

P.R.I.M.E. Finance Disputes Center

The Hague

Report 2020

Founded: 21-06-2011 in The Hague
Registered in Chamber of Commerce
Filenumber 52998614

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1. General Comments

1.1 Objective of P.R.I.M.E. Finance

Stichting P.R.I.M.E. Finance Disputes Center ("P.R.I.M.E. Finance") was established on 21 June 2011 to assist judicial systems in the resolution of disputes about complex financial transactions.

P.R.I.M.E. Finance's core activities include education and judicial training, providing expert opinions, determinations and risk assessments and both arbitration and mediation services. P.R.I.M.E. Finance oversees and is supported by a Panel of Experts, which currently includes some of the most senior legal and business talent in the financial markets with collectively more than 7,000 years of experience in these markets.

1.2 Composition of the board

R.G. Pickel	- Chairman
R.E. Grove Jr.	- Secretary
J.P. Bauman	- Treasurer
D.D. Enix-Ross	- Member
C.J. Ross	- Member
E.S. Stong	- Member
A.J. Kellerman	- Member
W.A.K. Rank	- Member
I.L. Levine	- Member

1.3 Staff

During 2020 P.R.I.M.E. Finance had 1 employee (0.2 FTE). It also had a Head of Secretariat working for P.R.I.M.E. Finance via a contractual relationship with the Permanent Court of Arbitration ("PCA").

1.4 Contributions

P.R.I.M.E. Finance has received over €150,000 in individual contributions since its formation.

1.5 Subsequent Events

The activities and financial performance of P.R.I.M.E. Finance have been affected by the recent coronavirus pandemic, which has adversely affected economic conditions throughout the world. P.R.I.M.E. Finance has experienced disruptions in its planned conferences and ability to achieve its fundraising targets. P.R.I.M.E. Finance has taken a variety of initiatives including commencement of a series of virtual seminars and conferences under the PRIMETIME brand that have attracted new program sponsors, the Board anticipates the continued disruption to its judicial seminar and in-person conference activities through 2021 and possibly beyond.

2. Annual Accounts**2.1 Balance sheet as at 31 December 2019 and 2020
(after profit appropriation)**

<u>ASSETS</u>		<u>12/31/2020</u>	<u>12/31/2019</u>
		€	€
Current assets	<u>Explanatory notes</u>		
<i>Receivables</i>			
Accounts receivables	1.	-	15,000
Other receivables	2.	-	6,287
		<u>-</u>	<u>21,287</u>
<i>Cash at bank</i>	3.	235	22,056
		<u>235</u>	<u>22,056</u>
Total assets		<u><u>235</u></u>	<u><u>43,343</u></u>

<u>LIABILITIES</u>		<u>12/31/2020</u>	<u>12/31/2019</u>
		€	€
Equity	<i>Explanatory notes</i>		
Capital	4.	-	-
Other reserves	5.	<u>(620)</u>	<u>(6,121)</u>
Total equity		(620)	(6,121)
Current liabilities	6.	855	49,464
Total equity and liabilities		<u><u>235</u></u>	<u><u>43,343</u></u>

2.2 Statement of income and expense for 2019 and 2020

		<u>2020</u> €	<u>2019</u> €
Revenues	<i>Explanatory notes</i> 7.	151,605	195,952
Costs of contracted work and direct expenses	8. (47,458)	(57,947)	
Employee costs	9. (83,576)	(135,821)	
Other operating expenses	10. (15,070)	(27,885)	
Total operating expenses		<u>(146,104)</u>	<u>(221,653)</u>
Result from ordinary activities		<u>5,501</u>	<u>(25,701)</u>
Result for the period		<u>5,501</u>	<u>(25,701)</u>

Proposed profit appropriation

Based on the profit appropriation proposal made by the board, an amount of € 5.501 of the result for 2020 of € 5.501 will be added to the other reserves.

2.3 **Explanatory notes**

Activities

P.R.I.M.E. Finance was established on 21 June 2011.

P.R.I.M.E. Finance was established to assist judicial systems in the resolution of disputes about complex financial transactions. Substantial financial support was originally provided by the Municipality of The Hague through 2018. P.R.I.M.E. Finance's core activities include education and judicial training, providing expert opinions, determinations and risk assessments, and arbitration and mediation services. P.R.I.M.E. Finance oversees and is supported by a Panel of Experts, which currently includes some of the most senior legal and business talent in the financial markets with collectively more than 7,000 years of experience in these markets.

Registered office

P.R.I.M.E. Finance has its registered office at Carnegieplein 2, 2517 KJ, The Hague.

Estimates

The preparation of financial statements in conformity with the relevant rules requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the organisation's accounting policies. As required for the purposes of providing the view required under Section 362(1), Book 2, of the Netherlands Civil Code, the nature of these estimates and judgments, including the related assumptions, is disclosed below.

Negative Balance

P.R.I.M.E. Finance is a not-for-profit entity and does not have paid-in capital. At 31 December 2020 P.R.I.M.E. Finance had a negative balance in other reserves of €620, compared to a negative balance of €6,121 on 31 December 2019. The improvement reflects the successful inception of PRIMEtime Virtual Events which brought in new sources of institutional sponsorship revenue, increased individual contributions from Friends of PRIME, and increased financial support for P.R.I.M.E. Finance's programs from its U.S. affiliate, PRIME Finance Dispute Resolution and Education Foundation ("PRIME Finance DREF").

