

Company number: 898514

Charity number: 251926

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

Report and Financial Statements

31 May 2016

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

Contents

For the year ended 31 May 2016

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

Reference and administrative details

For the year ended 31 May 2016

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	Chair
Chris Sheffield	Vice Chair
Sally Lewis	Honorary Treasurer
Jan Anderson	
Matthew Ball	
Professor Neil Chakraborti	
Professor Penny Green	
Samantha Kennedy	
Gerry Marshall	
Elizabeth Morony	
Professor Tim Newburn (Until July 2015)	
His Honour John Samuels QC	
Lucy Scott-Moncrieff	
Professor Pamela Taylor	
Eoin McLennan-Murray	(appointed 4 November 2015)

Staff	Frances Crook	chief executive
	Lorraine Atkinson	senior policy officer
	Eleanor Butt	policy officer
	Oscar Campbell	designer & facilities officer
	Jenny Chambers	youth justice policy adviser
	Claire Dixon	administrative officer (Until June 2016)
	Anita Dockley	director of research
	Marie Franklin	caseworker
	Alastair Gordon	advice service officer (From August 2016)
	Philip Goring	finance and administration officer
	Shelley Jones	youth participation officer
	Laura Janes	legal director (From March 2016)
	Tabitha Kassem	legal director (Until March 2016)
	Euginia Lolomari	director of finance and corporate services
	Sophie Lumsden	membership development manager
	Sinead MacCann	solicitor
	Andrew Neilson	director of campaigns
	Nina Navid	caseworker
	Barbara Norris	events and website manager

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For the year ended 31 May 2016

	Robert Preece	press officer
	Claire Salama	solicitor
	Catryn Yousefi	programme manager
	Sharon Singh	advice line officer (Until July 2016)
	Terri Sturman	administrative office (From August 2016)
	Ursula Tebett-Duffin	public affairs officer (Until March 2016)
Consultants	Professor Ian Loader	Oxford University
	Professor Stephen Farrell	Sheffield University
	Professor Barry Goldson	Liverpool John Moores University

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	CAF Bank Ltd
	PO Box 1357	Kings Hill
	169 Victoria Street	West Malling
	LONDON	KENT
	SW1E 5BT	ME19 4TA

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

Investment advisors	Schroders & Co Limited
	100 Wood Street
	LONDON
	EC1V 7ER

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

Report of the trustees

For the year ended 31 May 2016

The trustees present their report and the audited financial statements for the year ended 31 May 2016.

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 2005).

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 had two sub-committees, chaired by trustees:

Finance, personnel and legal committee: this committee was chaired by the honorary treasurer. It encouraged and safeguarded the highest standards of integrity, financial reporting and internal control and oversaw the organisation's risk assessment and management process, the committee reviewed the work of the legal department to ensure it complements the strategic direction of the charity and achieves the highest standards of legal representation of young people. It oversaw compliance against the public law and prison law contracts with the Legal Aid Agency.

Campaigns, research and policy committee: this committee encouraged policy and campaign development and co-ordinated consultations with government and other NGOs, also provided strategic oversight of research activity, ensuring that research dove-tails into broad organisational strategies.

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

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Report of the trustees

For the year ended 31 May 2016

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 principal activity is that of a charity working for less crime, safer communities and fewer people in prison.

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.

Sue Wade, Chair of the board of trustees

This is the 150th anniversary of the founding of the Howard Association. Set up in 1866 in the year that the first Royal Commission on Capital Punishment recommended that public executions be abolished, the organisation was at the forefront of the campaign over the next century to achieve complete abolition.

We celebrated this special year with some new fundraising activities. Members, celebrities, academics and lawyers all donated their birthdays by asking friends and families to donate to our work. As we are nearing half way through the year, we have raised many tens of thousands of pounds and I want to thank everyone for their generosity.

The board of trustees has set the simple aim of 'stemming the flow' into the criminal justice system. The Howard League's Commission on English Prisons Today, an authoritative exploration of the principles and outcomes of the justice system that published some years ago, concluded that a smaller system would benefit everyone.

Charities have traditionally tried to mend the damage caused by failing social systems. Too much energy is wasted picking up the bodies after they have flowed down the river of despair and trying to heal the harm. The Howard League tries to prevent people getting wet in the first place.

