered.

We do not see any material impact to the liquidity or solvency of the business from the pandemic and possess sufficient resources to manage associated risks. 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.

Impact of Russian/Ukrainian War. The PRI monitors and complies with the sanctions, established by countries where we have legal offices, on the Russian state. To date the PRI has delisted a signatory that was on the UK, EU and US sanctions list. The PRI has also rescinded supporter status to a network supporter organisation with documented links to the Russian government. There is no material impact to the business.

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

Martin Skancke
M Skancke
Director

Date: 8 August 2022

Independent auditor's report to the members of PRI Association

for the year ended 31 March 2022

Opinion

In our opinion the financial statements of PRI Association (the 'parent company') and its subsidiaries (the 'group'):

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2022 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated statement of comprehensive income;
- the consolidated and parent company balance sheets;
- the consolidated and parent company statements of changes in equity;
- the consolidated cash flow statement; and
- the related notes 1 to 21.

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).

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 and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual 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.

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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:
- the information given in the 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 strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the group and of the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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.

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

for the year ended 31 March 2022

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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the group's industry and its control environment, and reviewed the group's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the group operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act and relevant tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our specific procedures performed to address it are described below:

- Revenue, specifically the accuracy of the membership fee revenue recognised in the year. In response to this risk, we tested the design and implementation of key controls relating to membership fees and performed certain analytical tests using revenue data provided. A sample of revenue transactions were agreed back to source documentation and a recalculation of expected revenue performed. Where differences arose between our recalculation and that recorded in the general ledger, we investigated a sample for each type of difference identified, agreeing our sample through to supporting documentation and bank statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Report on other legal and regulatory requirements

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

for the year ended 31 March 2022

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.

Yasir Aziz

Yasir Aziz (Senior statutory auditor)
for and on behalf of
Deloitte LLP
Statutory Auditor
London, United Kingdom
Date: 10 August 2022

Consolidated statement of comprehensive income

for the year ended 31 March 2022

	Note	2022 £	2021 £
Income	4	**27,681,030**	21,737,915
Administrative expenses		**(25,795,150)**	(18,998,304)
Operating surplus	5	**1,885,880**	2,739,611
Interest receivable and similar income	9	**4,267**	12,562
Surplus before taxation		**1,890,147**	2,752,173
Tax on surplus	10	**(169,865)**	(140,571)
Suplus for the financial year		**1,720,282**	2,611,602
Foreign exchange movement on reserves		**4,753**	(22,653)
Other comprehensive income for the year		**4,753**	(22,653)
Total comprehensive income for the year		**1,725,035**	2,588,949

The notes on pages 17 to 29 form part of these financial statements.

All activities relate to continuing operations.

There was no other comprehensive income for the current financial year or prior period.

Consolidated statement of financial position

As at 31 March 2022

	Note		2022 £		2021 £
Fixed assets					
Tangible assets	11		**650,421**		784,879
			650,421		784,879
Current assets					
Debtors: amounts falling due within one year	13	**1,886,891**		2,454,153	
Cash at bank and in hand	14	**13,948,564**		11,777,993	
		15,835,455		14,232,146	
Creditors: amounts falling due within one year	15	**(6,657,548)**		(6,751,391)	
Net current assets			**9,177,907**		7,480,755
Total assets less current liabilities			**9,828,328**		8,265,634
Provisions for liabilities					
Dilapidation provision		**(70,864)**		(70,864)	
Event cancellation provision		-		(162,341)	
			(70,864)		(233,205)
Net assets			**9,757,464**		8,032,429
Capital and reserves					
Foreign exchange reserve			**(18,642)**		(23,395)
Other reserves			**312,583**		335,976
Profit and loss account			**9,463,523**		7,719,848
			9,757,464		8,032,429

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

Martin Skancke

M Skancke
Director

The notes on pages 17 to 29 form part of these financial statements.

