

**PRP**

INDEPENDENTLY  
OVERSEEING  
PRESS REGULATION

**PRESS RECOGNITION PANEL**

**Annual Report and Financial Statements**

**For the year ended 31 March 2017**



**Press Recognition Panel Annual Report and Financial Statements  
for the year ended 31 March 2017**

Presented to Parliament by Command of Her Majesty

Laid before the Scottish Parliament under Sections 12.4 and 13.1 of  
the Royal Charter on Self-Regulation of the Press

18 July 2017  
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# CONTENTS

|  |          |
|--|----------|
| <b>Legal and administrative information</b>  | <b>6</b> |
| <b>Performance report</b>  |          |
| 1 Overview   | 7        |
| 1.1 Chair's foreword   | 7        |
| 1.2 Chief Executive's introduction   | 8        |
| 1.3 About us   | 9        |
| 2 Performance analysis   | 10       |
| 2.1 Highlights of our work in 2016/17  | 10       |
| 2.2 Forward look   | 12       |
| <b>Accountability report</b>   |          |
| 3 Corporate governance report  | 14       |
| 3.1 Directors' report  | 14       |
| 3.2 Statement of Board and Accounting Officer's responsibilities                             | 17       |
| 3.3 Governance statement   | 18       |
| 4 Remuneration   | 26       |
| 5 Accountability and audit report  | 29       |
| 5.1 Regularity of expenditure  | 29       |
| 5.2 Fees and charges   | 29       |
| 5.3 Long term expenditure trends   | 30       |
| Certificate and Report of the Comptroller and Auditor General<br>to the Houses of Parliament | 31       |
| <b>Financial statements</b>  |          |
| Statement of income and retained earnings  | 33       |
| Statement of financial position  | 34       |
| Statement of cash flows  | 35       |
| Notes to the financial statements  | 36       |

## Legal and administrative information

### Press Recognition Panel

The Press Recognition Panel is the independent body set up by the Royal Charter on Self-Regulation of the Press (the Charter) to ensure that regulators of the UK press are independent, properly funded and able to protect the public.

### PRP address

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### Board Members

David Wolfe QC  
Harry Cayton CBE  
Emma Gilpin-Jacobs  
Carolyn Regan  
Harry Rich  
Tim Suter

### Chief Executive

Susie Uppal

# PERFORMANCE REPORT

## 1. Overview

### 1.1 Chair's foreword

This is the third annual report and accounts for the Press Recognition Panel (PRP) and it covers the period from 1 April 2016 to 31 March 2017.

During the year under review, we achieved all that we set out to do in our published Business Plan for 2016/17, with one exception: we temporarily postponed our planned consultation on our fee charging framework until April 2017. This followed the announcement by the Secretary of State for Culture, Media and Sport that the Government would consult on the Leveson Inquiry and its implementation, from 1 November 2016 to 10 January 2017. The consultation sought views on section 40 of the Crime and Courts Act 2013, and part 2 of the Leveson Inquiry. We will be publishing our final fee charging framework later this summer.

We submitted a response to the Government's consultation, which stated our view that section 40 should be commenced immediately. This was in line with the position that we outlined in October 2016, when we published our first annual report on the recognition system. The report drew on a wide range of views from stakeholders, but the conclusions were entirely our own. We stated that 'urgent action needs to be taken if the recommendations of the Leveson Report are to be given a chance to succeed. Section 40 should be commenced in England and Wales.'

Commencement of section 40 would complete a system that will:

- Protect ordinary people, not just the rich;
- Protect the press from the chilling effect of large legal costs; and
- Remove political influence on press regulation.

The outcome of the Secretary of State's consultation has not as yet been published and there was no reference to section 40 in the 2017 Queen's Speech. The uncertainty around the implementation of section 40 and the recognition system therefore continues.

In January 2016, we received an application for recognition from the Independent Monitor of the Press Community Interest Company (IMPRESS), which we assessed in accordance with the processes we agreed and published following consultation. As part of our assessment, we invited third parties to review the application and provide any additional information which they considered might be relevant. On 25 October 2016, the Board considered the application in public and approved IMPRESS as a recognised regulator, having determined that it met all 29 recognition criteria set out in the Royal Charter.

During 2016/17, we met a wide range of stakeholders, and we have published notes of these meetings as part of our commitment to openness and transparency. I would like to thank everyone who contributed to and informed our work and I hope that they continue to engage with us.



**David Wolfe QC**  
Chair, Press Recognition Panel

# PERFORMANCE REPORT

## 1.2 Chief Executive's introduction

This annual report and accounts highlights the work undertaken in 2016/17, provides a picture of the overall financial situation of the PRP and accounts for its expenditure, and looks forward to some of our future plans.

The PRP's Business Plan for 2016/17 built on the work we had done in the previous year to put in place the systems and processes needed to operate effectively as an organisation and meet our Charter obligations.

In October 2016, our Board recognised IMPRESS as an approved regulator. The regulator is now subject to our processes of ad hoc and cyclical reviews, which we consulted publicly on before publishing them in August 2016.

We have implemented processes for receiving information from anyone who has concerns about an approved regulator's ongoing compliance with the Charter, and we have also established a whistleblowing hotline.

Consulting those who have an interest in our role is central to our work, and throughout 2016/17 we had many useful and insightful discussions with a range of stakeholders. In autumn 2017 we will publish our second annual report on the recognition system. We wish to thank all those who shared their views with us, and we hope they will continue to do so.

We have sought to achieve the best value for money in everything we do. Our professional and resilient executive team works well with our committed partners to whom we outsource some of our functions. We will continue to ensure that we have the right combination of skills and experience in our team, at the right time, to support delivery.

We remain committed to overseeing an effective system of press self-regulation that helps to secure the public interest and ensures we continue to have a free and vibrant press.



**Susie Uppal**  
Chief Executive, Press Recognition Panel  
10 July 2017



## 1.3 About us

### Background – the PRP’s purpose and activities

Following the exposure of alleged criminal activity and growing complaints about the behaviour of the press in the UK in 2011, the Leveson Inquiry made a series of recommendations for a new, more effective regulatory system. The PRP has a key role to play in the new system. On 30 October 2013, our Charter was granted and on 3 November 2014 the PRP came into formal existence.

The PRP is entirely independent of the government, Parliament, the press or any other such interest – independence and transparency are fundamental to the way in which we operate.

### Our role

Our role is to consider whether or not independent press self-regulators meet, and continue to meet, the recognition criteria in the Charter. We do this by:

- determining applications for recognition from regulators;
- undertaking reviews of those regulators to determine whether they should continue to be recognised;
- removing recognition if a regulator no longer meets the criteria; and
- reporting publicly on any successes or failure of the recognition system.

### Our values

We are committed to performing our duties:

- **Independently** - using to the full the complete freedom we have from state, government or any other interest, and expressing our views honestly and courageously.
- **Fairly** - guided by the principle of understanding the public interest and always putting it first.
- **Openly** - asking questions, using the widest possible range of evidence available to us to make our decisions, and explaining them clearly.
- **Transparently** - wherever possible holding our meetings in public, publishing our papers, and making our meetings formal and documented – ensuring that the public and those we serve can see how we are putting our principles into practice.
- **Inclusively** - guided by the principles of equality and diversity as an employer, and in the way we work with colleagues and stakeholders, and in the way we conduct our business.

### Key issues and risks

Details of the key issues and risks facing the PRP that could affect delivery of our objectives are set out in the Governance statement (section 3.3).

