

Company number: 898514

Charity number: 251926

The Howard League for Penal Reform
(incorporating the Howard Centre for Penology)
Report and Financial Statements
31 May 2017

The Howard League for Penal Reform (incorporating the Howard Centre for Penology)

Contents

For the year ended 31 May 2017

Contents	Pages
Reference and administrative details	2
Report of the trustees	4
Independent auditor's report	16
Statement of Financial Activities (incorporating an income and expenditure account)	19
Balance sheet	20
Statement of cashflows	21
Notes to the financial statements	22

The Howard League for Penal Reform (incorporating the Howard Centre for Penology)

Reference and administrative details

For the year ended 31 May 2017

Company number 898514

Charity number 251926

**Registered office
and operational
address** 1 Ardleigh Road
LONDON
N1 4HS

Trustees Trustees, who are also directors under company law, who served during the year and up to the date of this report were as follows:

Sue Wade (until Nov 2016)	Chair
Eoin McLennan-Murray	Chair (from Nov 2016)
Chris Sheffield (until Nov 2016)	Vice Chair
Matthew Ball	Vice chair (from Nov 2016)
Sally Lewis	Honorary Treasurer
Jan Anderson (until Nov 2016)	
Professor Neil Chakraborti (until Nov 2016)	
Professor Penny Green(until Nov 2016)	
Samantha Kennedy	
Gerry Marshall	
Elizabeth Morony	
His Honour John Samuels QC (until Nov 2016)	
Lucy Scott-Moncrieff	
Professor Pamela Taylor	
Danielle Vidal (from Nov 2016)	

Staff

Frances Crook	chief executive
Lorraine Atkinson	senior policy officer
Eleanor Butt	policy officer(until Sept 2017)
Oscar Campbell	designer & facilities officer
Jenny Chambers	youth justice policy adviser
Anita Dockley	director of research
Louise Eardley	caseworker (until August 2017)
Marie Franklin	caseworker
Alastair Gordon	advice service officer
Philip Goring	finance and administration officer
Shelley Jones)	youth participation officer (Until May 2017)
Laura Janes	legal director
Euginia Lolomari	director of finance and corporate services
Sophie Lumsden	membership development manager
Sinead MacCann	solicitor
Andrew Neilson	director of campaigns

The Howard League for Penal Reform (incorporating the Howard Centre for Penology)

Reference and administrative details

For the year ended 31 May 2017

Nina Navid	caseworker
Barbara Norris	events and website manager
Robert Preece	press officer
Claire Salama	solicitor
Louise Scarce	administrator (from May 2017)
Catryn Yousefi	programme manager
Terri Sturman	administrative office (Until May 2017)

Consultants

Claire Sands
Candice Kelcey-Archbold

The Howard League for Penal Reform benefited from the contribution of many students and office volunteers.

The charity is grateful to Clifford Chance for seconding trainee lawyers on three month placements to support our work for young people.

Bankers Nat West Bank Plc
PO Box 1357
169 Victoria Street
LONDON
SW1E 5BT

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

Investment advisors Cazenove Capital
Schroder & Co Ltd
31 Gresham Street
London
EC2V 7QA

The Howard League for Penal Reform (incorporating the Howard Centre for Penology)

Report of the trustees

For the year ended 31 May 2017

The trustees present their report and the audited financial statements for the year ended 31 May 2017.

Reference and administrative information set out on pages 2–3 forms part of this report. The financial statements comply with current statutory requirements, the memorandum and articles of association and the Statement of Recommended Practice - Accounting and Reporting by Charities : SORP applicable to charities preparing their accounts in accordance with FRS 102.

Structure, governance and management

The organisation is a charitable company limited by guarantee, incorporated on 20 February 1967 and registered as a charity on 18 May 1967.

The company was established under a memorandum of association which established the objects and powers of the charitable company and is governed under its articles of association.

The board

The Howard League for Penal Reform is governed by a board of trustees, whose principal responsibilities are the setting and monitoring of the strategic direction of the organisation and the establishment of policy. All trustees give their time voluntarily and receive no financial benefits from the charity. Any expenses reclaimed from the charity are set out in note 8 to the accounts.

Ensuring that our work delivered our aims

The trustees hold a strategy meeting each year to review the future direction of the organisation and ensure that it remains focused on the charity's purposes.

The trustees have referred to the Charity Commission's general guidance on public benefit when reviewing their aims and objectives and in planning our future activities. The trustees have not identified any detriment or harm.

During the year the board of trustees met formally four times.

The board delegated the day-to-day operation of the organisation to the chief executive, Frances Crook.

The Howard League for Penal Reform (incorporating the Howard Centre for Penology)

Report of the trustees

For the year ended 31 May 2017

Objectives and activities

Purpose and objectives

The Howard League for Penal Reform is the oldest penal reform charity in the world. It was established in 1866 as the Howard Association and was named after John Howard, the first prison reformer. It is a registered charity, company limited by guarantee and incorporated in England and Wales and a law firm regulated by the Solicitors Regulation Authority with both a public law and a prison law contract to provide legal services to young people in custody. It is governed by its constitution and memorandum and articles of association.

The main charitable objects for which the Howard League was established as described in its 1967 memorandum and articles of association were 'to promote the sciences of penology and criminology, social health, the welfare and constructive treatment of pre-delinquents and offenders, the education, further education, advancement and pursuit of knowledge relating to penology, criminology, social health and delinquency, the training of those who deal with offenders and pre-delinquents and the prevention and limitation of criminal and anti-social activities'.

Core beliefs

The Howard League for Penal Reform works for less crime, safer communities and fewer people in prison.

Report of the Chair of the Board of Trustees

Eoin McLennan-Murray

I took over as chair of the board of trustees at the end of 2016 when Sue Wade stood down as a chair after she had served almost 20 years as a trustee. The charity is lucky to have trustees who give their time, energy and commitment over many years, contributing to the direction and success of our work. Sue Wade made a special contribution to the work of the Howard League at a time of change for the charity, the penal landscape and the more general role of charities in the life of the nation.

We also said goodbye to some valued and long standing trustees. Jan Anderson, Professor Neil Chakraborti, Professor Penny Green, His Honour John Samuels QC and Chris Sheffield OBE had all given generously of their time and their talents.

I hope my own experience as a prison governor will mean I can bring a fresh vision of what reform can mean. I have worked with the Howard League for many years, most recently as part of its Commission on Sex in Prison.

The responsibility of the board of trustees to set the strategy and oversee funding and fundraising is a daunting one for any group of people, it is more so when leading a national charity of such standing and influence. This report includes the time the Howard League celebrated its 150th birthday – quite an achievement for any organisation.