The charity has been particularly successful in reducing child arrests. When we started working with the police on this issue there were nearly a third of a million child arrests each year. I am pleased that we are about to release new figures that show a reduction by more than two thirds. This means that over the past few years, hundreds of thousands of children have not have the life-blighting experience of being arrested – and the police have not wasted their time and resources on dealing with normal teenage behaviour.

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Report of the trustees

For the year ended 31 May 2016

The legal representation of young people in custody, the campaign to get the criminal court charge lifted, the end to automatic strip searching of people on reception to prison, are areas of our outstanding achievement.

Sadly, there are many challenges ahead. The number of people in prison has increased and prison conditions have deteriorated to the extent that most people in and out of the system are very seriously worried about damage to people and damage to our national progress.

This is my last annual report as chair of the board of trustees. After two and a half decades as a trustee I am retiring but I will continue to support the work of the Howard League in other ways. I want to thank all the staff and trustees of the charity over the years I have been associated with it. It has been a privilege and a joy to work with such committed passionate and knowledgeable people and I would particularly want to thank Frances Crook for her work over the same period of time. A truly inspirational leader.

Sue Wade

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Report of the trustees

For the year ended 31 May 2016

Frances Crook, Chief Executive

This has been a momentous year in the history of our country. The referendum to leave the European Union will have consequences that are as yet untested, but, the commitment from the new Prime Minister to remain inside the European human rights structure is welcome.

Celebrating the 150th anniversary of the founding of the Howard Association in 1866 has prompted some thinking about the principles that underpin justice and the processes to achieve a safer society. We have much to be proud of, both as a nation and the role of the charity in leading public discourse as well as securing practical reform. There is much still to do.

Over 150 years we have achieved changes that have affected the lives of many citizens. Abolition of public and violent punishments was a humanitarian reform but it also affected the moral framework of the justice system.

This year has been a time when great change in the penal system has been heralded but has yet to come to fruition. As the political rhetoric has become more tempered, the prisons have deteriorated. It is to be hoped that the consensus that violent, drug-riddled prisons where most people experience enforced idleness is no longer acceptable. Now we appear to all agree that change is needed, it is to be hoped that change will happen.

One area of significant success has been the continued reduction in child arrests. The Howard League has been working with police for more than five years and we have succeeded in achieving a two thirds reduction in child arrests across every force.

The charity's legal representation of children and young adults in custody has improved their treatment and prospects.

This report illustrates the range of work over the past year, but inevitably it is only the tip of the iceberg. The charity meets government ministers and officials regularly, we submit evidence to Parliament, link with practitioners and run campaigns based on our research and expertise. The launch of our new website has increased traffic and this and social media are now our main avenues of communicating our concerns and our work.

Report of the Trustees

Less crime, Safer communities, Fewer people in prison

The Trustees have set the aims for the charity

- Stay radical
- Be ambitious
- Be influential

At the strategy meetings, the Trustees reiterated the principles and direction that are now well established:

- To grow the membership to provide authority, reach and income
- To create capacity for new ideas including strong academic credentials
- To develop government relations
- To conduct outward campaigns

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Report of the trustees

For the year ended 31 May 2016

- To invest in governance

As 2016 was the charity's 150th birthday, a special plan of fundraising to build a secure future for our work was set in place.

1 Investing in the community

Strategic aim: To focus resources on safer communities

Indicators of success:

- ✓ Reduce first time entrants to the criminal justice system
 - ✓ First time entrants have fallen, due to a wide range of factors. The contribution of the Howard League was the impact of the campaign on books for prisoners which influenced public opinion, as well as our successful campaign to abolish the criminal court charge
- ✓ Uncovering challenges around marketization
 - ✓ Criminal justice services have been contracted out to the private sector for decades, but the creation of a market in justice was a new development. We influenced public discourse by highlighting the scandal of fraud by security companies delivering electronic tagging, the shocking abuse of children in privately-run jails and the failure of the marketization of the once successful probation service
- ✓ Pioneering new approaches to women
 - ✓ The charity supported award winning women's centres by working with them to hold open days locally to celebrate their work. The charity ran the All Party Parliamentary Group on Women in the Penal System, chaired by Baroness Corston, that investigated the new landscape of community sentences and its deleterious impact on women

