

**PRP**

**INDEPENDENTLY  
OVERSEEING  
PRESS REGULATION**

**PRESS RECOGNITION PANEL**

**Annual Report and Financial Statements**

**For the year ended 31 March 2018**



**Press Recognition Panel Annual Report and Financial Statements  
for the year ended 31 March 2018**

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

19 July 2018

SG/2018/108

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## 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

Mappin House  
4 Winsley Street  
London  
W1W 8HF

### Web address

[www.pressrecognitionpanel.org.uk](http://www.pressrecognitionpanel.org.uk)

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2nd Floor  
1 Kingsway  
London  
WC2B 6AN

Barclays Bank - Business  
Atlas House  
1-7 King Street  
London  
EC2V 8AU

### External Auditors

Comptroller and Auditor General  
National Audit Office  
157-197 Buckingham Palace Road  
Victoria  
London  
SW1W 9SP

### Board Members

David Wolfe QC  
Harry Cayton CBE  
Emma Gilpin-Jacobs  
Carolyn Regan  
Harry Rich  
Tim Suter (to 31 October 2017)

### Chief Executive

Susie Uppal

# PERFORMANCE REPORT

## 1. Overview

### 1.1 Chair's foreword

This is the fourth annual report and accounts for the Press Recognition Panel (PRP) and it covers the period from 1 April 2017 to 31 March 2018.

During the year under review, we achieved all that we set out to do in our published Business Plan for 2017/18.

Following a thorough assessment, three calls for information and extensive deliberations, the PRP Board recognised the Independent Monitor of the Press (IMPRESS) as an approved regulator on 25 October 2016. In January 2017, the News Media Association (NMA) sought a Judicial Review of our decision. We defended our assessment and on 12 October 2017 the High Court handed down its judgment in the case, which categorically and bluntly rejected all the NMA's arguments. The judgment confirmed that the PRP acted independently, transparently and correctly when we recognised IMPRESS.

The NMA subsequently made an application to the Court of Appeal seeking permission to appeal the High Court verdict. Permission to appeal has been granted in a Court Order dated 12 April 2018. The Judge stated: 'I do not find either ground of appeal very compelling, but I do not feel able to decide on a summary basis that they have no realistic prospect of success. Any doubt about permission should in any event be resolved in the Appellant's favour in view of the important public interests potentially involved.'

As before, we will robustly defend our decision to recognise IMPRESS.

In November 2017, we published our second annual report on the recognition system. The report noted that section 40 of the Crime and Courts Act 2013 had not been commenced. It continues to be our view that section 40 should be commenced immediately so that the recognition system can operate and provide the intended public protections. As we have consistently maintained, commencement of section 40 would complete a system that will:

- Give everyone, not just the rich, access to legal remedies to challenge alleged press illegality;
- Protect the press from the chilling effect of threats of large legal costs by those who wish to stifle free speech and investigation; and
- Remove political influence from press regulation.

On 1 March 2018, the Secretary of State for Digital, Culture, Media and Sport announced the outcome of the government's consultation on part two of the Leveson Inquiry and on section 40. The Minister stated that the Inquiry would be formally closed and that section 40 would not be commenced, with the government instead intending to ask Parliament to repeal it at the earliest opportunity.

Politicians should not be involved in press regulation and full implementation of the recognition system would safeguard against that. Unfortunately, the government's failure to implement section 40 has led to a continuing political presence in press regulation.

During 2017/18, we met a wide range of stakeholders and I would like to thank everyone who contributed to and informed our work. In light of this engagement, the PRP has published factsheets to address misinformation about the organisation and the recognition system. We remain available to engage with everyone with an interest in our work.

The PRP works in the public interest to promote a free press in a free and fair society and we are committed to independently overseeing an effective system of press self-regulation in the UK. The PRP has discharged its duties cost-effectively and transparently and will continue to do so in the future.



**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 2017/18, provides a picture of the overall financial situation of the PRP, accounts for our expenditure, and looks forward to some of our future plans.

The PRP's Business Plan for 2017/18 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. During 2017/18, we maintained a proportionate level of awareness of issues and gathered relevant information. This supports the effective conduct of the cyclical review planned for November 2018 and helps us determine if an ad hoc review of the regulator's recognition might be appropriate before then. We have systems in place to receive feedback from third parties about the approved regulator's compliance with the recognition criteria.

