

Penal Reform International

Report and financial statements
For the year ended 31 December 2019

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For the year ended 31 December 2019

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Penal Reform International

Reference and administrative information

For the year ended 31 December 2019

Organisation registered as an association in The Kingdom of the Netherlands (registered number 40025979).

Operational address in 2019:

1 Ardleigh Road
London N1 4HS

General Board membership:

Board members who served during the year and up to the date of this report were as follows:

Prof Dirk van Zyl Smit, South Africa and UK	Chair *
Prof Anton van Kalmthout, Netherlands	Treasurer *
Justice Muhammad Imman Ali, Bangladesh	Secretary General *
David Fathi, USA	Board member
Roselyn Karugonjo Segawa, Uganda	Board member
Natalia Khutorskaya, Russia	Board member
Paula Litvachky, Argentina	Board member
Dr Dmitry Nurumov, Kazakhstan	Board member
John Nyoka, Tanzania	Board member
Prof Robert van Voren, Lithuania and Netherlands	Board member

*: Members of the Executive Board, appointed by the Board.

Management team:

Florian Irminger	Executive Director
Tsira Chanturia	Regional Director (South Caucasus)
Taghreed Jaber	Regional Director (Middle East and North Africa)
Olivia Rope	Director of Policy and International Advocacy
Azamat Shambilov	Regional Director (Central Asia)
John Usher	Director of Finance and Operations

Honorary presidents:

Dr Rani Shankardass, India
Baroness Vivien Stern, UK
Hans Tulkens, Netherlands

Honorary presidents have no right to participate in decision-making and are not provided with information provided to the Board.

Bankers

HSBC Bank
512 Brixton Road
London SW9 8ER

ING Bank N.V.
Statutair gevestigd te Amsterdam
Handelsregister nr. 33031431
The Netherlands

Penal Reform International

Reference and administrative information

For the year ended 31 December 2019

Auditor

Sayer Vincent LLP
Chartered Accountants and Statutory Auditors
Invicta House
108-114 Golden Lane
LONDON
EC1Y 0TL

Board's annual report

For the year ended 31 December 2019

The Board present their report and the audited financial statements for the year ended 31 December 2019.

Penal Reform International (PRI) is a non-governmental organisation working globally to promote criminal justice systems that uphold human rights for all and do no harm. We work to make criminal justice systems non-discriminatory and protect the rights of disadvantaged people. We run practical human rights programmes and support reforms that make criminal justice fair and effective.

Registered in The Netherlands (registration no 40025979), PRI operates globally with offices in multiple locations. Its head office is in London, United Kingdom, and members of staff of PRI work from Amman (Jordan), Bishkek (Kyrgyzstan), Kampala (Uganda), Nur-Sultan (Kazakhstan), Tbilisi (Georgia). All those offices are registered as branches of PRI in the countries. Members of staff of PRI also work in Central African Republic, employed under laws of Burkina Faso, and in Yemen.

All operations are governed by the provisions set out in PRI's constitution and regulations adopted by the Board and the Executive Director.

Although PRI is not a charity registered in the UK, the Board have adopted the provisions of the Statement of Recommended Practice - Accounting and Reporting by Charities: SORP applicable to charities preparing their accounts in accordance with FRS 102. The organisation's annual accounting year is its financial year, from January to December.

Objectives and purposes

The Constitution sets out the Association's aims to promote:

- a. The development and implementation of international human rights instruments with regards to criminal justice and penal matters;
- b. The elimination of unfair and unethical discrimination in all penal measures;
- c. The abolition of the death penalty;
- d. The reduction of the use of imprisonment throughout the world;
- e. The use of constructive non-custodial sanctions which encourage social reintegration whilst taking account of the interests of victims; and
- f. Everything connected with the foregoing or favourable to them.

PRI's vision

Safe societies worldwide in which fair and effective criminal justice systems are non-discriminatory and protect the rights of disadvantaged people.

PRI's mission

We work to promote criminal justice systems that uphold human rights for all and do no harm.

We run practical human rights programmes and support reforms that make criminal justice fair and effective.

Our primary objectives are to secure trials that are impartial, sentencing practices that are proportionate and promote social rehabilitation, and humane conditions of detention where alternatives to imprisonment are not possible.

Achievements and performance

Strategic objectives

PRI's strategic plan ended in 2019 and a new strategy was adopted for the period 2020-2023. The strategy is adopted by the Board.

The current four outcomes are:

1. A criminal justice system that respects the rule of law, upholds the rights of suspects and defendants and prevents the unnecessary use of pre-trial detention;
2. Fair and proportionate sentencing that takes account of the circumstances of both the offence and offender;
3. Humane treatment and conditions for prisoners and prevention of torture in all places of detention;
4. Safer communities through rehabilitation, reintegration interventions and interventions to reduce re-offending.

PRI adopts an annual workplan setting out the way its projects contribute to achieving the said outcomes.

Progress towards achieving the outcomes of the strategic plan

PRI adopted a strategic plan with four outcomes for the period 2015 to 2020. PRI developed a new strategy for 2020-2023 after reviewing its strategic priorities. The new strategy was launched in November 2019 to coincide with PRI's 30th anniversary.

All projects agreed with donors (see below, overview of PRI's projects in 2019) are designed to fulfilling PRI's strategic outcomes. The highlights of the year are emblematic projects that helped have a particular impact on the implementation of the outcomes (see below, highlights for 2019).

Outcome 1: A criminal justice system that respects the rule of law, upholds the rights of suspects and defendants and prevents the unnecessary use of pre-trial detention

This outcome includes activities to support fair and efficient criminal justice systems, aligned with international standards and recognised good practice. It promotes change to support access to justice, fair trials and reduce the unnecessary use of pre-trial detention.

In working towards this outcome, in 2019 our activities focused on:

- Promoting public health solutions to crime such as those involving drugs
- Improving the monitoring of places of pre-trial detention, including police stations
- Supporting the adoption of non-coercive investigation methods such as investigative interviewing
- Supporting measures to respect the rights of women, children and vulnerable groups and their access to the criminal justice system
- Ensuring fair trial standards in death penalty cases

Outcome 2: Fair and proportionate sentencing that takes account of the circumstances of the offence and offender

We believe that too many offenders are sentenced to terms of imprisonment without consideration of the specific circumstances of the offence or personal characteristics of the offender. Often a community-based sanction is not seriously considered even if the offence is relatively minor or the impact of imprisonment on the offender or their family is disproportionately damaging. This means that insufficient weight is frequently given to the benefits of non-custodial sentences – proven to be particularly effective for women and children. For children, the international standards explicitly state that detention should only be used as a last resort and for the shortest possible time.

