

Penal Reform International

Report and financial statements

For the year ended 31 December 2017

Penal Reform International

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Penal Reform International

Reference and administrative information

For the year ended 31 December 2017

Registered office and operational address 1 Ardleigh Road, London, N1 4HS

Board

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

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

Prof Dirk van Zyl Smit, South Africa and UK	Chair	
Prof Anton van Kalmthout, Netherlands	Treasurer	
Justice Muhammad Imman Ali, Bangladesh	Secretary General (elected April 2016)	
Paula Litvachky, Argentina	Board member (elected January 2016)	
David Fathi, USA	Board member (elected January 2016)	
Roselyn Karugonjo Segawa, Uganda	Board member (elected January 2016)	
Natalia Khutorskaya, Russia	Board member	
John Nyoka, Tanzania	Board member (elected January 2016)	
Prof Sir Nigel Rodley, UK	Board member (died January 2017)	
Vera Tkachenko, Kazakhstan	Board member	
Prof Robert van Voren, Lithuania and Netherlands	Board member (elected January 2016)	
Dr Dmitry Nurumov, Kazakhstan	Board member (elected April 2018)	
Key management	Alison Hannah	Executive Director
Personnel	John Usher	Head of Finance
	Azamat Shambilov	Regional Director (Central Asia)
	Taghreed Jaber	Regional Director (Middle East and North Africa)
	Tsira Chanturia	Regional Director (South Caucasus)
Bankers	HSBC Bank 512 Brixton Road London SW9 8ER	
Solicitors	Russell-Cooke 2 Putney Hill London SW15 6AB	
Auditor	Sayer Vincent LLP Chartered Accountants and Statutory Auditors Invicta House 108-114 Golden Lane LONDON EC1Y 0TL	

The Board present their report and the audited financial statements for the year ended 31 December 2017.

Penal Reform International (PRI) is an international, independent non-governmental organisation (NGO). It is registered as an Association (registered number 40025979) in Groningen, the Netherlands. It has its head office in London and four regional offices, which are registered as branches of PRI in the countries where the regional offices are based (Georgia, Jordan, Kazakhstan, and Russia). It has recently registered an office in Uganda, also as a branch of PRI. All offices are covered by the arrangements set out in the Constitution. Although PRI is not a charity registered in the UK, the Board have adopted the provisions of the Statement of Recommended Practice – Accounting and Reporting by Charities: SORP applicable to charities preparing their accounts in accordance with FRS 102.

Objectives and activities

Purposes and aims

PRI's governing document is its Constitution, which sets out its objects, mission and powers as a registered association. In 2014 the Constitution was revised and registered in the Netherlands.

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

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

PRI aims to promote safe and secure societies where offenders are held to account, victims' rights are recognised, sentences are proportionate and the primary purpose of prison is social rehabilitation rather than retribution. It works as a catalyst for systemic change through a mix of advocacy and practical programmes for reform, in partnership with intergovernmental, governmental and non-governmental bodies, and supports the role of civil society in promoting criminal justice reform at the levels of legislation, policy and practice.

The year started with the very sad news of the death of our Board member (and founder member of PRI) Professor Sir Nigel Rodley; he is much missed by all those working in the field of human rights. He was a great supporter of PRI and took an active role in drafting the Nelson Mandela Rules and subsequent guidance for prison managers. The Board vacancy has not yet been filled.

Achievements and performance

Overview

PRI has an agreed strategic plan for the period 2015–2020. The four outcomes we aim to achieve are:

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

As our capacity to deliver these outcomes depends on grant funding being available, we have an annual workplan setting out activities that contribute towards achieving one or other of these outcomes during the year. These are funded through a range of donor grants; all planned activities were delivered as intended unless a minor variation was agreed with the donor.

Highlights

Looking back over the year, there are a number of successes we would like to highlight, including:

- *Publication of the Global Prison Trends Report 2017 (our annual flagship publication)*
- *Our Middle East & North Africa (MENA) office's continuing delivery of a penitentiary reform programme in Yemen, despite the war there, currently focusing on improving conditions for women and children*
- *Successful completion of our project in Kenya to develop gender-sensitive pre-sentence reports for the court and community service placements that met the needs of women offenders, enabling them to continue caring for their families*
- *Our Central Asia office's initiative to start advocacy in Uzbekistan to raise awareness of human rights and torture prevention*
- *Our recent project in Georgia, working with local civil society partners to provide skills-training and counselling services to women who experienced abuse and violence, factors linked to their offending behaviour*
- *Our first project by our Africa office, based in Uganda, providing training to prison officers on vulnerable groups of prisoners*
- *In Georgia, a new system of pre-sentence reports for children in conflict with the law was developed by our South Caucasus office*
- *In Kazakhstan, we are working with UNICEF on a pilot project of probation for children*
- *In Tunisia, successful completion of a pilot project for probation, now to be expanded*
- *In Morocco, a new initiative to provide legal aid for suspects and defendants*

- *Developing a new concept for demilitarisation of the prison service in Central African Republic, at the invitation of the UN Mission there*
- *Gaining and disseminating expertise in the management of violent extremist and radicalised prisoners*

Further information about these results is set out below.

Progress towards achieving the outcomes of the 2015–2020 strategic plan

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

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

In working towards this outcome, in 2017 our activities focused on:

- Promoting legal aid
- Diverting minor offenders away from the formal justice system
- Promoting public health solutions to crime such as those involving drugs
- Improving the monitoring of places of pre-trial detention, including police stations
- Supporting measures to respect the rights of women, children and vulnerable groups

The head office researched and published the *2017 Global Prison Trends* report, covering major changes and developments in prison populations, practice and policy. After reading it, a UNDP colleague commented *'I found it a valuable resource for us experts and practitioners in this particular field of work, but with the concise and easy to read format it provides a useful overview also relevant for practitioners . . . with limited knowledge on prison specifics, as well as anyone interested in this area'*.

Regionally, a range of projects contributed towards this outcome.

In **Kazakhstan** we established and successfully completed a Capstone Project for the university in Astana. This Dutch-funded project created a new type of university course, to develop students' research skills in human rights issues. The results demonstrated some new approaches to criminal justice and human rights. Following on from this success, the office has started a new Capstone project in Atyrau, in West Kazakhstan.