2 Reform sentencing

Strategic aim: To reduce the use of prison

Indicators of success:

- ✓ Reduce custodial remands by 10%
 - ✓ Custodial remands have started to reduce. Over 70 per cent of the men, women and children remanded to custody by magistrates are not subsequently given a custodial sentence. The charity has published its concerns to create public awareness and concern
- ✓ Reduce prison population by 10%
 - X The state of prisons is parlous. The number of men and women dying in prison is at an all-time high, violence is rife and people are spending more time in idleness and filth. The cause of this is the closure of

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Report of the trustees

For the year ended 31 May 2016

prisons, cuts to staff and budgets and an increase in the number of people in prison. The charity publicised the plight of prisoners and staff, gave evidence to Parliament and had meetings with the Secretary of State and Ministers and is pleased that promises of reform are on the horizon

- ✓ Challenge use of breach and recall
- ✓ The growth in the prison population has been fuelled by longer sentences and administrative recalls and breaches. The charity published a review of how international jurisdictions ease people through long sentences safely and quickly. We researched the incidence of people sentenced to short prison terms being recalled after release and started to campaign to overturn this power

3 Justice for children and young people

Strategic aim: To reduce and improve contact with the criminal justice system

Indicators of success:

- ✓ Reduce child arrests by 10 per cent
 - ✓ This campaign has been one of our greatest successes. We published figures showing a 12 per cent reduction in 2014 with an overall 55 per cent fall since 2010. This means that hundreds of thousands of children have not had their lives blighted and not had relations with the police damaged. The police have been freed to deal with serious crime and victims have had apology or redress immediately. We have campaigned hard on this, publishing briefings, talking to MPs and working closely with the police at all levels
- ✓ Improve the access to justice of young people
 - ✓ Every month more than 100 children and young people in custody call our legal advice line, or their families call for them. We give legal advice, take action to help get them moved or represent them at disciplinary hearings. We work with young people so their voice is heard on policy decisions and proposed reforms. We take judicial review when we must, to get redress for individuals and change policy
- ✓ Reveal issues around race and racism
 - ✓ We investigated how black, Asian and minority ethnic young people face discrimination in the justice system. We applaud the youth justice system for trying to get to grips with it and the Crown Prosecution Service for hosting a seminar with us to confront it. We are now investigating how to reduce disproportionality in sentencing

Report of the trustees

For the year ended 31 May 2016

4 Change inside prisons

Strategic aim: To improve treatment for people inside prisons

Indicators of success:

- ✓ Reduce self-injury and suicides
 - X Prisons are in a terrible state, overcrowded and under-staffed, with violence and self-injury rife. Last year the death rate, including suicides hit an all time high. We worked with the Centre for Mental Health to find ways to reduce suicides by cutting the prison population and learning good practice from the community. We investigated the financial cost of a suicide and listened to the views and experiences of prisoners to inform two publications that were discussed with prison managers and Ministers
- ✓ Challenge poor treatment
 - ✓ Our legal team was able to help hundreds of children and young people. We supported a challenge in the Supreme Court to curtail the use of solitary confinement. We were given permission by the High Court to go ahead with our judicial review challenging the curtailment of legal aid to prisoners. We kept up constant pressure publicly when any evidence of poor treatment came to light
- ✓ Uncover failings in practice
 - ✓ We achieved a successful conclusion to our long running campaign to end automatic strip searching of children and young people on reception. This intrusive indignity was unnecessary and a search will now only be conducted when there is evidence it is needed. Our legal team represented hundreds of young people at disciplinary hearings helping them get a fair outcome, which helped us to reveal that more than one million additional days had been added to prison sentences for misbehaviour. We challenged the failings of the new landscape of private companies running community sentences

5 Strengthening the charity

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

Indicators of success:

- To increase the membership and committed givers
 - ✓ We have trebled the membership to 12,000 people and affiliated organisations. This provides a reliable and regular income and means we can guarantee our independence for years to come. Our membership provides authority and campaigning reach to the charity
- Improved media coverage of our work