### Funding

The Exchequer has granted the PRP £3m and this has been received in full by the PRP. Further information about the PRP’s financial performance measures and results can be found in the Directors’ report (section 3.1). Information about the PRP’s adoption of the going concern basis can be found in the notes to the financial statements.

# PERFORMANCE REPORT

## 2. PERFORMANCE ANALYSIS

### 2.1 Highlights of our work in 2016/17

#### Governance

The Board met 12 times during the period 1 April 2016 to 31 March 2017. As much as possible of each Board meeting is conducted in public, and papers for the public session are published on our website in advance, wherever possible. At each meeting the Board received management accounts in order to monitor financial performance.

The Audit and Risk Committee (ARC) met four times during the year under review. The PRP's risk register is reviewed regularly by the ARC and the Board.

More information about the PRP's governance, risk management and auditing arrangements is available in the Governance statement (section 3.3).

We appointed Mike Stevens as the independent member for the Nominations Committee following an open recruitment process.

#### Consultation on ad hoc and cyclical reviews

The Charter requires the PRP to cyclically review approved regulators to ensure they continue to meet the Charter's recognition criteria. The Charter also requires us to undertake ad hoc reviews in exceptional circumstances and where there is a significant public interest in undertaking a review. In February 2016, we launched a public consultation on our proposals for conducting and reporting on these reviews. The consultation lasted for eight weeks. On 3 August 2016, we published our processes for cyclical and ad hoc reviews.

We recognised that at some stage following recognition, but prior to a cyclical review period, approved regulators may wish to vary the way they meet the recognition criteria. In February 2017, we launched a consultation on amending our guidance on reviews to clarify that we may conduct a call for information in circumstances where doing so would materially assist our risk-based assessment of a variation made by a regulator. The guidance was updated and published on our website in May 2017.

#### Performance management

At its April 2016 meeting, the Board agreed our Business Plan for 2016/17, which included objectives for the year, and which fed into the organisation's work plan. The Chief Executive reported on performance against those objectives at monthly Board meetings.

#### Published our first annual report on the recognition system

In October 2016, we published our first annual report on the recognition system. We stated that 'urgent action needs to be taken if the recommendations of the Leveson Report are to be given a chance to succeed. Section 40 should be commenced in England and Wales.'

In preparing our report, we held a public call for information. We received feedback via a web-based survey, email, post and face-to-face meetings. We received 886 responses, including from campaigning organisations, representative organisations, publishers, academics, politicians, journalists, and members of the public. The report was also informed by what we had learned from a range of sources since the PRP was established, including our conversations and correspondence with stakeholders.

# PERFORMANCE REPORT

## **Receiving and assessing an application for recognition**

On 25 October 2016, the Board met in public to assess IMPRESS' application for recognition. Following the Board meeting, which was livestreamed, the Board agreed to recognise them as an approved regulator. As part of the assessment process, the PRP provided three opportunities for the public and third parties to review the regulator's application and share additional information with us which might be relevant to the recognition assessment. A significant number of people and organisations responded to the call for information and all the relevant information was considered by the Board when making its decision.

In January 2017, the News Media Association informed us of its intention to seek a Judicial Review of the Board's decision to recognise IMPRESS. The Judicial Review was heard on 29 and 30 June 2017 and further information is provided below.

## **Responded to the Government's consultation on the Leveson Inquiry and its implementation**

In January 2017, we responded to the Government's consultation on section 40 of the Crime and Courts Act 2013, and part 2 of the Leveson Inquiry. In our response we re-stated our view that section 40 should be commenced.

## **Implemented our systems for overseeing press regulators**

In December 2016 we deployed a whistleblowing hotline to receive concerns about approved regulators' compliance with the Charter criteria. As yet no calls have been made to that service. We have also implemented a complaints and feedback system to maintain a proportionate awareness of the regulatory landscape and of issues related to our work. Three stakeholders have raised concerns with us, all of which have been followed up.

## **Policies and procedures**

Between January and April 2017, the Board reviewed and updated key policies and procedures for the way the PRP operated. These included the Finance policy, the scheme of delegation, and business continuity arrangements. All the updated policies are available on our website.

# PERFORMANCE REPORT

## 2.2 Forward look

The PRP published a Business Plan for 2017/18 in April 2017. The plan sets our objectives and plans for the year which reflect our focus on ensuring we have the systems and processes in place to operate effectively and meet our Charter obligations.

### Our objectives

**We will:**

1. Receive applications for recognition
2. Oversee approved regulator(s)
3. Meet our ongoing reporting requirements
4. Use insight from those who have an interest in our work to inform what we do

**We will do this by:**

5. Retaining a highly motivated, diverse and professional executive team
6. Ensuring our systems and processes are effective and continue to provide value for money.

### Our plans for 2017/18

Our plans, include the following:

#### **Ensure we continue to be in a position to receive and determine any future applications for recognition**

We have consulted publicly on, and implemented, our processes for receiving and assessing applications for recognition. The fact that section 40 has not been commenced has created uncertainty, but we remain prepared to determine future applications and fulfil our Charter obligations.

#### **Oversee approved regulator(s)**

We will continue to oversee IMPRESS. We will maintain a proportionate level of active awareness of the press landscape and gather information to ensure the effective conduct of cyclical reviews and to help us determine if an ad hoc review of the regulator's recognition might be appropriate.

We will continue to operate the systems that we have put in place to receive feedback from third parties about approved regulator's compliance with the Charter's recognition criteria.

#### **Defend the Judicial Review being brought against the PRP Board's decision to recognise IMPRESS**

In January 2017, the News Media Association informed us of its intention to seek a Judicial Review of the Board's decision to recognise IMPRESS as a recognised regulator. The Judicial Review was heard on 29 and 30 June 2017. The Board robustly defended its decision. The court has reserved judgement which will be considered by the PRP when it is received.

# PERFORMANCE REPORT

As detailed at paragraph 11.7 of the Charter, in the event that the Board considers that its income (from whatever source received) is likely to be insufficient to meet its expenditure relating to (amongst other stated circumstances) legal or other expenses arising from litigation or threatened litigation, the PRP has the right to request further reasonable sums from the Exchequer. The Charter states that 'In response to such a request, the Exchequer shall grant such sums to the Recognition Panel as the Exchequer considers necessary to ensure that the Purpose of the Recognition Panel is not frustrated by a lack of funding'. We have been prudent with the grant expenditure provided to us by the Exchequer as contemplated by the Charter and, at the present time, we have sufficient funds to meet the legal costs of defending the Judicial Review. We will keep this matter under review.

## **Consulting on fee charging**

Although the Charter applies to the United Kingdom, press regulation in Scotland is a devolved matter. In England and Wales, 'the recognition system' includes the arrangements put in place by the Charter as well as provisions in the Crime and Courts Act 2013. The provisions relating to exemplary damages came into force automatically on 3 November 2015, whereas the cost shifting provisions have not yet been brought into force. This means that in England and Wales, the recognition system is not yet in place as contemplated.

It was anticipated by the framing of the Charter that the PRP would become self-funding through fees charged to recognised regulators. With the recognition system not yet in place, that has not happened. However, we have been prudent with the grant expenditure provided to us by the Exchequer as contemplated by the Charter. We intend to deploy part of those funds after November 2017 to support our work until the recognition system is in place. We will continue to manage the grant expenditure in accordance with the general principles of Managing Public Money.