Throughout 2017/18, we met with stakeholders, both proactively and reactively, to provide information about the recognition system and to address any misinformation about it and the PRP's role. In autumn 2018, we will publish our third annual report on the recognition system and will seek the views of others to help inform the report's conclusions.

We have implemented a flexible and efficient organisation structure and outsourced some of our functions in order to provide flexibility and value for money whilst ensuring that we meet our Charter obligations and published objectives.

We remain committed to overseeing an effective system of press self-regulation that protects the public.



**Susie Uppal**  
Chief Executive, Press Recognition Panel

## 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 failures of the recognition system.

### Our values

We are committed to performing our duties:

- **Independently** - using to the full the complete freedom we have from the 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).

# PERFORMANCE REPORT

## 2. PERFORMANCE ANALYSIS

### 2.1 Highlights of our work in 2017/18

The PRP's Business Plan for the year to 31 March 2018 was published in May 2017 and is available on our website.

**Our objectives for 2017/18 were to:**

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

#### Overseeing the recognised press regulator

Our complaints and feedback system enables us to maintain a proportionate awareness of the regulatory landscape and of issues related to our work. In the year to 6 December 2017 we deployed a dedicated whistleblowing hotline to receive concerns about the approved regulator's compliance with the Charter criteria. No calls were made to the whistleblowing line during that period and all feedback has been received by phone to the PRP office number, email or letter. In November 2017 we agreed that it would be more cost-effective to utilise the PRP office number which is open to all callers rather than to maintain a dedicated whistleblowing line. Five stakeholders have raised concerns with us, all of which have been followed up.

In the public session of our Board meeting in July 2017, we assessed IMPRESS' new Standards Code in accordance with the process for regulators varying the way they meet the recognition criteria contained in the PRP guidance on cyclical and ad hoc reviews. The operational effectiveness of the Code will be considered at the cyclical review stage in November 2018.

The Board considered the PRP Executive's analysis on the IMPRESS Board's media activity implementation plan in line with the published guidance on ad hoc reviews and concluded that the threshold for undertaking an ad hoc review had not been met. The measures adopted by IMPRESS will be reviewed during the cyclical review.

Criterion 21 of the recognition criteria states that an approved regulator should submit an annual report to the PRP. The IMPRESS annual report, received in November 2017, was assessed by the Executive team as meeting the requirements of recognition criterion 21 and related interconnected Charter criteria where applicable.

#### Amendments to our guidance on cyclical and ad hoc reviews

In April 2017, we updated our guidance on cyclical and ad hoc reviews following a public consultation which ran from 8 February 2017 to 23 March 2017. The updated guidance is available on our website.

# PERFORMANCE REPORT

## Performance management

At its April 2017 meeting, the Board agreed our Business Plan for 2017/18, which included objectives for the year and which fed into the organisation's work plan. The Chief Executive reported monthly on performance against those objectives.

## Judicial review

The News Media Association (NMA) sought a Judicial Review of our decision to recognise IMPRESS as an approved regulator. The case was heard in the High Court in June 2017. On 12 October 2017, the Court handed down its judgment which categorically rejected all of the NMA's arguments and unambiguously affirmed that the Board had made a lawful decision on all grounds. We were awarded our costs and the NMA was refused permission to appeal the decision.

The NMA subsequently appealed to the Court of Appeal and were granted permission in a Court Order dated 12 April 2018. The PRP intends to robustly defend its decision. The case is listed for hearing at the Court of Appeal on 17 January 2019.

## Fee charging framework

We consulted publicly on a scheme for charging fees to regulators in relation to recognition and cyclical review, to come into force from the third anniversary of the PRP (3 November 2017). We published our final fee charging framework and decision document on 16 August 2017. Fees for new applications for recognition will be £300,000 and we will charge a fee of £220,000 per year for each year prior to the next cyclical review in relation to the existing regulator.

## Annual report on the recognition system

Our second annual report on the recognition system was published on 29 November 2017. We reiterated that there continues to be political involvement in press regulation because the system intended to bring that to an end has not yet been implemented in full. We stated that section 40 of the Crimes and Court Act 2013 should be commenced immediately to deliver the new system of regulation that was devised by Parliament following the Leveson Inquiry.

In preparing our report, we held a public call for information from 10 July 2017 to 8 September 2017. We received nine responses and copies are available on the PRP's website. The PRP also reviewed last year's report and considered the feedback received during the public call for information at that stage. The report was also informed by what we had learned from a range of sources since the PRP was established, including our meetings and correspondence with stakeholders.