Company statement of financial position

As at 31 March 2022

	Note		2022 £		2021 £
Fixed assets					
Tangible assets	11		**650,421**		784,879
Investments	12		**9,678**		9,678
			660,099		794,557
Current assets					
Debtors: amounts falling due within one year	13	**2,073,365**		2,977,422	
Cash at bank and in hand	14	**12,225,945**		10,261,583	
		14,299,310		13,239,005	
Creditors: amounts falling due within one year	15	**(6,386,569)**		(6,453,630)	
Net current assets			**7,912,741**		6,785,375
Total assets less current liabilities			**8,572,840**		7,579,932
Provisions for liabilities					
Dilapidation provision		**(70,864)**		(70,864)	
Event cancellation provision		-		(162,341)	
			(70,864)		(233,205)
Net assets			**8,501,976**		7,346,727
Capital and reserves					
Other reserves			**312,583**		335,976
Profit and loss account brought forward		**7,010,751**		4,772,002	
Surplus for the year		**1,155,249**		2,124,725	
Other changes in the profit and loss account		**23,393**		114,024	
Profit and loss account carried forward			**8,189,393**		7,010,751
			8,501,976		7,346,727

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

Martin Skancke

M Skancke
Director

The notes on pages 17 to 29 form part of these financial statements.

Consolidated statement of changes in equity
for the year ended 31 March 2022

	Foreign exchange reserve	Other reserves	Profit and loss account	Total equity
	£	£	£	£
At 1 April 2020	**(742)**	**450,000**	**4,994,222**	**5,443,480**
Surplus for the year	**-**	**-**	**2,611,602**	**2,611,602**
Release of contingency reserve	**-**	**(450,000)**	**450,000**	**-**
Foreign exchange movement	**(22,653)**	**-**	**-**	**(22,653)**
Transfer to/from profit and loss account	**-**	**335,976**	**(335,976)**	**-**
At 31 March 2021	**(23,395)**	**335,976**	**7,719,848**	**8,032,429**
Surplus for the year	**-**	**-**	**1,720,282**	**1,720,282**
Transfer to/from profit and loss account	**-**	**(23,393)**	**23,393**	**-**
Foreign exchange movement	**4,753**	**-**	**-**	**4,753**
At 31 March 2022	**(18,642)**	**312,583**	**9,463,523**	**9,757,464**

The notes on pages 17 to 29 form part of these financial statements.

Company statement of changes in equity

for the year ended 31 March 2022

	Other reserves	Profit and loss account	Total equity
	£	£	£
At 1 April 2020	**450,000**	**4,772,002**	**5,222,002**
Surplus for the year	-	2,124,725	2,124,725
Release of contingency reserve	(450,000)	450,000	-
Transfer to/from profit and loss account	335,976	(335,976)	-
At 31 March 2021	**335,976**	**7,010,751**	**7,346,727**
Surplus for the year	-	1,155,249	1,155,249
Transfer to/from profit and loss account	(23,393)	23,393	-
At 31 March 2022	**312,583**	**8,189,393**	**8,501,976**

The notes on pages 17 to 29 form part of these financial statements.

Consolidated statement of cash flows

for the year ended 31 March 2022

	2022 £	2021 £
Cash flows from operating activities		
Surplus for the financial year	**1,720,282**	2,611,602
Adjustments for:		
Foreign exchange gain/(loss) (note 5)	**(34,090)**	386,117
Depreciation of tangible assets (note 11)	**257,406**	241,438
Interest received (note 9)	**(4,267)**	(12,562)
Taxation charge (note 10)	**169,865**	140,571
Decrease/(increase) in debtors	**568,643**	(315,337)
(Decrease)/increase in creditors	**(116,179)**	1,901,876
(Decrease)/increase in provisions	**(162,341)**	162,341
Corporation tax (paid)	**(148,910)**	(92,660)
(Decrease)/increase in foreign exchange reserve	**4,753**	(22,653)
Net cash generated from operating activities	**2,255,162**	5,000,733
Cash flows from investing activities		
Purchase of tangible fixed assets (note 11)	**(122,948)**	(847,504)
Interest received (note 9)	**4,267**	12,562
Net cash used in investing activities	**(118,681)**	(834,942)
Net increase in cash and cash equivalents	**2,136,481**	4,165,791
Cash and cash equivalents at beginning of year	**11,777,993**	7,998,319
Foreign exchange gain/(loss) (note 5)	**34,090**	(386,117)
Cash and cash equivalents at the end of year	**13,948,564**	11,777,993
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand (note 14)	**13,948,564**	11,777,993
	13,948,564	11,777,993

The notes on pages 17 to 29 form part of these financial statements.