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Report of the trustees

For the year ended 31 May 2016

- ✓ The charity punches well above its weight! Our concerns are covered on television, radio and in the press. Our research and publications are reported seriously and extensively. We do a great many local radio interviews, enabling us to explain at some length the issues and to interact with people in their localities
- Increased fundraising income
- ✓ It is increasingly hard to raise funds. We did not increase the funds raised but we did succeed in maintaining our income. The Howard League does not accept funding from government or from the private security companies. Because we do not accept government contracts for services, unlike most of the bigger charities today, we rely on donations, membership and events. Thank you to all the people who ran marathons or donated their birthdays to raise funds for our 150th birthday
- Develop influence with opinion leaders and practitioners
- ✓ We had excellent relations with government. The Howard Journal of Crime and Justice, first published in 1921, was relaunched with a new editorial team led by Professor Ian Loader of Oxford University. We work with prison governors, other charities, statutory agencies, MPs and Peers and Parliamentary Select Committees
- Improved digital communications
- ✓ We developed and launched a modern new website. The charity is lively on social media with over 21,000 Twitter followers. Our monthly bulletins go to over 30,000 signed up members and supporters
- Developed targeted supporters and networks
- ✓ Special bulletins go to our two growing networks for early career academics and to our Lawyers Network. We held meetings for professionals to discuss topical issues of concern
- Be a learning organisation
- ✓ The trustees take their responsibilities to invest in staff development and support seriously. Staff are encouraged to develop their talents and skills. Our policy advisor was awarded a Churchill Fellowship to investigate how other jurisdictions deal with long sentences and spent several weeks in Canada and Europe

Publications

Annual report and accounts 2015

The Carlile Inquiry Ten Years On

Preventing Prison Suicide: Perspectives from the inside (jointly with the Centre for Mental Health)

Criminal Care: Children's homes and criminalising children

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Report of the trustees

For the year ended 31 May 2016

Practical Guide – Monitoring places where children are deprived of liberty collaboration with Defence for Children International)

Faint Hope: What to do about long sentences

The Cost of Prison Suicide (jointly with the Centre for Mental Health)

What if we abolished police bail? (Jointly with the Mannheim Centre at the LSE a written by Professor Ed Cape)

Punishment in Prison: The world of prison discipline

Child Arrests in England and Wales in 2014

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.

New trustees are given an induction and meeting with key staff.

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 Howard League for Penal Reform has a remuneration committee, which meets annually, is comprised of the chair, vice-chair, and honorary treasurer which sets the pay for all staff. The CEO is in attendance for the meeting (leaving for the discussion regarding the CEO's remuneration) and no members of the executive are members of the committee.

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Report of the trustees

For the year ended 31 May 2016

In determining The Howard League for Penal Reform's remuneration policy the remuneration committee takes 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. The appropriateness and relevance of the remuneration policy is reviewed annually including reference to comparisons with other charities ensuring The Howard League for Penal Reform remains sensitive to the broader issues e.g. pay and employment conditions elsewhere.

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.

Financial review:

Results for the year:

In our 150th year we can confidently say the Howard League continues to be financially sound.

The organisation had an annual expenditure of £1.6m and total funds of £3m.

The income received was £1.1m; a slight increase from the previous year. The charity successfully applied for continuation funding for aspects of the participation work with young people and secured £450,000 over three years and the project started in April 2015.

The investment in recruiting new members and regular donors started to show returns during the year but the changing external charities' landscape had an impact on the door to door fundraising that led to a decision to end the initiative earlier than originally envisaged..

We continued the planned draw down from the Strategic Reserve that had been created with the donation from Lord Parmoor's estate to do two things, support our infrastructure and to fund specific projects. The sum of £529,491 from the strategic reserve shows up in the financial statement of financial activities in the full accounts as funding the difference between unrestricted income and expenditure.

Funding from the Strategic Reserve supports our policy and communications work, membership recruitment, the research programme and the legal work for young people in custody.

Reserves

The total funds of the charity stand at £3.02m.

£365,217 represents restricted funds received for specific projects or purposes and is not available for general use. The strategic reserve accounts for just over £1.2m, from the original total £6m donation minus amounts which the trustees have agreed to use over the years, plus an increase in the value of the investments held.

£1.2m is tied up in our freehold property which is the office and centre of activities and other fixed assets.