I am particularly proud of the work the charity has conducted in the last year that has its roots going back over many years. The success at reducing child arrests has helped many tens of thousands of children and the robust judicial review challenging the cut to legal aid for prisoners coming up to release are both initiatives to be celebrated.

The board will be setting a strategy for the Howard League at a time when prisons are in a worse state than any time in decades, when the chief inspector said that community sentences were making little difference to the lives of people who already have little hope, and when budgets in social care are under strain. We have a challenging task ahead.

The Howard League for Penal Reform (incorporating the Howard Centre for Penology)

Report of the trustees

For the year ended 31 May 2017

Report of the chief executive

Frances Crook OBE

The charity has achieved significant impact this year in the face of challenges in the fast changing politics of the country and having to work with the fifth justice secretary in seven years.

The charity won the judicial review, taken jointly with the Prisoners Advice Service, to overturn the ban on legal aid for prisoners to help ease them through the system.

We had a success in the high court when our legal team represented a child who had been held in isolation for months in Feltham prison.

Our work with police across the country has paid off yet again with another substantial reduction in child arrests, with the result that we prevented hundreds of thousands of children from experiencing the trauma of arrest.

We launched the programme of work to end criminalisation of children in residential care and already there are changes taking place.

The legal team has responded to over 1,300 calls on the advice line and has helped children and young adults with challenges to poor treatment and conditions and fought to get proper release plans.

These are some of the big things, but there have been small steps along the way too. We engage with the public to fulfil our educational responsibilities by giving talks to students and practitioners and we communicate through traditional and social media.

This is a huge programme of work for a relatively small team. I lead a dedicated, expert and energetic staff team who often have to deal with distressing individual stories and challenging issues. I am proud of them.

Report of the Trustees

The board of trustees has set the charity's vision for the coming five years to work for less crime, safer communities and fewer people in prison. The trustees stated the aims for the charity

- To stay radical
- To stay ambitious
- To continue to be influential

The board of trustees reiterated the importance of the independence of the Howard League for Penal Reform as the foundation of its ethical and charitable mission.

The board confirmed that the guiding principles and direction of the charity are well established and are based on

- Creating capacity for new ideas and fostering rigorous research and discourse
- Providing public, civic and government education and information
- Campaigning for reform
- Taking strategic legal casework

The Howard League for Penal Reform (incorporating the Howard Centre for Penology)

Report of the trustees

For the year ended 31 May 2017

- Ensuring that the charity is well governed

The chief executive and her team developed an operation plan focussed on using the charity's limited resources to achieve maximum impact.

The key aim was to stem the flow into the penal system and the work was divided into five strands.

- 1 to promote safe communities
- 2 to influence sentencing to reduce the use of prison
- 3 to reduce and improve contact with the criminal justice system for children and young adults
- 4 to foster a good and useful life inside prison
- 5 to increase the strength and influence of the organisation

Safe communities

The charity warned that disruption of the national probation service and its division into two arbitrary and distinct services, one part delivered by private companies in 21 areas and the rump of a national service was a disastrous policy. So it has proved. HM chief inspector of probation judged the provision to be making little difference to public safety, so ineffective were the commercially run community rehabilitation companies that they were making negligible impact on the rehabilitation of prisoners.

For decades the Howard League had campaigned to enhance community sentences as a route for people who have offended to make amends. Sadly, this is no longer an option because community sentences no longer offer a viable and safe option. Our focus has therefore changed to working in partnership with community organisations and police to keep people out of the criminal justice system altogether. It is now the case that community sentences and prisons are both so ineffectual and toxic that people getting caught in the net are likely to be damaged by this experience rather than helped to lead a law-abiding life. Rehabilitation is no more than a pipedream.

We now work to support voluntary groups and statutory services which are aimed at preventing crime and contact with the criminal justice system. Almost 100 nominations were submitted to celebrate the work of these organisations across England and Wales. The 2016 awards conference brought together police, charities, health services and local government to highlight their successes.

Following presentation of the awards we work with the winners to hold 'open days' in their local area that bring together service users, academics, politicians and local media to inform and celebrate.

The winners:

- The Checkpoint programme in Durham Constabulary that diverts low and medium level offenders
- Wakefield Liaison & Diversion and Wakefield All Age Liaison and Diversion, commissioned by the NHS
- The nationwide programme of Police/Youth Restorative Engagement Forums
- The Good Loaf Community Interest Company in Northamptonshire

The Howard League for Penal Reform (incorporating the Howard Centre for Penology)

Report of the trustees

For the year ended 31 May 2017

- The Dorset Police Triage Scheme
- The Criminal Justice Champion of the year was Gail Spruce of Greater Manchester Police for her work to prevent child overnight detentions

Sentencing

Prisons are in crisis. Their very purpose is confused and there is no longer public confidence in them. The year has seen people taking their own lives at a rate of a death every three days. People are dying of diseases and drugs which in any other setting could have been dealt with safely. There is a record level of violence and assaults and crime inside prisons is now out of control. There does seem to be, however, a general recognition that this is untenable and radical change must come. Even the Sun newspaper had an editorial stating that too many people were being sent to prison.

The Howard League has played an important part in educating the public about the problems and possible solutions. We issue statements to the press based on our legal casework that gives background to the bleak inspection reports. We provide information to MPs and peers for their debates and questions. The chief executive meets ministers and staff liaise closely with officials from across the ministries.

The charity has focussed its attention on realistic change that would ease the overcrowding and improve justice and safety inside prisons as we recognise that fundamental reform of sentencing, whilst urgently needed, is unlikely. As the fifth secretary of state for justice in seven years starts his learning process it will take time for him to appreciate the scale of the challenge he faces and what options he has at his disposal.

The chief executive wrote to the new secretary of state following the general election in June 2017 with three action suggestions.

Firstly, the charity is calling for an end to the use of additional days imposed for minor infractions inside prisons. This punishment regime is contributing to the downward spiral in prison conditions as it has resulted in more than a million days of additional imprisonment in the last five years. It corrupts prison justice by embedding a sense of unfairness.

The second action we suggested was to put an end to short term recalls. A previous secretary of state deconstructed and destroyed the probation service. He gave the community rehabilitation companies supervising people returning to the community after a short prison sentence the power to impose a recall to prison. This power has been used profligately with 10,000 recalls each of just a few days.

The third action point was to ease people through the prison system more quickly and more safely. Average prison sentence lengths have grown out of control and England and Wales has a lifer and indeterminate population greater than all the other 46 nation states in the Council of Europe combined.

Our participation work with young people in the penal system focussed on their experiences of court and we called for formal sentencing principles for young adults to reflect age and maturity.