We consulted publicly on a scheme for charging fees to regulators in relation to the functions of recognition and cyclical review, to come into force from the third anniversary of the PRP – 3 November 2017. The consultation closed on 17 May 2017 and one response was received. The consultation detailed the PRP's proposal to charge £300,000 in fees for each new application for recognition and £220,000 per year for each year prior to the next cyclical review in relation to the existing regulator. We will be publishing our final fee charging framework later in summer 2017.

## **Preparing our second success or failure of the recognition system report**

The Charter requires the PRP to report annually on any success or failure of the recognition system. We published our first report in October 2016 and we plan to publish our second report in autumn 2017.

# ACCOUNTABILITY REPORT

## 3. Corporate governance report

### 3.1 Directors' report

This Directors' report is a report by the Chair (on behalf of the Board) and Chief Executive (as Accounting Officer) as those with authority and responsibility for directing and controlling the major activities of the PRP during 2016/17. Further details of the Chair, Board members and Chief Executive are provided in section 4 of this report. All relevant interests of Board members are available on the PRP's website.

### Financial performance measures and results

The PRP's expenditure in the period ended 31 March 2017 was £712,223 including taxation. The PRP is financed by a grant from the Exchequer, sufficient to enable the PRP to commence its operations, and fulfil its purpose for at least the first three years of operation. The whole grant of £3m was recognised in full in the 2014/15 financial year, on the basis that there was no mechanism for monies to be recalled by the Exchequer – any other arrangement could have been seen to have impinged on the PRP's independence.

In April 2017, the PRP consulted on a scheme for charging fees to regulators in relation to the functions of recognition and cyclical review, to come into force from the third anniversary of the PRP's inception (3 November 2017). Further information is provided above under section 2.2 (Our plans for 2017/18). Information about the PRP's adoption of the going concern basis can be found in the notes to the financial statements.

The PRP strives for the best value for money in the goods and services it purchases, fully cognisant that its funds came from the public purse. The PRP has outsourced its finance, human resources, premises, and IT functions. These outsourced arrangements provide the PRP with resilience, and their operation will be kept under review. The PRP implemented a flexible organisational structure to minimise permanent staff and buy in expertise as necessary. This allows the PRP to better meet peaks in workload and maximise its finances. Consequently, the team relocated to a smaller office within the same building.

### The PRP and its external environment

Information about the role, remit and external environment in which the PRP operates is available in section 1.3 (About us).

### The PRP's employees, professional support and contractors

Information about the PRP's staff, professional support and contractors can be found in section 4 (Remuneration).

### Procurement policy

The PRP is committed to achieving value for money, in terms of quality and price, for all of its procurement. To achieve this, the PRP endeavors to communicate clearly its requirements and evaluation criteria, as an informed purchaser, and to establish levels of competition appropriate to the size and complexity of the purchase. The PRP's procurement policy is available on our website.

# ACCOUNTABILITY REPORT

## Environment, social and community issues

While the PRP is not required to produce a sustainability report, it is committed to working with its suppliers and service providers to ensure that it takes account of the impact of its activities on the environment and community. The Board agreed a policy on corporate social responsibility and environmental sustainability in October 2015 and this was reviewed in January 2017. This is available on our website.

## Objectives and strategy for achieving them

The PRP's Business Plan for the financial year 1 April 2016 to 31 March 2017 was published in May 2016 and is available on our website.

## Significant features of the development and performance of the PRP in the financial period

This is summarised in section 2.1 (Performance analysis).

## Future developments and the trends and factors that the PRP considers likely to impact on its work

The PRP's work to date has laid the foundations for a recognition system for the press, as prescribed by the Charter, that is able to command public confidence. The outcomes of this work - independence in regulation, improved complaints resolution through arbitration amongst other things - will depend on circumstances beyond the PRP's immediate control. The PRP's plans for the next period are summarised in section 2.2 (Forward look).

## The principal risks and uncertainties facing the PRP and the approach to them

The PRP agreed a Risk Management policy to ensure a consistent Board overview of the effectiveness of management action to identify and mitigate risk. The risk management approach captures and assesses risks in relation to all key delivery, reputational and operational areas. This is considered in more detail in the Governance statement at section 3.3. The Governance statement also deals with information risk and data security.

## Payment of creditors

In accordance with the Finance policy, all properly authorised and approved invoices will be routinely paid within supplier terms or 30 days of receipt unless a longer payment term has been agreed or there is a dispute. The PRP will aspire to pay all properly authorised and approved invoices within 10 working days; the PRP abides by the provisions of the Prompt Payment Code. In 2016/17, the PRP aimed to pay 90% of invoices within 10 days of approval for payment. The actual figure was 99%.

# ACCOUNTABILITY REPORT

## Pension liabilities

The PRP has no pension scheme at present, so there are no pension liabilities to report for the current financial year. The PRP's staging date for auto-enrolment is 1 August 2017 - this is the date that automatic pension enrolment duties start. During the year under report, the Board agreed that permanent staff should be offered a contribution by the PRP to their private pensions of up to 10% of their salary (to be matched by the employee); as at 31 March 2017, two members of staff had taken up this offer.

## Equality, diversity and inclusion

The PRP is committed to eliminating discrimination and encouraging diversity. We believe that for our organisation to be successful, we need to work with the most talented and diverse range of people available. In delivering our legal responsibilities including those relating to the recognition of press regulators, and as an employer, our aim is to reflect all sections of society.

The Board has agreed a policy to provide equality and fairness for all in our legal and employment duties, and not to discriminate on grounds of any of the protected characteristics of age, disability, gender reassignment, race, religion or belief, ethnicity, sex, sexual orientation, marriage and civil partnership, pregnancy, maternity and political belief. The full policy is available on our website. Diversity data for our staff and non-executives is available in section 4.

## Auditors

The PRP's annual financial statements are audited externally by the Comptroller and Auditor General (C&AG) in accordance with paragraph 12 of the Charter. For the period ended 31 March 2017, a fee of £12,000 will be charged for the audit work that has been performed. The services provided by the C&AG related only to audit work. So far as the Chair, each individual Board member and the Chief Executive are aware, there is no relevant information of which the PRP's auditors are unaware. We have taken all the steps that ought to have been taken to make ourselves aware of any relevant audit information and to establish that the auditors are aware of that information.



**David Wolfe QC**  
Chair  
10 July 2017



**Susie Uppal**  
Chief Executive



## 3.2 Statement of Board and Accounting Officer's responsibilities

The Board is required to prepare a statement to the Comptroller and Auditor General (C&AG) as soon as practicable after the end of the financial year. The Board is required to prepare a statement of accounts each financial year, and must send a copy of the statement to the C&AG as soon as practicable after the end of the financial year. The PRP has engaged the C&AG as its auditor by agreement, who will examine, certify and report on the statement each year.

The accounts are prepared under UK Financial Reporting Standard 102 (FRS 102) with additional voluntary disclosure as considered appropriate to the size and remit of the PRP, including, where applicable and appropriate, relevant requirements of the UK government's Financial Reporting Manual.

In preparing the accounts, the Accounting Officer has:

- applied suitable accounting policies on a consistent basis;
- made judgements and estimates that are reasonable and prudent;
- stated where applicable accounting standards have been followed; and
- prepared the financial statements on a going concern basis.

The Chief Executive is the Accounting Officer of the PRP. The responsibilities of the Accounting Officer, including responsibility for the propriety and regularity of the finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the PRP's assets, are set out in the PRP's Finance policy. The PRP is required under the Charter to follow the general principles of Managing Public Money. The Finance policy is based on these general principles and best practice.