In **Ukraine** a two-year project to strengthen the role of civil society in protecting the rights of vulnerable groups of offenders ended in 2017. Key outcomes included amendments that significantly improved the law and policy framework for human rights and the treatment of vulnerable offenders. Professional training on human rights and the specific needs of vulnerable

groups was given to law enforcement bodies; legal and social assistance was provided in 14 regions of the country.

In 2017, a three-year programme assisting civil society to work more effectively towards transparency and accountability of law enforcement bodies in Belarus came to an end. It improved communication and information-sharing mechanisms between government and civil society players and strengthened a human rights approach to those in conflict with the law. Government institutions and advocates were given technical assistance to promote the needs and rights of vulnerable groups, and police officials took part in capacity building activities.

Five legal aid offices have been opened inside prisons as a result of this project. In a three-month period, 27 prisoners were released as a result of this service and a total of 120 detainees benefitted from legal advice.

In Algeria, the MENA office organized a training workshop for police on the rights of suspects and defendants. 85% of participants reported an increase in their knowledge of human rights and the rights of accused people – including the legal time limit on police detention for investigation of suspects. Also in Algeria, we gave training to the National Centre for Human Rights, which is responsible for monitoring places of detention. We updated them on the provisions of the Nelson Mandela Rules and gender-sensitive monitoring, as well as the importance of ratifying the Optional Protocol to the Convention against Torture (OPCAT). In Tunisia we partnered with the lawyers' bar association to provide legal aid services.

Child friendly justice

All MENA projects in Algeria, Morocco, Tunisia, and Yemen have objectives that promote gender-sensitive and child friendly justice. In Yemen, despite the war, we continue working with a local partner NGO to develop child-friendly justice systems and six child-friendly safe zones at juvenile centres were established to help children cope with the effects of the war. The centres provide psychological support, games, and a bakery was created at the girls' juvenile centre.

In Central Asia we participated in the development of law on the rights of the children in conflict with the law; and, with UNICEF, we are piloting probation systems for children at different stages of the criminal justice system.

In Russia, our 3-year project to strengthen civil society efforts to protect the rights of children in conflict with the law ended. The key outcomes included training and capacity building for judges, social workers, juvenile justice professionals and NGOs.

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

We believe that too many offenders are sentenced to terms of imprisonment without consideration of the specific circumstances of the offence or personal characteristics of the offender. Often a community-based sanction is not seriously considered even if the offence is relatively minor or the

impact of imprisonment on the offender or their family is disproportionately damaging. This means that insufficient weight is frequently given to the benefits of non-custodial sentences – proven to be particularly effective for women and children. For children, the international standards explicitly state that detention should only be used as a last resort and for the shortest possible time.

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

- Promoting, developing and implementing probation and community services
- Advocacy for abolition of the death penalty and replacement with a humane alternative
- Applying a gender perspective to take account of the Bangkok Rules
- Recognising the needs of vulnerable groups and child offenders

The **head office** promotes proportionate sentencing for minor drug offenders, including decriminalisation and public health approaches. We work in collaboration with other NGOs to highlight the negative impact on human rights of the 'global war on drugs' and its discriminatory effects on women, who are often imprisoned for low level offences. At the UN Crime Commission in May, PRI and the International Drug Policy Consortium gave presentations stressing the need for proportionality of sentences and non-custodial alternatives for drug offences.

In the regions, **MENA's** Tunisia programmes promote the greater use of alternatives to detention, including for women. We ran a pilot project in Sousse for probation services and promoted alternatives (through capacity building for judges and probation officers and increasing the number and placements for community service orders). In 2017, 24 grants were given to municipalities, NGOs and public institutions to create more places for community services. Over 1000 offenders benefitted from alternatives to imprisonment in Sousse. A number of specialized publications were produced and shared in Arabic and English on the PRI website, providing guidance for judges and courts on community-based sentences. In Algeria, our office promotes alternatives with judges, police and gendarmerie and supports the Child Protection Commission.

In **Central Asia**, we contributed to developing the probation law, which was adopted at the end of December 2016. The government also adopted a new strategy on resocialization of ex-prisoners and probationers to which PRI contributed. PRI partnered with UNICEF to deliver a pilot project that laid the groundwork for a probation system for children, including capacity building for probation officers and legislative amendments, to enable future expansion of the system. We are using this experience to support establishing a probation service in Kyrgyzstan.

We implement a number of other programmes to establish and develop probation systems and community service sanctions:

- As a consortium partner we provide consultants to improve the probation service in **Moldova**;
- We successfully completed our Thai-funded project for gender sensitive community service orders in **Kenya**;
- In **Yemen**, we continue promoting alternatives to detention;

- We promote sentencing policy and practice that takes account of the interests of dependent children when determining the appropriate sentence – specifically through pre-sentence reports in Georgia and Kenya.

Special needs of women, children and vulnerable groups

We apply a gender perspective to take account of the relevant Bangkok Rules with regard to sentencing options for women. We have developed pre-sentence reporting in Kenya (for women) and in Georgia (for children), so that the courts are aware of the circumstances of the offender when passing sentence. In the Kenyan project, we developed and piloted gender-sensitive Community Service and Probation orders in consultation with women offenders. Where a woman is detained for a minor offence, the consequences for the family can be very serious. It is less damaging for the offender, family and community if the women can service a community-based sanction, enabling her to maintain the family while serving her sentence.

All our offices disseminate information through advocacy, media and website resources about the Bangkok Rules for women offenders and share good practice. We have a number of initiatives on this theme, for example in Tunisia, where we produced gender sensitive sentencing guidelines for judges.

We aim to ensure that detention of children is only used as a measure of last resort and for the shortest possible time, in compliance with international standards. We do this through developing diversion schemes and child-friendly justice systems. In Georgia, the development of pre-sentence reporting for children is key in ensuring their needs are fully taken into account. The new pre-sentence reporting tools were translated into English as well as Georgian. Guidelines for judges on pre-sentence reporting were finalized, and radio broadcasts took place in May to explain the purpose and impact of pre-sentence reporting.