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For the year ended 31 May 2016

The Reserves Policy is aimed at maintaining operating reserves at a level which would enable the charity to meet its commitments and ensure that there are adequate funds to run the charity for a period of at least 12 months. There is the equivalent of £2.6m, taking into account the unrestricted operating reserves, the property, restricted and designated funds and current and future commitments, which is considered adequate in the current circumstances.

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 2016, the charity's holding in Schroder's Charity Multi Asset Fund was valued at £1.2m.

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, 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 proper 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 auditors are 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 auditors are 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 18 (2013:19). The trustees are members of the charity but this entitles them only to voting rights. The trustees have no beneficial interest in the charity.

Auditors

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

Report of the trustees

For the year ended 31 May 2016

Sayer Vincent LLP were re-appointed as the charitable company's auditors during the year and have 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 12 October 2016 and signed on their behalf by

Sue Wade
Chair

Independent auditors' report

To the members of

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

We have audited the financial statements of The Howard League for Penal Reform (incorporating the Howard Centre for Penology) for the year ended 31 May 2016 which comprise the statement of financial activities, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 auditors' 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.

Respective responsibilities of trustees and auditors

As explained more fully in the statement of responsibilities of the trustees set out in the report of the trustees, 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.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

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 2016 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; and
- Have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the report of the trustees for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditors' report

To the members of

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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 take advantage of the small companies' exemption in preparing the report of the trustees and take advantage of the small companies' exemption from the requirement to prepare a strategic report.

Helen Elliott (Senior statutory auditor)

9 November 2016

for and on behalf of Sayer Vincent LLP, Statutory Auditors

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 2016

	Note	Unrestricted £	Restricted £	2016 Total £	Unrestricted £	Restricted £	2015 Total £
Income from:							
Donations and legacies	2	292,972	-	292,972	163,405	-	163,405
Charitable activities							
Campaigns, policy & research	3	-	106,500	106,500		165,000	165,000
Events, conferences & publications	3	56,046	-	56,046	32,381	-	32,381
Legal services for young people	3	170,899	191,730	362,629	171,945	89,266	261,211
Membership income	3	206,849	-	206,849	191,382	-	191,382
Other trading activities	4	15,126	-	15,126	14,817	-	14,817
Investments	5	62,742	-	62,742	87,871	-	87,871
Total income		804,634	298,230	1,102,864	661,801	254,266	916,067
Expenditure on:							
Raising funds	6	242,989	-	242,989	399,536	-	399,536
Charitable activities							
Campaigns, policy & research	6	476,528	128,715	605,243	474,001	218,802	692,803
Events, conferences & publications	6	121,642	-	121,642	172,924	-	172,924
Legal services for young people	6	321,258	193,160	514,418	362,390	29,466	391,856
Membership	6	171,708	-	171,708	161,062	-	161,062
U R Boss	6	-	-	-	-	40,487	40,487
Total expenditure		1,334,125	321,875	1,656,000	1,569,913	288,755	1,858,668
Net expenditure before net gains / (losses) on investments		(529,491)	(23,645)	(553,136)	(908,112)	(34,489)	(942,601)
Net (losses) / gains on investments		(137,850)	-	(137,850)	123,831	-	123,831
Net movement in funds	7	(667,341)	(23,645)	(690,986)	(784,281)	(34,489)	(818,770)
Reconciliation of funds:							
Total funds brought forward		3,325,075	388,862	3,713,937	4,109,356	423,351	4,532,707
Total funds carried forward		2,657,734	365,217	3,022,951	3,325,075	388,862	3,713,937

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. 898514

As at 31 May 2016

	Note	£	2016 £	£	2015 £
Fixed assets:					
Tangible assets	12		1,210,975		1,216,017
Investments	13		1,251,207		2,335,019
			<u>2,462,182</u>		<u>3,551,036</u>
Current assets:					
Debtors	14	184,278		191,781	
Cash at bank and in hand		427,048		150,690	
			<u>611,326</u>	<u>342,471</u>	
Liabilities:					
Creditors: amounts falling due within one year	15	(50,557)		(179,570)	
			<u>560,769</u>	<u>162,901</u>	
Net current assets / (liabilities)					
			<u>3,022,951</u>	<u>3,713,937</u>	
Total net assets / (liabilities)					
The funds of the charity:					
Restricted income funds	17		365,217		388,862
Unrestricted income funds:					
Strategic fund		1,251,207		2,275,419	
Fair value reserve –property		550,000		550,000	
Fair value reserve– investment		–		110,994	
General funds		520,163		47,256	
Other designated funds		336,364		341,406	
			<u>2,657,734</u>	<u>3,325,075</u>	
Total unrestricted funds					
Total charity funds					
			<u>3,022,951</u>	<u>3,713,937</u>	