As far as the Accounting Officer is aware, there is no relevant audit information of which the PRP's auditors are unaware. The Accounting Officer has taken all reasonable steps to make herself aware of any relevant audit information and to establish that the PRP's auditors are aware of that information.

The Accounting Officer confirms that the annual report and accounts as a whole is fair, balanced and understandable and she takes personal responsibility for the annual report and accounts and the judgments required for determining that it is fair, balanced and understandable.

# ACCOUNTABILITY REPORT

## 3.3 Governance statement

### Scope of responsibility

As Chair and Chief Executive (and Accounting Officer) of the PRP, together with the Board, we have responsibility for maintaining a sound system of risk management, governance and internal control that support the achievement of the PRP's Charter obligations, policies, aims and objectives, whilst safeguarding the public funds and assets for which we are personally responsible. In particular, we take personal responsibility to ensure that the PRP:

- meets its obligations under, and acts in accordance with, the Charter, including applying a scheme of recognition, and managing the assets of the PRP efficiently and effectively so as to best achieve the PRP's purpose;
- complies with all statutory and administrative requirements on the use of public funds, including the general principles set out in Managing Public Money;
- operates within the limits of its authority; and
- operates in line with the statutory requirements of data protection legislation and in the spirit of the Freedom of Information Act 2000 (FOIA) (the FOIA does not apply to the PRP).

The Chief Executive (and Accounting Officer) is accountable through the Chair to the Board. The Board is responsible for ensuring the efficient discharge of the PRP's Charter functions and that the PRP complies with any statutory or administrative requirements for the use of public funds.

### Corporate Governance framework of the PRP

The Board is responsible for the strategy and direction of the PRP. The Board meets at regular - usually monthly - intervals, with a quorum of three members (50% of the Board members - including the Chair - appointed at the time).

The functions of the PRP are determined by the Charter (para 4.3) as public functions. As a public body, the PRP is required to establish robust governance arrangements appropriate to its business, scale and culture.

In accordance with this, the Board adopted a Governance framework, which was considered and agreed in December 2014 and reviewed annually thereafter. Earlier this year, the policies were comprehensively reviewed and consolidated to ensure that they continue to remain fit for purpose. The Governance framework is available on our website.

In addition, our website includes details of Board members' biographies and information about their relevant interests.

# ACCOUNTABILITY REPORT

## PRP Board

The PRP Board comprises six non-executive Board members (including the Chair). The Chief Executive attends every meeting. The Board met formally on 12 occasions during the period 1 April 2016 to 31 March 2017.

|                                    | Meeting Attendance |
|------------------------------------|--------------------|
| <b>David Wolfe</b> (Chair)         | 12/12              |
| <b>Harry Cayton</b> (Member)       | 11/12              |
| <b>Emma Gilpin-Jacobs</b> (Member) | 10/12              |
| <b>Carolyn Regan</b> (Member)      | 11/12              |
| <b>Harry Rich</b> (Member)         | 11/12              |
| <b>Tim Suter</b> (Member)          | 11/12              |

## Senior Independent Board member

In February 2015, the Board agreed the appointment of Tim Suter to the role of Senior Independent Board member for a period of two years. In February 2017, the Board unanimously agreed to re-appoint Tim Suter for a further two-year period. No additional remuneration is attached to this role.

The role serves as a sounding board for the Chair, serves as an intermediary for other Board members and formally appraises the Chair's performance annually.

## Board member with responsibility for financial matters

In accordance with para 11.9 of the Charter, the Chair appoints a Board member to take specific responsibility for reporting to the Board on the management of the finances of the PRP. Harry Rich was appointed to undertake this role at the Board's meeting on 18 December 2014.

## Audit and Risk Committee

At its meeting on 30 June 2015, the Board constituted an Audit and Risk Committee (ARC), to be chaired by Harry Rich who is paid additional remuneration of £1,500 annually to reflect his additional duty. The Board also agreed the appointment of Harry Cayton to the Committee but with no additional remuneration.

Kathryn Cearn's OBE FCA FCCA was appointed to the ARC as an Independent member on 1 September 2015 for an initial term of three years. This appointment assists with competent analysis of the financial statements and understanding good financial management disciplines. In the period ending 31 March 2017, the Independent member committed four days to the role at a fee of £300 a day.

The ARC is responsible, on behalf of the Board, for advising the Accounting Officer on the maintenance of appropriate audit and risk processes within the PRP and the governance of the external audit (managing the relationship with the external auditor and receiving audit reports). The PRP's accountants JS2 Ltd, and representatives from the National Audit Office on behalf of the C&AG (the PRP's external auditors) attend all relevant meetings.

# ACCOUNTABILITY REPORT

The minutes of ARC meetings and supporting paperwork as necessary, are circulated to the Board. The ARC met formally on four occasions during the period ending 31 March 2017.

|                                | <b>Meeting Attendance</b> |
|--------------------------------|---------------------------|
| <b>Harry Rich</b> (Chair)      | 4/4                       |
| <b>Harry Cayton</b> (Member)   | 4/4                       |
| <b>Kathryn Cearns</b> (Member) | 4/4                       |

## Nominations Committee

At its meeting on 23 February 2016, the Board agreed to constitute a Nominations Committee.

The Committee is responsible, on behalf of the Board, for:

- keeping under review and making recommendations in relation to the processes for the appointment, re-appointment and appraisal of Board members and any other non-executives engaged by the PRP;
- making recommendations on appointments and re-appointment processes in line with agreed policy;
- identifying and nominating candidates for the approval of the full Board to fill vacancies as and when they arise (operating as a Selection Panel);
- nominating for the approval by the full Board the re-appointment of any Board member at the conclusion of their specified term of office having given due regard to their performance and ability to continue to contribute in the light of the knowledge, skills and experience required; and
- making recommendations to the full Board in relation to extensions and emergency appointments and the disqualification, suspension and removal from office of the Chair and Board members.

The Committee is advisory only; the Board has responsibility in the Charter for determining Board appointments. The Committee will meet on an ad hoc basis in order to deal with appointment and re-appointment matters as they arise. An independent member, Mike Stevens, has been recruited to the Committee ahead of the first phase of the re-appointment cycle. The Board determined that it would be helpful to have advice and an external perspective from an individual independent of the PRP to assist. It is generally regarded as best practice for Board members not to participate in decisions about their own re-appointment; however, the Charter does not allow for any other mechanism.