The charity provides support to the All Party Parliamentary Group on Women in the Penal System, chaired by Baroness Jean Corston and Victoria Prentis MP. The Group held hearings to consider evidence from expert witnesses on sentencing of women.

The Howard League for Penal Reform (incorporating the Howard Centre for Penology)

Report of the trustees

For the year ended 31 May 2017

Nick Hardwick, Chair of the Parole Board, delivered a lecture for the charity to a packed audience about plans to ease people through their custodial sentence more quickly and fairly.

The three year battle to overturn the cut to legal aid for prisoners has, probably, come to an end. The Howard League and Prisoners' Advice Service challenged the then Secretary of State's cut to legal aid and the Court of Appeal decided in our favour in 2017. We see this access to justice for prisoners as helping them to progress through their sentence fairly, quickly and safely.

Children and young adults

One of the greatest achievements of the charity has been the partnership work with the police to reduce child arrests. When the Howard League first investigated this gateway into the criminal justice system a decade ago, we revealed that the police in England and Wales carried out a quarter of a million child arrests in a year.

In August 2017 we published the latest in our annual reviews of child arrests that showed a two thirds reduction. Hundreds of thousands of children have been saved from the trauma of arrest. Police have been able to devote resources to serious crime instead of being tied up with naughty teenagers.

The Howard League achieved this downward trajectory by working closely with the police across the country, meeting chiefs and their senior teams and spending time at the front line to disseminate good practice. Public education has been a critical element of the campaign and when we published the latest figures staff did more than 40 radio and television interviews and our work was extensively covered in local press.

Charities have traditionally helped individuals by trying to undo damage, often taking the place of state services. Increasingly trusts and donors want to count this sort of output in order to secure their philanthropy. Our success has been in preventing the damage being done in the first place. We are preventing children from being swept along in the torrential river of the criminal justice system. This leaves parents, schools and communities to carry out their responsibilities in guiding children to lead fruitful and law abiding lives.

The trustees are proud to have secured this success and that it resulted in a commensurate two thirds reduction in children going through prosecution and courts and consequently ending up in custody. We have succeeded in stemming the flow into custody.

It is a sad fact that too many children are still sentenced and remanded to penal custody. Despite the reduction in the number of children in custody, conditions have deteriorated in most institutions. The Howard League legal team is the country's only dedicated service for incarcerated children and young adults. The legal advice line deals with over 1,300 calls for help each year. The in-house solicitors and caseworkers help young people with adjudications in the prison, transfers and improving conditions and help to get sensible and safe release arrangements.

The charity took judicial review proceedings on behalf of a 16 year old boy held in isolation for nearly six months in Feltham prison. The court found the lack of education was unlawful and we are now appealing one element of the judgment to establish firmly that holding children in solitary is just plain cruel.

The legal team helped a 15 year old child with mental health problems who had been unlawfully held in a police station for two days. A magistrates' court had issued a warrant for his arrest and detention until he could be brought

The Howard League for Penal Reform (incorporating the Howard Centre for Penology)

Report of the trustees

For the year ended 31 May 2017

to court as he had not paid a fine. The magistrates had no power to do this as he was a child. As a result of our case that unlawful practice has been suspended and new guidance prepared to stop this happening again.

The legal team organises discussion and training events for professionals working with young people in the justice system. Our Lawyers' Network held a meeting to launch the report on sentencing of young adults. Our research team organised a meeting of our What If? programme attended by nearly 100 senior practitioners, lawyers and academics to discuss the future of parole with speakers Professor Nicola Padfield, Nick Hardwick and Dr Laura Janes.

Prisons

At the beginning of the year covered in this annual report, autumn 2016, the then secretary of state for justice, Liz Truss, secured additional funding to recruit more staff to make up some of the shortfall created by the cuts imposed by one of her predecessors. By the end of the year the secretary of state has changed yet again and the legislative reforms promised before the general election have been abandoned. Prisons are deteriorating and there seems to be no plan to address this.

The trustees take their public education responsibility seriously. The charity issues public and media statements to educate the public about penal issues.

Over the year the charity commented on deteriorating safety and the increase in self-injury and assaults in prisons. There were 26,643 recorded assaults and 40,404 recorded self-injury incidents in prisons in one year, a significant increase on the previous year.

In just five months in 2017 we issued statements on the overcrowding, violence, drugs and filth in Bristol, Feltham, G4S run Birmingham, Brixton, Pentonville, Garth, Guys Marsh, G4S run Parc, Swinfen Hall, Featherstone, Exeter, Cookham Wood, Hewell prisons.

We published an analysis of deaths in prison. Throughout 2016, 119 people died by suicide, including 12 women. A total of 354 people died in prisons, an increase of 38 per cent and a record high.

We worked in partnership with the Centre for Mental Health to publish a series of briefings based on interviews with staff and prisoners and suggesting reform that would save life.

Arising from our legal representation of children and young adults in prisons we researched the use of draconian punishments being used as conditions worsened in a desperate and counter-productive attempt to keep control. We found that more than 215,000 days – or 589 years – of additional imprisonment had been imposed on prisoners found to have broken prison rules last year. It is no coincidence that prisons with the most crowding, worst conditions and staff problems also impose the highest number of additional days.

Strengthening the charity

The charity is fortunate in receiving generous support from trusts, individuals and members. Some years ago we benefited from a legacy gift from a long time supporter. This money was invested in achieving our charitable objectives, new specified activities and in long term development. We recruited several thousand new regular donors who continue to support our work. We are now looking to the future as the funding landscape has changed and trusts are increasingly supporting charities that have moved into delivering services, many of which would in the past have been within the remit of the state. The Howard League for Penal Reform has never sought or accepted government

The Howard League for Penal Reform (incorporating the Howard Centre for Penology)

Report of the trustees

For the year ended 31 May 2017

funding. The charity sees itself as being at the cutting edge of exploring new ideas and finding new ways of creating safer communities, less crime and fewer people in prison.

The Howard League has a strong staff team that includes experts who have contributed to our work for many years and staff who have recently joined. Many former employees have gone on to glittering careers in the law and public service.

The charity aspires to conform to the highest standards of good governance, probity and efficiency. It is established as a registered charity and a company and has prison and public law contracts with the Legal Aid Agency.

The Howard League is active on social media with nearly 25,000 followers on Twitter and an active Facebook presence. Regular e-bulletins are sent to our 20,000 supporters and the newspaper, The Howard, is produced twice a year and posted to 12,500 members.

Our media presence is very vibrant as we are asked to comment daily on television, radio and the press. Our publications and initiatives are well covered by all media. For a medium sized charity, the Howard League succeeds in its public education duty by achieving a significant media presence and so can contribute to the public discourse.