Board's annual report

For the year ended 31 December 2019

Specific themes that contributed to this outcome over the year include:

- Promoting, developing and implementing alternatives to prison sentences
- Raising the human rights implications of the use of life sentences
- Promoting recognition of the needs and rights of women, children, people with disabilities, people with physical and mental health problems and other at risk and marginalised groups

Outcome 3: Humane treatment and conditions for prisoners and prevention of torture in all places of detention

We believe that the primary purpose of prison is rehabilitation rather than retribution, to enable offenders to become law-abiding citizens. Treatment inside prison should be humane - torture and other cruel, inhuman or degrading treatment is never acceptable. Implementation of the Nelson Mandela and Bangkok Rules are essential to ensure humane treatment for all prisoners.

Activities contributing to this outcome include:

- Promoting and capacity building on the implementation of the Nelson Mandela Rules
- Promoting the provisions of the Bangkok Rules for women and girls in the criminal justice system
- Advocating for, establishing and building the capacities to ensure effective external monitoring bodies to prevent torture
- Engaging state bodies and civil society in the prevention of torture and promoting accountability for torture victims
- Encouraging the involvement of civil society in supporting people in prison and those who have been released, particularly in the provision of rehabilitative and reintegrative services and in their role as an oversight and monitoring mechanism
- Ensuring protection for vulnerable groups in detention by raising awareness of prison staff to understand their particular rights and needs
- Sharing experiences on managing violent extremist and radicalized prisoners to promote a human rights approach
- Supporting the development and implementation of demilitarization strategies for prison administrations
- Ensuring the protection of the rights of people in prison in times of emergency, disasters and exceptional circumstances

Outcome 4: Safer communities through rehabilitation, reintegration and interventions to reduce re-offending

Many studies show that people are less likely to commit further crimes if they have jobs, homes and family ties. We work with civil society partners to promote healthcare services, psychological support, educational and vocational training to help people become self-supporting and law-abiding citizens. We promote an integrated and holistic approach to rehabilitation that starts from the sentencing stage, providing plans for each individual offender. We do this through advocacy at conferences, working groups and regional office activities providing education, healthcare treatment and vocational training to prepare prisoners for release. Such activities are usually delivered through local NGOs or by cooperation between professional and civil society organisations.

- Supporting the development of effective and sustainable rehabilitation and reintegration programmes for people in prison as well as those who have been released which respect their needs and rights, address their offending behaviour and offer useful skills for them to lead law-abiding lives.

Highlights of 2019

- We marked our 30th anniversary and launched a new four-year strategy.
- Held a three-day staff meeting in Tbilisi, Georgia with 25 members of PRI staff present. This was the first time we had held such a meeting with so many PRI staff members in one place.
- Published the *Global Prison Trends Report 2019*, in partnership with the Thailand Institute for Justice (our annual flagship publication).
- We continued our pioneering work focusing on the human rights impacts of life sentences and raising these at international fora. We gained high-level support through Assistant Secretary General and Head of Rule of Law at the UN Office of the High Commissioner for Human Rights, penalty in Paris early 2019. We formed an informal coalition of civil society partners to work on life imprisonment. The group shared updates and developments relating to the sentence.
- Published Guide to the Rehabilitation and social reintegration of women prisoners: Implementation of the Bangkok Rules.
- We started a new research project looking at the ways prisons and places of detention prepare for, respond to and recover from natural disasters in the protection of the rights of people in detention. The research will form a practical guide for penitentiary administrations on how best to ensure the protection of people in detention during times of natural disaster.
- Published the National Demilitarisation Strategy for Central African Republic in English and French *Stratégie nationale de démilitarisation des établissements pénitentiaires de la République Centrafricaine*.
- Continued to support civil society organisations in Georgia to monitor prison and probation reform processes through supporting a civil society alliance in their efforts to engage with government agencies, thematic research on current management issues facing Georgia's prisons and alternative progress reports on reform strategies and action plans.
- Continued work in Uzbekistan to improve its sentencing guidelines, protect the rights of people in prison, improve the effectiveness of rehabilitation programmes for people in prisons and support the development and roll out of a National Preventive Mechanism.
- In Yemen, we continued work enhance peace and security efforts through supporting the female police unit to adhere to human rights standards, removing barriers faced by women reporting crime and building safeguarding measures and ensuring equal opportunities for female police officers.

Overview of PRI's projects in 2019

Advocacy, campaigns and policy influencing:

- Global Prison Trends 2019: Publication of PRI's Flagship publication on global trends in the use of imprisonment, prison populations, developments and challenges in prison management, the role of technology in criminal justice and prison systems and alternatives to imprisonment
- GPT 2020: research and planning began on Global Prison Trends 2020.
- Research on sentencing women for drug offenses in cooperation with the law firm Linklaters, to be published in 2020.
- Publication of a Guide on rehabilitation of women prisoners in cooperation with the Thai Institute of Justice, through research on successful models of rehabilitation programmes for women offenders
- Guide to promoting women's mental health in prison, aimed specifically at prison staff. The guide is for both service users and prison staff and will include good practice models for mental wellbeing and mental health provision for women offenders. It is to be published in 2020.
- Reforming life imprisonment through international advocacy and building coalitions
- Reinforcing the protection of human rights in penitentiary systems in case of natural disasters through research and publication of a practical guide for penitentiary administrations. The guide will be published in 2020.

Sub-Saharan Africa:

- Supporting efforts to combat torture and ill-treatment of suspects and prisoners in Uganda through improving prison conditions and respecting needs of vulnerable groups, reducing pre-trial detention and increasing the use of alternatives, preventing torture and use of the death penalty
- Demilitarization and Prison Reform in Central African Republic including supporting the implementation of the strategy to demilitarize the country's prison system and training new prison officers.
- Assessing the application of international fair trial standards in death penalty cases in Uganda through observing current death penalty cases, supporting policy change through promoting international human rights trial safeguards and delivering practical guidance to lawyers and judges on human rights standards.
- Human Rights training for prisons on international human rights standards related to managing vulnerable prisoners.