## Board performance

The performance of the Board, its Committees and individual Board members is evaluated on an annual basis. The Board undertook its second annual Board evaluation during Autumn 2016, the outcomes of which were reported to the Board in November 2016 and included a number of areas for development. A summary of the actions and responses to these during 2016/17 are as follows:

# ACCOUNTABILITY REPORT

| Actions/areas for development  | Progress   |
|--|--|
| Updating and refreshing relevant knowledge e.g. of the industry and trends               | <ul style="list-style-type: none"> <li>Board members are kept updated by the Executive with relevant press cuttings and any other relevant updates or correspondence, and are provided with an update on the press landscape as part of the Chief Executive's report to the Board monthly. In addition to self-development and individual responsibility to be kept informed, the Board are considering a schedule of specialist topics to aid deeper understanding.</li> <li>Individual development needs were picked up as part of Board members' annual appraisals in February 2017.</li> </ul> |
| Pro-actively identify opportunities to explain the role of the PRP with key stakeholders | <ul style="list-style-type: none"> <li>Ongoing action – the stakeholder engagement plan is part of the PRP's communications strategy.</li> </ul>   |
| Ongoing improvement of working arrangements between the Board and the Executive Team     | <ul style="list-style-type: none"> <li>The clarification of boundaries between strategic and operational matters has helped to ensure an effective working relationship.</li> </ul>  |
| Develop strategic approach based around scenario planning                                | <ul style="list-style-type: none"> <li>Ongoing action to continue with Board strategic sessions to review progress and plan for 2017/18.</li> </ul>  |
| Ensuring PRP maximises opportunity to conduct business in publicly held sessions         | <ul style="list-style-type: none"> <li>Ongoing action – the Chair and the Chief Executive proactively consider ahead of each meeting.</li> <li>The Board agreed at its meeting in December 2016 that the decisions made in confidential sessions should be reviewed post meeting to decide whether they should be made public in the minutes of the meeting. The Board also publish minutes as soon as possible after each meeting.</li> </ul>   |
| Improve engagement of public in non-confidential sessions                                | <ul style="list-style-type: none"> <li>Ongoing action – the Chair and Chief Executive proactively review ahead of each meeting.</li> </ul>   |
| Greater stability in staff team  | <ul style="list-style-type: none"> <li>A new organisational design of a small core staff team with flexible resources to draw on will be introduced post April 2017 to retain skills and ensure efficient use of resources.</li> </ul>   |

Each Board member participated in an annual appraisal process in February 2017 with one-to-one sessions with the Chair. The Senior Independent Board member undertook the Chair's appraisal.

# ACCOUNTABILITY REPORT

## Risk and internal control framework

The Board considers the plans and the overall strategic direction of the PRP, and provides ongoing challenge to the assumptions and risk classification made by the Executive. Risk is regularly discussed at Board meetings and explicitly identified in Board papers.

The Board agreed a Risk Management policy and initial risk register at its meeting on 25 March 2015. The ARC reviews the risk register in detail at all its meetings to consider the way risks, or changes in risks, are identified, evaluated and controlled by the PRP. The Board receives a report of the ARC's findings at its next meeting, and the Board also reviews the risk register in detail on a quarterly basis. The Risk Management policy was most recently reviewed by the ARC and ratified by the Board at their meetings on 28 March 2017.

Together with the Board, the Chief Executive is responsible for initially identifying the major risks that are set out in the risk register, and for implementing a system of continuous assessment and review. The approach to risk is reviewed by the Board on an annual basis. The Risk policy and risk register are accessible to all staff. Project risks are identified and recorded, and are fed into the process of risk reporting.

Clear roles and responsibilities for managing risks are defined in the PRP's Risk Management policy which may mean taking appropriate action to mitigate, anticipate or exploit the threats or opportunities that arise.

## Response to risk

The Board's tolerance for risk varies depending on the nature and severity of individual risk. If the Board determines that a risk exceeds its appetite, it will put in place a strategy to mitigate the risk.

## The PRP's risk profile and capacity to handle risk

The Board is ultimately accountable for the management of risk. The Risk Management policy defines how risks will be identified, assessed and managed to ensure that actual and potential risks are identified; risks are assessed and prioritised; where possible, risks are mitigated; or risks are reduced to an acceptable level. Assumptions about risk are regularly revisited and reconsidered.

Risks to the PRP fall into one or more of the following categories:

- **Delivery** – failure to deliver policies that meet the Charter objectives, including risks related to the broader environment within which the PRP operates.
- **Reputational** – adverse comment on the credibility of the PRP which diminish its overall effectiveness.
- **Operational** – the inability of the internal processes of the PRP to function effectively (including financial, staffing, IT, premises and information security).

## Assessment of risk management

Through its work in agreeing the PRP's Risk Management policy, risk register, and risk appetite, the Board and ARC have evaluated the quality of the PRP's management of risk during 2016/17 and have confirmed their assessment that the PRP's approach identifies the correct risks, and that mitigating actions are appropriately focused and implemented so as to support the PRP's programme of work to deliver the Charter objectives.

# ACCOUNTABILITY REPORT

## Reporting of risk

As Chair and Chief Executive, we have assessed that there are no significant omissions in relation to risk requiring further disclosure. Our assessment has been endorsed by the Board and ARC.

## Principal risks

A summary of the identified risks facing the PRP in achieving its priorities in its early phase of operation have been assessed as follows (with a summary of mitigation activity accompanying each risk):

| Principal identified risks facing the PRP <sup>1</sup>   | Summary of mitigation activity  |
|--|---|
| Major policies fail to deliver their intended outcomes, or are disproportionate, costly, unreliable or ineffective | Regular reviews ensure that PRP governance processes are robust and that decision-making is sound; the Business Plan makes clear our planned activity for 2017/18 in relation to recognition work   |
| The PRP is unable to prepare for changes in workload caused by external factors                                    | The Board is updated on resource levels on a monthly basis; all resourcing - including staffing and premises - is secured as far as possible on a flexible basis; consultation processes are robust, and legal advice is sought when required |
| The loss or absence of key staff affecting the ability of the organisation to function effectively                 | The PRP Board and Chief Executive regularly review and update the resourcing plan; programme management processes are in place for early identification of capacity problems  |
| Insufficient budget to operate effectively   | Following a public consultation, the PRP is in the process of establishing a fee charging regime with a view to charging from November 2017 (section 5.2 provides further information).   |

<sup>1</sup> See also the going concern disclosure within the financial statements

## The wider framework of control

As well as a risk and control framework, the PRP exercises a wider system of internal control which is based on: a framework of regular management information; administrative procedures including a formal budgetary control system with segregation of duties; a system of delegation and accountability; project management disciplines; and the outsourcing of finance services to a provider - JS2 Ltd - providing additional separation of duties. In addition, Board member Harry Rich is designated with specific responsibility, on behalf of the Board, for finance matters.

# ACCOUNTABILITY REPORT

## Role of internal audit

The ARC considered the need for an internal audit as part of the assurance framework update in its meeting on 24 October 2016 and concluded that this would remain under review for the present time. A further reconsideration has been scheduled for the ARC meeting on 24 October 2017. The ARC will continue to keep the position under review.

## Information risk and data security

The PRP is a data controller under the Data Protection Act 1998. There were no personal data related incidents in the period 1 April 2016 to 31 March 2017. While it is not subject to the FOIA, the PRP has agreed that it will follow the spirit of the legislation, and act as if FOIA applied to the PRP.

The PRP's Information Technology policy was reviewed and updated in March 2017 and is available on our website.

During the period of this report, there were no reported data security incidents at the PRP.

## Assessment of fraud risk

As Chair and Chief Executive, we have reviewed the arrangements for the PRP's assessment of the risk that the financial statements may be materially misstated due to fraud, the current processes for identifying and responding to the risks of fraud and any known instances of fraud. We consider that there is a low risk of misstatement due to fraud. The fact that appropriate segmentation of budgetary and authorisation processes are in place and that the organisation does not handle any physical cash, both significantly reduce the risk of fraud within the PRP. Appropriate processes for identifying and responding to the risks of fraud in day to day operations are nevertheless in place. There were no known instances of fraud to report during the period.