## Policies and procedures

The Board reviewed and updated key policies and procedures for the way the PRP operates between February and April 2018. These included the finance policy, the scheme of delegation, and business continuity arrangements. The updated policies are available on our website.

# PERFORMANCE REPORT

## 2.2 Forward look

The PRP published a Business Plan for 2018/19 in May 2018. 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. Oversee the approved regulator;
2. Meet our ongoing reporting requirements;
3. Receive applications for recognition; and
4. Use insight from those who have an interest in our work to inform what we do.

#### We will do this by:

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

### Our plans for 2018/19

Our plans include the following:

#### Oversee the approved regulator

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 the cyclical review in November 2018 and to help us determine if an ad hoc review of the regulator's recognition might be necessary.

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

#### Receive and determine any future applications for recognition

We have consulted publicly on, and implemented, our processes for receiving and assessing applications for recognition. Notwithstanding the government's intention to repeal section 40 causing ongoing uncertainty and continuing political involvement in press regulation, we remain prepared to determine future applications and fulfil our Charter obligations.

#### Judicial Review

We will continue to robustly defend the Board's decision to recognise IMPRESS as an approved regulator under the Charter.

#### Annual report on the recognition system

We will publish our third report on any success or failure of the recognition system in autumn 2018.



**David Wolfe QC**  
Chair  
6 July 2018



**Susie Uppal**  
Chief Executive

# 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 2017/18. 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 2018 was £477,177 including taxation. The PRP's initial funding requirements were financed by a grant from the Exchequer and the PRP now also receives annual fees payable by IMPRESS. The grant of £3m was recognised in the 2014/15 financial year. The framing of the Charter anticipated 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 and the remaining Exchequer funds will continue to be utilised to support our work until the recognition system is in place.

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 part of its funds came from the public purse. The PRP implemented a flexible organisational structure to minimise permanent staff and bring in expertise as necessary. Outsourcing some functions allows the PRP to better meet peaks in workload and maximise its finances.

#### 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 was reviewed by the Board in February 2018 and is available on our website.

# ACCOUNTABILITY REPORT

## **Environmental, 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 recently reviewed in April 2018. This 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. As noted above, the recognition system as envisaged under the Charter is not yet fully in place as section 40 has not been commenced. The government recently announced its intention to ask Parliament to repeal section 40 and this continues to create uncertainty about the future of the recognition system. The continued involvement of politicians in press regulation has an impact on the implementation of the full system as agreed in Parliament and is a factor outside the PRP's 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 2017/18, the PRP aimed to pay 90% of invoices within 10 days of approval for payment. The actual figure was 99%.

## **Pension liabilities**

The PRP implemented a pension scheme on 1 January 2016. During the year under report, four individuals received employer contributions into their pensions.

# ACCOUNTABILITY REPORT

## 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 2018, 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.

# ACCOUNTABILITY REPORT

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

Under paragraph 12 of the Charter, the Board is required to keep proper accounts and proper records in relation to the accounts. The Board is required to prepare a statement of accounts each financial year and must send a copy of the statement to the Comptroller and Auditor General (C&AG) as soon as practicable after the end of the financial year who will examine, certify and report on the statement.

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 judgements required for determining that it is fair, balanced and understandable.

## 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 bi-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 updated 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 currently comprises five non-executive Board members (including the Chair). Board Member Tim Suter resigned from the Board on 31 October 2017 and had attended one meeting up to that point. The Board met formally on 6 occasions during the period 1 April 2017 to 31 March 2018. The Chief Executive attends every meeting. As much as possible of each Board meeting was conducted in public and papers for the public session were published on our website in advance. Minutes were published on our website at the earliest opportunity, including details of any decisions taken during the confidential session where possible.

	Meeting Attendance
<b>David Wolfe</b> (Chair)	6/6
<b>Harry Cayton</b> (Member)	5/6
<b>Emma Gilpin-Jacobs</b> (Member)	4/6
<b>Carolyn Regan</b> (Member)	6/6
<b>Harry Rich</b> (Member)	6/6

## Senior Independent Board member

In February 2017, the Board re-appointed Tim Suter for a further two-year period as Senior Independent Board member. Following Tim Suter's resignation from the Board, Harry Cayton was appointed to this role in April 2018. 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 has appointed Board member Harry Rich to take specific responsibility for reporting to the Board on the management of the finances of the PRP.

