

Company number: 898514
Charity number: 251926

The Howard League for Penal Reform

(incorporating the Howard Centre for Penology)

Report and financial statements
For the year ended 31 May 2019

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

Contents

For the year ended 31 May 2019

Reference and administrative information	1
Trustees' annual report	3
Independent auditor's report	16
Statement of financial activities (incorporating an income and expenditure account)	20
Balance sheet	21
Statement of cash flows	22
Notes to the financial statements	23

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

Reference and administrative information

For the year ended 31 May 2019

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:

Dr Rachel Condry
Samantha Kennedy
Sally Lewis OBE, treasurer
Gerry Marshall
Professor Fergus McNeill, chair (from 14 November 2018)
Elizabeth Morony
Lucy Scott-Moncrieff
Professor Pamela Taylor
Danielle Vidal
Eoin McLennan-Murray (to 14 November 2018)

Staff	Lorraine Atkinson	senior policy officer
	Dr Eleanor Careless	campaigns officer
	Frances Crook OBE	chief executive
	Hannah Cheesebrough	admin officer
	Dr Helen Churcher	research and project officer
	Anita Dockley	research director
	Marie Franklin	caseworker
	Philip Goring	finance and admin officer
	Natasha Hermans	caseworker
	Dr Laura Janes	legal director
	Euginia Lolomari	finance director
	Sophie Lumsden	membership manager
	Sinead MacCann	solicitor
	Andrew Neilson	campaigns director
	Barbara Norris	events and website manager
	Rob Preece	communications manager
	Claire Salama	solicitor
	Anna Spencer	caseworker
	Catryn Yousefi	programmes manager
	Claire Sands	consultant

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

Trustees' annual report

For the year ended 31 May 2019

The trustees present their report and the audited financial statements for the year ended 31 May 2019.

Reference and administrative information set out on pages 1-2 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.

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.

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 with both a public law and a prison law contract to provide legal services

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

Trustees' annual report

For the year ended 31 May 2019

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

Professor Fergus McNeill

I assumed the responsibilities of Chair of the Board of Trustees in February 2019. As a long-standing member, supporter and admirer of the Howard League's work, I was honoured and delighted to be asked to do so. I knew that I'd be joining an exceptional team of talented and energetic staff and trustees all committed to pursuing the charity's aims in line with its values.

Sadly, those aims and values matter more than ever. Our criminal justice system has been in a downward-spiralling crisis for some time – one that has become particularly acute in our over-crowded, over-stretched and under-staffed prisons and probation systems. We can tell the story of that crisis through statistical data but, of course, this is a human crisis. Behind the numbers lie lives interrupted and lost, and people harmed and hurt both by crime and by punishment. Despite the best efforts of good people working hard within these systems to reduce these harms, a lack of coherent, brave and intelligent political leadership all too often blocks constructive change. The current political and constitutional crisis occasioned by Brexit makes that kind of leadership seem a depressingly distant prospect.

In the midst of this mess, our renewed strategy focuses on two clear messages: Firstly, since the criminal justice system is part of the problem, we must stem the flow of people into it wherever and whenever possible -- by finding better ways of preventing and responding to crime and conflict. Secondly, if we must use criminal justice, then we should do justice better by emphasising rights and remedies rather than by multiplying hurt and harm. Working in practical ways to develop and support these kinds of policies and practices requires us to continue to be a strong and well-governed charity and so that is our third objective.

This report provides only a glimpse of the quantity and quality of the vitally important work carried out by our remarkable staff team. I hope, like me, you'll re-commit yourself to supporting them in pursuit of our shared goals.

Report of the chief executive

We have had seven secretaries of state for justice in nine years. They bring with them new ideas and priorities that can lead to a fundamental shift in the justice landscape. David Gauke was secretary of state for seventeen months until July 2019 and Rory Stewart was prisons minister for most of that time, and they did their best to continue the rational and reforming discourse initiated by Michael Gove, in a febrile political atmosphere dominated by the Brexit debate. The prisons minister, Robert Buckland, was promoted to justice secretary in July 2019 and we have yet to see how his leadership develops.

Since the drastic cuts to officers and managers from 2015, prisons have deteriorated. There has been a similar decline in the probation service due to the part-privatisation, which led to a lack of confidence in community sentences.

Prisons recorded 57,968 incidents of self-injury in the 12 months to the end of March 2019 – a rate of one every nine minutes.

Over the same period, prisons recorded a total of 34,425 assault incidents – an 11 per cent rise on the previous year. This included 10,311 assaults on staff.

309 people died in prison custody including 86 people who lost their lives through suicide.