Central Asia:

- Supporting key prison reforms in Central Asian Republics to increase the resilience of vulnerable in detention and after their release through enhancing prison standards and prison and community based programmes for the treatment of vulnerable groups.
- Strengthening state and civil society efforts in combating torture and other cruel, inhuman or degrading treatment or punishment in detention facilities in Kazakhstan
- Supporting state and civil society initiatives to prevent torture, degrading and ill-treatment in Kyrgyzstan
- Promoting human rights-based approach in reforming prison system in Tajikistan by strengthening the capacity of the Tajik government to align its criminal justice reform initiatives with international human rights standards, establish safeguarding mechanisms for prison staff, developing rehabilitation programmes for people in prison and raising awareness of the importance of utility of non-custodial measures.
- Strengthening the capacity of civil society organizations and state bodies in Kyrgyzstan to prevent torture through building a democratic dialogue
- Empowering CSO's to improve access to Justice for vulnerable groups in the criminal justice system in Kazakhstan
- Supporting the state and civil society efforts in combatting torture and other cruel, inhuman or degrading treatment or punishment in Kyrgyzstan. This project aims to strengthen engagement of civil society with judicial authorities and law enforcement to act to prevent torture.
- Greater resilience to radicalization and violent extremism in selected Central Asian prisons through faith-based dialogue and rehabilitation programmes
- Enhancing efforts in combatting torture and other cruel, inhuman or degrading treatment or punishment in Kyrgyzstan
- Improving human rights education through the development of a human rights course for university students (Capstone project) at universities across three regions of Kazakhstan

South Caucasus:

- Support the improvement of the service provision for women offenders who have experienced violence and discrimination and their vulnerable children by supporting civil society organisations to provide rehabilitation and reintegration support services to women serving prison or probation sentences or who have done so, increasing support services to children of these women and improving capacity and coordination between state and non-state providers of services to women offenders and their children.
- Successful Rehabilitation of Women in conflict with the Law and their Vulnerable Children through supporting civil society
- Monitoring Government's commitments and promoting reforms in the penal sector through engagement of CSOs through the creation of an NGO alliance aimed at consolidating civil society advocacy and policy influencing efforts and conducting reviews of ongoing reform efforts.

Middle East and North Africa:

- Penitentiary system reform in Yemen: meeting international human rights standards, supporting improvements to prisons and juvenile detention centres, rehabilitation and reintegration programmes and capacity building training on prison management.
- Mainstreaming a human rights based approach in the administration of the criminal justice system in Algeria through strengthening the capacity of the child protection commissioner's office and building the trust between the office and the public, promoting a hotline for receiving reports about suspected cases of child abuse and training of civil society members on the rights of children.
- Enhancing the capacity of female police in Yemen through training them to maintain the rule of law in line with human rights standards, promoting a gender-mainstreamed approach in the Ministry of Interior and promoting equal opportunities for women and removing barriers to women reporting crime.

Further information about the activities undertaken by PRI in 2019 are laid out in PRI's workplan for 2019, which is shared with the Board separately and serves as a basis for the monitoring of PRI's impact and learning from its activities.

Monitoring and evaluation

As set out in PRI's approach to organisational learning strategy, PRI's work is dependent on learning from our own experience, our partners and the wider criminal justice sector and human rights movement. We seek to share our experience and analysis internally and externally and aim to use our learning to influence policymaking and practice. We recognise the importance of organisational learning and are committed to developing our capacity to learn and share across the organisation.

Monitoring, evaluation and learning is an organisation-wide responsibility and belongs in particular to the organization's senior management. PRI employs a Strategy and Impact Manager whose role is to provide strategic input into funding proposals and ensure that all projects have plans to help us measure the results and impact of our work. She provides training to PRI staff and partners and has developed tools to help us identify relevant indicators, capture outputs and outcomes and to document lessons learnt.

Evaluations, both internal and external, are important for assessing the achievement of planned outcomes, our projects' impact and identifying lessons learned.

PRI has not been in a position or had the resources to conduct an evaluation of its 2015-20 strategy. However, there is already an evaluation plan to assess the impact and achievements of the new 2020-23 strategy to be conducted in 2023-24.

PRI's new 2020-2023 strategy outlines our approach to monitoring and evaluation and reinforces its organisation-wide responsibility and purpose. Following the implementation of the strategy, we will also be developing a strategy monitoring and evaluation plan to complement project and programme M&E efforts and will look to assess our progress towards and achievement of significant changes in our identified priorities.

Information and communications

Online external communications

At the end of 2019, PRI published a total revision of its website, updating its structure to fit it to PRI's 2020-2023 strategy and revising its content, in conjunction with PRI's new logo and visual identity. The website now focuses on the issues PRI works on, as outlined in its 2020-2023 strategy, and provides tools for criminal justice reform, including through its experts blog. The website further clarifies PRI's identity and its governance.

From 1 January 2019 to 31 December 2019 there were a total 63,899 visitors on our website, out of which 81.8% were new visitors, showing that PRI's audience kept diversifying and reaching a wider public during the last year. Visitors spent an average of 2 hours 46 min on our website, which shows that PRI is first and foremost a valued source of information. There was a slight drop in visits during the summer (July-August), and our visits reached their highest annual peak in November, at the time we published PRI's new strategy.

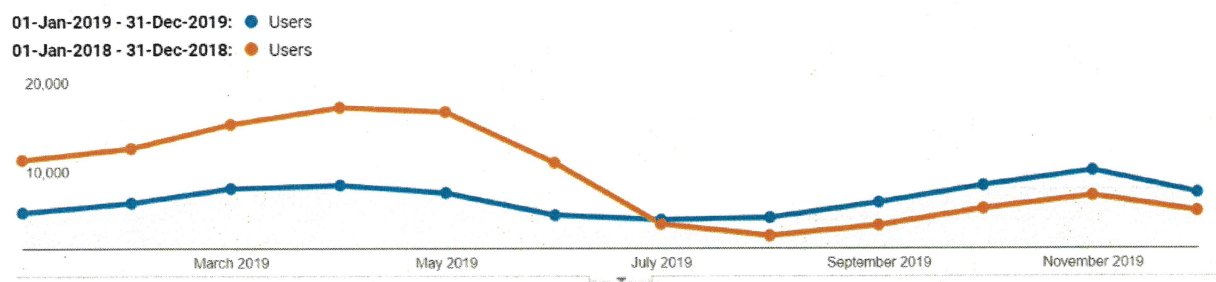
Board's annual report

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PRI's website visits for the year 2019

Overall, visits in 2019 have dropped by 31.23% compared to the previous year. This is however explained by the effect the GDPR had on our ability to track exact figures. It is important to mention that ever since the GDPR came into effect, recorded numbers on our websites can only be an estimate, and that numbers are in fact higher for any figure.

In the graph below, one can easily see that there was a significant drop in recorded visits for 2018 in July 2018, which is a direct result from the GDPR, which took effect at the same time. As a result, figures from January to July 2019 and the same period in 2018 can hardly be compared. However, when comparing figures from July to December 2018 and July to December 2019, both periods were affected by the GDPR. It is thus safe to assume that the difference in between periods would also exist for the January to July 2019 period, should we be able to access actual numbers. It shows that PRI most probably managed to secure a steady increase in visits throughout the whole of 2019. When looking at both years' January-to-July periods, it also gives us an idea of how impacted figures actually are by the GDPR.