## Compliance with Corporate Governance in central departments: Code of Good Practice 2011

In drawing up the Governance statement, the PRP has assessed its governance arrangements against the requirements outlined in the UK Corporate Governance Code and Corporate Governance in central departments: Code of Good Practice 2011 ("the Code"). The requirement to "comply or explain" applies to any bodies within the scope of Managing Public Money, and therefore the PRP. Our assessment, which has been endorsed by the ARC and the Board, is that the PRP complies with the Code insofar as it is applicable to it.



## Review of the effectiveness of risk, governance framework and significant control issues

The ARC has provided advice to the Board on the adequacy of audit arrangements and on the implications of assurances provided in respect of risk and control in the PRP during 2016/17. The ARC's review has been informed by comments made by the external auditors (the NAO) in their management letter and elsewhere.

The PRP did not experience any significant control issues during the period 1 April 2016 to 31 March 2017 and considers that there are no significant weaknesses to address.



David Wolfe QC  
Chair  
10 July 2017



Susie Uppal  
Chief Executive

# ACCOUNTABILITY REPORT

## 4. Remuneration

### Board member remuneration policy

The Charter gives the Board the power to set the remuneration of the Chair and other Board members at Schedule 1, para 5.3.

At its meeting on 18 December 2014, the Board took into account a comprehensive analysis of pay rates across public bodies prepared by an external agency, GatenbySanderson Ltd. It was agreed that the rates would be reviewed annually having regard to any changes in prevailing rates payable to members of boards of public sector bodies. The Board considered their rate of remuneration in March 2017 and concluded that there should be no change at present although they would review again in October 2017.

### Appointments

Current Board members were appointed by an Appointments Committee, itself appointed by the Commissioner for Public Appointments, for a fixed term of five years. Future appointments will be dealt with by the PRP's Nominations Committee (details are set out in section 3.3). Board members may be eligible for re-appointment for one subsequent term of office for a fixed term of up to three years. The Chair, David Wolfe, was appointed on 17 June 2014 for a five-year term. The Chair commits at least 60 days per annum to the work of the PRP. Members commit at least 20 days per annum to their work with the PRP.

### Terms of membership and termination

There is no compensation payable for loss of office for Board members before the expiry of their term of appointment.

|                                    | Date Appointed  | Date Appointment Ends |
|------------------------------------|-----------------|-----------------------|
| <b>David Wolfe</b> (Chair)         | 17 June 2014    | 16 June 2019          |
| <b>Harry Cayton</b> (Member)       | 3 November 2014 | 2 November 2019       |
| <b>Emma Gilpin-Jacobs</b> (Member) | 3 November 2014 | 2 November 2019       |
| <b>Carolyn Regan</b> (Member)      | 3 November 2014 | 2 November 2019       |
| <b>Harry Rich</b> (Member)         | 3 November 2014 | 2 November 2019       |
| <b>Tim Suter</b> (Member)          | 3 November 2014 | 2 November 2019       |

### Remuneration of Chair and Board members

The remuneration of the Chair and Board members is shown in the table below and has been subject to audit. There were no benefits in kind. In accordance with FRS 102, Board members are included in this report on the basis that Board members are members of key management personnel.

# ACCOUNTABILITY REPORT

## Remuneration 2016/17 (audited)

|                                    | Year to 31 March 2017** |
|------------------------------------|-------------------------|
|                                    | £                       |
| <b>David Wolfe</b> (Chair)         | £30,000                 |
| <b>Harry Cayton</b> (Member)       | £6,000                  |
| <b>Emma Gilpin-Jacobs</b> (Member) | £6,000                  |
| <b>Carolyn Regan</b> (Member)      | £6,000                  |
| <b>Harry Rich</b> (Member)*        | £7,500                  |
| <b>Tim Suter</b> (Member)          | £6,000                  |

\* Harry Rich is paid additional remuneration of £1,500 annually to reflect the additional duties he incurs as Audit and Risk Committee Chair.

\*\*The remuneration for 2015/16 is the same as above except for Harry Rich who was paid £7,125.

Kathryn Cearns, independent member of the Audit and Risk Committee, was paid £900 during 2016/17. She earned an additional £300 for a meeting attended in March 2017 which had not been paid by the year end.

## Staff remuneration (audited)

Susie Uppal was appointed as Executive Director on 26 January 2015 on a fixed term contract and was appointed Chief Executive on a permanent basis with effect from 1 December 2015. The remuneration of the Chief Executive is £115,000 per annum, as set by the Board in January 2015. Along with other permanent staff, the Chief Executive was offered a contribution by the PRP to her private pension of up to 10% of her salary (to be matched by the employee); this offer was taken up in November 2016.

The total remuneration for Executive staff in the period ending 31 March 2017 was £393,905 as set out in note 5 to the financial statements.

Costs of staff are as follows (audited):

- median staff remuneration £50,000 (annualised, FTE remuneration of all staff, including temporary staff) (2015/16: £56,500)
- range of staff remuneration £28,000 to £115,000 (2015/16: £26,000 to £115,000)
- ratio between remuneration of highest paid member of staff and median staff remuneration 2.30 (2015/16: 2.04)

The PRP staff's average sickness absence was 1.67 days per full time equivalent.

## Staff policies

During 2015/16, the PRP issued an Employee Handbook to all members of staff. The manual includes a range of policies and procedures affecting staff, such as details of salary arrangements, holidays, sickness absence, social networking policy, capability and disciplinary procedures etc. It also includes the PRP's Equal Opportunity policy.

# ACCOUNTABILITY REPORT

## Diversity data

As at 31 March 2017, the PRP had four permanent employees and two staff on fixed term contracts; six non-executive Board members plus two further non-executives in the roles of independent member of the Audit and Risk Committee and independent member of the Nominations Committee. Diversity data for the combined non-executive and staff group as at 31 March 2017 is as follows (based on a response rate of 64%):

**Age:** 23% aged 31-40; 11% aged 41-50; 44% aged 51-60; 22% aged 61-65

**Disability:** 0% considered themselves disabled

**Gender:** 44% female; 56% male (0% described their identity as different from their gender at birth)

**Sexual orientation:** 23% bisexual; 33% gay or lesbian; 44% heterosexual

**Maternity leave:** 0% pregnant, on maternity leave, or returning from maternity leave

**Ethnic origin:** 23% BME; 44% White British; 33% White other background

**Religion or belief:** 11% Christian; 23% Jewish; 11% Muslim; 11% None; 44% prefer not to say

## Expenditure on consultancy

To maximise value for money and in the context of the limited size of the organisation, some of the PRP's core services are outsourced. During the course of 2016/17, the PRP engaged the services of a range of contractors on a temporary basis to assist with media advice and support, accountancy services, regulatory matters, governance, IT support, and paid £69,190 for these services.



David Wolfe QC  
Chair  
10 July 2017



Susie Uppal  
Chief Executive

## **5. Accountability and audit report**

### **5.1 Regularity of expenditure (audited)**

The PRP constantly strives for the best value for money on the goods and services it purchases, and in accordance with the Charter's requirement, the PRP's finances are managed in accordance with the general principles of Managing Public Money.

As Accounting Officer of the PRP, the Chief Executive has considered her responsibility to notify the Board of material irregularity, impropriety and non-compliance with the general principles of Managing Public Money and confirms that no instances of material irregularity, impropriety or funding non-compliance were discovered in the year under report. There were no losses or special payments to disclose during the year under report.