Report after report showed the private community rehabilitation companies ostensibly managing people in the community were failing in every respect.

Something had to change.

We welcomed the announcements that probation would be reunified into a public service sometime before 2021, although the structural problems would remain with the service divided into huge regions distanced from local people and the outsourcing of unpaid work and accredited programmes.

We welcomed the efforts to get rid of short prison sentences, although this was abandoned following the intervention of the new Prime Minister, Boris Johnson.

We worked with ministers, officials and professionals across the criminal justice system to support a reasoned discourse and encourage reform. I am pleased to report that we contributed to a massive reduction in child arrests yet again which is stemming the flow into the system.

We celebrated great initiatives giving awards to projects working across the country to keep people out of the system.

We published policy and research papers. We acted for young people in prisons and we took firm legal action to secure system change. For a medium sized charity, I am proud that we have a high

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

Trustees' annual report

For the year ended 31 May 2019

public profile that commands respect and we are consulted by Parliamentary committees and the media regularly.

There is much more to be done.

Report of the trustees

Some years ago the trustees set the strategic framework for the charity around five key themes and continued to pursue the same broad objectives this year and so the annual report is structured on these themes.

The charity worked to achieve systemic change based on research, evidence and experience. We conducted policy reviews and investigated practice across the criminal justice and penal systems. The legal team supported hundreds of children and young adults in the penal system. We put together all this work to form our recommendations for reform.

- Reform sentencing: to have fewer people in prison

Problem gambling is leading to crime. We set up a Commission on Crime and Problem Gambling, a three year programme to investigate the links and look for solutions.

Women are being sentenced to custody unnecessarily. We support the All Party Parliamentary Group on Women in the Penal System that published a report on its inquiry into the sentencing of women.

Young adults have particular needs and challenges. We worked with the Sentencing Council to get new guidelines for judges.

Short prison sentences are a scourge for the individuals, expensive for the taxpayer, hopeless for victims and clog up prisons. We supported ministers' calls for their abolition – a struggle that will continue.

Women are arrested when it is not necessary. We have launched a new programme of work to reduce the arrests of women.

Public education is a key charitable objective. We do radio interviews almost daily, advise politicians and journalists, meet ministers and give talks to students and professionals.

- Justice for children and young people: to work for less crime and fewer children and young people in the penal system

Children are arrested far too often. We have worked with the police for seven years and are proud to have contributed to a massive two thirds cut to child arrests, down yet again last year and so saving tens of thousands of children from the trauma of arrest.

Children in residential care are being criminalised by their failing care homes. We have a programme of work to put a stop to it.

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

Trustees' annual report

For the year ended 31 May 2019

Children in prison called the Howard League legal advice line in ever greater numbers. We helped them with getting settled on release, getting better treatment in prison, getting justice inside prison.

Children held in solitary confinement managed to phone us. We are acting for a 16 year old put in isolation for months and taking his case to the Supreme Court.

Young adults experience some of the worst prison conditions in the system. Our legal team helps them get improvements, get justice and get better resettlement.

Children and young adults need help to understand their rights in a penal system that is abusive and bureaucratic. The Howard League legal team is the only specialist service helping to get them their rights.

- Transform prison: to foster a good and useful life inside prison

Excessive punishments in prison are damaging justice, inflating the prison population and tying prisons up in an administrative quagmire. Our legal team represents children and young adults at adjudications and helps sort things out.

Justice and fairness inside prisons would help to make them safer and prepare people for release. Our new programme is working with prisons, officials and political leaders to improve justice inside prisons

Legal work is the unique specialism of the Howard League. Our team of expert lawyers and caseworkers advises and represents children and young adults in custody when they are being badly treated, neglected, punished and face destitution on release.

Safer prisons can only come about when there are far fewer prisoners and no over-crowding. We have made a contribution by providing advice to ministers, working with prisons and raising concerns when things go wrong.

Public education about prison conditions is a constant activity. We make our research and policy work freely available and provide background information to hundreds of journalists and professionals every month.

International concern about UK prison conditions has increased. We were invited to give evidence to the UN and Council of Europe.

- Investing in the community: to develop partnerships to promote safer communities

The Community Awards celebrate the best ideas and projects across the nation. There are fantastic schemes out there working with very challenging people, changing lives and making things better. We bring them together so we learn from each other.

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

Trustees' annual report

For the year ended 31 May 2019

Open days are organised with award winners to promote their great work in the local community with the public, sentencers, academics, police and decision-makers.

We scan the landscape and develop relationships with people working at the coal-face so we find new ideas and promote them.