Staff travel the country giving talks to university students and a wide range of other organisations.

We work with charities, statutory agencies, officials, and academia to share learning, explore ideas and campaign for change.

The board of trustees meets regularly to review the strategy and financial planning and to make sure the charity complies with the highest standards of governance as well as its legal obligations. We set out the charity's objectives for the year in our 2016 annual report and the trustees are confident that we worked together effectively to achieve our goals. We work in a fast changing world, with five different secretaries of state in seven years which has resulted in political stasis and a penal crisis. The work of the Howard League is needed now more than ever.

Finally, the trustees want to record their thanks to the hundreds of donors who make all of this possible. The Howard League for Penal Reform relies on voluntary gifts from individuals and trusts and income from our activities. We are grateful to everyone who contributed.

Publications 2016 to 2017

Published on the Howard League website and available free of charge in hard copy

Annual report and accounts 2016

Preventing prison suicide, in partnership with the Centre for Mental Health

Preventing prison suicide, staff perspectives, in partnership with the Centre for Mental Health

Preventing prison suicide, perspectives from the inside, in partnership with the Centre for Mental Health

Is this the end of women's centres? All Party Parliamentary Group on Women in the Penal System

Punishment in prison: the world of prison discipline

Child arrests in England and Wales in 2015

Child arrests in England and Wales in 2016

Ending the criminalisation of children in residential care, briefing one

The Howard League for Penal Reform (incorporating the Howard Centre for Penology)

Report of the trustees

For the year ended 31 May 2017

Supervisable: Experiences of criminal justice supervision in Scotland, by Professor Fergus McNeill, University of Glasgow

Supervisable: Experiencing probation and supervision in Germany, by Professor Christine Graebisch, Dortmund University

Various submissions to Parliamentary committees and statutory reviews

Plans for 2017 to 2018

Strategic aim: To have fewer people in prison

The Howard League for Penal Reform will work to reduce the prison population

We will make the case for radical sentencing reform

We will work to reduce recalls and extra days

Strategic aim: To work for less crime and fewer children and young people in the penal system

The Howard League for Penal Reform will work to reduce child arrests and end the criminalisation of children in residential care

We will work to improve access to justice for young people

We will work to improve the treatment of young people in custody

Strategic aim: To foster a good and useful life inside prison

The Howard League for Penal Reform will help to create a healthier prison culture

We will work to establish real work in prisons

We will help to reduce violence and deaths in prison

Strategic aim: To develop partnerships to promote safer communities

The Howard League for Penal Reform will identify and promote best practice in the community

We will carry out public education on what makes communities safer

We will promote trust, fairness and civil rights

Strategic aim: To increase the strength and influence of the organisation

We will work to recruit new members and committed givers and increase our contacts

We will maintain our fundraising income

We will develop influence with opinion leaders, practitioners and supporters

We will be a hub for participation

We will ensure sound governance

Report of the trustees

For the year ended 31 May 2017

Governance

Trustees' recruitment, induction and training

Recruitment of new trustees is through nomination and open advertisement. Candidates are interviewed by a panel of trustees, including the chair. New trustees are elected to the board at the annual general meeting. Trustees are elected to serve for a period of three years after which they must be re-elected at the next annual general meeting. The board seeks to ensure that there is appropriate balance of experience and representation relevant to the operations of the Howard League for Penal Reform.

All new trustees take part in an induction programme which is designed to ensure that they fully understand their roles and responsibilities, as well as the objects, activities and ethos of the charity.

Risk management

The board of trustees has ultimate responsibility for the management of risk, with day to day management of risk delegated to the executive management team. During the year the board reviewed the risk register.

Risk management is integrated with planning and budgeting and the organisation is committed to developing understanding of a risk-aware approach to working. The executive management team keeps major risks under regular review. There is an annual review by the finance, personnel and legal committee of the status and management of all major risks and the effectiveness of controls, with quarterly reporting to the finance personnel and legal committee on any major new risks or significant changes to the status of existing major risks.

The key risks identified during the year and kept under review:

- Uncertainty over funding – mitigated by close monitoring of budgets on a monthly basis.
- The performance of investments - this is mitigated by reviewing the investment managers performance.
- Public perception and reputation which is kept under weekly review by monitoring the public relations strategy.

Staff remuneration statement

The Howard League for Penal Reform is committed to ensuring that we pay our staff fairly and in a way which ensures we attract and retain the right skills to have the greatest impact in delivering our charitable objectives.

The board of trustees sets the pays scales for staff. The CEO is in attendance for the meeting (leaving for the discussion regarding the CEO's remuneration).

In determining the Howard League for Penal Reform's remuneration policy the board of trustees take into account all factors which are deemed necessary. The objective of the policy is to ensure that the chief executive and senior staff team are provided with appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the charity

Public benefit statement

The trustees confirm that they have complied with the duty in section 4 of the Charities Act 2006 to have due regard to the Charity Commission's general guidance on public benefit.

The trustees are satisfied that the aims and objectives of the charity meet the public benefit requirement; and that the charity's activities are in support of those aims.

The Howard League for Penal Reform (incorporating the Howard Centre for Penology)

Report of the trustees

For the year ended 31 May 2017

Hon treasurer's report

Sally Lewis

The Howard League for Penal Reform continues to be successful in generating income.

The organisation had an annual expenditure of £1.3m and total funds of £2.8m, which includes the freehold on our headquarters building valued at £1.2m.

The income received was just over £1m, a slight decrease from the previous year.

The charity successfully applied for continuation funding for aspects of the participation work with young people and secured £450,000 from the Big Lottery over three years and the project ends in March 2018.

Consistent with our budget plans we ended the year with a deficit, before investment movements of £310,430 compared with a deficit of £553,136 in the prior year. We have been drawing on the legacy we received some eight years ago in a planned drawdown to invest in our achieving our charitable objectives.

However due to a significant gain on investments of £161,448 the overall deficit for the year was reduced to £148,982. The charity continues to develop new streams of income to create a platform of sustainable funding.

Funding from the strategic reserve supports our policy, research and communications work and the legal work for young people in custody.

Reserves

Restricted funds received for specific projects or purposes that are not available for general use stand at £397,794.

The board of trustees review the reserves policy annually and we aim to ensure that adequate funds are held to run the charity for a period of at least 12 months. As at the end of the year, our free and unrestricted reserves would cover just over a year at current expenditure levels.

Investments

The trustees have the power to invest in such assets as they see fit. Investment decisions have been taken with a view to maximising the return at a low level of risk, maintaining reasonable access to ensure the availability of funds for the purposes they are intended, and avoiding investments that are not compatible with the aims of the Howard League or which are detrimental to its wellbeing.