Resources

Downloads

PRI's resources were downloaded 13,893 times from 1 January 2019 to 31 December 2019. PRI's five most popular resources in 2019 were as follows:

- 10-Point Plan to Address Prison Overcrowding: 967 downloads
- UN Standard Minimum Rules for the Treatment of Prisoners (Nelson Mandela Rules): 932 downloads
- UN Bangkok Rules on Women Offenders and Prisoners: a short guide: 739 downloads
- Global Prison Trends 2018: 525 downloads
- Global Prison Trends 2019: 410 downloads

Page views

PRI's five most popular resources' pages in 2019 were as follows:

- UN Standard Minimum Rules for the Treatment of Prisoners (Nelson Mandela Rules): 2,960 views
- Women who kill in response to domestic violence: 2,033 views
- 10-Point Plan to Address Prison Overcrowding: 1,735 views
- Global Prison Trends 2018: 1,603 views
- Sharia Law and the Death Penalty: 1,575 views

Blog

We continued our series of expert guest blogs (as well as ad-hoc blogs). The blog series attracted over 22,563 views in 2019.

The most popular expert blogs were:

1. 'Suicide in prison: a new study on risk factors in the prison environment' by Taanvi Ramesh (2,618);
2. 'Growing Concern for Prison Overcrowding Among Human Rights Bodies' by Jessica Bullock (1,675);
3. 'How to build for success: prison design and infrastructure as a tool for rehabilitation' by Dr Marayca López (1,486);
4. 'Poverty and the Death Penalty' by Robin M. Maher (1,130);
5. 'What can restorative justice offer victims of domestic violence?' by Marian Liebmann (1,019).

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The most popular blogs were:

1. 'Life imprisonment: A practice in desperate need of reform' by Katie Reade (1,530);
2. 'Corruption is a significant factor in human rights violations in many criminal justice systems' by Andrea Huber (621);
3. 'Perspective on rehabilitation in different correctional settings' by Gauri Sharma (555).

All expert and regular blogs are included in our monthly newsletters and promoted on our social media platforms.

Social media

PRI continued its growth on social media in 2019:

- The number of people following PRI on Twitter is 4,658 at the time of writing – an 18.83 per cent increase since the last reporting period (3,920 followers). The @PRIMENA1 handle has 162 followers (compared to 107 last year), @PRICentralAsia has 218 followers (compared to 152 last year). We created a Twitter handle for our programme in Sub-Saharan Africa, and @PRIinAfrica currently has 37 followers. Those senior members of staff who have individual handles have followers going from 266 to 3,383 followers.
- In 2019, PRI's Twitter Impressions reached 571,000. There was a huge spike in visits in May 2019 (139,000 impressions), coinciding with the launch of *Global Prison Trends 2019*, and in November 2019 (166,000 impressions), coinciding with the launch of our new strategy.

At the time of writing last year, we had launched a Penal Reform International Facebook page, which had over 500 followers. We currently have 892 followers on that same page, which shows an increase of 78.4%. We also created a Facebook page for our programme in Sub-Saharan Africa.

We have also increased engagement on our LinkedIn page, which currently has 1,614 followers, compared to less than 1,000 at the time of writing last year. PRI also has Facebook accounts related to its activities in Central Asia, Middle East and North Africa, and South Caucasus.

Beneficiaries of our work

PRI's end beneficiaries are men, women and children in contact and conflict with the criminal justice system, including those held in prisons and places of detention, and their relatives. Subsidiary beneficiaries are those working in prisons and within the criminal justice systems which constitute a target of many of our trainings and with whom we establish long term cooperation. Beneficiaries are also civil society organisations and human rights defenders with whom PRI partners, shares knowledge, builds joint projects, and designs joint strategies.

To achieve our aims, we work with inter-governmental organisations, regional bodies, national policymakers, criminal justice authorities, professional services, academia and civil society organisations and individuals to reform legislation, policy and practice.

Financial review

During the year under review the association has a deficit of €240,523 (2018 €258,344) on its unrestricted funds. The operating deficit was €246,545 with a foreign exchange gain of €6,022.

Organisational income was €4.26m, a reduction of 15% compared to 2018 (€5.04m). This was due to a reduction in restricted grant income compared to the previous year as some large projects came to an end in the early part of 2019.

During the year PRI secured funding from Open Society Foundation which provides support for PRI's new Executive Director. This will support PRI during the early phase of the implementation of the 2020-2023 strategy. It will allow PRI to develop its organisational structure and processes whilst exploring new opportunities.

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PRI continued to make progress with fundraising during 2019, with significant funds secured from the Dutch Ministry of Foreign Affairs, Foreign and Commonwealth Office UK and the European Union. Funding from new sources was also secured, which includes Liechtenstein Office of Foreign Affairs, Canadian Ministry of Foreign Affairs and the Democratic Governance Facility in Uganda.

PRI continued the growth of its work in Sub-Saharan Africa with funding from FCO UK, Irish Aid and the Democratic Governance Facility for work in Uganda. PRI is hopeful that further funding will be secured to continue this work in 2020/21. Additionally, further funding has been secured from MINUSCA for the demilitarisation of the prison system in the Central African Republic,

The COVID-19 international pandemic is providing significant challenges for businesses globally. However, PRI feels it is uniquely placed, as set out in the new strategic plan, to react to the challenges faced by criminal justice systems throughout the world. PRI has already been successful in implementing activities in response to the COVID-19 crisis and is currently in discussion with various donors to explore further work in response to this crisis.

Taking this into account, PRI recognises the significant challenges that lie ahead and is constantly reviewing its programmes and operational processes so it is in the best possible position to adapt to the ever changing environment.

As at 31st December 2019 the association held free reserves of €619,385 (2018 €859,908)

No funds were held as custodian trustee on behalf of others

Reserves policy and going concern

The reserves policy takes into account the commitment to complete projects and the average time frame between submitting an application and receipt of funds. On this basis it is considered appropriate to set the level of reserves equivalent to 9-12 months of core operational expenditure for managing and administering the association's activities. This is calculated as being between €550,000 and €700,000.

PRI's current unrestricted reserves fall within this range.

PRI is reviewing all its activities and assessing the impact of COVID-19 on project timelines and budgets and liaising with donors where necessary. PRI contacted its donors to outline how the organisation is reacting to the COVID-19 crisis which included producing a briefing note on the risks of COVID-19 to the health and human rights of people in prison. In parallel, PRI has developed practical responses to COVID-19 for prison management, criminal justice authorities and governments to improve their responsiveness and resilience. This has already led to PRI securing funds for COVID-19 response projects.

Principal risks and uncertainties

PRI has a risk register, which the Board reviewed and updated in May 2019. This identifies the major internal risks (for which we have procedures and policies to implement and monitor) and external risks for the organisation, including:

- Changes in the political context in which we work. Where there is a change in government or other change that reduces political will for change, it is extremely difficult for us to make progress. We seek to mitigate this by maintaining constructive engagement with government and other key stakeholders and promote change in an incremental way.
- Increasing fear of terrorism and violent extremism that leads to a political focus on security rather than human rights. We uphold and promote human rights values in response to these threats.
- Risk of conflict or civil war: this has been an ongoing risk in the MENA region, where the situation is very volatile, for example in Egypt and Yemen. This is a risk outside our control but our close

relationship with partners and NGOs in the country concerned means that sometimes they can continue our work when we are not able to do so directly. However, where the situation becomes too difficult, we will pause until the situation is resolved.