Probation reform is desperately needed. We have worked with ministers and officials to get the probation service brought back into the public sector.

The international community is where ideas can be shared. We promote our ideas at international events with academics and practitioners.

The academic community provides research for our work. The Howard Journal of Crime and Justice, our Research Advisory Group and the Early Career Academic Network promotes the brightest and the best research.

- Strengthening the charity: to increase the strength and influence of the organisation

Thank you. We have built our membership and supporters family and keep in touch with them so we can work together to achieve reform. Financial independence ensures our integrity and courage to shine a light on dark corners and to be fearless in campaigning for what is right.

Grant-giving trusts have continued to support our work generously and we rely on their gifts which funds particular strands of work and our core campaigning.

Fundraising is a constant effort to make sure that we have the resources to support our legal representation of children and young adults and can carry out independent policy scrutiny and campaigns

Strong relationships form the basis of our influence with government, officials, decision makers and community partners. Magistrates and academics have been successfully nominated to become Howard League Fellows, to form a cohort of senior leaders promoting penal reform.

Collaboration with other charities and voluntary organisations, at national and local level, keeps us informed and strengthens our story.

Trustees oversee high standards of governance and give strategic direction to the charity. Staff and volunteers are the bedrock of all we do.

Trustees' annual report

For the year ended 31 May 2019

Plans for 2019 to 2024

The trustees held a strategic planning meeting this year and put in place a new direction for the charity for the coming five years. The Howard League for Penal Reform will focus on three broad strategic priorities. We shall evaluate our activities and proposals for new initiatives against our principles and these priorities.

1) Stemming the flow

The Howard League for Penal Reform will focus work on stemming the flow of people into the system, advocating for solutions which as much as possible lie outside of the criminal justice system.

2) Better justice

The Howard League for Penal Reform will focus work on better justice which emphasises rights and remedies. When solutions must be sought from within the system, then these should be as non-invasive and flexible as possible. Prison must be a true last resort.

3) Strengthening the charity

Work on stemming the flow or better justice is impossible without a solid underpinning for the charity.

Treasurer's report

Sally Lewis

The finances of the Howard League for Penal Reform are in a healthy state and are being carefully managed.

The charity made a surplus of £1,169,000 in 2018/19, as compared with a deficit of £369,000 in the prior year before gains and losses on investments due in large part to a payment for the Commission on Crime and Problem Gambling which is for three years work. The regulatory settlement arranged by the Gambling Commission comprised restricted funds of £1,390,000 from Power Leisure Bookmakers. Only £141,000 was spent in this year. The remaining £1,248,000 of funds are held in restricted funds for planned work over the coming three years.

We have once again drawn on unrestricted funds in line with our policy of investing in core activities. There was a reduction of £153,000, we drew less than half the amount as the previous year. This is partly due to the receipt of a significant unrestricted legacy in the year and partly due to lower staff costs.

Trustees' annual report

For the year ended 31 May 2019

Our accounts show the capital value of the building which was a prudent investment made some years ago. The building is owned freehold and outright by the charity and part of it is let to a NGO, thus bringing in some revenue income to our core funding.

Following a recommendation from the auditors, we carried out an informal revaluation of the building, and the current market value is £1.4m.

The biggest expenditure of the charity remains the staff team. The charity prides itself on being a good employer and this is reflected in the long standing core team and the excellent and skilled addition to the staff complement during the year.

The trustees are grateful to the trusts and individuals who donate to our work, many of whom have supported the Howard League for many years.

Governance

Trustees' recruitment, induction and training

Recruitment of new trustees is through nomination and open advertisement. Candidates are interviewed by 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 and reports any significant change in status of major risks and new risks.

Trustees' annual report

For the year ended 31 May 2019

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

- Uncertainty over funding – mitigated by close monitoring of budgets on a monthly basis.
- 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.

Financial review

Reserves

Restricted funds received for specific projects or purposes that are not available for general use stand at £1.64m.

The board of trustees reviews the reserves policy annually and it aims to ensure that adequate funds are held to run the charity for a period of at least 12 months. At the end of the year, our free and unrestricted reserves would cover less than 12 months at current expenditure levels.

Unrestricted funds not in fixed assets amounted to £1.06m at the year end.

Trustees' annual report

For the year ended 31 May 2019

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, maintaining reasonable access to ensure the availability of funds for the purposes they are intended.

As at 31 May 2019, the charity's holding in Cazenove Charity Multi Asset Fund was valued at £1.38m. In addition, some shares listed on the London Stock Exchange were held.

