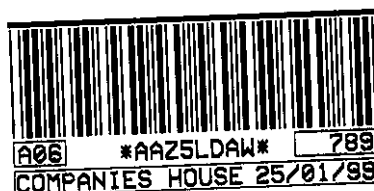


THE HOWARD LEAGUE FOR PENAL REFORM

(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT & ACCOUNTS

for the year ended 31st May 1998



Company No. 898514 (England & Wales)

THE HOWARD LEAGUE FOR PENAL REFORM

COMPANY INFORMATION

Directors	Professor Andrew Rutherford Thomas Crowther
Secretary	Frances Crook
Status	Company limited by guarantee
Number	898514
Charity number	251926
Registered office	708 Holloway Road London N19 3NL
Auditors	Morley & Scott Lynton House 7-12 Tavistock Square London WC1H 9LT
Bankers	National Westminster Bank Plc P O Box 5038 53 Victoria Street London SW1P
	CafCash Ltd Kings Hill West Malling Kent ME19 4TA

CONTENTS

Trustees' Report	3
Treasurers' Report	17
Statement of Directors' Responsibilities	18
Auditors' Report	19
Statement of Financial Activities	20
Balance Sheet	21
Notes to the Financial Statements	22

THE HOWARD LEAGUE FOR PENAL REFORM

TRUSTEES REPORT

FOR THE YEAR ENDED 31 MAY 1998

The trustees present their report and the financial statements for the year ended 31 May 1998.

List of Trustees 1997/98

President	Sir John Mortimer QC
Vice Presidents	Sir Louis Blom Cooper QC Professor Terence Morris JP Lady Bland
Chair	Professor Andrew Rutherford
Vice Chairs	Richard Whitfield Baroness Hilton
Hon Treasurer	Tom Crowther
Hon Solicitor	Monty Raphael

The Hon Sue Baring OBE JP
Elizabeth Burney
Paul Buxton
Alex Carlile QC (resigned Jan 98)
Martin Davis
Lord Dholakia JP
David Faulkner
Professor Nigel Fielding
Roger Graef
Rt Rev Robert Hardy
Maurice Hawker
Peter Hodgkinson
J Anthony Holland
Roshan Horabin
Professor Barbara Hudson
Baroness Kennedy QC
Rt Hon Sir Peter Lloyd MP

David Mathieson
Caroline Newman
Baroness Nicholson
Hugh Pierce
Dr David Potter CBE
Lynne Ravenscroft JP
Annabella Scott JP
Anthony Scrivener QC
Barry Smith CBE (resigned April 98)
Professor Pamela Taylor
Keith Vaz MP
Sue Wade
Professor Donald West
Cynthia Winifred
Dr Martin Wright

THE HOWARD LEAGUE FOR PENAL REFORM

TRUSTEES REPORT

FOR THE YEAR ENDED 31 MAY 1998

Core Beliefs of the Howard League

The criminal justice system should be based on the principle of repairing the damage done by crime

Public resources should be concentrated on preventing crime

The penal system should make use of effective community based penalties

Imprisonment should be the last resort

Prisons should provide a more positive experience

Prisons should offer each prisoner a realistic chance of rehabilitation

The needs and rights of victims should be taken into account

Children should not be held in prisons

Objectives

1. To lead the development of a national penal policy, based on impartial and informed research
2. To educate the public and professionals in the UK and internationally about good practice in the penal and prison systems
3. To demonstrate practical sanctions and develop restorative measures and the rehabilitation of offenders

As reflected throughout this report, the penal scene in this country is marked by ambiguity and uncertainty. The Crime and Disorder Act 1998, now in the early stages of being implemented, provides a panoply of new criminal and civil orders which are intended to strengthen the reach of the state over a wider variety of behaviour, criminal and otherwise. The Howard League remains sceptical about

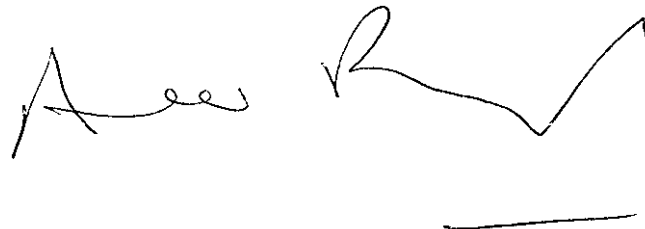
much of this and is to the fore in opposing the endorsement of locking up young people within the prison system. On the other hand, there are aspects of the legislation, such as the requirement at the local level for crime and disorder strategies and the setting up of youth offending teams, which the Howard League has broadly welcomed.

The Act needs to be viewed within the context of a huge rise in the prison population which has continued under the Labour Government and the projected increases which were acted upon in the recent Comprehensive Spending Review. "Making prisons work", to quote the Home Secretary, in terms of reducing recidivism, is a worthy goal but needs to be balanced by the notion that imprisonment be used only as a last resort. However, the recent slowing down of the rate of growth may indicate that a broad reassessment is taking place as to the direction in which we are heading. Positive signs include the report on alternatives to prison greed by the Select Committee on Home Affairs, the judgement delivered by the Lord Chief Justice on the custody threshold in July and the decision taken by the Scottish Office to attempt to cut by half the number of women imprisoned. I feel certain that the series of robust reports published by the Howard League over the course of the year played a significant part in this hopeful turn of the tide.