### **5.2 Fees and charges (audited)**

As we noted in our Annual report on the Recognition System (October 2016), and mention at section 2.2, it was anticipated by the framing of the Charter that the PRP would become self-funding through fees charged to recognised regulators. With the recognition system not yet in place, that has not happened. However, having been prudent with the grant expenditure provided to us by the Exchequer as contemplated by the Charter, we intend to deploy part of those funds after November 2017 to support our work until the recognition system is in place.

We consulted publicly on a scheme for charging fees to regulators in relation to the functions of recognition and cyclical review, to come into force from the third anniversary of the PRP - 3 November 2017. The consultation detailed the PRP's proposal to charge £300,000 in fees for each new application for recognition and £220,000 per year for each year prior to the next cyclical review in relation to the existing regulator. We will be publishing our final fee charging framework later this summer.

# ACCOUNTABILITY REPORT

## 5.3 Long-term expenditure trends

The PRP Board has held regular strategic discussions about the PRP's future work, organisational design and issues of funding. The Board will consider how the PRP's longer term spending plans will be formulated and published later in 2017/18.

Details about our spending plans are contained in the PRP's Business Plan 2017/18 which is available on our website. A high-level summary of our expenditure plans for the year ahead are as follows:

| Expenditure budget for the year to 31 March 2018 |           |                  |
|--|-----------|------------------|
|  | £         | Total £          |
| <b>Expenditure</b>                               |           |                  |
| Board (salaries and expenses)                    | (65,650)  |                  |
| Communications                                   | (17,354)  |                  |
| Operational costs                                | (471,364) |                  |
| <b>Total expenditure</b>                         |           | <b>(554,368)</b> |



David Wolfe QC  
Chair  
10 July 2017



Susie Uppal  
Chief Executive

# ACCOUNTABILITY REPORT

## **The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament**

I certify that I have audited the financial statements of the Press Recognition Panel for the year ended 31 March 2017, which comprise the Statement of Income and Retained Earnings, the Statement of Financial Position, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). I have also audited the information in the Remuneration Report and the Accountability and Audit Report that is described in those reports as having been audited.

## **Respective responsibilities of the Board, Accounting Officer and auditor**

As explained more fully in the Statement of Board and Accounting Officer's Responsibilities, the Board and the Accounting Officer are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

## **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Press Recognition Panel's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Press Recognition Panel; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

## **Opinion on regularity**

In my opinion, in all material respects the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.



# ACCOUNTABILITY REPORT

## Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the Press Recognition Panel's affairs as at 31 March 2017 and of the net deficit for the year then ended; and
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

## Opinion on other matters

In my opinion:

- the parts of the Remuneration Report and the Accountability and Audit Report to be audited have been properly prepared in accordance with the Government Financial Reporting Manual; and
- the information given in the Performance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the parts of the Remuneration Report and the Accountability and Audit Report to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

## Report

I have no observations to make on these financial statements.

**Sir Amyas C E Morse**  
**Comptroller and Auditor General**  
**Date: 11 July 2017**

National Audit Office  
157-197 Buckingham Palace Road  
Victoria, London SW1W 9SP



# FINANCIAL STATEMENTS

## STATEMENT OF INCOME AND RETAINED EARNINGS

|  | Notes | Year to<br>31 March<br>2017<br>£ | Year to<br>31 March<br>2016<br>£ |
|--|-------|----------------------------------|----------------------------------|
| <b>Income</b>                                      |       |                                  |                                  |
| Grant income                                       |       | -                                | -                                |
| Bank Interest                                      |       | 4,510                            | 3,184                            |
| <b>Total Income</b>                                |       | <b>4,510</b>                     | <b>3,184</b>                     |
| <b>Expenditure</b>                                 |       |                                  |                                  |
| All costs  | 4     | (711,321)                        | (879,185)                        |
| <b>Total Expenditure</b>                           |       | <b>(711,321)</b>                 | <b>(879,185)</b>                 |
| <b>Net (deficit) for the period<br/>before tax</b> |       | <b>(706,811)</b>                 | <b>(876,001)</b>                 |
| Taxation   |       | (902)                            | (637)                            |
| <b>Net (deficit) for the period<br/>after tax</b>  |       | <b>(707,713)</b>                 | <b>(876,638)</b>                 |
| Reserves brought forward                           |       | 1,954,072                        | 2,830,710                        |
| <b>Reserves Carried Forward</b>                    |       | <b>1,246,359</b>                 | <b>1,954,072</b>                 |

There were no recognised gains and losses other than those shown in the above Statement of Income and Retained Earnings.

The notes on pages 36 to 40 form part of these financial statements.

# FINANCIAL STATEMENTS

## STATEMENT OF FINANCIAL POSITION

|  | Notes | Year to<br>31 March<br>2017 |                  | Year to<br>31 March<br>2016 |   |
|--|-------|-----------------------------|------------------|-----------------------------|---|
| <b>Current Asset</b>                     |       | £                           | £                | £                           | £ |
| Debtors                                  | 7     | 39,119                      |                  | 33,937                      |   |
| Cash at bank and in hand                 |       | 1,254,421                   |                  | 1,973,284                   |   |
|  |       | <b>1,293,540</b>            | <b>2,007,221</b> |                             |   |
| <b>Creditors</b>                         |       |                             |                  |                             |   |
| Amounts falling due within<br>one period | 8     | (47,181)                    |                  | (53,149)                    |   |
| <b>Net Current Assets</b>                |       | <b>1,246,359</b>            | <b>1,954,072</b> |                             |   |
| <b>Net Assets</b>                        |       | <b>1,246,359</b>            | <b>1,954,072</b> |                             |   |
| <b>Reserves</b>                          |       |                             |                  |                             |   |
| Reserves                                 |       | 1,246,359                   |                  | 1,954,072                   |   |
|  |       | <b>1,246,359</b>            | <b>1,954,072</b> |                             |   |

The notes on pages 36 to 40 form part of these financial statements.

Approved and authorised for issue by:



David Wolfe QC  
Chair  
10 July 17



Susie Uppal  
Chief Executive

# FINANCIAL STATEMENTS

## STATEMENT OF CASH FLOWS

|   | Year to<br>31 March<br>2017 | Year to<br>31 March<br>2016 |
|---|-----------------------------|-----------------------------|
|   | £                           | £                           |
| <b>Cash flows from operating activities</b>                         |                             |                             |
| Net (deficit)<br>for the financial year                             | (707,713)                   | (876,638)                   |
| Adjustments for:  |                             |                             |
| Interest received   | (4,510)                     | (3,184)                     |
| Taxation  | 902                         | 637                         |
| (Increase)/ Decrease in other debtors                               | (5,182)                     | 2,099,052                   |
| Increase in trade creditors   | (5,968)                     | 12,580                      |
| Cash from operations  | (722,471)                   | 1,232,447                   |
| Income taxes paid   | (902)                       | (637)                       |
| <b>Net cash generated from operating activities</b>                 | <b>(723,373)</b>            | <b>1,231,810</b>            |
| <b>Cash flows from investing activities</b>                         |                             |                             |
| Interest received   | 4,510                       | 3,184                       |
| <b>Net increase in cash and cash equivalents</b>                    | <b>(718,863)</b>            | <b>1,234,994</b>            |
| <b>Cash and cash equivalents at<br/>the beginning of the period</b> | <b>1,973,284</b>            | <b>738,290</b>              |
| <b>Cash and cash equivalents at<br/>the end of the period</b>       | <b>1,254,421</b>            | <b>1,973,284</b>            |

The notes on pages 36 to 40 form part of these financial statements.