Fundraising disclosures:

The Howard League carries out all its fundraising in house and does not contract with consultants or agencies. The charity benefits from contributions from its 13,000 members and supporters, donations from grant making trusts, gifts in Wills, events and legal aid for our representation of young people in custody.

For 12 months to 31 May 2019 we received no complaints in relation to our fundraising activities. The board of trustees oversees policies that guide best practice on data protection and managing communications with vulnerable members of the public.

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 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

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

Trustees' annual report

For the year ended 31 May 2019

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 9 (2018: 9). 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 its 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 5 October 2019 and signed on their behalf by

Professor Fergus McNeill
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 2019 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 2019 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.

Independent auditor's report

To the members of

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

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.

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.

Independent auditor's report

To the members of

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

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

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

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

Independent auditor's report

To the members of

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

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.

Use of our report

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.

Helen Elliott (Senior statutory auditor)

15 October 2019

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 2019

	Note	Unrestricted £	Restricted £	2019 Total £	Unrestricted £	Restricted £	2018 Total £
Income from:							
Donations and legacies	2	317,540	-	317,540	247,978	-	247,978
Charitable activities							
Campaigns, policy & research	3	-	1,593,123	1,593,123	-	116,850	116,850
Events, conferences & publications	3	13,101	-	13,101	69,489	-	69,489
Legal services for young people	3	180,539	68,659	249,198	96,842	155,842	252,684
Membership income	3	161,503	-	161,503	171,923	-	171,923
Other trading activities	4	59,612	-	59,612	58,956	-	58,956
Investments	5	40,630	-	40,630	39,147	-	39,147
Total income		772,925	1,661,782	2,434,707	684,335	272,692	957,027
Expenditure on:							
Raising funds	6	50,118	-	50,118	77,832	-	77,832
Charitable activities							
Campaigns, policy & research	6	307,142	295,824	602,966	455,649	121,291	576,940
Events, conferences & publications	6	93,999	-	93,999	118,750	-	118,750
Legal services for young people	6	322,416	71,899	394,315	199,598	200,612	400,210
Membership	6	124,285	-	124,285	152,310	-	152,310
Total expenditure		897,960	367,723	1,265,683	1,004,139	321,903	1,326,042
Net (expenditure)/income before net gains / (losses) on investments		(125,035)	1,294,059	1,169,024	(319,803)	(49,211)	(369,014)
Net gains / (losses) on investments		(27,496)	-	(27,496)	7,657	-	7,657
Net movement in funds	7	(152,531)	1,294,059	1,141,528	(312,146)	(49,211)	(361,357)
Reconciliation of funds:							
Total funds brought forward		2,100,144	348,583	2,448,727	2,412,290	397,794	2,810,084
Total funds carried forward		1,947,613	1,642,642	3,590,255	2,100,144	348,583	2,448,727

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 2019

	Note	£	2019 £	£	2018 £
Fixed assets:					
Tangible assets	12		1,213,234		1,216,423
Investments	13		1,430,698		900,644
			<u>2,643,932</u>		<u>2,117,067</u>
Current assets:					
Debtors	14	169,262		78,142	
Cash at bank and in hand		851,620		309,239	
			<u>1,020,882</u>	<u>387,381</u>	
Liabilities:					
Creditors: amounts falling due within one year	15	(74,559)		(55,721)	
				<u></u>	
Net current assets			<u>946,323</u>		<u>331,660</u>
Total net assets			<u>3,590,255</u>		<u>2,448,727</u>
The funds of the charity:					
Restricted income funds	17		1,642,642		348,583
Unrestricted income funds:					
Strategic fund		778,712		900,644	
Fair value reserve –property		550,000		550,000	
General funds		315,774		321,313	
Other designated funds		303,127		328,187	
			<u>1,947,613</u>	<u></u>	
Total unrestricted funds			<u>1,947,613</u>		<u>2,100,144</u>
Total charity funds			<u>3,590,255</u>		<u>2,448,727</u>

Approved by the trustees on 15 October 2019 and signed on their behalf by

Fergus McNeill
Chair

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

Statement of cash flows

For the year ended 31 May 2019

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

	2019 £	2018 £
Net expenditure for the reporting period (as per the statement of financial activities)	1,141,528	(361,357)
Depreciation charges	4,299	4,022
(Gains) / Losses on investments	27,496	(7,657)
Dividends and interest from investments	(40,630)	(39,147)
Adjustment to correct net book value of assets	-	(6,500)
Decrease / (increase) in debtors	(91,120)	55,337
(Decrease) / increase in creditors	18,838	(14,052)
Increase / (decrease) in cash held by investment broker pending reinvestment	(935)	-
Net cash used in operating activities	1,059,476	(369,354)