- Instability of funding: PRI is almost entirely dependent on grant funding from institutional donors, and there is a limited pool of funding sources. If donor priorities change, this will impact severely on our ability to continue work at current levels. We seek to mitigate this risk by exploring possibilities for expanding the pool of donors and income-generating opportunities (through working in consortiums with others for example).

Shrinking space for NGOs to work on human rights in some countries has a negative impact on PRI's work – for example in Russia, Azerbaijan, Tajikistan, Uganda

Organisational developments

In 2019, the organisation adopted a new 2020-2023 strategy and designed a structure allowing it to reach its objectives.

Criminal law, due process and detention practices play core, even emblematic, roles in human rights protection. The decade we are entering will determine whether the world is able to sustain and promote human rights, basic humanity, and international law. The health of criminal justice systems and conditions in prisons are essential indicators of the status of human rights in any country.

Created in 1989, Penal Reform International is therefore more indispensable than ever and in the coming decade will play a key role in the renewal of global human rights because our work reinforces the foundations of the rule of law and good governance.

In PRI's 30 years of existence, we have learned that we believe in more than a set of international human rights standards that guide our work: we believe in a set of values and must live up to these internally and externally. We believe that safe societies are built when the rights of every individual are recognised, whatever criminal offence they may have committed; we believe societies grow healthier when sentences are proportionate and their primary purpose is rehabilitation, not retribution. Through the priorities highlighted in this strategy and the practical reform approach we offer, we will challenge policies that lead to prison overcrowding and will engage in offering alternatives to detention.

Our values help build safe societies with fair and effective criminal justice systems. The same values also form the core of PRI's operational standards. The way we work impacts the quality of our work, and ultimately the health of the communities with whom we work.

We are an agenda-setting organisation. We take a proactive role with government actors, engaging and convincing them of our agenda by adopting a practical and respectful approach, and building trust and long-term collaboration.

Our presence in various regions adds to the quality and efficiency of our work and helps us achieve sustainable and meaningful change.

PRI's strategy for 2020 to 2023 confirms the strength of our operations and lays out an agenda to meet our objectives.

As PRI enters its fourth decade, we have adopted practical positions designed to enable us to remain effective in the work we do.

We are proud of having a broad, diversified and dedicated donor base that permits us to implement practical criminal justice reform projects in many countries. At the same time, because we receive little institutional funding, like many other organisations we find it increasingly difficult to respond to challenges and remain

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flexible. We believe that our structural flexibility is an asset. Our fundraising efforts will seek to sustain the long-standing relations of cooperation we have established, foster new engagements with donors to achieve the priorities of our strategy, and increase contributions from individuals.

The strategy presented here shows how we can flourish in what is often - nationally, regionally and internationally - a dysfunctional and institutionally disrupted political environment. It lays out how we think and affirms PRI's relevance in this environment, building on the strengths we already have.

Structure, governance and management

PRI's governing document is its Constitution, which sets out our objectives, mission and powers as a registered Association in the Netherlands. It also sets out the arrangements for the appointment of Board members and their duties and competencies.

The Board (the General Board) consists of 10 members, with a balanced representation of the different regions of the world. The Board holds the powers and responsibilities set out in the Dutch Civil Code. It determines in general terms PRI's policy and approves the annual report and audited accounts of the Association. It elects the officers (Chair, Treasurer and Secretary General) and deputy officers from its membership and these officers constitute the Executive Board.

The Executive Board meets at least three times a year; it provides guidance and direction for ongoing activities. It considers the financial accounts of the past year and the budget for the current year, referring to the Board for approval of decisions. The Board may delegate all or part of its powers to the Executive Board, in so far as compliant with the provisions of Dutch law.

The decisions of the Board and Executive Board are implemented by the Executive Director, Florian Irminger, since September 2018, who reports directly to the Board and Executive Board to set out progress on agreed priorities with reference to PRI's strategic plan.

Appointment of the Board

The Board is elected by the Association (PRI)'s membership. When there is a vacancy(ies) on the Board, members are informed by the Executive Board of forthcoming elections and given the opportunity to nominate themselves as Board members. Candidates' details, information about the election and ballot papers are sent to members, who have fourteen days to fill the ballot paper and return it to the Executive Board. Each member of the Association has one vote and the candidate(s) receiving most valid votes is elected.

Membership terms on the Board are limited for each member; currently, one member's term will end in 2020 and three members will see their term as Board member ending in 2021.

Remuneration policy for key management personnel

PRI head office staff based in London and regional directors are paid in accordance with an agreed objective and non-discriminatory job evaluation scheme and linked salary scales. Other regional staff are paid in accordance with local market rates and any national statutory requirements.

Statement of responsibilities of the Board

The Constitution requires the Board to prepare financial statements for each financial year which give a true and fair view of the Association's financial activities during the period and of its financial position at the end of the period. In preparing financial statements giving a true and fair view, the Board should follow best practice and:

- Select suitable accounting policies and apply them consistently

Board's annual report

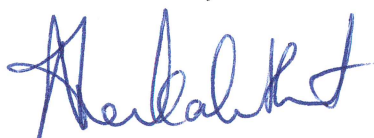
For the year ended 31 December 2019

- Make judgements and estimates that are reasonable and prudent
- State whether applicable Accounting Standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Association will continue in operation

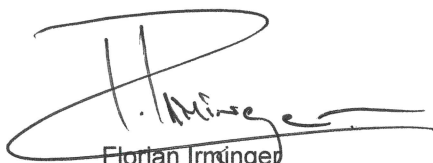
Auditor

Sayer Vincent LLP was re-appointed as the charity's auditor during the year and has expressed its willingness to continue in that capacity.

The Board's annual report has been approved by the Board by email circulation on 29 May 2020 and signed on their behalf by



Prof Anton van Kalmthout
Treasurer



Florian Irrminger
Executive Director

Opinion

We have audited the financial statements of Penal Reform International (the 'association') for the year ended 31 December 2019 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the financial statements, 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 association's affairs as at 31 December 2019 and of its result for the year then ended
- Have been properly prepared in accordance with 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 association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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 Board's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- The Board have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the association'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.

Other information

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

Independent auditors' report

To the members of

Penal Reform International

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.

Responsibilities of the Board

As explained more fully in the statement of responsibilities of the Board, set out in the Board's annual report, the board 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 Board 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 Board are responsible for assessing the association'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 Board either intend to liquidate the association 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.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

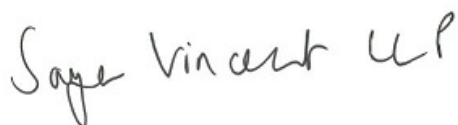
Independent auditors' report

To the members of

Penal Reform International

Use of our report

This report is made solely to the association's members as a body. Our audit work has been undertaken so that we might state to the association'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 association and the association's members as a body, for our audit work, for this report, or for the opinions we have formed.