## Audit and Risk Committee

The Board has constituted an Audit and Risk Committee (ARC), chaired by Harry Rich. The Board also agreed the appointment of Harry Cayton to the Committee.

Kathryn Cearns OBE FCA FCCA was appointed to the ARC as an Independent member on 1 September 2015.

The ARC is responsible, on behalf of the Board, for advising the Accounting Officer on the maintenance of appropriate audit and risk processes 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 auditor) 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 three occasions during the period ending 31 March 2018.

	<b>Meeting Attendance</b>
<b>Harry Rich</b> (Chair)	3/3
<b>Harry Cayton</b> (Member)	3/3
<b>Kathryn Cearns</b> (Member)	2/3

## Nominations Committee

The Board has a Nominations Committee to assist in the processes for the appointment and re-appointment of Board members. The Committee has not yet needed to meet and further details about the terms of reference can be found on our website.

The Committee is advisory only and will be chaired by the Chair of the PRP; however, the serving Board has responsibility in the Charter for determining Board appointments.

# ACCOUNTABILITY REPORT

## Board performance

The performance of the Board, its Committees and individual Board members is evaluated on an annual basis. The Board undertook its third annual Board evaluation during December 2017/January 2018 and assessed the responses in its meeting in April 2018. A summary of the areas considered and progress and results are as follows:

Areas considered	Progress and results
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 a variety of relevant press updates both in a daily basis and also through the monthly CEO report.</li> <li>No specific specialist topics were identified for further consideration at present and the Board noted this as an option for the future if required.</li> </ul>
Board receiving satisfactory information to assess the performance of the organisation	<ul style="list-style-type: none"> <li>The Board considered the current provision of performance information as sufficient.</li> </ul>
Risk management – review of statutory and similar requirements, health and safety, employment and other practises	<ul style="list-style-type: none"> <li>The Board were satisfied that statutory and similar requirements are suitably met to protect the PRP against litigation and reputational risks through the CEO's oversight and engagement.</li> </ul>
Ensuring PRP continues to maximise opportunity to conduct the majority of its business in publicly held sessions	<ul style="list-style-type: none"> <li>Chair and Chief Executive continue to proactively review Agenda items and papers before each meeting.</li> <li>The Board continue to release decisions made in respect of matters discussed in the confidential sessions where possible in the published Minutes.</li> </ul>
Develop greater strategic approach to include multi scenario planning and implementation	<ul style="list-style-type: none"> <li>Board strategic sessions have been scheduled in the bi-monthly meetings to review plans for 2018/19.</li> </ul>
Ongoing improvement of working arrangements between the Board and the Executive	<ul style="list-style-type: none"> <li>The regular clarification where necessary of boundaries between strategic and operational matters has helped to ensure an effective working relationship.</li> </ul>

Each Board member will participate in an annual appraisal process in summer 2018 with one-to-one sessions with the Chair. The Senior Independent Board member will undertake the Chair's appraisal. The Chair of the ARC will appraise the Independent member of the ARC.

# 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's tolerance for risk varies depending on the nature of individual risks and the Board puts in place suitable mitigation.

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 four times a year. The risk management policy was most recently reviewed by the ARC in March 2018 and ratified by the Board in April 2018.

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.

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.

## 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 avoided; 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 activities 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 diminishes 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 2017/18 and have confirmed their assessment that the PRP's approach identifies the correct risks, and that mitigating actions are appropriately focussed 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 emerging risks facing the PRP in achieving its priorities at this stage of operation have been assessed as follows (with a summary of mitigation activity accompanying each risk):

Principal identified risks facing the PRP	Summary of mitigation activity
The recognition system continues to be incomplete because the government does not implement or repeals section 40.	Whilst this risk is predominantly outside our control, the PRP proactively addresses misinformation associated with section 40 and the recognition system with stakeholders. The Board will continue to manage funds prudently to ensure we have sufficient resources to support the recognition system as it currently exists.
Cost and resourcing implications arising from permission being granted to the NMA to appeal the High Court decision of 12 October 2017.	As in the High Court hearing, the PRP will robustly defend its decision to recognise IMPRESS as an approved regulator. The CEO acts as the PRP's in house solicitor which keeps legal costs within control. Resourcing is actively considered.
Insufficient budget to operate effectively in the long term. <sup>1</sup>	The PRP's proactive and prudent management of funds and fees continues to provide satisfactory mitigation at present.

<sup>1</sup> See also the disclosure on going concern 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.