	Note	2019 £	£	2018 £	£
Cash flows from operating activities					
Net cash used in operating activities		1,059,476		(369,354)	
Cash flows from investing activities:					
Dividends and interest from investments		40,630		39,147	
Proceeds from sale of investments		2,800		303,080	
Purchase of fixed assets		(1,110)		-	
Purchase of investments		(559,415)		(36,648)	
Net cash provided by investing activities		(517,095)		305,579	
Change in cash and cash equivalents in the year		542,381		(63,775)	
Cash and cash equivalents at the beginning of the year		309,239		373,014	
Cash and cash equivalents at the end of the year		851,620		309,239	

Notes to the financial statements

For the year ended 31 May 2019

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.

In applying the financial reporting framework, the trustees have made a number of subjective judgements, for example in respect of significant accounting estimates. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The nature of the estimation means the actual outcomes could differ from those estimates. Any significant estimates and judgements affecting these financial statements are detailed within the relevant accounting policy below.

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.

1 Accounting policies (continued)

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 income due from the bank or investment manager.

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.

Notes to the financial statements

For the year ended 31 May 2019

1 Accounting policies (continued)

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 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. These costs are split equally between the 5 activities listed above.

k) Operating leases

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

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.

1 Accounting policies (continued)

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. 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) Accrued legal work income (WIP)

Income is recognised on casework earned and due ("work in progress" or "WIP") according to the time booked on the matter multiplied by the relevant legal aid or interpartes rate.

o) 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.

p) 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.

q) 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.

r) Financial instruments

The charity only has both basic and non-basic financial assets and financial liabilities. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value. Non-basic financial instruments are measured at fair value with any gain or loss going to the statement of financial activities.

s) Pensions

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

Notes to the financial statements

For the year ended 31 May 2019

2 Income from donations and legacies

	Unrestricted £	Restricted £	2019 Total £	Unrestricted £	Restricted £	2018 Total £
Donations	223,773	–	223,773	243,378	–	243,378
Legacies	93,767	–	93,767	4,600	–	4,600
	317,540	–	317,540	247,978	–	247,978

3 Income from charitable activities

	Unrestricted £	Restricted £	2019 Total £	Unrestricted £	Restricted £	2018 Total £
Monument Trust	–	–	–	–	40,000	40,000
Esmée Fairbairn	–	54,400	54,400	–	59,350	59,350
Persula Foundation	–	25,000	25,000	–	–	–
Tolkien Trust	–	34,000	34,000	–	–	–
Power Leisure Bookmakers	–	1,389,723	1,389,723	–	–	–
Lloyds Bank Foundation	–	25,000	25,000	–	–	–
J G Hogg	–	40,000	40,000	–	–	–
Alchemy Trust	–	25,000	25,000	–	–	–
Campaigns, research & policy	–	–	–	–	17,500	17,500
Sub-total for campaigns, research & policy	–	1,593,123	1,593,123	–	116,850	116,850
Income from sales of publications	161	–	161	386	–	386
Income from conference fees	12,940	–	12,940	69,103	–	69,103
Sub-total for Events, conferences & publications	13,101	–	13,101	69,489	–	69,489
Participation project, Big Lottery	–	–	–	–	112,500	112,500
DCI- Children's rights behind bars	–	37,734	37,734	–	–	–
Barrow Cadbury	–	2,500	2,500	–	30,000	30,000
BBC Children in Need	–	7,663	7,663	–	–	–
Legal services for young people	180,539	20,762	201,301	96,842	13,342	110,184
Sub-total for Legal services for young people	180,539	68,659	249,198	96,842	155,842	252,684
Membership subscriptions	112,901	–	112,901	122,340	–	122,340
Income tax recoverable on subscriptions /donations	48,602	–	48,602	49,583	–	49,583
Sub-total for Membership income	161,503	–	161,503	171,923	–	171,923
Total income from charitable activities	355,143	1,661,782	2,016,925	338,254	272,692	610,946

Notes to the financial statements

For the year ended 31 May 2019

4 Income from other trading activities

	Unrestricted £	Restricted £	2019 Total £	Unrestricted £	Restricted £	2018 Total £
Rental & other income	42,527	–	42,527	42,507	–	42,507
Royalties for publications	17,085	–	17,085	16,449	–	16,449
	<u>59,612</u>	<u>–</u>	<u>59,612</u>	<u>58,956</u>	<u>–</u>	<u>58,956</u>