Abolition of the death penalty and promoting humane alternatives

PRI continues to promote abolition of the death penalty, although no regional office has specific funding for this. Our head office has a small grant to develop a new project based on the global study on life imprisonment by PRI's Chair, Prof. Dirk van Zyl Smit, which is soon to be published. We seek to build a coalition opposing the imposition of life imprisonment without the possibility of review or parole; we are looking for additional donors to build a global coalition on this theme.

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

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

Activities contributing to this outcome include:

- Promoting and capacity building to implement the Nelson Mandela Rules

- Advocating for and establishing effective external monitoring bodies to prevent torture
- Promoting the provisions of the Bangkok Rules for women and girl offenders
- Encouraging the involvement of civil society in supporting prisoners
- Respecting the rights of children in detention
- Sharing experiences on managing violent extremist and radicalised prisoners to promote a human rights approach

Promoting implementation of the Nelson Mandela Rules

All offices delivered activities to promote and implement the Nelson Mandela Rules. The head office produced detailed guidance on interpreting the Rules, both with the 'Essex group' and the Organisation for Security and Cooperation in Europe (OSCE). This latter guidance will be published in 2018 and will include good practice examples from a number of countries.

In **MENA** we are carrying out a penitentiary reform programme in Algeria that includes technical assistance to the prison administration to review procedures and update teaching curricula. Services have been upgraded, including developing mother and baby units and vocational training. In 2017, two training workshops were organized for 60 officers of the police and gendarmerie. A national roundtable in Algeria was attended by the Minister of the Interior, police and other officials, to discuss adopting a human rights approach when dealing with violent extremists.

In **Central Asia**, we promoted awareness and implementation of the Nelson Mandela Rules in Kyrgyzstan and Tajikistan. Our project on vulnerable prisoner's trains civil society organisations, prison staff and judges on implementation of the Nelson Mandela Rules. In Kazakhstan, a monitoring group has been established for the first time to carry out independent public monitoring of penitentiary institutions for children.

Our **Africa** office is delivering training for prison staff in Uganda to understand and protect the rights of vulnerable prisoners.

Torture prevention

All regional offices promote independent prison monitoring and support monitoring bodies – both public oversight bodies and National Preventive Mechanisms (NPMs). Torture prevention is a continuing priority for PRI as we encourage states to establish independent and effective external monitoring bodies, preventive monitoring mechanisms and provide training for their members.

Our **South Caucasus** office has two programmes at the current time. In the Dutch-funded project, capacity building activities were delivered for the Georgian and Armenian NPMs; monitoring tools were developed, and PRI worked with journalists to raise awareness of vulnerable prisoners (including those with disabilities) in the media and social media. We commented on amendments to legislation in Georgia and published a factsheet on rights during police detention, backed up with statistics. We also prepared recommendations concerning the Armenian NPM to enable compliance with the requirements of OPCAT. An internal evaluation of this programme has been carried out and found that it matched the local needs and engaged local human rights organisations and news outlets to highlight the issue of torture and the importance of public monitoring.

In the OSF-funded project a number of recommendations were made on the draft Anti-torture Action Plan, prepared under the authority of the Minister of Justice. A number of prison visits were made to places of detention in East Georgia and a report is being prepared to review the extent to which current practice complies with the Nelson Mandela Rules. A series of two-day training workshops were delivered to prison directors and their deputies for all penitentiary establishments in Georgia; they covered the Committee for the Prevention of Torture (CPT) standards and the Nelson Mandela Rules. Further training is being developed. An earlier project to strengthen NPM effectiveness in Armenia came to an end in early 2017. PRI provided monitoring tools, equipment and a training on suicide prevention to NPM members. A closing meeting was held to present the results of the project, attended by NPM members, members of the Prison Monitoring Group, OSF-Armenia and other NGOs working in the field.

In **Central Asia**, PRI is implementing a five-country programme for torture reduction in Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan. The first NPM Forum was held in May in Kazakhstan. The event was co-organised with a number of international partners (such as the OSCE, Council of Europe and UNICEF), to coincide with the 10th anniversary of the OPCAT. A monitoring group was established to carry out permanent and independent public monitoring of penitentiary institutions for children. We delivered training for the monitoring group including representatives from 50 NGOs across Kazakhstan; their monitoring visits started in September 2017. PRI also held a two-day training seminar with the National Centre for the Prevention of Torture, where the NCPT shared their experience of monitoring psychiatric institutions and discussed improving current monitoring tools. In June, training was delivered in Dushanbe, Tajikistan, for social workers, psychologists, NGOs and state officials on the Nelson Mandela Rules. In December PRI supported a roundtable in Uzbekistan on international Human Rights Day. The Uzbek Ombudsman gave an overview of the Strategy of Action for the Republic for the period 2017 – 2021. In Kyrgyzstan, training was given to NPM members, a conference was held with the Ombudsman to strengthen the fight against torture and impunity; and additional training was given to the Ombudsman's office, who are responsible for running the helpline, which was used 1200 times in June. The expansion of the work of Helpline 115 in Kyrgyzstan is one way in which complaints systems for people in detention are strengthened. In Tajikistan, legal and rehabilitation assistance (including medical, social and psychological) was given to victims of torture. A mid-term evaluation of this project has been carried out and concluded that it had already brought significant results.

Good governance, human rights and prison oversight

In autumn, PRI's head office was invited to submit a concept note to the UN Stabilisation Mission in the **Central African Republic**. At the end of 2017, terms for a Memorandum of Agreement were agreed for PRI to work with local partners to develop a strategy for demilitarisation of the prison service.

A new project has started in **Kazakhstan** to combat corruption and establish accountability of public bodies and good governance. This is the first project PRI has undertaken on this theme. Activities include training in the principles of investigative interviews (rather than interrogations) by the police. The government supports the fight against corruption and cooperates with this project.

In **Russia**, our three-year project on the observance of prisoners' rights as an integral part of human rights advocacy came to an end in June. Despite the political challenges of working as an international NGO in Russia, the project had a number of significant results, including capacity building and developing training materials that improved the skills and knowledge of the Public Oversight Commission members.