## 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 2017 and concluded that in view of the size, relative lack of complexity of the PRP and the control measures in place, an internal audit will not be commissioned. The ARC will continue to keep the position under annual review.

# ACCOUNTABILITY REPORT

## Information risk and data security

The PRP is a data controller under the Data Protection Act 2018. There were no personal data related incidents in the period 1 April 2017 to 31 March 2018. 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 has prepared in full for the implementation of the General Data Protection Regulation. The PRP has updated its Privacy statement and contacted all of its stakeholders prior to the implementation of the Regulation. We have complied with the consent requirements of the Regulation in respect of our stakeholder database and our suppliers have updated their contractual terms to ensure compliance.

The PRP's Information Technology policy was reviewed by the Board in February 2018 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 2017

In drawing up the Governance statement, the PRP has assessed its governance arrangements against the requirements outlined in the Corporate Governance in central departments: Code of Good Practice 2017. The requirement to "comply or explain" applies to any bodies within the scope of HM Treasury *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 2017/18. The ARC's review has been informed by comments made by the external auditors (the NAO) during meetings and correspondence.

The PRP did not experience any significant control issues during the period 1 April 2017 to 31 March 2018 and considers that there are no significant weaknesses to address.

# 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 when setting its rates. 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 December 2017 and concluded that the current annualised rates continued to remain appropriate for Board members. The remuneration of the Chair of the ARC was increased from the current amount of £1,500 to £2,500 annually with effect from January 2018. The Board agreed that the Independent member of the ARC should be paid an annualised sum of £1,500, to be paid in monthly equal instalments to reflect the current market rate and minimise administrative action with effect from January 2018.

### 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 and Board 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

### 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 2017/18 (audited)

	Year to 31 March 2018** £	Year to 31 March 2017 £
<b>David Wolfe</b> (Chair)*	30,000	30,000
<b>Harry Cayton</b> (Member)	6,000	6,000
<b>Emma Gilpin-Jacobs</b> (Member)	6,000	6,000
<b>Carolyn Regan</b> (Member)	6,000	6,000
<b>Harry Rich</b> (Member)**	7,750	7,500
<b>Tim Suter</b> (Member until 31 October 2017)***	3,000	6,000

\* The figure for David Wolfe excludes employer pension contributions of 1% paid with effect from 1 August 2017. These totalled £200 in the year to 31 March 2018.

\*\* Harry Rich was paid additional remuneration of £2,500 annually from January 2018 (previously £1,500 annually) to reflect the additional duties he incurs as Chair of the ARC.

\*\*\* The full year equivalent £6,000.

The Independent member of the ARC, Kathryn Cearn, was paid £1,275 during 2017/18.

## 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 Chief Executive reduced her working hours from full time to three days per week from 1 January 2018. The remuneration of the Chief Executive was £103,500 in the year to 31 March 2018 (£115,000 full time equivalent per annum, as set by the Board in January 2015).

All permanent staff, including the Chief Executive, were offered a contribution by the PRP to their private pensions of up to 10% of their salaries (to be matched by the employee). Employer pension contributions towards the Chief Executive's pension totalled £10,350 in the year to 31 March 2018.

The total remuneration for Executive staff in the period ending 31 March 2018 was £210,726 as set out in note 5 to the financial statements.

Costs of staff are as follows (audited):

- median staff remuneration £46,014 (annualised, FTE remuneration of all staff, including temporary staff) (2016/17: £50,000)
- range of staff remuneration £42,028 to £115,000 (2016/17: £28,000 to £115,000)
- ratio between remuneration of highest paid member of staff and median staff remuneration 2.50 (2016/17: 2.30)

The PRP staff's average sickness absence was 0.8 days per full time equivalent (2016-17: 1.67 days FTE).

# ACCOUNTABILITY REPORT

## Staff policies

The PRP has reviewed and updated its Employee Handbook that is available to staff. The guide 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.

## Diversity data

As at 31 March 2018, the PRP had two permanent employees and one employee on a fixed term contract; five non-executive Board members plus one further non-executive in the role of Independent member of the Audit and Risk Committee. Diversity data for the combined non-executive and staff group as at 31 March 2018 is as follows (based on a response rate of 78%):

**Age:** 30% aged 41-50; 70% aged 51-60

**Disability:** 0% considered themselves disabled

**Gender:** 70% female; 30% male (0% described their identity as different from their gender at birth)

**Sexual orientation:** 30% bisexual; 30% gay or lesbian; 40% heterosexual

**Ethnic origin:** 30% BME; 30% White British; 40% White other background

**Religion or belief:** 15% Christian; 30% Jewish; 15% None; 40% 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 2017/18, the PRP engaged the services of a range of consultants to assist with accountancy services, regulatory matters, communications and IT support and paid £68,899 for these services.