5 Income from investments

	Unrestricted £	Restricted £	2019 Total £	Unrestricted £	Restricted £	2018 Total £
Income from stocks and shares	38,264	–	38,264	38,388	–	38,388
Interest receivable	2,366	–	2,366	759	–	759
	<u>40,630</u>	<u>–</u>	<u>40,630</u>	<u>39,147</u>	<u>–</u>	<u>39,147</u>

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

Notes to the financial statements

For the year ended 31 May 2019

6a Analysis of expenditure (current year)

	Cost of raising funds £	Campaigns, research & policy £	Events, conferences & publications £	Legal service for young people £	Membership £	Governance costs £	Support costs £	2019 Total £	2018 Total £
Staff costs (Note 8)	14,508	436,579	44,377	253,336	38,359	38,023	101,248	926,430	975,097
Other staff costs	-	800	-	1,277	-	-	1,631	3,708	3,534
Travel & Subsistence	-	9,076	-	5,688	15	4,153	291	19,223	22,911
Publication costs	-	19,115	-	4,773	36,289	1,950	-	62,127	57,731
Publicity & dissemination	2,319	18,643	-	2,958	-	1,021	5,086	30,027	67,417
Professional/Consultancy fees	-	56,931	-	37,662	-	-	-	94,593	67,063
Investment managers fees	2,990	-	-	-	-	-	-	2,990	1,991
Office and other expenses	-	1,489	-	11,565	-	-	21,917	34,971	28,930
Premises expenses	-	-	-	126	-	-	25,606	25,732	29,804
Volunteer expenses	-	487	-	81	-	-	-	568	1,277
Miscellaneous expenses	-	562	-	22	-	-	1,750	2,334	12,057
Irrecoverable VAT	-	-	-	-	-	-	14,471	14,471	4,214
Equipment maintenance	-	-	-	4,205	-	-	10,014	14,219	18,248
Bank Charges	-	-	-	-	-	-	6,903	6,903	8,721
Legal fees	-	-	-	-	-	-	-	-	3,550
Counsels fees	-	-	-	13,338	-	-	-	13,338	10,025
Audit & accountancy	-	-	-	-	-	9,750	-	9,750	9,450
Depreciation	-	-	-	-	-	-	4,299	4,299	4,022
	19,817	543,682	44,377	335,031	74,663	54,897	193,216	1,265,683	1,326,042
Support costs	19,322	48,304	38,643	48,304	38,643	-	(193,216)	-	-
Governance costs	10,979	10,980	10,979	10,980	10,979	(54,897)	-	-	-
Total expenditure 2019	50,118	602,966	93,999	394,315	124,285	-	-	1,265,683	
Total expenditure 2018	77,832	576,940	118,750	400,210	152,310	-	-		1,326,042

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

Notes to the financial statements

For the year ended 31 May 2019

6b Analysis of expenditure (prior year)

	Cost of raising funds £	Campaigns, research & policy £	Events, conferences & publications £	Legal service for young people £	Membership £	Governance costs £	Support costs £	2018 Total £
Staff costs (Note 8)	46,100	365,722	61,705	257,503	59,995	69,038	115,034	975,097
Other staff costs	-	2,046	-	1,488	-	-	-	3,534
Travel & Subsistence	-	11,576	-	6,856	-	4,370	109	22,911
Publication costs	-	18,742	-	1,437	35,270	2,250	32	57,731
Publicity & dissemination	729	56,966	-	1,925	-	787	7,010	67,417
Academic consultants	-	-	-	-	-	-	-	-
Research Honorarium	-	-	-	-	-	-	-	-
Professional/Consultancy fees	-	33,196	-	33,425	-	442	-	67,063
Investment managers fees	1,991	-	-	-	-	-	-	1,991
Office and other expenses	489	1,804	-	3,281	-	-	23,356	28,930
Premises expenses	-	-	-	6,224	-	-	23,580	29,804
Volunteer expenses	-	1,206	-	71	-	-	-	1,277
Miscellaneous expenses	-	14,374	-	2,650	-	-	(4,967)	12,057
Irrecoverable VAT	-	-	-	-	-	-	4,214	4,214
Equipment maintenance	-	-	-	4,018	-	-	14,230	18,248
Bank Charges	-	-	-	-	-	-	8,721	8,721
Legal fees	-	-	-	-	-	-	3,550	3,550
Counsels fees	-	-	-	10,025	-	-	-	10,025
Audit & accountancy	-	-	-	-	-	9,450	-	9,450
Bad debt write off	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	4,022	4,022
	49,309	505,632	61,705	328,903	95,265	86,337	198,891	1,326,042
Support costs	19,889	49,723	39,778	49,723	39,778	-	(198,891)	-
Governance costs	8,634	21,585	17,267	21,584	17,267	(86,337)	-	-
Total expenditure 2018	77,832	576,940	118,750	400,210	152,310	-	-	1,326,042