In autumn, our **South Caucasus** office carried out a number of monitoring visits to prisons, testing out the new UNODC checklist for monitoring implementation of the Nelson Mandela Rules. We are also developing a new briefing on incident management for monitoring bodies, with the head office. The **head office** is working with OSCE to develop a monitoring tool on violent extremist offenders and an expert group has met to discuss drafting this.

All PRI offices carry out activities to help develop professional prison and corrections services, to increase accountability, skill development and training.

In **MENA**, our programme in Yemen provided a number of small grants to local NGOs to support the prison department and provide services for prisoners, including education, legal aid and rehabilitation programmes. In MENA's penitentiary reform programme in Algeria, three on-the-job trainings were given to prison staff (83 men, 6 women) during the report period. Participants recorded over 90% increase in their understanding of human rights standards as a result of the training.

Respecting the rights of women, children and vulnerable groups of offenders

We aim to meet the needs of women, children and other vulnerable groups in detention through the provision of healthcare, psychosocial support or other interventions as appropriate. We encourage the involvement of civil society in the provision of services and support to prisoners: in Ukraine, Georgia, Kazakhstan, Morocco and Tunisia. Our programmes often include small grants for NGOs to provide support services.

In our project in **Ukraine** to promote the rights of vulnerable prisoners, we provided training for prison staff. In **Uganda**, we have done the same for the Ugandan prison service. A training manual has been circulated to prison staff, NGOs and others. Training given on the Bangkok rules led to recommendations that all prisons should have day care centres, women prisoners should be supplied with free sanitary towels, and bathroom facilities for women improved.

Our Central Asia office launched a new project in **Kazakhstan** to improve access to justice for vulnerable groups; a dialogue was established between civil society and state bodies to improve their situation. A national conference was held jointly with UNICEF to prevent offending by children, with participation by the President of the Committee on the Rights of the Child (Ms Renate Winter), the Child Rights Commissioner and other key players in the justice process. In June, we hosted a roundtable on access to justice for vulnerable groups of prisoners. In September, we attended a national meeting to discuss how to improve the situation of children in closed institutions.

In Kenya a project to establish gender-sensitive community sentences for women offenders came to a successful conclusion; we also gave training to prison and probation services on the Bangkok Rules. An external evaluation was carried out on this project and found it could be used as a model for implementation in other countries.

Our MENA office launched the Bangkok Rules e-course in Arabic and also carried out face to face training. In Yemen we established women's health centres in prisons, improving their general health and that of the babies living with them. We develop child-friendly courts where circumstances permit. During the cholera epidemic, our office was able to distribute medication to prisoners.

In our project in Georgia to support women offenders, we are working with two local NGOs that provide services for women prisoners and probationers. The project started with a survey of their needs. Meetings took place with the relevant Ministries (of Health and Justice) and the prison service to agree how to work together. The office was granted permission to deliver support services inside a women's prison. These include legal assistance, medical assistance, vocational and educational courses as well as psycho-social support. In the last three months of 2017, 100 beneficiaries received support. Legal assistance covered cases of domestic violence, property rights, divorce, protection from ill treatment and other issues. 21 beneficiaries received legal aid or consultations. For the final quarter of 2017, 46 women probationers and former inmates attended vocational and business classes, including courses in cosmetics, cookery, hairdressing, feltwork, tapestry, embroidery and quilt making.

To support mothers with children in prison, a post of carer was created; she is employed by PRI to look after children up to the age of three who are held in prison with their mothers. This enables the mothers to develop parenting skills and frees them to attend classes. Health, psycho-social and legal aid services were provided. In November, trainings were given to former prisoners and probationers to help them return to the workplace.

PRI's head office obtained a grant to produce a short publication for prison staff to identify and support prisoners with mental health needs. This will be published in 2018 and will give basic guidance to prison staff who may not have received any training in relation to people with mental health issues.

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

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

In **Kyrgyzstan**, a UK Foreign office-funded project provides vocational training for prisoners, including equipping a workshop to improve their chances of successful reintegration into society after release. Training workshops were held for prison staff, municipalities and probation officers to improve opportunities for successful rehabilitation and reintegration of offenders.

In **Tunisia**, the MENA office supports a local NGO that gives psychological support for prisoners and staff. We encourage contact between offenders and their families, unless this is against the offender's interest – maintaining the family relationship is a critical success factor for reintegrating the offender back into the community. Where it is not possible, we promote the use of bail and probation hostels, half-way houses and continuity of medical/psychiatric treatment and programmes to provide ongoing support for offenders. Our office in **Georgia** provides this support, working with other civil society organisations.

Rehabilitation of violent extremist prisoners

Rehabilitating violent extremist and radicalised prisoners is one of the most challenging tasks that prison managers face. Our **head office** participated in a number of events over the year to share information and good practice internationally. In December a workshop was organised with OSCE and ODIHR to explore independent detention monitoring that protects human rights while preventing violent extremism and radicalization. 27 participants came from a range of professional backgrounds, including international and regional organizations, NGOs, penitentiary institutions, detention monitoring bodies and independent experts. The monitoring tool is currently being drafted. PRI's human rights approach to managing this group of prisoners is in line with most prison administrations, as a punitive and repressive response only reinforces and can spread radicalisation.

In **Central Asia**, PRI hosted a National Forum on preventing the radicalization of prisoners and countering violent extremism in prisons in Kazakhstan. At the Forum, we presented the results of a study on the situation inside prisons and brought international experts from the UK and Jordan to share their own experiences. In Morocco, we run a project to counter violent extremism in prisons, and with our partner the Mohammad IV Foundation for the Reintegration of Prisoners, we organized a series of activities to help the reintegration of violent extremists. In November, the MENA office also organized a joint expert workshop in Amman with UNDP and UNODC to share experiences on preventing violent extremism in prison.

Monitoring and evaluation

Our Monitoring, Evaluation and Learning Officer provides input to funding proposals to help us measure the results and impact of our work. She provides training to PRI staff and partners, and has developed tools to help us identify relevant indicators, capture outputs and outcomes and to document lessons learnt.