As at 31 May 2017, the charity's holding in Schroder's Charity Multi Asset Fund was valued at £1.1m.

Statement of responsibilities of the trustees

The trustees (who are also directors of charitable company for the purposes of company law) are responsible for preparing the report of the trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources,

The Howard League for Penal Reform (incorporating the Howard Centre for Penology)

Report of the trustees

For the year ended 31 May 2017

including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

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

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- There is no relevant audit information of which the charitable company's auditor is unaware; and
- The trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Members of the charity guarantee to contribute an amount not exceeding £1 to the assets of the charity in the event of winding up. The total number of such guarantees at year-end was 15 (2016:18). The trustees are members of the charity but this entitles them only to voting rights. The trustees have no beneficial interest in the charity.

Auditor

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

The report of the trustees has been prepared in accordance with the special provisions applicable to companies subject to the small companies' regime.

Approved by the trustees on 17 October 2017 and signed on their behalf by

Eoin McLennan-Murray, Chair

Independent auditor's report

To the members of

The Howard League for Penal Reform (incorporating the Howard Centre for Penology)

Opinion

We have audited the financial statements of The Howard League for Penal Reform (incorporating the Howard Centre for Penology) (the 'charitable company') for the year ended 31 May 2017 which comprise the statement of financial activities, balance sheet, statement of cash flows and 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 charitable company's affairs as at 31 May 2017 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- Have been prepared in accordance with the requirements of the Companies Act 2006

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 charitable company 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 trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- The trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company'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 trustees' annual report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of 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.

Independent auditor's report

To the members of

The Howard League for Penal Reform (incorporating the Howard Centre for Penology)

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- The information given in the trustees' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements
- The trustees' annual report, has been prepared in accordance with applicable legal requirements

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' annual report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- Adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- The financial statements are not in agreement with the accounting records and returns; or
- Certain disclosures of trustees' remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit; or
- The trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the trustees' annual report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the statement of responsibilities of the trustees set out in the trustees' annual report, the trustees (who are also the directors of the charitable company for the purposes of company law) 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 trustees 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 trustees are responsible for assessing the charitable company'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 trustees either intend to liquidate the charitable company 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 charitable company's members as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company'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 charitable company and the charitable company'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

Independent auditor's report

To the members of

The Howard League for Penal Reform (incorporating the Howard Centre for Penology)

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), we exercise professional judgment and maintain professional scepticism throughout the audit. We 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 our 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 entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' 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 entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

Helen Elliott (Senior statutory auditor)

30 October 2017

for and on behalf of Sayer Vincent LLP, Statutory Auditor

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

Howard League for Penal Reform (Incorporating the Howard Centre for Penology)

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

For the year ended 31 May 2017

	Note	Unrestricted £	Restricted £	2017 Total £	Unrestricted £	Restricted £	2016 Total £
Income from:							
Donations and legacies	2	249,121	–	249,121	292,972	–	292,972
Charitable activities							
Campaigns, policy & research	3	–	154,100	154,100	–	106,500	106,500
Events, conferences & publications	3	16,141	–	16,141	56,046	–	56,046
Legal services for young people	3	150,964	204,374	355,338	170,899	191,730	362,629
Membership income	3	197,199	–	197,199	206,849	–	206,849
Other trading activities	4	47,920	–	47,920	15,126	–	15,126
Investments	5	50,567	–	50,567	62,742	–	62,742
Total income		711,912	358,474	1,070,386	804,634	298,230	1,102,864
Expenditure on:							
Raising funds	6	100,800	–	100,800	242,989	–	242,989
Charitable activities							
Campaigns, policy & research	6	428,611	136,712	565,323	476,528	128,715	605,243
Events, conferences & publications	6	134,508	–	134,508	121,642	–	121,642
Legal services for young people	6	242,763	189,185	431,948	321,258	193,160	514,418
Membership	6	148,237	–	148,237	171,708	–	171,708
Total expenditure		1,054,919	325,897	1,380,816	1,334,125	321,875	1,656,000
Net (expenditure)/income before net gains / (losses) on investments		(343,007)	32,577	(310,430)	(529,491)	(23,645)	(553,136)
Net (losses) / gains on investments		161,448	–	161,448	(137,850)	–	(137,850)
Net movement in funds	7	(181,559)	32,577	(148,982)	(667,341)	(23,645)	(690,986)
Reconciliation of funds:							
Total funds brought forward		2,657,734	365,217	3,022,951	3,325,075	388,862	3,713,937
Total funds carried forward		2,476,175	397,794	2,873,969	2,657,734	365,217	3,022,951

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 17 to the financial statements.

Howard League for Penal Reform (Incorporating the Howard Centre for Penology)

Balance sheet

Company no. 00898514

As at 31 May 2017

	Note	£	2017 £	£	2016 £
Fixed assets:					
Tangible assets	12		1,206,820		1,210,975
Investments	13		1,159,419		1,251,207
			<u>2,366,239</u>		<u>2,462,182</u>
Current assets:					
Debtors	14	204,489		184,278	
Cash at bank and in hand		373,014		427,048	
		<u>577,503</u>		<u>611,326</u>	
Liabilities:					
Creditors: amounts falling due within one year	15	(69,773)		(50,557)	
Net current assets			<u>507,730</u>		<u>560,769</u>
Total net assets			<u><u>2,873,969</u></u>		<u><u>3,022,951</u></u>
The funds of the charity:	17				
Restricted income funds			397,794		365,217
Unrestricted income funds:					
Strategic fund		1,159,419		1,251,207	
Fair value reserve –property		550,000		550,000	
General funds		434,547		520,163	
Other designated funds		332,209		336,364	
		<u></u>	<u>2,476,175</u>	<u></u>	<u>2,657,734</u>
Total unrestricted funds			<u>2,476,175</u>		<u>2,657,734</u>
Total charity funds			<u><u>2,873,969</u></u>		<u><u>3,022,951</u></u>

Approved by the trustees on 17 October 2017 and signed on their behalf by

Eoin McLennan– Murray
Chair

Howard League for Penal Reform (Incorporating the Howard Centre for Penology)

Statement of cash flows

For the year ended 31 May 2017

	Note	2017 £	£	2016 £	£
Cash flows from operating activities	18				
Net cash used in operating activities			(356,976)		(731,584)
Cash flows from investing activities:					
Dividends and interest from investments		50,567		62,742	
Proceeds from sale of investments		300,307		1,003,557	
Purchase of investments		(47,932)		(58,357)	
Net cash provided by investing activities			302,942		1,007,942
Change in cash and cash equivalents in the year			(54,034)		276,358
Cash and cash equivalents at the beginning of the year			427,048		150,690
Cash and cash equivalents at the end of the year			373,014		427,048

Notes to the financial statements

For the year ended 31 May 2017

1 Accounting policies

a) Statutory information

Howard League for Penal Reform (incorporating the Howard Centre for Penology) is a charitable company limited by guarantee and is incorporated in the United Kingdom. The registered office address is 1 Ardleigh Road, London, N1 4HS.