Approved by the trustees on 12 October 2016 and signed on their behalf by

Sue Wade
Chair

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

Statement of cash flows

For the year ended 31 May 2016

	Note	2016 £	£	2015 £	£
Cash flows from operating activities	18				
Net cash used in operating activities			(731,584)		(1,011,186)
Cash flows from investing activities:					
Dividends, interest and rents from investments		62,742		87,871	
Proceeds from sale of investments		1,003,557		727,401	
Purchase of investments		(58,357)		(64,556)	
Net cash provided by investing activities			1,007,942		750,716
Change in cash and cash equivalents in the year			276,358		(260,470)
Cash and cash equivalents at the beginning of the year			150,690		411,160
Cash and cash equivalents at the end of the year			427,048		150,690

1 Accounting policies

a) 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) (August 2014) 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.

b) Reconciliation with previously Generally Accepted Accounting Practice (GAAP)

In preparing the accounts, the trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102 a restatement of comparative items was required. The transition date was 1 June 2014. No adjustments were required to the comparative figures.

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) Interest receivable

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.

Notes to the financial statements

For the year ended 31 May 2016

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
- 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.

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 | 20% |
| ● Events, conferences & publications | 20% |
| ● Legal services for young people | 20% |
| ● Membership income | 20% |
| ● Raising funds | 20% |

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 2016

1 Accounting policies (continued)

l) Tangible fixed assets

Items of equipment are capitalised where the purchase price exceeds £1000. 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 and will carry out a full property valuation at least every 5 years. 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.

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

q) Pensions

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

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

Notes to the financial statements

For the year ended 31 May 2016

2 Income from donations and legacies

	Unrestricted £	Restricted £	2016 total Total £	2015 Total £
Donations	252,227	–	252,227	161,569
Legacies	40,745	–	40,745	1,836
	<u>292,972</u>	<u>–</u>	<u>292,972</u>	<u>163,405</u>

3 Income from charitable activities

	Unrestricted £	Restricted £	2016 Total £	2015 Total £
Monument Trust	–	85,000	85,000	85,000
John Paul Getty Trust	–	–	–	50,000
Bernard Sunley Foundation	–	20,000	20,000	20,000
Campaigns, research & policy		1,500	1,500	10,000
Sub-total for campaigns, research & policy	–	106,500	106,500	165,000
Income from sales of publications	640	–	640	357
Income from conference fees	55,406	–	55,406	32,024
Sub-total for Events, conferences & publications	56,046	–	56,046	32,381
Participation project, Big Lottery	–	150,000	150,000	37,500
Barrow Cadbury	–	19,000	19,000	29,500
Legal services for young people	170,899	22,730	193,629	194,211
Sub-total for Legal services for young people	170,899	191,730	362,629	261,211
Membership subscriptions	146,927	–	146,927	139,382
Income tax recoverable on subscriptions /donations	59,922	–	59,922	52,000
Sub-total for Membership income	206,849	–	206,849	191,382
Total income from charitable activities	<u>433,794</u>	<u>298,230</u>	<u>732,024</u>	<u>649,974</u>

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

Notes to the financial statements

For the year ended 31 May 2016

4 Income from other trading activities

	Unrestricted £	Restricted £	2016 Total £	2015 Total £
Royalties for publications	15,126	–	15,126	14,817
	<u>15,126</u>	<u>–</u>	<u>15,126</u>	<u>14,817</u>

5 Income from investments

	Unrestricted £	Restricted £	2016 Total £	2015 Total £
Income from stocks and shares	60,064	–	60,064	69,953
Interest receivable	2,678	–	2,678	17,918
	<u>62,742</u>	<u>–</u>	<u>62,742</u>	<u>87,871</u>