Evaluations, both internal and external, are important for assessing whether we achieved what we set out to achieve, what impact this had and whether there are learning points to help us improve. Two internal evaluations were completed during 2017:

- 1.Reducing torture and ill-treatment through strengthening preventive monitoring mechanisms in Georgia and Armenia.
- 2.A mid-term evaluation of our Central Asia programme to prevent the incidence of torture in 5 countries took place in October.

Both evaluations assessed the effectiveness of the project delivery and made recommendations for future interventions.

Information and communications

While we aim to improve our internal learning, we also want to publish information, tools and resources that will help others to develop their understanding and knowledge. To this end, the role of our website, publications, briefing papers and social media presence is vital. We update our website regularly and all our publications can be downloaded free; we encourage translation of our documents into other languages.

Figures for website views, blogs and social media readers all show an increase over the previous year. The most popular resources in 2017 (by number of downloads) were:

1. UN Mandela Rules (resolution)
2. Bangkok Rules Short Guide
3. Global Prison Trends 2017
4. Mandela Rules Short Guide
5. 10-point plan to address prison overcrowding

The most popular new blogs in 2017 (by number of views) were:

1. From interrogating to interviewing suspects of terror: Towards a new mindset
2. Prisons and the mentally ill: why design matters
3. Poverty and the Death Penalty
4. The global state of harm reduction in prisons: Inadequate, unreliable and unlawful
5. La Cana, Mexico: providing female prisoners with employment and reintegration opportunities

Beneficiaries of our services

PRI's end beneficiaries are men, women and children in contact and conflict with the criminal justice system, including those held in prison and places of detention.

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

Financial review

During the year under review the association has a deficit of €423,411 (2016 €72,514 surplus) on its unrestricted funds. The operating deficit was €320,847 but the association incurred exchange rate losses of €102,564. During the previous year, the Board decided to budget for a significant surplus on the association's unrestricted funds in order to contribute towards the 2017 budget deficit.

Organisational income was €3.78m, a reduction of 25% compared to 2016 (€5.02m). This was a consequence of the DFID PPA grant ending in 2016. The DFID PPA grant has contributed approximately €1.25m to the association's annual income since 2011.

During the year, a new fundraising manager was recruited, and a new fundraising strategy was established which has an increased emphasis on the diversification of the association's funding streams. Efforts continue to reduce the ongoing budget deficit, whilst at the same time the association is closely monitoring its cost base.

PRI's Africa office, based in Kampala continued to operate in 2017 and secured a small grant from the FCO. The majority of the office's costs were supported by the association's reserves during the year. The on-going financial viability of the office is under constant review and discussed quarterly by the Executive Board.

The financial situation of PRI's Moscow office was carefully monitored during the year. Its grant income came to an end in June 2017 and the staff hours were reduced pending decisions on new grant applications. However, by the end of the year, there was no foreseeable new income and at the Executive Board meeting in January 2018 a decision was made to close PRI's regional office in Russia.

As at 31st December 2017 the association held free reserves of €1,238,047 (2016 €1,661,458)

No funds were held as custodian trustee on behalf of others

Reserves policy and going concern

The current reserves policy takes into account the commitment to complete projects and the average time frame between submitting an application and receipt of funds. On this basis it is considered appropriate to set the level of reserves equivalent to 9–12 months of expenditure for managing and administering the association's activities. This is calculated as being in between €900,000 and €1,250,000 and is based on a reduced staff structure.

PRI's current unrestricted reserves are within the upper band of the stated reserves target.

Principal risks and uncertainties

PRI has a risk register that is regularly reviewed by the Board. This identifies the major risks for the organisation. The major risks for the year ahead include both internal risks (for which we have procedures and policies to implement and monitor) and external ones that include:

- Changes in the political context in which we work. Where there is a change in government or other change that reduces political will for change, it is extremely difficult for us to make progress. We seek to mitigate this by maintaining constructive engagement with government and other key stakeholders and promote change in an incremental way.
- Increasing fear of terrorism and violent extremism that leads to a political focus on security rather than human rights. We uphold and promote human rights values in response to these threats.
- Risk of conflict or civil war: this has been an ongoing risk in the MENA region, where the situation is very volatile, for example in Egypt and Yemen. This is a risk outside our control but our close relationship with partners and NGOs in the country concerned means that sometimes they can continue our work when we are not able to do so directly. However, where the situation becomes too difficult, we will pause until the situation is resolved.
- Instability of funding: PRI is almost entirely dependent on grant funding from institutional donors, and there is a limited pool of funding sources. If donor priorities change, this will impact severely on our ability to continue work at current levels. We seek to mitigate this risk by exploring possibilities for expanding the pool of donors and income-generating opportunities (through working in consortiums with others for example).

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

Plans for the future

The context in which PRI works is quite volatile and its ability to achieve results can be affected by external events, such as political change or conflict situations. However, the strategic plan provides a framework for activities and outcomes up to 2020; many current initiatives will continue over the next year or so. These include:

- Research and publication of the third issue of the Global Prison Trends Report for 2017
- Penitentiary reform in Yemen, including better conditions for women and children in detention
- Promoting and supporting increased use of alternatives to detention, including probation and community service orders in countries in Africa, Central Asia, MENA region and South Caucasus
- Mainstreaming a gender-specific approach to all penal reform programmes and initiatives
- Promotion of the Bangkok Rules and a gender-sensitive approach to sentencing women offenders
- Torture prevention and prison oversight programmes in Central Asia and South Caucasus
- Human rights approach to management of violent extremist and radicalised prisoners

- Developing guidance to, and promoting implementation of, the Nelson Mandela Rules for the treatment of prisoners
- Increasing the involvement of civil society in supporting offenders to reintegrate successfully into the community – for example in Georgia, Kazakhstan and Kyrgyzstan

Structure, governance and management

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

The Board (the General Board) consists of not less than nine and not more than fifteen people, aiming for a balanced representation of the different regions of the world and a gender balance of members.

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

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

The decisions of the Board and Executive Board are implemented by the Executive Director, currently Alison Hannah, who reports directly to the Board and Executive Board to set out progress on agreed priorities with reference to PRI's strategic plan.