A handwritten signature in dark ink that reads "Sayer Vincent LLP". The signature is written in a cursive, flowing style.

18 August 2020

Sayer Vincent LLP, Statutory Auditor

Invicta House, 108-114 Golden Lane, LONDON, EC1Y 0TL

Sayer Vincent LLP is eligible to act as auditor in terms of section 1212 of the Companies Act 2006

Penal Reform International

Statement of financial activities (incorporating an income and expenditure account)

For the year ended 31 December 2019

	Note	Unrestricted €	Restricted €	2019 Total €	Unrestricted €	Restricted €	2018 Total €
Income from:							
Donations and legacies	2	11,056	27,466	38,522	9,808	36,197	46,005
Activities	3						
Advocating for Prison and Penal Reform		-	2,217,041	2,217,041	-	2,443,953	2,443,953
Reducing the use of imprisonment		-	17,933	17,933	-	152,425	152,425
Prevention of torture, cruel, inhumane or degrading treatment		-	833,544	833,544	-	739,599	739,599
Abolition of the death penalty		-	27,965	27,965	-	4,445	4,445
Justice for Children		-	228,202	228,202	-	272,110	272,110
Women in the Criminal Justice System		-	831,815	831,815	-	433,975	433,975
Countering Violent Extremism and Radicalisation Inside Prisons		-	58,695	58,695	-	941,624	941,624
Investments		2,922	-	2,922	1,579	-	1,579
Other		418	-	418	2,940	-	2,940
Total income		14,396	4,242,661	4,257,057	14,327	5,024,328	5,038,655
Expenditure on:							
Raising funds	4	47,826	27,466	75,292	41,474	36,197	77,671
Activities							
Advocating for Prison and Penal Reform	4	112,091	2,217,041	2,329,132	84,189	2,440,889	2,525,078
Reducing the use of imprisonment	4	907	17,933	18,840	5,346	154,978	160,324
Prevention of torture, cruel, inhumane or degrading treatment	4	42,143	833,544	875,687	25,536	740,346	765,882
Abolition of the death penalty	4	1,414	27,965	29,379	154	4,445	4,599
Justice for Children	4	11,537	228,202	239,739	9,437	273,604	283,041
Women in the Criminal Justice System	4	42,055	831,815	873,870	14,968	433,975	448,943
Countering Violent Extremism and Radicalisation Inside Prisons	4	2,968	58,695	61,663	32,417	939,894	972,311
Total expenditure		260,941	4,242,661	4,503,602	213,521	5,024,328	5,237,849
Net expenditure for the year	9	(246,545)	-	(246,545)	(199,194)	-	(199,194)
Transfers between funds		-	-	-	-	-	-
Net expenditure before other recognised gains and losses		(246,545)	-	(246,545)	(199,194)	-	(199,194)
Foreign exchange gain/(loss)		6,022	-	6,022	(59,150)	-	(59,150)
Net movement in funds		(240,523)	-	(240,523)	(258,344)	-	(258,344)
Reconciliation of funds:							
Total funds brought forward		859,908	-	859,908	1,118,252	-	1,118,252
Total funds carried forward	14	619,385	-	619,385	859,908	-	859,908

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in Note 15 to the financial statements.

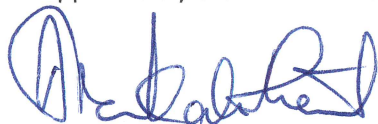
Penal Reform International

Balance sheet

As at 31 December 2019

	Note	€	2019 €	€	2018 €
Fixed assets:					
Tangible assets	11		11,460		1,549
			<u>11,460</u>		<u>1,549</u>
Current assets:					
Debtors	12	350,738		365,381	
Cash at bank and in hand		2,257,815		2,701,978	
		<u>2,608,553</u>		<u>3,067,359</u>	
Liabilities:					
Creditors: amounts falling due within one year	13	(2,000,629)		(2,209,000)	
			<u>607,925</u>		<u>858,359</u>
Net current assets					
			<u>619,385</u>		<u>859,908</u>
Total net assets					
			<u>619,385</u>		<u>859,908</u>
The funds of the association:	14				
Restricted income funds			-		-
Unrestricted income funds:					
General funds		619,385		859,908	
		<u>619,385</u>		<u>859,908</u>	
Total unrestricted funds			<u>619,385</u>		<u>859,908</u>
Total funds			<u>619,385</u>		<u>859,908</u>

Approved by the board on 29 May 2020 and signed on their behalf by



Prof Anton van Kalmthout
Treasurer



Prof Dirk van Zyl Smit
Chair

Penal Reform International

Statement of cash flows

For the year ended 31 December 2019

	Note	2019 €	€	2018 €	€
Cash flows from operating activities					
Net income / (expenditure) for the reporting period (as per the statement of financial activities)		(246,545)		(199,194)	
Depreciation charges		6,024		3,930	
Dividends, interest and rent from investments		(2,922)		(1,579)	
(Increase)/decrease in debtors		14,643		236,839	
Increase/(decrease) in creditors		(208,374)		1,183,301	
Net cash used in operating activities			(437,174)		1,223,297
Cash flows from investing activities:					
Dividends, interest and rents from investments		2,922		1,579	
Purchase of fixed assets		(15,933)		(1,022)	
Net cash provided by / (used in) investing activities			(13,011)		557
Change in cash and cash equivalents in the year			(450,185)		1,223,854
Cash and cash equivalents at the beginning of the year			2,701,978		1,537,274
Change in cash and cash equivalents due to exchange rate movements			6,022		(59,150)
Cash and cash equivalents at the end of the year			2,257,815		2,701,978

1 Accounting policies

a) Statutory information

Penal Reform International is an international, independent non-governmental organisation (NGO). It is registered as an Association (registered number 40025979) in Groningen, the Netherlands.

b) Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) – (Charities SORP FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (September 2015).

The association is not required to apply the Charities SORP FRS 102 but the board have chosen to make the additional disclosures required of SORP on a voluntary basis.

The association has departed from the SORP in its policy for the recognition of restricted income. Restricted income is recognised to the extent that associated expenditure has been incurred, with unspent balances deferred into the future period. The Board considers this treatment is more appropriate to the association's circumstances as it applies a strict accruals concept and presents the balance sheet of the association more clearly.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy or note.

c) Public benefit entity

The association meets the definition of a public benefit entity under FRS 102.

d) Going concern

The board consider that it is appropriate to view the association as a going concern. They recognise that there is uncertainty regarding future funding due to the global COVID-19 crisis. The association is actively monitoring this risk and liaising with donors in relation to current funding agreements whilst also discussing new opportunities, particularly for work in response to COVID-19. PRI is developing and reviewing its budgeting processes accordingly and has an adequate level of reserves to manage this process.