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

Notes to the financial statements

For the year ended 31 May 2016

6 Analysis of expenditure

	Cost of raising funds £	Campaigns, research & policy £	Events, conferences & publications £	Legal service for young £	Membership £	U R Boss £	Governance costs £	Support costs £	2016 Total £	2015 Total £
Staff costs (Note 8)	67,144	358,100	67,144	358,100	89,525	-	44,763	89,525	1,074,301	1,073,382
Other staff costs	-	2,779	-	3,396	-	-	-	350	6,525	17,903
Travel & Subsistence	721	10,760	-	8,177	-	-	3,088	143	22,889	30,602
Publication costs	3,550	62,266	-	1,228	27,684	-	8,516	1,447	104,691	91,443
Publicity & dissemination	-	49,117	-	-	-	-	-	-	49,117	27,720
HL Studentships/Prizes	-	3,500	-	-	-	-	-	-	3,500	3,350
Academic consultants	-	-	-	-	-	-	-	-	-	4,031
Research Honorarium	-	14,200	-	-	-	-	-	-	14,200	22,065
Professional/Consultancy fees	-	46,170	-	50,359	-	-	-	3,500	100,029	104,943
Fundraising agency costs	111,813	-	-	-	-	-	-	-	111,813	291,213
Investment managers fees	4,678	-	-	-	-	-	-	-	4,678	17,158
Office and other expenses	585	2,100	-	12,266	-	-	-	34,734	49,685	54,624
Premises expenses	-	-	-	9,312	-	-	-	32,021	41,333	37,468
Welfare fund	-	-	-	-	-	-	-	-	-	3,258
Volunteer expenses	-	508	-	682	-	-	-	355	1,545	3,779
Miscellaneous expenses	-	745	-	3,987	-	-	54	3,031	7,817	6,583
Irrecoverable VAT	-	-	-	-	-	-	-	3,372	3,372	24,163
Equipment maintenance	-	500	-	3,814	-	-	-	21,553	25,867	13,064
Bank Charges	-	-	-	-	-	-	-	12,200	12,200	9,717
Legal fees	-	-	-	-	-	-	-	-	-	250
Counsels fees	-	-	-	8,597	-	-	-	-	8,597	2,060
Audit & accountancy	-	-	-	-	-	-	9,250	-	9,250	8,500
Depreciation	-	-	-	-	-	-	-	4,591	4,591	11,392
	188,491	550,745	67,144	459,918	117,209	-	65,671	206,822	1,656,000	1,858,668
Support costs	41,364	41,364	41,364	41,365	41,365	-	-	(206,822)	-	-
Governance costs	13,134	13,134	13,134	13,135	13,134	-	(65,671)	-	-	-
Total expenditure 2016	242,989	605,243	121,642	514,418	171,708	-	-	-	1,656,000	1,858,668
Total expenditure 2015	399,536	692,803	172,924	391,856	161,062	40,487	-	-	1,858,668	

Notes to the financial statements

For the year ended 31 May 2016

7 Net expenditure for the year

This is stated after charging:

	2016 £	2015 £
Depreciation	4,591	11,392
Loss on disposal of fixed assets	451	–
Operating lease rentals:		
Equipment	21,485	20,464
Auditors' remuneration (excluding VAT):		
Audit	9,000	8,500
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:

	2016 £	2015 £
Salaries and wages	892,049	898,453
Social security costs	84,877	87,394
Other forms of employee benefits	97,375	87,535
	<u> </u>	<u> </u>
	<u>1,074,301</u>	<u>1,073,382</u>

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

	2016 No.	2015 No.
£60,000–£70,000	1	1
£70,001 – £80,000	1	1
£100,001–£110,000	<u>1</u>	<u>1</u>

The total employee benefits including pension contributions of the key management personnel were £368,938 (2015: £358,388)

Contributions made in the year to workplace pension scheme totalled £41,322 (2015: £32,574) for key management employees.

The charity trustees were not paid or received any other benefits from employment with the charity in the year (2015: £nil). No charity trustee received payment for professional or other services supplied to the charity (2015: £nil).

Trustees' expenses represents the payment or reimbursement of travel and subsistence costs totalling £3,088 (2015: £2,460) incurred by 6 (2015: 5) members relating to attendance at meetings of the trustees.