Appointment of the Board

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

Board induction and training

No formal training is given to Board members. However, on joining the Board, they are sent an induction pack containing key information and documents about PRI to help them carry out their responsibilities. The key information includes a copy of the Constitution, previous Board minutes

and copies of the key policies and procedures relevant for Board members, as previously agreed.

Remuneration policy for key management personnel

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

Statement of responsibilities of the Board

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

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

Auditor

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

The Board's annual report has been approved by the Board on 20 April 2018 and signed on their behalf by



Prof Anton van Kalmthout
Treasurer

Independent auditor's report

To the members of

Penal Reform International

Opinion

We have audited the financial statements of Penal Reform International (the 'association') for the year ended 31 December 2017 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- Give a true and fair view of the state of the association's affairs as at 31 December 2017 and of its result for the year then ended
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- The Board's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- The Board have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the association's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the Board's annual report, other than the financial statements and our auditor's report thereon. The Board are responsible for the other information. Our opinion on the financial statements does not

Independent auditor's report

To the members of

Penal Reform International

cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of the Board

As explained more fully in the statement of responsibilities of the Board, set out in the Board's annual report, the board are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board are responsible for assessing the association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intend to liquidate the association or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

This report is made solely to the association's members as a body. Our audit work has been undertaken so that we might state to the association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the association and the association's members as a body, for our audit work, for this report, or for the opinions we have formed.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Independent auditor's report

To the members of

Penal Reform International

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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

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

20 April 2018

Sayer Vincent LLP, Statutory Auditor

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

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

Penal Reform International

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

For the year ended 31 December 2017

	Note	Unrestricted €	Restricted €	2017 Total €	Unrestricted €	Restricted €	2016 Total €
Income from:							
Donations and legacies	2	-	28,436	28,436	1,350,506	-	1,350,506
Activities	3						
Advocating for Prison and Penal Reform		48,015	1,334,668	1,382,683	-	1,454,318	1,454,318
Reducing the use of imprisonment		-	574,023	574,023	-	1,063,720	1,063,720
Prevention of torture, cruel, inhumane or degrading treatment		-	767,099	767,099	-	375,314	375,314
Abolition of the death penalty		-	-	-	-	(58)	(58)
Justice for Children		51,133	186,537	237,670	-	610,282	610,282
Women in the Criminal Justice System		-	269,493	269,493	-	70,230	70,230
Countering Violent Extremism and Radicalisation Inside Prisons		-	518,775	518,775	-	32,678	32,678
Investments		988	-	988	859	-	859
Other		1,454	-	1,454	61,892	-	61,892
Total income		101,591	3,679,030	3,780,621	1,413,257	3,606,484	5,019,741
Expenditure on:							
Raising funds	4	45,603	28,436	74,039	244,010	-	244,010
Activities							
Advocating for Prison and Penal Reform	4	148,467	1,327,749	1,476,216	247,588	1,454,318	1,701,906
Reducing the use of imprisonment	4	44,597	574,023	618,620	197,532	1,063,720	1,261,252
Prevention of torture, cruel, inhumane or degrading treatment	4	56,668	767,099	823,767	92,810	375,314	468,124
Abolition of the death penalty	4	-	-	-	2,563	(58)	2,505
Justice for Children	4	71,587	204,322	275,909	235,242	687,027	922,269
Women in the Criminal Justice System	4	22,466	287,278	309,744	56,685	146,975	203,660
Countering Violent Extremism and Radicalisation Inside Prisons	4	39,735	518,775	558,510	7,662	32,678	40,340
Total expenditure		429,124	3,707,681	4,136,805	1,084,092	3,759,974	4,844,066
Net income / (expenditure) for the year	9	(327,533)	(28,651)	(356,184)	329,165	(153,490)	175,675
Transfers between funds		6,686	(6,686)	-	(32,467)	32,467	-
Net income / (expenditure) before other recognised gains and losses		(320,847)	(35,337)	(356,184)	296,698	(121,023)	175,675
Foreign exchange gain/(loss)		(102,564)	-	(102,564)	(224,184)	-	(224,184)
Net movement in funds		(423,411)	(35,337)	(458,748)	72,514	(121,023)	(48,509)
Reconciliation of funds:							
Total funds brought forward		1,661,458	35,337	1,696,795	1,588,944	156,360	1,745,304
Total funds carried forward	15	1,238,047	-	1,238,047	1,661,458	35,337	1,696,795

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

Penal Reform International

Balance sheet


As at 31 December 2017

	Note	€	2017 €	€	2016 €
Fixed assets:					
Tangible assets	11		4,457		14,418
			<u>4,457</u>		<u>14,418</u>
Current assets:					
Debtors	12	602,220		480,084	
Cash at bank and in hand		1,537,274		1,752,834	
		<u>2,139,494</u>		<u>2,232,918</u>	
Liabilities:					
Creditors: amounts falling due within one year	13	(905,904)		(550,541)	
Net current assets			<u>1,233,590</u>		<u>1,682,377</u>
Total net assets	14		<u>1,238,047</u>		<u>1,696,795</u>
The funds of the association:	15				
Restricted income funds			-		35,337
Unrestricted income funds:					
General funds		1,238,047		1,661,458	
		<u>1,238,047</u>		<u>1,661,458</u>	
Total unrestricted funds			<u>1,238,047</u>		<u>1,661,458</u>
Total funds			<u>1,238,047</u>		<u>1,696,795</u>

Approved by the board on 20 April 2018 and signed on their behalf by



Prof Anton van Kalmthout
Treasurer



Prof Dirk van Zyl Smit
Chair

Penal Reform International

Statement of cash flows

For the year ended 31 December 2017

	Note	2017	2016
		€	€
Cash flows from operating activities	16		
Net cash used in operating activities		(113,984)	(228,662)
Cash flows from investing activities:			
Dividends, interest and rents from investments		988	859
Loss on disposal of fixed assets		-	2,281
Purchase of fixed assets		-	(11,622)
Net cash provided by / (used in) investing activities		988	(8,482)
Change in cash and cash equivalents in the year		(112,996)	(237,144)
Cash and cash equivalents at the beginning of the year		1,752,834	2,214,161
Change in cash and cash equivalents due to exchange rate movements		(102,564)	(224,184)
Cash and cash equivalents at the end of the year		1,537,274	1,752,834

Penal Reform International

Notes to the financial statements

For the year ended 31 December 2017

1 Accounting policies

a) Statutory information

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

b) Basis of preparation

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

The association is not required to apply the Charities SORP FRS 102 but the board have chosen to do so on a voluntary basis.