The board do not consider that there are any sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

e) Income

Income is recognised when the association has entitlement to the funds, any performance conditions attached to the income have been met, it is probable that the income will be received and that the amount can be measured reliably.

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the association has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

Where income is received in advance that relates to a future period then the association considers that it is not yet entitled to this funding and so it is deferred.

f) Fund accounting

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund.

Unrestricted funds are donations and other incoming resources received or generated for the purposes of the association.

Designated funds are unrestricted funds earmarked by the board for particular purposes.

g) Expenditure and irrecoverable VAT

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Costs of raising funds relate to the costs incurred by the association in inducing third parties to make voluntary contributions to it, as well as the cost of any activities with a fundraising purpose
- Expenditure on activities includes the costs undertaken to further the purposes of the association and their associated support costs
- Other expenditure represents those items not falling into any other heading

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

1 Accounting policies (continued)

h) Allocation of support costs

Resources expended are allocated to the particular activity where the cost relates directly to that activity.

Support and governance costs are re-allocated to each of the activities on the following basis which is an estimate, based on staff time, of the amount attributable to each activity

• Raising funds	18.3%
• Advocating for Prison and Penal Reform	43.0%
• Reducing the use of imprisonment	0.3%
• Prevention of torture, cruel, inhumane or degrading treatment	16.2%
• Abolition of the death penalty	0.5%
• Justice for Children	4.4%
• Women in the Criminal Justice System	16.1%
• Countering Violent Extremism and Radicalisation Inside Prisons	1.1%

Governance costs are the costs associated with the governance arrangements of the organisation. These costs are associated with constitutional and statutory requirements and include any costs associated with the strategic management of the organisation's activities.

i) Operating leases

Rental charges are charged on a straight line basis over the term of the lease.

j) Tangible fixed assets

Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use. Assets are capitalised where their purchase price exceeds €500.

Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life. The depreciation rates in use are as follows:

• Computer equipment	3 – 4 years
----------------------	-------------

k) Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

l) Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account. Cash balances exclude any funds held on behalf of service users.

m) Creditors and provisions

Creditors and provisions are recognised where the association has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

n) Foreign currency translations

Monetary assets and liabilities in foreign currencies are translated into Euro at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into Euro at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the net result for the year.

o) Pensions

The association operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the association in an independently administered fund. The pension cost charge represents contributions payable under the scheme by the association to the fund. The association has no liability under the scheme other than for the payment of those contributions.

2 Income from donations and legacies

	Unrestricted €	Restricted €	2019 Total €	Unrestricted €	Restricted €	2018 Total €
Small donations	6,512	-	6,512	235	-	235
Particip GmbH	4,544	-	4,544	7,456	-	7,456
Vance Centre for International Justice	-	-	-	2,117	-	2,117
Open Society Foundations	-	20,608	20,608	-	36,197	36,197
Open Society Foundations (NEF)	-	6,858	6,858	-	-	-
	11,056	27,466	38,522	9,808	36,197	46,005

3 Income from activities

	Unrestricted €	Restricted €	2019 Total €	Unrestricted €	Restricted €	2018 Total €
Dutch Embassy – Yemen	-	920,948	920,948	-	1,212,387	1,212,387
European Union	-	1,154,793	1,154,793	-	874,080	874,080
Foreign and Commonwealth Office	-	1,176,279	1,176,279	-	1,833,554	1,833,554
INL – US State Department	-	16,253	16,253	-	37,569	37,569
Open Society Foundations	-	77,449	77,449	-	214,611	214,611
UN WOMEN	-	-	-	-	60,633	60,633
Women in Business – Georgia	-	8,507	8,507	-	2,118	2,118
UNICEF	-	-	-	-	45,688	45,688
Thai Institute of Justice	-	75,392	75,392	-	38,465	38,465
Permanent Mission of Denmark to UN Geneva	-	-	-	-	3,050	3,050
UNDP	-	124,003	124,003	-	114,912	114,912
Swedish Prison and Probation Service	-	-	-	-	1,706	1,706
Dutch Ministry of Foreign Affairs	-	69,435	69,435	-	149,782	149,782
DRL – US State Department	-	5	5	-	108,946	108,946
Matrix Chambers	-	-	-	-	5,078	5,078
Swiss FDFA	-	-	-	-	81,390	81,390
MINUSCA	-	306,715	306,715	-	139,325	139,325
British Embassy Bishkek	-	-	-	-	1,358	1,358
Nottingham University	-	-	-	-	20,362	20,362
ICHR Palestine	-	-	-	-	38,594	38,594
The Embassy of Ireland, Uganda	-	27,034	27,034	-	4,293	4,293
Eleanor Rathbone Charitable Trust	-	948	948	-	230	230
Democratic Governance Facility (DGF)	-	171,346	171,346	-	-	-
Article 42 – Georgia	-	1,066	1,066	-	-	-
Chance for Childhood	-	10,147	10,147	-	-	-
Liechtenstein office Foreign Affairs	-	1,144	1,144	-	-	-
(BCBN) Better Community Business Network	-	3,207	3,207	-	-	-
Canadian MFA	-	7,610	7,610	-	-	-
Linklaters	-	14	14	-	-	-
Open Society Foundations NEF	-	62,900	62,900	-	-	-
Total income from activities	-	4,215,195	4,215,195	-	4,988,131	4,988,131

4 Resources expended

	Direct costs €	Support & Governance costs €	2019 Total €	Direct costs €	Support & Governance costs €	2018 Total €
Raising funds	27,466	47,826	75,292	36,197	41,474	77,671
Activities						
Advocating for Prison and Penal Reform	2,217,041	112,091	2,329,132	2,440,889	84,189	2,525,078
Reducing the use of imprisonment	17,933	907	18,840	154,978	5,346	160,324
Prevention of torture, cruel, inhumane or degrading treatment	833,544	42,143	875,687	740,346	25,536	765,882
Abolition of the death penalty	27,965	1,414	29,379	4,445	154	4,599
Justice for Children	228,202	11,537	239,739	273,604	9,437	283,041
Women in the Criminal Justice System	831,815	42,055	873,870	433,975	14,968	448,943
Countering Violent Extremism and Radicalisation Inside Prisons	58,695	2,968	61,663	939,894	32,417	972,311
	<u>4,242,661</u>	<u>260,941</u>	<u>4,503,602</u>	<u>5,024,328</u>	<u>213,521</u>	<u>5,237,849</u>

5 Governance costs

	2019 Total €	2018 Total €
Audit and accountancy fees	17,452	12,116
Board expenses	19,425	20,785
Annual report	271	4,520
	<u>37,148</u>	<u>37,421</u>