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 2022

1. General information

PRI Association is a private company limited by guarantee incorporated in the United Kingdom and registered in England and Wales. Its company registration number is 07207947. The registered office and principal place of activity is 5th Floor, 25 Camperdown Street, London, E1 8DZ.

The principal activity of the company is stated on page 3.

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 Consolidated statement of financial position, 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 Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to conditions.

The company has taken advantage of the following exemptions in its individual financial statements:

- from preparing a company statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in these financial statements, includes the company's cash flows; and
- from disclosing the company key management personnel compensation, as required by FRS 102 paragraph 33.7.

Notes to the financial statements
for the year ended 31 March 2022

2. Accounting policies (continued)

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.

We continue to operate a global, Covid-19 Action Plan 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 continued to be a key priority. Most of our offices are now open. We aim to support staff with a phased return to our various offices and then expand the range of flexible working solutions offered.

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.

2.5 Income

Income represents annual subscriptions paid by members, events income, online learning services, voluntary donations, grants and contribution to the Net Zero Asset Alliance and Transition Pathway initiatives. Subscriptions are recognised on joining the Association or on subsequent renewal dates, monthly 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. Contributions to projects and reimbursement grants are recognised in line with relevant expenses on an accrual basis.

2.6 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.

2.7 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Notes to the financial statements
for the year ended 31 March 2022

2. Accounting policies (continued)

2.8 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.

2.9 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.

2.10 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. Financial assets and liabilities are only offset in the balance sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when and only when (a) the contractual rights to the cash flows from the financial asset expire or are settled, (b) the company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or (c) the company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party. Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

2.11 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.

Notes to the financial statements

for the year ended 31 March 2022

2. Accounting policies (continued)

2.12 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.

2.13 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.

Notes to the financial statements

for the year ended 31 March 2022

2. Accounting policies (continued)

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 profit or loss in the year that the group becomes aware of the obligation, and are measured at the best estimate at the reporting 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 Statement of financial position.

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.

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

The group makes estimates and assumptions concerning the future. Management are also required to exercise judgement in the process of applying the group's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

In preparing these financial statements, the directors have made the following judgements:

Provisions

A provision is recognised when the group has a present legal or constructive obligation as a result of a past event for which it is probable than an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cashflow at a rate that reflects the time value of money and the risks specific to the liability.

Whether a present obligation is probable or not requires judgement. The nature and type of risks for these provisions differ and management's judgement is applied regarding the nature and extent of obligations in deciding if an outflow of resources is probable or not.

A bad debt provision of £706,680 has been taken for monies owed to the group by Barcelona Projects SA, a company which owns both the Fairmont Hotel Rey Juan Carlos I and the Palau de Congressos de Catalunya. £103,083 of this related to a penalty for the group's cancellation of a 2021 PRI in Person conference. This would have been refundable should the Fairmont have reopened and sold sufficient rooms. The balance of £603,597 represents deposits paid to Barcelona Projects SA for a 2022 conference. On 30 March 2022 the group was informed that its contracts were terminated and that Barcelona Projects SA had ceased operations.

Notes to the financial statements
for the year ended 31 March 2022

4. Income

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

	2022 £	2021 £
Membership fees	**22,087,714**	17,310,302
Events	**472,818**	-
Grants	**2,505,262**	2,326,075
Contribution to projects	**1,203,996**	874,115
Miscellaneous income	**1,966**	14,404
PRI Academy	**1,409,274**	1,213,019
	27,681,030	21,737,915

Analysis of income by country of destination:

	2022 £	2021 £
United Kingdom	**4,459,343**	3,620,166
Rest of Europe	**8,739,800**	7,261,422
Rest of the world	**14,481,887**	10,856,327
	27,681,030	21,737,915