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) and the Companies Act 2006.

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 charitable company meets the definition of a public benefit entity under FRS 102.

d) Going concern

The trustees consider that there are no material uncertainties about the charitable company's ability to continue as a going concern.

The trustees 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 charity 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 charity 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.

For legacies, entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the charity that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

Income received in advance of the provision of a specified service is deferred until the criteria for income recognition are met.

f) Donations of gifts, services and facilities

Donated professional services and donated facilities are recognised as income when the charity has control over the item or received the service, any conditions associated with the donation have been met, the receipt of economic benefit from the use by the charity of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), volunteer time is not recognised so refer to the trustees' annual report for more information about their contribution.

g) Investment income and interest receivable

Investment income and interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank or investment manager.

Notes to the financial statements

For the year ended 31 May 2017

1 Accounting policies (continued)

h) 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 charitable purposes.

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

i) 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 charitable company in inducing third parties to make voluntary contributions to it, as well as the cost of any activities with a fundraising purpose
- Expenditure on charitable activities includes the costs of furthering the purposes of the charity and their associated support costs

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

j) Allocation of support costs

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

However, the cost of overall direction and administration of each activity, comprising the salary and overhead costs of the central function, is apportioned on the following basis which are an estimate, based on staff time, of the amount attributable to each activity.

● Campaigns, policy & research	20%
● Events, conferences & publications	20%
● Legal services for young people	20%
● Membership income	20%
● Support costs	10%
● Governance costs	10%

Where information about the aims, objectives and projects of the charity is provided to potential beneficiaries, the costs associated with this publicity are allocated to charitable expenditure.

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

● Campaigns, policy & research	25%
● Events, conferences & publications	20%
● Legal services for young people	25%
● Membership income	20%
● Raising funds	10%

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

k) Operating leases

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

Notes to the financial statements

For the year ended 31 May 2017

1 Accounting policies (continued)

l) Tangible fixed assets

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

Where fixed assets have been revalued, any excess between the revalued amount and the historic cost of the asset will be shown as a revaluation reserve in the balance sheet.

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:

● Office equipment	10 per cent per annum
● Library books	15 per cent per annum
● Computers	50 per cent per annum

The trustees have adopted a policy of reporting freehold land and buildings at market value. The last full valuation was carried out on 4 May 2012. Interim valuations will be carried out at other times if it is likely there has been a material change in value.

The trustees are of the opinion that any potential depreciation charge would be immaterial to the accounts. The trustees believe the estimated life of the property to be very long and the estimated residual value of the property to be close to the carrying amount. As such, the property is not depreciated. Any gain or loss arising on revaluation is taken to the fair value reserve.

An annual impairment review on the property and other fixed assets is undertaken to determine if circumstances indicate that the recoverable value of assets is materially lower than their value in the accounts. Any impairments identified are written off as extra depreciation through the statement of financial activities.

m) Listed investments

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. Any change in fair value will be recognised in the statement of financial activities and any excess of fair value over the historic cost of the investments will be shown as a fair value reserve in the balance sheet. Investment gains and losses, whether realised or unrealised, are combined and shown in the heading "Net gains/(losses) on investments" in the statement of financial activities. The charity does not acquire put options, derivatives or other complex financial instruments.

n) 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.

o) 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.

p) Creditors and provisions

Creditors and provisions are recognised where the charity 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.

q) Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

Notes to the financial statements

For the year ended 31 May 2017

1 Accounting policies (continued)**r) Pensions**

All staff are auto enrolled in a work place defined contribution pension scheme contributing 10% of gross salary.

2 Income from donations and legacies

	Unrestricted £	Restricted £	2017 total Total £	2016 Total £
Donations	230,921	–	230,921	252,227
Legacies	18,200	–	18,200	40,745
	<u>249,121</u>	<u>–</u>	<u>249,121</u>	<u>292,972</u>

3 Income from charitable activities

	Unrestricted £	Restricted £	2017 Total £	2016 Total £
Monument Trust	–	60,000	60,000	85,000
Esmee Fairbairn	–	56,100	56,100	–
Bernard Sunley Foundation	–	20,000	20,000	20,000
Campaigns, research & policy	–	18,000	18,000	1,500
Sub-total for campaigns, research & policy	–	154,100	154,100	106,500
Income from sales of publications	248	–	248	640
Income from conference fees	15,893	–	15,893	55,406
Sub-total for Events, conferences & publications	16,141	–	16,141	56,046
Participation project, Big Lottery	–	150,000	150,000	150,000
DCI- Children rights behind bars	–	21,356	21,356	–
Barrow Cadbury	–	10,500	10,500	19,000
Legal services for young people	150,964	22,518	173,482	193,629
Sub-total for Legal services for young people	150,964	204,374	355,338	362,629
Membership subscriptions	140,919	–	140,919	146,927
Income tax recoverable on subscriptions /donations	56,280	–	56,280	59,922
Sub-total for Membership income	197,199	–	197,199	206,849
Total income from charitable activities	<u>364,304</u>	<u>358,474</u>	<u>722,778</u>	<u>732,024</u>

Notes to the financial statements

For the year ended 31 May 2017

4 Income from other trading activities

	Unrestricted £	Restricted £	2017 Total £	2016 Total £
Rental & other income	31,450	–	31,450	–
Royalties for publications	16,470	–	16,470	15,126
	<u>47,920</u>	<u>–</u>	<u>47,920</u>	<u>15,126</u>

5 Income from investments

	Unrestricted £	Restricted £	2017 Total £	2016 Total £
Income from stocks and shares	49,598	–	49,598	60,064
Interest receivable	969	–	969	2,678
	<u>50,567</u>	<u>–</u>	<u>50,567</u>	<u>62,742</u>

Howard League for Penal Reform (Incorporating the Howard Centre for Penology)