## 5. Parliamentary 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 HM Treasury's *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 HM Treasury *Managing Public Money* and confirms that no instances of material irregularity, impropriety or funding non-compliance were discovered in the year under report. There have been no losses/ special payments made during the year

# ACCOUNTABILITY REPORT

## 5.2 Fees and charges (audited)

The Exchequer granted the PRP £3m for the first three years of its operation and this was received and recognised in full by the PRP in 2014/15. It was anticipated in 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 and we have therefore continued to deploy the remainder of those funds 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 HM Treasury *Managing Public Money*.

We consulted on our fee charging scheme (4 April 2017 to 17 May 2017) and the final guidance, including details of the fees to be charged, is available on our website. Article 11.3 of the Charter states that the aim of the charging scheme is to recover the PRP's full costs of determining applications for recognition and for conducting cyclical reviews. The fee is payable irrespective of the outcome of the cyclical review. The fees must cover the PRP's direct and indirect costs. Other than in exceptional circumstances (Article 11.7 of the Charter), the PRP's only means of generating future income is charging the regulators' fees.

IMPRESS' fees were £220,000 for the year to 3 November 2018. This is being recognised as income in the accounts on a time pro-rata basis. Accordingly, £89,205 has been included as income in the year to 31 March 2018, with the balance of £130,795 deferred to be recognised in the following year.

## 5.3 Long-term expenditure trends

The Board has held regular strategic discussions about the PRP's future work, organisational design and issues of long term funding. The Board will consider how the PRP's longer term spending plans will be formulated and published later in 2018/19.

Details about our spending plans are contained in the PRP's Business Plan 2018/19 which is available on our website.



**David Wolfe QC**  
Chair  
6 July 2018



**Susie Uppal**  
Chief Executive

# ACCOUNTABILITY REPORT

## The certificate and report of the comptroller and auditor general to the Houses of Parliament

### Opinion on financial statements

I certify that I have audited the financial statements of Press Recognition Panel for the year ended 31 March 2018 which comprise the Statement of Income and Retained Earnings, the Statement of Financial Position, the Statement of Cash Flows and the related notes, including the significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. 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.

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 2018 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 regularity

In my opinion, in all material respects:

- 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.

### Basis of opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate. Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2016. I am independent of the Press Recognition Panel in accordance with the ethical requirements that are relevant to my audit and the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Responsibilities of the Accounting Officer for the financial statements

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.

### Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with applicable law.

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. 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.

As part of an audit in accordance with ISAs (UK), I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Press Recognition Panel's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Press Recognition Panel's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.

# ACCOUNTABILITY REPORT

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I 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 I identify during my audit.

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.

## Other Information

The Accounting Officer is responsible for the other information. The other information comprises information included in the annual report, other than the parts of the Remuneration Report and the Accountability and Audit Report described in that report as having been audited, the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

## 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
- in the light of the knowledge and understanding of the Press Recognition Panel and its environment obtained in the course of the audit, I have not identified any material misstatements in the Performance Report or the Accountability Report; 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**  
**13 July 2018**

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

# FINANCIAL STATEMENTS

## STATEMENT OF INCOME AND RETAINED EARNINGS

	Notes	Year to 31 March 2018 £	Year to 31 March 2017 £
<b>Income</b>			
Bank interest		2,006	4,510
Fees		89,205	-
<b>Total Income</b>		<b>91,211</b>	<b>4,510</b>
<b>Expenditure</b>			
All costs	4	(476,785)	(711,321)
<b>Total Expenditure</b>		<b>(476,785)</b>	<b>(711,321)</b>
<b>Net deficit for the period before tax</b>		(385,574)	(706,811)
Taxation	6	(392)	(902)
<b>Net deficit for the period after tax</b>		(385,966)	(707,713)
Reserves brought forward		1,246,359	1,954,072
<b>Reserves Carried Forward</b>		<b>860,393</b>	<b>1,246,359</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 32 to 38 form part of these financial statements.