5. Operating surplus

The operating surplus is stated after charging:

	2022 £	2021 £
Foreign exchange differences	**(34,090)**	386,117
Other operating lease rentals	**652,537**	561,084

Notes to the financial statements
for the year ended 31 March 2022

6. Auditor's remuneration

	2022 £	2021 £
Fees payable to the group's auditor and its associates for the audit of the group's annual financial statements	**75,000**	22,050

Fees payable to the group's auditor and its associates for the audit of the subsidiary's annual financial statements	**20,500**	9,715
Taxation compliance services	**-**	3,175

Auditor's remuneration in the prior period was paid to the predecessor auditor.

7. Employees

Staff costs were as follows:

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Wages and salaries	**10,194,648**	7,471,012	**8,127,819**	5,987,189
Social security costs	**1,268,053**	691,460	**964,346**	666,570
Cost of defined contribution scheme	**1,493,714**	979,409	**1,199,347**	810,551
	12,956,415	9,141,881	**10,291,512**	7,464,310

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

	Group 2022 No.	Group 2021 No.	Company 2022 No.	Company 2021 No.
Management & Operations	**33**	22	33	22
Policy, Research & Climate	**40**	22	28	19
Reporting & Assessment	**16**	15	16	15
Communications & Events	**22**	15	22	15
Global Networks & Outreach	**26**	24	12	12
Environmental Social & Governance	**18**	17	15	16
Investment Practices	**11**	8	10	7
Human Resources	**6**	5	7	5
PRI Academy	**5**	4	-	-
	177	132	143	111

Notes to the financial statements
for the year ended 31 March 2022

8. Directors' emoluments

In the year, a director received emoluments of £117,019 (2021 - £114,060).

9. Interest receivable

	2022 £	2021 £
Bank interest receivable	**4,267**	12,562

10. Taxation

	2022 £	2021 £
Corporation tax		
Current tax on surplus for the year	**107,245**	108,616
Adjustments in respect of previous periods	**1,074**	-
Foreign tax on income for the year	**61,546**	31,955
Taxation on surplus on ordinary activities	**169,865**	140,571

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2021: lower than) the standard rate of corporation tax in the UK of 19% (2021: 19%). The differences are explained below:

	2022 £	2021 £
Surplus on ordinary activities before tax	**1,890,147**	2,752,173
Surplus on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	**359,128**	553,100
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	**(8)**	-
Higher rate taxes on overseas earnings	**30,995**	-
Adjustments to tax charge in respect of prior periods	**1,074**	-
Non-taxable income less expenses not deductible for tax purposes, other than goodwill and impairment	**(221,324)**	(401,798)
Other differences leading to an increase (decrease) in the tax charge	-	(10,731)
Total tax charge for the year	**169,865**	140,571

Notes to the financial statements

for the year ended 31 March 2022

10. Taxation (continued)

Factors that may affect future tax charges

On 3 March 2021 the government announced its intention to increase the corporation tax rate from 1 April 2023. This rate will taper from 19% for businesses for profits of less than £50,000 to 25% for businesses with profits over £250,000. This was enacted when the finance bill passed the House of Commons in June 2021.

11. Tangible fixed assets

Group and Company

	Leasehold improvement costs £	Fixtures and fittings £	Office equipment £	Computer equipment £	Total £
Cost or valuation					
At 1 April 2021	706,588	137,477	14,826	331,617	1,190,508
Additions	8,739	896	-	113,313	122,948
Disposals	-	-	-	(4,051)	(4,051)
At 31 March 2022	715,327	138,373	14,826	440,879	1,309,405
Depreciation					
At 1 April 2021	152,421	33,048	11,735	208,425	405,629
Charge for the year	141,647	27,198	1,760	86,801	257,406
Disposals	-	-	-	(4,051)	(4,051)
At 31 March 2022	294,068	60,246	13,495	291,175	658,984
Net book value					
At 31 March 2022	421,259	78,127	1,331	149,704	650,421
At 31 March 2021	554,167	104,429	3,091	123,192	784,879

Notes to the financial statements
for the year ended 31 March 2022

12. Fixed asset investments

Company

	Investments in subsidiary companies £
Cost or valuation	
At 1 April 2021	**9,678**
At 31 March 2022	**9,678**

Investments in subsidiary companies have not been impaired in the current or any previous period.