Notes to the financial statements

For the year ended 31 May 2019

7 Net expenditure for the year

This is stated after charging:

	2019 £	2018 £
Depreciation	4,299	4,022
Operating lease rentals: Equipment	10,154	15,100
Auditor's remuneration (excluding VAT): Audit	9,750	9,450
	<u>9,750</u>	<u>9,450</u>

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

Staff costs were as follows:

	2019 £	2018 £
Salaries and wages	748,675	792,562
Social security costs	82,293	83,479
Employer's contribution to defined contribution pension schemes	95,462	99,056
	<u>926,430</u>	<u>975,097</u>

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

	2019 No.	2018 No.
£60,000–£70,000	1	–
£70,001 – £80,000	1	2
£80,001 – £90,000	1	–
£90,001 – £100,000	1	1
	<u>1</u>	<u>1</u>

The total employee benefits including pension contributions and employers national insurance of the key management personnel were £456,468 (2018: £440,182)

Total termination costs in the year were nil (2018: £10,000).

The charity trustees were not paid or received any other benefits from employment with the charity in the year (2018: £nil). No charity trustee received payment for professional or other services supplied to the charity (2018: £nil).

Trustees' expenses represents the payment or reimbursement of travel and subsistence costs totalling £4,440 (2018: £4,370) incurred by 6 (2018: 5) members relating to attendance at meetings of the trustees.

Notes to the financial statements

For the year ended 31 May 2019

9 Staff numbers

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

	2019 No.	2018 No.
Raising funds	1	1
Campaigns, policy & research	6	6
Events conferences & publications	1	1
Legal services for young people	6	6
Membership	2	2
Support	1	1
Governance	1	1
	18	18
	18	18

10 Related party transactions

Aggregate donations from related parties were £NIL (2018: £NIL).

There are no other related party transactions to disclose for 2019 (2018: 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	54,383	2,018	1,270,940
Additions	-	-	1,110	-	1,110
	1,200,000	14,539	55,493	2,018	1,272,050
Depreciation					
At the start of the year	-	14,539	37,961	2,017	54,517
Charge for the year	-	-	4,299	-	4,299
	-	14,539	42,260	2,017	58,816
Net book value					
At the end of the year	1,200,000	-	13,233	1	1,213,234
At the start of the year	1,200,000	-	16,422	1	1,216,423

The freehold property at 1 Ardleigh Road, London, N1 4HS was valued at £1,200,000 on 4 May 2012 by Copping Joyce Chartered Surveyors LLP (independent valuers). The historical cost of the freehold is £650,000. An informal valuation was received from Chestertons on 13 September 2019 of £1,400,000. The Trustees consider that, after considering costs of selling, the value of the property is not materially affected.

One floor of the property is currently being let out on commercial terms. 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 2019

13 Listed investments

	2019 £	2018 £
Fair value at the start of the year	900,644	1,159,419
Additions at cost	559,415	36,648
Disposal proceeds	(2,800)	(303,080)
Cash	935	-
Net gain / (loss) on investments	(27,496)	7,657
	1,430,698	900,644
Fair value at the end of the year	1,430,698	900,644

Investments comprise:

	2019 £	2018 £
UK Common investment funds	1,375,464	845,341
Shares listed on the London Stock Exchange	55,234	55,303
	1,430,698	900,644

14 Debtors

	2019 £	2018 £
Other debtors	10,103	14,198
Accrued Legal work income	103,700	44,821
Accrued income	55,459	19,123
	169,262	78,142

15 Creditors: amounts falling due within one year

	2019 £	2018 £
Trade creditors	17,365	20,848
Taxation and social security	38,892	24,306
Accruals	18,302	10,567
	74,559	55,721

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

	General £	Designated £	Restricted £	Total funds £
Tangible fixed assets	-	888,623	324,611	1,213,234
Investments	-	112,668	1,318,030	1,430,698
Net current assets	315,774	630,549	-	946,323
Net assets at 31 May 2019	315,774	1,631,840	1,642,641	3,590,255

Notes to the financial statements

For the year ended 31 May 2019

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

	General unrestricted £	Designated £	Restricted £	Total funds £
Tangible fixed assets	13,625	878,187	324,611	1,216,423
Investments	–	900,644	–	900,644
Net current assets	307,688	–	23,972	331,660
Net assets at 31 May 2018	321,313	1,778,831	348,583	2,448,727