# FINANCIAL STATEMENTS

## Notes to the financial statements

### 1. Organisation information

The Press Recognition Panel is a body established by Royal Charter.

### 2. Basis of preparation

These financial statements have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland.

#### Going concern

In accordance with the requirements set out in the Charter, the Exchequer has granted to the PRP such sums of money as are sufficient to commence its operations and thereafter fulfil its purpose for the first three years after the date the Charter became effective. Thereafter the Charter makes provision for a scheme for charging fees in relation to the functions of recognition and cyclical review. In the event that the Board considers that its income is likely to be insufficient to meet its expenditure relating to (a) legal or other expenses arising from litigation or threatened litigation, (b) ad hoc reviews or (c) wholly unforeseen events, it shall have the right to request further reasonable sums from the Exchequer. In response, the Exchequer shall grant such sums as the Exchequer considers necessary to ensure the purpose of the PRP is not frustrated by a lack of funding. The Board have a reasonable expectation that the PRP has adequate resources to continue in operational existence. Therefore, the going concern basis has been adopted in preparing the financial statements.

#### Significant judgements and estimates

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. The significant judgements have been in relation to the going concern detailed in the above paragraph.

### 3. Principal accounting policies

The following principal accounting policies have been applied:

#### Revenue

Government grants received are recognised using the performance model. A grant that does not impose specified future performance-related conditions on the PRP is recognised in income when the grant proceeds are received or receivable. A grant that imposes specified future performance-related conditions on the PRP is recognised in income only when the performance-related conditions are met.

#### Fixed assets

Items are capitalised where the purchase price exceeds £1,000.

# FINANCIAL STATEMENTS

## 4. EXPENDITURE

|   | Year to<br>31 March<br>2017<br>£ | Year to<br>31 March<br>2016<br>£ |
|---|----------------------------------|----------------------------------|
| Board remuneration  | 64,521                           | 64,138                           |
| Remuneration to the independent member<br>of the Audit and Risk Committee | 900                              | 1,500                            |
| Board travel and subsistence  | 305                              | 325                              |
| Staff costs   | 393,905                          | 427,686                          |
| Recruitment costs   | -                                | 74,353                           |
| Consultants and contractors and related costs                             |                                  |                                  |
| Governance  | -                                | 4,300                            |
| Media   | -                                | 7,050                            |
| Information technology  | 3,780                            | 11,299                           |
| HR  | 8,581                            | 6,262                            |
| Accountancy and finance   | 31,355                           | 29,907                           |
| Regulatory affairs  | 25,474                           | 5,466                            |
| Consultation events and launch  | -                                | 14,851                           |
| Consultation document and translation                                     | 14,673                           | 29,289                           |
| Website and visuals   | 6,576                            | 40,038                           |
| Serviced and virtual office costs   | 99,873                           | 118,941                          |
| Other information technology costs  | 4,060                            | 4,510                            |
| Legal   | 16,994                           | -                                |
| Audit fees  | 12,000                           | 12,500                           |
| Insurance   | 8,370                            | 9,028                            |
| Printing and stationery   | 10,719                           | 10,126                           |
| Training and conferences  | 1,199                            | 5,306                            |
| Subscriptions and publications  | 6,004                            | 199                              |
| Other costs   | 2,032                            | 2,111                            |
|   | <b>711,321</b>                   | <b>879,185</b>                   |

# FINANCIAL STATEMENTS

## 5. STAFF NUMBERS AND COSTS

|   | Year to<br>31 March<br>2017 | Year to<br>31 March<br>2016 |
|---|-----------------------------|-----------------------------|
|   | Number                      | Number                      |
| The average number of employees (full time equivalent) during the period was: | 6.0                         | 5.6                         |

As at 31 March 2017 the PRP employed 6 members of staff (31 March 2016: 6).

|                                | Year to<br>31 March<br>2017 | Year to<br>31 March<br>2016 |
|--------------------------------|-----------------------------|-----------------------------|
|                                | £                           | £                           |
| Wages and salaries             | 343,462                     | 374,946                     |
| Temporary agency staff         | -                           | 8,896                       |
| Social security costs          | 41,318                      | 43,844                      |
| Employer pension contributions | 9,125                       | -                           |
|                                | <b>393,905</b>              | <b>427,686</b>              |

|  | Year to<br>31 March<br>2017 | Year to<br>31 March<br>2016 |
|--|-----------------------------|-----------------------------|
|  | £                           | £                           |
| Remuneration in respect of the Board members was as follows: |                             |                             |
| Wages and salaries   | 61,500                      | 61,125                      |
| Social security costs  | 3,021                       | 3,013                       |
|  | <b>64,521</b>               | <b>64,138</b>               |

# FINANCIAL STATEMENTS

## 6. TAXATION

Bank interest is paid gross. Tax is payable on bank interest and is accrued in the financial statements in the year in which the interest relates.

## 7. DEBTORS

|                | Year to<br>31 March<br>2017 | Year to<br>31 March<br>2016 |
|----------------|-----------------------------|-----------------------------|
|                | £                           | £                           |
| Accrued income | 227                         | -                           |
| Prepayments    | 26,292                      | 11,951                      |
| Other debtors  | 12,600                      | 21,986                      |
|                | <b>39,119</b>               | <b>33,937</b>               |

## 8. CREDITORS

|                                     | Year to<br>31 March<br>2017 | Year to<br>31 March<br>2016 |
|-------------------------------------|-----------------------------|-----------------------------|
| Amounts falling due within one year | £                           | £                           |
| Accruals                            | 21,210                      | 28,743                      |
| Taxation and social security        | 13,524                      | 13,390                      |
| Pension contributions               | 2,310                       | -                           |
| Other creditors                     | 10,137                      | 11,016                      |
|                                     | <b>47,181</b>               | <b>53,149</b>               |

# FINANCIAL STATEMENTS

## 9. LEASING COMMITMENTS

The PRP's future minimum operating lease payments for serviced offices are as follows:

|                 | Year to<br>31 March<br>2017<br>£ | Year to<br>31 March<br>2016<br>£ |
|-----------------|----------------------------------|----------------------------------|
| Within one year | 14,904                           | 68,131                           |
|                 | <b>14,904</b>                    | <b>68,131</b>                    |

## 10. RELATED PARTY TRANSACTIONS

The PRP is governed by Royal Charter and has no ultimate controlling entity.

For the purpose of related party disclosure, members of the Board together with the Chief Executive have been identified as Key Management Personnel. Details of Board members' and the Chief Executive's remuneration are disclosed in section 4.

No transactions were identified as relevant for disclosure in relation to the period under report.

## 11. FINANCIAL RISK MANAGEMENT

### Liquidity risk

The objective of the PRP in managing liquidity risk is to ensure that it can meet its financial obligations as and when they fall due. The PRP expects to meet its financial obligations through timely monitoring of costs against budgets and reforecasts.

## 12. EVENTS AFTER THE REPORTING PERIOD DATE

### Contingent liability and post balance sheet event

In January 2017, the News Media Association informed us of its intention to seek a Judicial Review of the Board's decision to recognise IMPRESS as a recognised regulator. The Judicial Review was heard on 29 and 30 June 2017. The Board robustly defended its decision. The court has reserved judgement which will be considered by the PRP when it is received. The PRP has incurred external legal fees, some or all of which may be recoverable from the Claimant if the court finds in favour of the PRP. The extent of the Claimant's costs is not known. The PRP is confident however that these could be met by its existing funds if required.





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