Notes to the financial statements

For the year ended 31 May 2017

6 Analysis of expenditure

	Cost of raising funds £	Campaigns, research & policy £	Events, conferences & publications £	Legal service for young £	Membership £	Governance costs £	Support costs £	2017 Total £	2016 Total £
Staff costs (Note 8)	45,943	388,821	65,321	277,331	51,563	68,244	120,505	1,017,728	1,074,301
Other staff costs	–	3,537	–	1,771	–	500	15	5,823	6,525
Travel & Subsistence	73	8,023	–	5,810	–	3,056	176	17,138	22,889
Publication costs	407	22,120	–	875	34,265	–	–	57,667	104,691
Publicity & dissemination	1,647	28,192	2,583	2,015	–	2,807	3,485	40,729	49,117
HL Studentships/Prizes	–	–	–	–	–	–	–	–	3,500
Academic consultants	–	4,500	–	–	–	–	–	4,500	–
Research Honorarium	–	6,500	–	–	–	–	–	6,500	14,200
Professional/Consultancy fees	–	16,155	–	32,904	–	–	–	49,059	100,029
Fundraising agency costs	–	–	–	–	–	–	–	–	111,813
Investment managers fees	3,555	–	–	–	–	–	–	3,555	4,678
Office and other expenses	574	2,394	–	3,431	–	37	33,844	40,280	49,685
Premises expenses	–	–	–	7,051	–	–	38,783	45,834	41,333
Volunteer expenses	–	1,304	–	241	–	–	–	1,545	1,545
Miscellaneous expenses	1,051	714	–	5,890	–	57	1,788	9,500	7,817
Irrecoverable VAT	–	5,052	–	–	–	–	–	5,052	3,372
Equipment maintenance	–	–	–	4,366	–	–	16,607	20,973	25,867
Bank Charges	–	–	–	–	–	–	8,668	8,668	12,200
Legal fees	–	–	–	–	–	–	250	250	–
Counsels fees	–	–	–	16,447	–	–	–	16,447	8,597
Audit & accountancy	–	–	–	–	–	9,200	–	9,200	9,250
Bad debt write off	16,346	–	–	–	–	–	–	16,346	–
Depreciation	–	–	–	–	–	–	4,022	4,022	4,591
	69,596	487,312	67,904	358,132	85,828	83,901	228,143	1,380,816	1,656,000
Support costs	22,813	57,036	45,629	57,036	45,629	–	(228,143)	–	–
Governance costs	8,391	20,975	20,975	16,780	16,780	(83,901)	–	–	–
Total expenditure 2017	100,800	565,323	134,508	431,948	148,237	–	–	1,380,816	
Total expenditure 2016	242,989	605,243	121,642	514,418	171,708	–	–		1,656,000

Notes to the financial statements

For the year ended 31 May 2017

7 Net expenditure for the year

This is stated after charging:

	2017 £	2016 £
Depreciation	4,022	4,591
Loss on disposal of fixed assets	133	451
Operating lease rentals:		
Equipment	22,010	21,485
Auditors' remuneration (excluding VAT):		
Audit	9,200	9,000
under accrual of audit fee	–	250
	<u> </u>	<u> </u>

8 Analysis of staff costs, trustee remuneration and expenses, and the cost of key management personnel

Staff costs were as follows:

	2017 £	2016 £
Salaries and wages	831,643	892,049
Social security costs	86,793	84,877
Employer's contribution to defined contribution pension schemes	99,292	97,375
	<u> </u>	<u> </u>
	<u>1,017,728</u>	<u>1,074,301</u>

The following number of employees received employee benefits (excluding employer pension costs) during the year between:

	2017 No.	2016 No.
£60,000–£70,000	1	1
£70,001 – £80,000	1	1
£90,001 – £100,000	1	–
£100,001–£110,000	–	1
	<u> </u>	<u> </u>

The total employee benefits including pension contributions and employers national insurance of the key management personnel were £417,512 (2016: £408,277)

Contributions made in the year to workplace pension scheme totalled £48,838 (2016: £41,322) for key management employees.

The charity trustees were not paid or received any other benefits from employment with the charity in the year (2016: £nil). No charity trustee received payment for professional or other services supplied to the charity (2016: £nil).

Trustees' expenses represents the payment or reimbursement of travel and subsistence costs totalling £2,967 (2016: £3,088) incurred by 7 (2016: 6) members relating to attendance at meetings of the trustees.

Notes to the financial statements

For the year ended 31 May 2017

9 Staff numbers

The average number of employees (head count based on number of staff employed) during the year was as follows:

	2017 No.	2016 No.
Raising funds	1.0	1.5
Campaigns, policy & research	7.0	8.0
Events conferences & publications	1.0	1.5
Legal services for young people	7.0	8.0
Membership	1.0	2.0
Support	2.0	2.0
Governance	1.0	1.0
	20.0	24.0

10 Related party transactions

Aggregate donations from related parties were £0 (2016: £955).

There are no other related party transactions to disclose for 2017 (2016: none).

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

11 Taxation

The charitable company is exempt from corporation tax as all its income is charitable and is applied for charitable purposes.

12 Tangible fixed assets

	Freehold property £	Computers £	Office Equipment £	Library books £	Total £
Cost or valuation					
At the start of the year	1,200,000	14,539	47,373	2,018	1,263,930
Disposals in year	–	–	(1,115)	–	(1,115)
At the end of the year	1,200,000	14,539	46,258	2,018	1,262,815
Depreciation					
At the start of the year	–	14,539	36,399	2,017	52,955
Charge for the year	–	–	4,022	–	4,022
Eliminated on disposal	–	–	(982)	–	(982)
At the end of the year	–	14,539	39,439	2,017	55,995
Net book value					
At the end of the year	1,200,000	–	6,819	1	1,206,820
At the start of the year	1,200,000	–	10,974	1	1,210,975

The freehold property at 1 Ardleigh Road, London, N1 4HS was valued on 4 May 2012 by Copping Joyce Chartered Surveyors LLP (independent valuers). The historical cost of the freehold is £650,000.

One floor of the property is currently being let out on commercial terms, and so qualifies as investment property. The trustees consider that as the property is included at its fair value, it can be shown within tangible fixed assets.