Notes to the financial statements

For the year ended 31 May 2016

9 Staff numbers

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

	2016 No.	2015 No.
Raising funds	1.5	1.0
Campaigns, policy & research	8.0	10.0
Events conferences & publications	1.5	1.0
Legal services for young people	8.0	6.0
Membership	2.0	2.0
Support	2.0	3.0
Governance	1.0	1.0
	24.0	24.0

10 Related party transactions

Aggregate donations from related parties were £955 (2015: £0).

There are no other related party transactions to disclose for 2016 (2015: 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	18,339	50,021	2,018	1,270,378
Disposals in year	–	(3,800)	(2,648)	–	(6,448)
	1,200,000	14,539	47,373	2,018	1,263,930
Depreciation					
At the start of the year	–	18,339	34,005	2,017	54,361
Charge for the year	–	–	4,591	–	4,591
Eliminated on disposal	–	(3,800)	(2,197)	–	(5,997)
	–	14,539	36,399	2,017	52,955
Net book value					
At the end of the year	1,200,000	–	10,974	1	1,210,975
At the start of the year	1,200,000	–	16,016	1	1,216,017

All of the above assets are used for charitable purposes.

Notes to the financial statements

For the year ended 31 May 2016

13 Listed investments

	2016 £	2015 £
Fair value at the start of the year	2,333,396	2,872,410
Additions at cost	58,357	64,556
Disposal proceeds	(1,003,557)	(727,401)
Net (loss) / gain on investments	(137,850)	123,831
	<u>1,250,346</u>	<u>2,333,396</u>
Cash held by investment broker pending reinvestment	861	1,623
	<u>1,251,207</u>	<u>2,335,019</u>
Fair value at the end of the year	<u>1,251,207</u>	<u>2,335,019</u>
Historic cost at the end of the year	<u>1,133,198</u>	<u>1,981,528</u>
Investments comprise:		
	2016 £	2015 £
UK Common investment funds	1,200,419	2,273,796
Shares listed on the London Stock Exchange	49,928	59,600
Cash	861	1,623
	<u>1,251,208</u>	<u>2,335,019</u>

14 Debtors

	2016 £	2015 £
Other debtors	13,620	11,217
Accrued income	170,658	180,564
	<u>184,278</u>	<u>191,781</u>

15 Creditors: amounts falling due within one year

	2016 £	2015 £
Trade creditors	9,220	57,030
Taxation and social security	25,193	27,032
Accruals	16,144	95,508
	<u>50,557</u>	<u>179,570</u>

16 Analysis of net assets between funds

	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
	<u>520,163</u>	<u>2,137,571</u>	<u>365,217</u>	<u>3,022,951</u>
Net assets at the end of the year	<u>520,163</u>	<u>2,137,571</u>	<u>365,217</u>	<u>3,022,951</u>

Notes to the financial statements

For the year ended 31 May 2016

17 Movements in funds

	At the start of the year £	Incoming resources & gains £	Outgoing resources & 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
Maturity Project	5,500	-	(5,500)	-	-
Preventing Suicides in Custody	25,000	25,500	(46,415)	-	4,085
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

Maturity project

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

Preventing suicides in custody

A project to research prevention of suicides in custody.

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

Criminal Care

Research on young people from care homes

Property

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

Notes to the financial statements

For the year ended 31 May 2016

17 Movements in funds (continued)

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 finance and other relevant committees of the board on the basis of strategic principles set down by the trustees. The finance, personnel and legal affairs committee reviews the use of designated funds in accordance with those principles.

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 in 2012.

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.

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

	2016 £	2015 £
Net income / (expenditure) for the reporting period (as per the statement of financial activities)	(690,986)	(818,770)
Depreciation charges	4,591	11,392
Losses / (gains) on investments	137,850	(123,831)
Dividends, interest and rent from investments	(62,742)	(87,871)
Loss on the disposal of fixed assets	451	-
(Increase)/decrease in debtors	7,503	12,511
Increase/(decrease) in creditors	(129,013)	(2,994)
Decrease / (increase) in cash held by investment broker pending reinvestment	762	(1,623)
Net cash used in operating activities	(731,584)	(1,011,186)

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	
	2016 £	2015 £
Less than one year	10,150	-
One to five years	40,600	20,962
	50,750	20,962

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.