17a Movements in funds (current year)

	At 1 June 2018 £	Income & gains £	Expenditure & losses £	Transfers £	At 31 May 2019 £
Restricted funds:					
Legal work (Adviceline)	–	28,425	(28,425)	–	–
Programme on reducing child arrests	11,019	25,000	(36,019)	–	–
Sentencing– young adults	3,240	2,500	(5,740)	–	–
DCI–reintegration	–	37,734	(37,734)	–	–
Reducing arrests of women	–	59,000	(41,550)	–	17,450
Fairness in prison	–	65,000	(26,244)	–	38,756
Crime & problem gambling	–	1,389,723	(141,498)	–	1,248,225
Criminal Care	9,713	54,400	(50,513)	–	13,600
Property	324,611	–	–	–	324,611
Total restricted funds	348,583	1,661,782	(367,723)	–	1,642,642
Unrestricted funds:					
Designated funds:					
Strategic fund	900,644	–	–	(121,932)	778,712
Property and equipment	328,187	–	–	(25,060)	303,127
Property fair value reserve	550,000	–	–	–	550,000
Total designated funds	1,778,831	–	–	(146,992)	1,631,839
General funds	321,313	772,925	(925,456)	146,992	315,774
Total unrestricted funds	2,100,144	772,925	(925,456)	–	1,947,613
Total funds	2,448,727	2,434,707	(1,293,179)	–	3,590,255

Notes to the financial statements

For the year ended 31 May 2019

17b Movements in funds (prior year)

	At 1 June 2017 £	Income & gains £	Expenditure & losses £	Transfers £	At 31 May 2018 £
Restricted funds:					
Legal work (Adviceline)	-	13,342	(13,342)	-	-
Programme on reducing child arrests	8,582	40,000	(37,563)	-	11,019
The John Sunley Prize	4,000	-	(4,000)	-	-
Participation project (Big Lottery)	35,729	112,500	(148,229)	-	-
Sentencing- young adults	-	30,000	(26,760)	-	3,240
DCI-reintegration	12,281	-	(12,281)	-	-
Real Work	-	10,000	(10,000)	-	-
Ending the criminalisation of children in care	12,591	66,850	(69,728)	-	9,713
Property	324,611	-	-	-	324,611
Total restricted funds	397,794	272,692	(321,903)	-	348,583
Unrestricted funds:					
Designated funds:					
Strategic fund	1,159,419	5,877	-	(264,652)	900,644
Property and equipment	332,209	-	-	(4,022)	328,187
Property fair value reserve	550,000	-	-	-	550,000
Total designated funds	2,041,628	5,877	-	(268,674)	1,778,831
General funds	370,662	686,115	(1,004,139)	268,674	321,312
Total unrestricted funds	2,412,290	691,992	(1,004,139)	-	2,100,143
Total funds	2,810,084	964,684	(1,326,042)	-	2,448,726

Purposes of restricted funds**Legal work (Adviceline)**

Specialist adviceline for young people in custody.

Programme on reducing child arrests

Programme for reducing child arrests.

Sentencing – young adults

A review of sentencing judgements for young adults.

DCI- reintegration

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

Reducing arrests of women

Programme for reducing arrests of women.

Fairness in prison

A new programme to find ways of reducing conflict, violence and injustice inside jails.

Crime and Problem Gambling

This is a 3 year commission to look into the between problem gambling and crime, it commenced in January 2019.

Ending the criminalisation of children in residential care

Improving policies and practices of agencies and services for children in residential care.

Notes to the financial statements

For the year ended 31 May 2019

17 Movements in funds (continued)

Property

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

The John Sunley prize

To administer and award for best masters dissertation in penal reform. This programme was completed in November 2017.

Participation project

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

Real Work

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

Purposes of designated funds

Strategic fund

This fund is designated by the trustees to strengthen the Howard League position through a period of recession and uncertainty, and to fund income shortfall. Decisions to use this fund are agreed by the board on the basis of strategic principles set down during the budgeting process.

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.

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 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	
	2019	2018
	£	£
Less than one year	10,223	10,000
One to five years	10,223	20,600
	<u>20,446</u>	<u>30,600</u>

Notes to the financial statements

For the year ended 31 May 2019

19 Operating lease commitments receivable as a lessor

Amounts receivable under non-cancellable operating leases are as follows for each of the following periods

	Property 2019 £	2018 £
Less than one year	3,250	39,000
One to five years	–	3,250
	<u>3,250</u>	<u>42,250</u>

The above operating lease was renewed after the year end.

20 Legal status

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.