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

c) Public benefit entity

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

d) Going concern

The board consider that it is appropriate to view the association as a going concern. They recognise that there is uncertainty over the continuation of some key income streams beyond the end of 2016. The association is actively monitoring this risk and developing its budgeting processes accordingly and has an adequate level of reserves to manage this process.

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

e) Income

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

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

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

f) Fund accounting

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

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

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

1 Accounting policies (continued)

g) Expenditure and irrecoverable VAT

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

Expenditure is classified under the following activity headings:

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

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

h) Allocation of support costs

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

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

● Raising funds	13.6%
● Advocating for Prison and Penal Reform	31.55%
● Reducing the use of imprisonment	13.3%
● Prevention of torture, cruel, inhumane or degrading treatment	16.9%
● Justice for Children	6.1%
● Women in the Criminal Justice System	6.7%
● Countering Violent Extremism and Radicalisation Inside Prisons	11.9%

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

i) Operating leases

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

j) Tangible fixed assets

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

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

- Computer equipment 3 – 4 years

k) Debtors

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

l) Cash at bank and in hand

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

Penal Reform International

Notes to the financial statements

For the year ended 31 December 2017

1 Accounting policies (continued)

m) Creditors and provisions

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

n) Foreign currency translations

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

o) Pensions

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

2 Income from donations and legacies

	Unrestricted €	Restricted €	2017 total Total €	2016 Total €
Grants				
Department for International Development, UK	-	-	-	1,350,506
	-	-	-	1,350,506

Penal Reform International

Notes to the financial statements

For the year ended 31 December 2017

3 Income from activities

	Unrestricted €	Restricted €	2017 Total €	2016 Total €
Department for International Development, UK	-	-	-	138,067
Dutch Embassy – Yemen	-	502,729	502,729	551,237
European Union	-	516,121	516,121	1,021,519
Foreign and Commonwealth Office	-	1,224,465	1,224,465	786,706
INL – US State Department	-	288,533	288,533	309,329
MacArthur Foundation	-	71,371	71,371	70,126
Open Society Foundation	-	265,516	265,516	248,553
Thailand Institute of Justice	-	64,117	64,117	69,995
UNDEF	-	-	-	2,973
UNICEF	51,133	51,930	103,063	104,596
UNOPS	48,015	-	48,015	-
Vol'noe Delo Russian Foundation	-	-	-	7,003
Permanent Mission of Denmark to UN Geneva	-	28,780	28,780	12,332
UNDP	-	-	-	3,426
UNOHCHR	-	8,140	8,140	13,849
Open Society Georgia Foundation	-	-	-	31,727
OSCE	-	229	229	14,751
Swedish Prison and Probation Service	-	17,279	17,279	10,983
Swiss Embassy – Astana	-	-	-	2,633
The Netherlands Helsinki Committee	-	-	-	10,510
US Embassy – Astana	-	28,616	28,616	26,806
Dutch Embassy – Kazakhstan	-	-	-	60,487
Dutch Ministry of Foreign Affairs	-	135,540	135,540	48,960
DRL – US State Department	-	452,782	452,782	49,571
Linklaters	-	-	-	6,363
Evan Cornish Foundation	-	-	-	3,899
Matrix Chambers	-	620	620	-
Search for Common Ground	-	20,021	20,021	-
Swiss FDFA	-	2,240	2,240	-
Other	-	-	-	83
Total income from activities	99,149	3,679,030	3,778,179	3,606,484

Penal Reform International

Notes to the financial statements

For the year ended 31 December 2017

4 Resources expended

			2017	2016
	Direct costs	Support & Governance costs	Total	Total
	€	€	€	€
Raising funds	28,436	45,603	74,039	244,010
Activities				
Advocating for Prison and Penal Reform	1,370,424	105,792	1,476,216	1,701,906
Reducing the use of imprisonment	574,023	44,597	618,620	1,261,252
Prevention of torture, cruel, inhumane or degrading treatment	767,099	56,668	823,767	468,124
Abolition of the death penalty	-	-	-	2,505
Justice for Children	255,455	20,454	275,909	922,269
Women in the Criminal Justice System	287,278	22,466	309,744	203,660
Countering Violent Extremism and Radicalisation Inside Prisons	518,775	39,735	558,510	40,340
	<u>3,801,490</u>	<u>335,316</u>	<u>4,136,805</u>	<u>4,844,066</u>

5 Governance costs

	2017	2016
	Total	Total
	€	€
Audit and accountancy fees	15,047	13,408
Board expenses	22,759	32,774
Annual report	3,489	6,102
	<u>41,295</u>	<u>52,284</u>

Penal Reform International

Notes to the financial statements

For the year ended 31 December 2017

6 Net income / (expenditure) for the year

This is stated after charging / (crediting):

	2017 €	2016 €
Depreciation	9,961	11,226
Operating lease rentals:		
Property	167,995	197,701
Equipment	9,939	2,129
Auditors' remuneration (excluding VAT):		
Audit	8,700	10,045
Other services	1,500	1,986
Foreign exchange gains or losses	(102,564)	(224,184)

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

Staff costs were as follows:

	2017 €	2016 €
Salaries and wages	1,132,117	1,414,828
Social security costs	73,954	80,562
Employer's contribution to defined contribution pension schemes	22,496	56,631
Termination payments	9,852	-
	<u>1,238,419</u>	<u>1,552,021</u>

One employee earned more than GBP 60,000 during the year (2016: One).

The total employee benefits including pension contributions of the key management personnel were €468,447 (2016: €563,349).

The board were not paid or received any other benefits from employment with the association in the year (2016: €nil).

Board members' expenses represents the payment or reimbursement of travel and subsistence costs totalling €15,817 (2016: €23,547) incurred by 9 (2016: 14) members relating to attendance at meetings of the board.