Principles for the valuation of assets and liabilities

General

These financial statements are prepared where possible in accordance with the models as specified in Book 2, Title 9 of the Dutch Civil Code. Because of the special character of P.R.I.M.E. Finance, the financial statements are prepared in accordance with the Guideline for Annual Reporting 640, "Not-for-profit organizations" ("RJ 640") and may differ from the standard models in some respects.

Assets and liabilities are stated at the amounts at which they were acquired or incurred. The balance sheet and income statement include references to the notes.

Principles for the translation of foreign currencies

Foreign currencies have been translated at the rates of exchange applicable at the end of the financial period. With respect to transactions during the year currencies have been translated at the rates of exchange applicable at the time of receipt or payment of the transaction.

Current assets

Receivables

Accounts receivable are valued at face value less a provision for possibly uncollectable accounts.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, bank balances and deposits held at call with maturities of

less than 12 months. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet. Cash and cash equivalents are stated at face value.

Current liabilities

Current liabilities are stated at face value.

Principles for the determination of result

General

The result is the difference between the realisable value of the goods and services provided and the costs and other charges during the year. The results on transactions are recognised in the year in which they are realised.

Contributions

Subsidies are recognized in the income statement in the year in which they were received. Grants are recognized in the period in which they were received and P.R.I.M.E. Finance has complied with all attached conditions.

Employee benefits

Salaries, wages and social security contributions are taken to the income statement based on the terms of employment, when they are due to employees.

Taxation on the result

The activities of P.R.I.M.E. Finance are not subject to corporation tax as P.R.I.M.E. Finance is not assumed to be profit-oriented and profit-realizing in the normal course of business.

General and other operating expenses

Expenses are recognised based on the historical cost convention and are allocated to the reporting year to which they relate. These expenses relate to the general management fees and other expenses.

2.4 Explanatory notes to the balance sheet

	<u>12/31/2020</u> €	<u>12/31/2019</u> €
Receivables		
1. <u>Accounts receivable</u>		
Accounts receivable	2,766	17,766
Allowance for doubtful accounts	(2,766)	(2,766)
	<u>-</u>	<u>15,000</u>
2. <u>Other receivables</u>		
Prepaid costs PCA	-	6,055
NAI telephone costs	-	232
	<u>-</u>	<u>6,287</u>
Cash at bank and in hand		
3. <u>Cash at bank</u>		
ABN AMRO Bank, Current account	235	22,039
ABN AMRO Bank, Deposit account	-	17
	<u>235</u>	<u>22,056</u>
Equity		
4. <u>Capital</u>		
Position as at 1 January	-	-
Revaluation	-	-
Position as at 31 December	<u>-</u>	<u>-</u>
5. <u>Other reserves</u>		
Balance as at 1 January	(6,121)	19,580
From result appropriation	5,501	(25,701)
Position as at 31 December	<u>(620)</u>	<u>(6,121)</u>
6. Current liabilities		
Deferred conference revenues (to be received)	-	15,000
Deferred conference revenues (received)	-	22,193
Audit fees	-	6,050
Administration fee	855	2,570
IT fees payable	-	1,936
Accruals and deferred income	-	425
Wage taxes and social security contributions	-	1,290
	<u>855</u>	<u>49,464</u>

2.5 Explanatory notes to the statement of income and expense

	<u>2020</u> €	<u>2019</u> €
7. <u>Revenues</u>		
Sponsoring and attendance fees conference The Hague	95,335	138,599
Program support from DREF	26,500	52,860
Sponsorship fees for PRIMETIME events	15,550	-
Contributions from Friends of PRIME	14,220	4,493
	<u>151,605</u>	<u>195,952</u>
8. <u>Costs of contracted work and direct expenses</u>		
The Hague conference costs	(46,463)	(53,606)
Reimbursed travel costs of experts	(995)	(4,341)
	<u>(47,458)</u>	<u>(57,947)</u>
9. <u>Employee costs</u>		
Salaries	(6,428)	(43,480)
Social security contributions	-	(7,951)
Contribution PCA 2020	(65,699)	(64,691)
Contribution PCA 2019, excess	1,625	-
Rent PCA	(7,000)	(7,000)
VAT expert BDO	-	(1,654)
Travel costs - employee	(1,013)	(3,821)
Other employee costs	(5,061)	(7,224)
	<u>(83,576)</u>	<u>(135,821)</u>

Average number of employees

During 2020, on average 1.0 employee (0.20 FTE) was employed (2019: 1.0) of which 0.02 employee was working outside the Netherlands (2019: 0.0).

The Board of the Foundation does not receive any remuneration for its activities.

2.5 Explanatory notes to the statement of income and expense (continued)

	<u>2020</u> €	<u>2018</u> €
10. <i>Other operating expenses</i>		
Administration costs	(5,983)	(11,582)
IT costs and improvement - website	(4,263)	(11,238)
Audit Fees excess for 2019	(2,665)	(11,795)
Settlement of VAT obligations	-	(10,811)
Dotation allowance for doubtful accounts	-	1,699
Other operating expenses	(2,159)	(2,075)
	<u>(15,070)</u>	<u>(45,802)</u>