Notes to the financial statements

For the year ended 31 May 2017

13 Listed investments

	2017 £	2016 £
Fair value at the start of the year	1,250,346	2,333,396
Additions at cost	47,932	58,357
Disposal proceeds	(300,307)	(1,003,557)
Net gain / (loss) on investments	161,448	(137,850)
	<u>1,159,419</u>	<u>1,250,346</u>
Cash held by investment broker pending reinvestment	–	861
Fair value at the end of the year	<u>1,159,419</u>	<u>1,251,207</u>
Historic cost at the end of the year	<u>925,068</u>	<u>1,133,198</u>
Investments comprise:		
	2017 £	2016 £
UK Common investment funds	1,106,520	1,200,418
Shares listed on the London Stock Exchange	52,899	49,928
Cash	–	861
	<u>1,159,419</u>	<u>1,251,207</u>

14 Debtors

	2017 £	2016 £
Other debtors	17,888	13,620
Accrued income	186,601	170,658
	<u>204,489</u>	<u>184,278</u>

15 Creditors: amounts falling due within one year

	2017 £	2016 £
Trade creditors	22,436	9,220
Taxation and social security	31,824	25,193
Accruals	15,513	16,144
	<u>69,773</u>	<u>50,557</u>

Notes to the financial statements

For the year ended 31 May 2017

16a Analysis of net assets between funds (current year)

	General £	Designated £	Restricted £	Total funds £
Tangible fixed assets	–	882,209	324,611	1,206,820
Investments	–	1,159,419	–	1,159,419
Net current assets	434,547		73,183	507,730
Net assets at 31 May 2017	434,547	2,041,628	397,794	2,873,969

16b Analysis of net assets between funds (prior year)

	General £	Designated £	Restricted £	Total funds £
Tangible fixed assets	–	886,364	324,611	1,210,975
Investments	–	1,251,207	–	1,251,207
Net current assets	520,163	–	40,606	560,769
Net assets at 31 May 2016	520,163	2,137,571	365,217	3,022,951

17a 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:					
Legal work (Adviceline)	–	22,518	(22,518)	–	–
Programme on reducing child arrests	–	60,000	(51,418)	–	8,582
The John Sunley Prize	3,700	20,000	(19,700)	–	4,000
Preventing Suicides in Custody	4,085	–	(4,085)	–	–
Participation project (Big Lottery)	32,821	150,000	(147,092)	–	35,729
Sentencing– young adults	–	10,500	(10,500)	–	–
DCI– reintegration	–	21,356	(9,075)	–	12,281
Real Work	–	10,000	(10,000)	–	–
Role of prison officer– Community Union	–	8,000	(8,000)	–	–
Criminal Care	–	56,100	(43,509)	–	12,591
Property	324,611	–	–	–	324,611
Total restricted funds	365,217	358,474	(325,897)	–	397,794
Unrestricted funds:					
Designated funds:					
Strategic fund	1,251,207	161,448	–	(253,236)	1,159,419
Property and equipment	336,364	–	–	(4,155)	332,209
Property fair value reserve	550,000	–	–	–	550,000
Investment fair value reserve	–	–	–	–	–
Total designated funds	2,137,571	161,448	–	(257,391)	2,041,628
General funds	520,163	711,912	(1,054,919)	257,391	434,547
Total unrestricted funds	2,657,734	873,360	(1,054,919)	–	2,476,175
Total funds	3,022,951	1,231,834	(1,380,816)	–	2,873,969

Notes to the financial statements

For the year ended 31 May 2017

17b 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:					
Legal work (Adviceline)	–	22,730	(22,730)	–	–
Programme on reducing child arrests	–	60,000	(60,000)	–	–
The John Sunley Prize	5,000	20,000	(21,300)	–	3,700
Preventing Suicides in Custody	25,000	25,500	(46,415)	–	4,085
Maturity Project	5,500	–	(5,500)	–	–
Participation project (Big Lottery)	28,751	150,000	(145,930)	–	32,821
Sentencing– young adults	–	19,000	(19,000)	–	–
Criminal Care	–	1,000	(1,000)	–	–
Property	324,611	–	–	–	324,611
Total restricted funds	388,862	298,230	(321,875)	–	365,217
Unrestricted funds:					
Designated funds:					
Strategic fund	2,275,419	–	–	(1,024,212)	1,251,207
Property and equipment	341,406	–	–	(5,042)	336,364
Property fair value reserve	550,000	–	–	–	550,000
Investment fair value reserve	110,994	–	(137,850)	26,856	–
Total designated funds	3,277,819	–	(137,850)	(1,002,398)	2,137,571
General funds	47,256	804,634	(1,334,125)	1,002,398	520,163
Total unrestricted funds	3,325,075	804,634	(1,471,975)	–	2,657,734
Total funds	3,713,937	1,102,864	(1,793,850)	–	3,022,951

Purposes of restricted funds

Legal work (Adviceline)

Specialist adviceline for young people in custody.

Programme on reducing child arrests

Programme for reducing child arrests.

The John Sunley prize

To administer and award for best masters dissertation in penal reform.

Preventing suicides in custody

A project to research prevention of suicides in custody.

Maturity project

A project to examine themes in depth with young adults on maturity.

Participation project

Big Lottery funded for 3 years started April 2015 continuation of the participation work with young people in custody.

Young adult and sentencing

A review of sentencing judgments for young adults.

Notes to the financial statements

For the year ended 31 May 2017

17 Movements in funds (continued)

DCI– reintegration

Working with DCI Belgium on the project 'Children's rights behind bars – a participatory path towards reintegration.'

Real Work

A project to review the use of Real Work in prisons.

Role of prison officer– Community Union

A project to examine the role of prison officers.

Criminal Care

Research on young people from care homes.

Property

The value of the original restricted donation towards the purchase of the office.

Purposes of designated funds

Strategic fund

Lord Parmoor's charitable trust donated £6m which was designated by the trustees as a part of its strategic reserve to strengthen the Howard League position through a period of recession and uncertainty, and to fund priorities over the next decade. Decisions to use this fund are agreed by the board on the basis of strategic principles set down by the trustees.

Property and equipment

The value of the original unrestricted funds used towards the purchase of the office and the net book value of the other fixed assets.

Property fair value reserve

Demonstrates the gain on the property revaluation compared to its historic cost.

Investment fair value reserve

Previously this demonstrated the cumulative gains and losses on investments held by the charity at the year-end. Unrealised gains on investments are now shown within the Strategic fund balance.

Transfers between funds

A transfer was made from the strategic fund to general reserves to cover the planned deficit incurred on unrestricted funds and from property and equipment to recognise depreciation

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

	2017 £	2016 £
Net expenditure for the reporting period (as per the statement of financial activities)	(148,982)	(690,986)
Depreciation charges	4,022	4,591
(Gains) / Losses on investments	(161,448)	137,850
Dividends, interest and rent from investments	(50,567)	(62,742)
Loss on the disposal of fixed assets	133	451
(Increase)/decrease in debtors	(20,211)	7,503
Increase/(decrease) in creditors	19,216	(129,013)
Decrease in cash held by investment broker pending reinvestment	861	762
Net cash used in operating activities	(356,976)	(731,584)

Notes to the financial statements

For the year ended 31 May 2017

19 Operating lease commitments

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

	Equipment 2017 £	2016 £
Less than one year	10,000	10,150
One to five years	30,600	40,600
	<hr/>	<hr/>
	40,600	50,750
	<hr/>	<hr/>

20 Legal status of the charity

The charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £1.