8 Staff numbers

The average number of employees (head count based on number of staff employed) during the year was 31.0 (2016: 37.5)

Penal Reform International

Notes to the financial statements

For the year ended 31 December 2017

9 Related party transactions

Some of the members of Penal Reform International are also Directors of Penal Reform International UK, a company registered in England and Wales. Penal Reform International UK has entered into a lease for 1 Ardleigh Road, London, N1 4HS. The premises are occupied by Penal Reform International, and during the year rental costs of €47,809 were recharged to Penal Reform International (2016 – €50,100).

Penal Reform International UK also operates the payroll on behalf of Penal Reform International's staff which are based in the UK, and costs of €436,434 were recharged to Penal Reform International during the year (2016 – €770,683)

As at 31 December 2017 Penal Reform International owed €19,045 (2016 – €38,990) to Penal Reform International UK.

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

10 Taxation

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

11 Tangible fixed assets

	Computer equipment €	Total €
Cost or valuation		
At the start of the year	62,663	62,663
Additions in year	-	-
At the end of the year	62,663	62,663
Depreciation		
At the start of the year	48,245	48,245
Charge for the year	9,961	9,961
At the end of the year	58,206	58,206
Net book value		
At the end of the year	4,457	4,457
At the start of the year	14,418	14,418

12 Debtors

	2017 €	2016 €
Accrued income	414,410	379,613
Amounts held by partners	134,519	19,839
Prepayments	30,623	31,864
Other debtors	22,668	48,768
	602,220	480,084

Penal Reform International

Notes to the financial statements

For the year ended 31 December 2017

13 Creditors: amounts falling due within one year

	2017 €	2016 €
Trade creditors	18,852	4,990
Taxation and social security	9,493	38,990
Other creditors	9,553	3,489
Accruals	27,976	34,291
Deferred income	840,030	468,781
	<u>905,904</u>	<u>550,541</u>

14a Analysis of net assets between funds (current year)

	General unrestricted €	Restricted €	Total funds €
Tangible fixed assets	4,457	-	4,457
Net current assets	1,233,590	-	1,233,590
Net assets at the end of the year	<u>1,238,047</u>	<u>-</u>	<u>1,238,047</u>

14b Analysis of net assets between funds (prior year)

	General unrestricted €	Restricted €	Total funds €
Tangible fixed assets	14,418	-	14,418
Net current assets	1,647,040	35,337	1,682,377
Net assets at the end of the year	<u>1,661,458</u>	<u>35,337</u>	<u>1,696,795</u>

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Notes to the financial statements

For the year ended 31 December 2017

15a Movements in funds (current year)

	At the start of the year €	Income and gains €	Expenditure and losses €	Transfers €	At the end of the year €
Restricted funds:					
Advocating for Prison and Penal Reform	-	1,334,668	(1,327,749)	(6,919)	-
Reducing the use of imprisonment	-	574,023	(574,023)	-	-
Prevention of torture, cruel, inhumane or degrading treatment	-	767,099	(767,099)	-	-
Fundraising	-	28,436	(28,436)	-	-
Justice for Children	17,669	186,537	(204,322)	116	-
Women in the Criminal Justice System	17,668	269,493	(287,278)	117	-
Countering Violent Extremism and Radicalisation Inside Prisons	-	518,775	(518,775)	-	-
Total restricted funds	35,337	3,679,030	(3,707,681)	(6,686)	-
Unrestricted funds:					
MENA office	10,665	99,149	(93,248)	6,919	23,485
South Caucasus Office	9,370	-	(562)	-	8,808
General funds	1,641,423	2,442	(437,878)	6,686	1,212,673
Total unrestricted funds	1,661,458	101,591	(531,688)	6,686	1,238,047
Total funds	1,696,795	3,780,621	(4,239,369)	-	1,238,047

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For the year ended 31 December 2017

15b Movements in funds (prior year)

	At the start of the year €	Income and gains €	Expenditure and losses €	Transfers €	At the end of the year €
Restricted funds:					
Advocating for Prison and Penal Reform	-	1,454,318	(1,454,318)	-	-
Reducing the use of imprisonment	-	1,063,720	(1,063,720)	-	-
Prevention of torture, cruel, inhumane or degrading treatment	-	375,314	(375,314)	-	-
Abolition of the death penalty	-	(58)	58	-	-
Justice for Children	78,180	610,282	(687,027)	16,234	17,669
Women in the Criminal Justice System	78,180	70,230	(146,975)	16,233	17,668
Countering Violent Extremism and Radicalisation Inside Prisons	-	32,678	(32,678)	-	-
Total restricted funds	156,360	3,606,484	(3,759,974)	32,467	35,337
Unrestricted funds:					
MENA office	-	40,720	(30,055)	-	10,665
South Caucus Office	-	21,172	(11,802)	-	9,370
General funds	1,588,944	1,351,365	(1,266,419)	(32,467)	1,641,423
Total unrestricted funds	1,588,944	1,413,257	(1,308,276)	(32,467)	1,661,458
Total funds	1,745,304	5,019,741	(5,068,250)	-	1,696,795

Purposes of restricted funds

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

16 Reconciliation of net income / (expenditure) to net cash flow from operating activities

	2017 €	2016 €
Net income / (expenditure) for the reporting period (as per the statement of financial activities)	(356,184)	175,675
Depreciation charges	9,961	11,226
Dividends, interest and rent from investments	(988)	(859)
(Increase)/decrease in debtors	(122,136)	292,575
Increase/(decrease) in creditors	355,363	(707,279)
Net cash used in operating activities	(113,984)	(228,662)

17 Legal status of the association

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

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Notes to the financial statements

For the year ended 31 December 2017

18 Operating lease commitments

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

	Property		Equipment	
	2017	2016	2017	2016
	£	£	£	£
Less than one year	77,023	87,043	1,118	1,159
One to five years	78,577	96,794	3,075	4,345
	<u>155,600</u>	<u>183,837</u>	<u>4,193</u>	<u>5,504</u>

19 Post balance sheet events

The association has decided to close its Russia office after the balance sheet date. The office will be closed in 2018. The estimated financial costs of the closure are approximately €25,000.