6 Net income / (expenditure) for the year

This is stated after charging / (crediting):

	2019 €	2018 €
Depreciation	6,024	3,930
Operating lease rentals:		
Property	147,840	147,072
Equipment	1,657	3,952
Auditor's remuneration (excluding VAT):		
Audit	10,755	10,005
Other services	1,199	1,733
Foreign exchange gains or losses	6,022	(59,150)

7 Analysis of staff costs, board remuneration and expenses, and the cost of key management personnel

Staff costs were as follows:

	2019 €	2018 €
Salaries and wages	1,113,111	1,038,545
Social security costs	61,425	57,374
Employer's contribution to defined contribution pension schemes	19,509	37,718
Termination payments	-	7,271
	<u>1,194,045</u>	<u>1,140,908</u>

The following number of employees received employee benefits (excluding employer pension costs and employer's national insurance) during the year between:

	2019 No.	2018 No.
£60,000 – £69,999	-	1
£70,000 – £79,999	2	-

The total employee benefits including pension contributions of the key management personnel were €371,285 (2018: €358,855).

One member of the Board was paid €900 in consultancy fees in the year (2018: two members, €5,091).

Board members' expenses represents the payment or reimbursement of travel and subsistence costs totalling €12,083 (2018: €16,084) incurred by 9 (2018: 9) members relating to attendance at meetings of the board.

8 Staff numbers

The average number of employees (head count based on number of staff employed) during the year was 37.2 (2018: 35.5)

Penal Reform International

Notes to the financial statements

For the year ended 31 December 2019

9 Related party transactions

Some of the members of Penal Reform International are also Directors of Penal Reform International UK, a company registered in England and Wales. Penal Reform International UK has entered into a lease for 1 Ardleigh Road, London, N1 4HS. The premises are occupied by Penal Reform International, and during the year rental costs of €48,535 were recharged to Penal Reform International (2018: €48,074).

Penal Reform International UK also operates the payroll on behalf of Penal Reform International's staff which are based in the UK, and costs of €339,622 were recharged to Penal Reform International during the year (2018 – €365,520)

As at 31 December 2019 Penal Reform International owed €12,746 (2018: €9,344) to Penal Reform International UK.

There are no donations from related parties which are outside the normal course of business and no restricted donations from related parties.

10 Taxation

The association has an agreement with HMRC that the grants and donations income of the association will not be subject to UK taxation. Interest received up to £5,000 per annum is also not subject to UK taxation. Where interest exceeds £5,000 per annum then the total amount of interest received is liable to UK taxation.

11 Tangible fixed assets

	Computer equipment €	Total €
Cost or valuation		
At the start of the year	63,686	63,686
Additions in year	15,933	15,933
At the end of the year	79,619	79,619
Depreciation		
At the start of the year	62,135	62,135
Charge for the year	6,024	6,024
At the end of the year	68,159	68,159
Net book value		
At the end of the year	11,460	11,460
At the start of the year	1,549	1,549

12 Debtors

	2019 €	2018 €
Accrued income	259,878	178,613
Amounts held by partners	44,931	130,805
Prepayments	30,842	39,558
Other debtors	15,087	16,405
	350,738	365,381

13 Creditors: amounts falling due within one year

	2019 €	2018 €
Trade creditors	6,050	38,070
Taxation and social security	9,485	5,799
Other creditors	160,460	149,817
Accruals	30,689	27,018
Deferred income	1,793,945	1,988,296
	<u>2,000,629</u>	<u>2,209,000</u>

14a Movements in funds (current year)

	At 1 January 2019 €	Income & gains €	Expenditure & losses €	Transfers €	At 31 December 2019 €
Restricted funds:					
Fundraising	-	27,466	(27,466)	-	-
Advocating for Prison and Penal Reform	-	2,217,041	(2,217,041)	-	-
Reducing the use of imprisonment	-	17,933	(17,933)	-	-
Prevention of torture, cruel, inhumane or degrading treatment	-	833,544	(833,544)	-	-
Abolition of the death penalty	-	27,965	(27,965)	-	-
Justice for Children	-	228,202	(228,202)	-	-
Women in the Criminal Justice System	-	831,815	(831,815)	-	-
Countering Violent Extremism and Radicalisation Inside Prisons	-	58,695	(58,695)	-	-
Total restricted funds	<u>-</u>	<u>4,242,661</u>	<u>(4,242,661)</u>	<u>-</u>	<u>-</u>
Unrestricted funds:					
MENA office	6,885	-	(6,886)	1	-
South Caucasus Office	6,200	-	(6,536)	336	-
General funds	<u>846,823</u>	<u>20,418</u>	<u>(247,519)</u>	<u>(337)</u>	<u>619,385</u>
Total unrestricted funds	<u>859,908</u>	<u>20,418</u>	<u>(260,941)</u>	<u>-</u>	<u>619,385</u>
Total funds	<u>859,908</u>	<u>4,263,079</u>	<u>(4,503,602)</u>	<u>-</u>	<u>619,385</u>

14b Movements in funds (prior year)

	At 1 January 2018 €	Income & gains €	Expenditure & losses €	Transfers €	At 31 December 2018 €
Restricted funds:					
Fundraising	-	36,197	(36,197)	-	-
Advocating for Prison and Penal Reform	-	2,443,953	(2,440,889)	(3,064)	-
Reducing the use of imprisonment	-	152,425	(154,978)	2,553	-
Prevention of torture, cruel, inhumane or degrading treatment	-	739,599	(740,346)	747	-
Fundraising	-	4,445	(4,445)	-	-
Justice for Children	-	272,110	(273,604)	1,494	-
Women in the Criminal Justice System	-	433,975	(433,975)	-	-
Countering Violent Extremism and Radicalisation Inside Prisons	-	941,624	(939,894)	(1,730)	-
Total restricted funds		5,024,328	(5,024,328)	1,494	-
Unrestricted funds:					
MENA office	23,485	-	(16,600)	-	6,885
South Caucasus Office	8,808	2,906	(5,514)	-	6,200
General funds	1,092,878	(47,729)	(191,407)	-	853,742
Total unrestricted funds	1,118,252	(44,823)	(213,521)	-	859,908
Total funds	1,118,252	4,979,505	(5,237,849)	-	859,908

Purposes of restricted funds

Restricted funds are amounts received which are restricted by the donor towards a specific activity of the association.

15 Legal status of the association

The association is registered in the Netherlands and has no share capital.

16 Operating lease commitments

The association's total future minimum lease payments under non-cancellable operating leases is as follows for each of the following periods

	Property		Equipment	
	2019 €	2018 €	2019 €	2018 €
Less than one year	78,537	56,080	1,399	1,109
One to five years	68,759	29,595	1,049	1,941
	147,296	85,675	2,448	3,050