# FINANCIAL STATEMENTS

## STATEMENT OF FINANCIAL POSITION

	Notes	Year to 31 March 2018	Year to 31 March 2017
Current Asset		£	£
Debtors	7	130,566	39,119
Cash at bank and in hand		892,902	1,254,421
		<b>1,023,468</b>	<b>1,293,540</b>
<b>Creditors</b>			
Amounts falling due within one period	8	(163,075)	(47,181)
<b>Net Current Assets</b>		<b>860,393</b>	<b>1,246,359</b>
<b>Net Assets</b>		<b>860,393</b>	<b>1,246,359</b>
<b>Reserves</b>			
Reserves		860,393	1,246,359
		<b>860,393</b>	<b>1,246,359</b>

The notes on pages 32 to 38 form part of these financial statements.

Approved and authorised for issue by:



David Wolfe QC  
Chair  
6 July 2018



Susie Uppal  
Chief Executive

# FINANCIAL STATEMENTS

## STATEMENT OF CASH FLOWS

	Year to 31 March 2018	Year to 31 March 2017
	£	£
<b>Cash flows from operating activities</b>		
Net (deficit) for the financial year	(385,966)	(707,713)
Adjustments for:		
Interest received	(2,006)	(4,510)
Taxation	392	902
(Increase) in debtors	(91,447)	(5,182)
Increase /(decrease) in creditors	115,894	(5,968)
<b>Cash used in operating activities</b>	<b>(363,133)</b>	<b>(722,471)</b>
Income taxes paid	(392)	(902)
<b>Net cash used in operating activities</b>	<b>(363,525)</b>	<b>(723,373)</b>
<b>Cash flows from investing activities</b>		
Interest received	2,006	4,510
<b>Net increase in cash and cash equivalents</b>	<b>(361,519)</b>	<b>(718,863)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>1,254,421</b>	<b>1,973,284</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>892,902</b>	<b>1,254,421</b>

The notes on pages 32 to 38 form part of these 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 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.

# FINANCIAL STATEMENTS

The PRP Board informed the Ministry of Justice and HM Treasury of its intention to use the funding beyond the initial years as the recognition system was not as yet in place. In addition to the grant reserves, the Charter makes provision for a scheme for charging fees in relation to the functions of recognition and cyclical review. One regulator has been approved and is now paying these fees. Moreover, 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 has the right to request further reasonable sums from the Exchequer. In response, the Exchequer will grant such sums as the Exchequer considers necessary to ensure the purpose of the PRP is not frustrated by a lack of funding.

The overall situation as regard to the recognition system remains uncertain. To date, section 40 of the Crime and Courts Act 2013 has not been implemented and may now not be implemented in view of the government's stated intention to repeal it. Press regulation remains a voluntary matter for the industry and, apart from IMPRESS, which has been recognised, there are no regulators seeking recognition under the Charter. The Board has shaped its business model with due consideration of this uncertainty and designed an organisational structure that is flexible, to ensure that costs continue to be completely covered by available resources in the future. The PRP has consistently been prudent with its expenditure and budgeted accordingly. The Board has a reasonable expectation that in view of this operational and financial position, the PRP has adequate resources to operate as a going concern for the foreseeable future. For these reasons, the Board is satisfied that the going concern basis has been adopted appropriately in preparing the financial statements.

## **Critical judgements and significant estimates**

The PRP has analysed its arrangement with IMPRESS and fees received in the context of FRS 102's approach to revenue recognition, in particular as to whether the cyclical review undertaken in respect of a recognised regulator constitutes a "significant" act which would require deferral of recognition of revenue. Although the cyclical review is a specific act in relation to the regulation of IMPRESS, the PRP view is that in substance the process of regulation involves carrying out an indeterminate number of acts over time, of which the cyclical review is only one, albeit a more formal one, and it is dependent on all the other relevant acts over time. Fees are therefore recognised evenly over the period to which the fee relates.

The other critical judgement is in relation to the going concern, as detailed in the above section.

There are no significant accounting estimates.

## **3. Principal accounting policies**

The following principal accounting policies have been applied:

### **Revenue**

The government grant received has been recognised using the performance model. It is a grant that does not impose specified future performance-related conditions on the PRP and so was recognised in income when the grant proceeds were received.

As detailed in the Note 2, fees are recognised evenly over the period to which the fee relates.

### **Fixed assets**

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

### **Cash at bank and in hand**

All cash is held in bank accounts.