Direct 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%

The company does not have any indirect subsidiary undertakings.

Notes to the financial statements

for the year ended 31 March 2022

13. Debtors

	Group 2022 £	Group 2021 £	**Company 2022 £**	Company 2021 £
Trade debtors	**448,006**	673,071	**252,348**	628,167
Amounts owed by group undertakings	**-**	-	**502,572**	636,001
Other debtors	**1,437,503**	1,781,082	**1,318,445**	1,713,254
Tax recoverable	**1,382**	-	**-**	-
	1,886,891	2,454,153	**2,073,365**	2,977,422

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

Group and company other debtors includes a rent deposit totalling £50,672 (2021: £50,672) which is repayable in more than one year.

14. Cash and cash equivalents

	Group 2022 £	Group 2021 £	**Company 2022 £**	Company 2021 £
Cash at bank and in hand	**13,948,564**	11,777,993	**12,225,945**	10,261,583

15. Creditors: amounts falling due within one year

	Group 2022 £	Group 2021 £	**Company 2022 £**	Company 2021 £
Trade creditors	**1,228,975**	1,004,013	**1,200,186**	995,070
Amounts owed to group undertakings	**-**	-	**343,473**	-
Corporation tax	**135,778**	113,442	**753**	2,347
Other taxation and social security	**404,007**	203,076	**355,607**	203,076
Other creditors	**4,888,788**	5,430,860	**4,486,550**	5,253,137
	6,657,548	6,751,391	**6,386,569**	6,453,630

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

Notes to the financial statements

for the year ended 31 March 2022

16. Provisions

Group

	Dilapidation provision £	Event cancellation provision £	Total £
At 1 April 2021	70,864	162,341	233,205
Charged to profit or loss	-	(162,341)	(162,341)
At 31 March 2022	**70,864**	**-**	**70,864**

Company

	Dilapidation provision £	Event cancellation provision £	Total £
At 1 April 2021	70,864	162,341	233,205
Credited to profit or loss	-	(162,341)	(162,341)
At 31 March 2022	**70,864**	**-**	**70,864**

Dilapidation provision

This 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.

Event cancellation provision

This provision related to the PRI in Person event in Barcelona. There was a cancellation fee for hotel rooms which had been booked for the original event, which was postponed due to the COVID-19 pandemic and corresponding restrictions in Spain. This event has been rescheduled at a different hotel and as such this provision is no longer required.

17. Other reserves

The United Nations Net-Zero Asset Owner Alliance

This reserve represents the surplus specifically relating to The United Nations Net-Zero Asset Owner Alliance. This amount has been set aside from the profit and loss reserve to be put toward future Alliance activity. Future annual underspends or overspends will be deducted or added to this reserve which may only be used for Alliance activity.

Notes to the financial statements
for the year ended 31 March 2022

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 £1,493,714 (2021: £979,409).

Contributions totalling £162,751 (2021: £99,837) were payable to the pension funds at the reporting date and are included in creditors.

19. Commitments under operating leases

At 31 March 2022 the group and the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2022 £	Group 2021 £	**Company 2022 £**	Company 2021 £
Not later than 1 year	**599,940**	574,982	**571,334**	546,618
Later than 1 year and not later than 5 years	**764,560**	1,335,894	**764,560**	1,335,894
	1,364,500	1,910,876	**1,335,894**	1,882,512

20. Related party transactions

The company has taken advantage of the exemption under paragraph 33.1A of FRS 102 not to disclose transactions with wholly owned members of the group.

In the year ended 31 March 2022, key management personnel compensation totalled £1,284,465 (2021: £864,969). There was an average of 11 (2021: 8) people who made up key management personnel during the year.

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

21. 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.

22. Post balance sheet events

There have been no significant events affecting the group since the year end.

23. Controlling party

The company does not have any share capital or parent company. There is no ultimate controlling party.