# FINANCIAL STATEMENTS

## Pensions

Contributions are made to individual personal pension plans which are defined contribution schemes. The pension costs charged to the Statement of Income and Retained Earnings in the year are those actually paid or due to be paid into the pension plans.

## VAT

The Press Recognition Panel is not registered for VAT. All expenditure in the accounts is inclusive of VAT where it has been charged by the supplier.

## Operating leases

Rentals applicable to operating leases are charged to the Statement of Income and Retained Earnings over the period in which the cost is incurred.

## 4. EXPENDITURE

	Year to 31 March 2018	Year to 31 March 2017
	£	£
Board remuneration	61,963	64,521
Remuneration to the independent member of the Audit and Risk Committee	1,275	900
Board travel and subsistence	13	305
Consultants and contractors and related costs		
Information technology	3,255	3,780
HR	4,069	8,581
Accountancy and finance	26,400	31,355
Communications	30,771	-
Regulatory affairs	4,404	25,474
Legal	20,458	16,994
Consultation document and translation	9,515	14,673
Website and visuals	3,597	6,576
Office costs	63,253	99,873
Other information technology costs	5,645	4,060
Audit fees	12,000	12,000
Insurance	6,593	8,370
Printing and stationery	4,504	10,719
Training and conferences	526	1,199
Subscriptions and publications	7,026	6,004
Other costs	792	2,032
	266,059	317,416
Staff costs (see Note 5)	210,726	393,905
	<b>476,785</b>	<b>711,321</b>

# FINANCIAL STATEMENTS

## 5. STAFF NUMBERS AND COSTS

	Year to 31 March 2018 Number	Year to 31 March 2017 Number
The average number of employees (full time equivalent) during the period was:	2.4	6.0

As at 31 March 2018 the PRP employed 3 members of staff (31 March 2017: 4).

	Year to 31 March 2018 £	Year to 31 March 2017 £
Wages and salaries	175,845	343,462
Social security costs	20,668	41,318
Employer pension contributions	14,213	9,125
	<b>210,726</b>	<b>393,905</b>

	Year to 31 March 2018 £	Year to 31 March 2017 £
Remuneration in respect of the Board members was as follows:		
Wages and salaries	58,750	61,500
Social security costs	3,013	3,021
Pension contributions	200	-
	<b>61,963</b>	<b>64,521</b>

## 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.

# FINANCIAL STATEMENTS

<b>7. DEBTORS</b>	<b>Year to 31 March 2018 £</b>	<b>Year to 31 March 2017 £</b>
Fees receivable	110,000	-
Prepayments	12,718	26,292
Accrued income	182	227
Other debtors	7,666	12,600
	<b>130,566</b>	<b>39,119</b>

<b>8. CREDITORS</b>	<b>Year to 31 March 2018 £</b>	<b>Year to 31 March 2017 £</b>
<b>Amounts falling due within one year</b>		
Accruals	20,048	21,210
Taxation and social security	5,631	13,524
Pension contributions	1,035	2,310
Deferred income (see below)	130,795	-
Other creditors	5,566	10,137
	<b>163,075</b>	<b>47,181</b>

<b>Deferred income</b>	<b>Year to 31 March 2018 £</b>	<b>Year to 31 March 2017 £</b>
Deferred income in the year: Fees	130,795	-
Deferred income carried forward	<b>130,795</b>	-

## 9. LEASING COMMITMENTS

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

	<b>Year to 31 March 2018 £</b>	<b>Year to 31 March 2017 £</b>
Within one year	28,064	14,904
	<b>28,064</b>	<b>14,904</b>

The lease commitment at 31 March 2018 was 8 months (at 31 March 2017: 2 months).

## 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.

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

### Post balance sheet event

The News Media Association (NMA) applied for a judicial review of the PRP's decision to recognise IMPRESS as an approved regulator under the Charter and the case was heard in the High Court in June 2017. On 12 October 2017, the High Court rejected all of the NMA's arguments. The Judges found that the arguments against the PRP's decision lacked any legal basis. The Judgment confirmed that the Board acted independently, transparently and lawfully when it recognised IMPRESS.

The NMA were granted permission to appeal in a court order dated 12 April 2018 and the case is listed for hearing on 17 January 2019. The PRP intends robustly to defend its decision.

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.

In accordance with the requirements of FRS 102, Section 32 Events after the Reporting Date, post Statement of Financial Position events are considered up to the date on which the Accounts are authorised for issue. This is interpreted as the same date as the date of the Certificate and Report of the Comptroller and Auditor General.



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