Objective and hard-hitting research is but one aspect of the work of the Howard League. Our pioneering Citizenship and Crime Project, technical assistance abroad and constant engagement in public discussion and debate are all proof that the Howard League has not retreated into a remote and lofty think-think. None of this could be done without a dedicated and tireless staff, and the many volunteers, including Council and other committee members who give so generously of their time and energy. A special tribute is due to High Pierce, who died last month, whose contribution to the Council and its executive committee stretched back more than two decades. Hugh never let go of that constructive scepticism which is such a vital ingredient of the Howard League's activities.

The Howard League remains fiercely independent of Government funding and we are profoundly grateful for the necessary financial support provided by our members and the wider community of trusts, commercial firms and individual benefactors.

Andrew Rutherford
Chair
21 October 1998

A handwritten signature in black ink, appearing to read 'A Rutherford', with a horizontal line underneath.

This time last year we were just a few months into the tenure of the new Government, and whilst there were favourable indications that a more rational penal policy could be developed, the Howard League remained concerned about the continued increase in the use of imprisonment. A year on and the Crime and Disorder Act has passed into statute and includes a melange of two very different strategies: alarming provisions with the potential to increase the use of penal detention for children, and constructive innovations in community sanctions based on the principle of reparation.

The prison population has continued to rise inexorably during the year. Since September 1997 the prison population has increased by 3,700 people including an extra 500 women. There were almost 66,000 men, women and children in prisons in England and Wales in September 1998. Towards the end of 1998 there were the first signs that the increase could be slowing, possibly as reaction to adverse media coverage of overcrowding in prisons, which, of course, was mainly generated by the Howard League.

The influential Home Affairs Select Committee published its report into alternatives to custody in September 1998 and said firmly that the present level of imprisonment was unsustainable and that community based alternatives must be developed. It is to be hoped that the findings of the Committee will be taken very seriously by the Home Secretary and that we will see him promoting credible and effective community measures for managing offenders.

It has been a highly demanding year for the Howard League. We have been called on every day to comment on penal events, have developed some exciting projects, have a wide selection published of research papers and reports, and have held several conferences and seminars.

Citizenship and Crime Project

The first Citizenship and Crime conference was held in Bishop Douglas school in Barnet, our pilot borough, in December 1997. We took the whole of year 9 - the 13 and 14 year olds - off their normal timetable for two days and involved them in a highly structured programme. They worked in groups of about 10, alongside an adult adviser, making posters and doing quizzes and acting out dramas from the court or crime scene. The volunteers included a magistrate, a police officer, an academic, social and youth workers.

The young people work on how to deal with peer pressure relating to crime, shoplifting, bullying and violence, and try to find constructive ways of avoiding conflict. They learn the facts about crimes and punishment, and how the penal system works. They face up to the possible consequences of crime and consider the what it means to be a victim or family member.

Since that first rather daunting trial run we have refined and developed the programme and organisation. Our official launch came in April when the Deputy Home Secretary, Alun Michael MP, joined the leader of Barnet Council, Alan Williams, and the Chair of the Education Committee, Ann Jarvis, as guests at the opening session of the conference in the Compton School in Finchley.

The launch was covered by BBC and ITN news, radio and the local press.

We designed a special programme for the young people in Church Farm school in Barnet who are faced with educational behavioural difficulties, and went in several times to do short sessions with them.

The full programme has now been delivered in 10 schools and has involved some 1,100 children and nearly 200 adult volunteers.

The children seem to be stimulated by the ideas and methods they have to confront, and the teachers seem keen to repeat the exercise next year. We are conducting our own evaluations as we go, but are in the early stages of exploring the possibility of an independent assessment of the whole project.

Lost Inside: the imprisonment of teenage girls

The Howard League inquiry into the use of prison custody for teenage girls interviewed over 80% of the 74 girls held in prisons and found that nearly half of them had either no previous convictions or had only received a caution or conditional discharge. These girls were not persistent offenders.

The report published in October 1997 found that girls were held in adult jails alongside older women in breach of the United Nations Convention on the Rights of the Child.

The inquiry found:

- the number of girls being sent to prison more than trebled between 1992 and 1996
- the jails were overcrowded and not equipped to deal with complex teenage girls
- hard drugs such as heroin and crack cocaine were easily available

Whilst half the sample had been convicted of violent offences these were mostly for fighting with other teenagers, and many had been the victims of adult violence or had witnessed adult violence in the home.

We called on the Home Secretary to legislate to end the use of prison custody for girls under the age of 18 and to promote the use of non-custodial alternatives, placing those girls who genuinely required secure conditions in local authority units.

We reiterated our recommendation that all places where children are detained should apply the Children Act.

There was a great deal of media coverage of the report's publication. We held a reception in the House of Lords to thank Lady Masham for chairing the inquiry which was attended by peers and M.P.s

Sue Masham tabled several amendments to the Crime and Disorder Bill during its Lords stages seeking to force the separate care of girls in prisons. Despite cross party support from Douglas Hurd and Barbara Castle, the amendment was defeated by the Government.

Following the *Flood* case, which was supported by the Howard League, it became unlawful for the Prison Service to hold sentenced teenagers in adult jails.

The Prison Service has now responded to our campaign by designating wings in two women's prisons, New Hall and Holloway, as dedicated young offenders wings and has been trying to develop special regimes with trained staff.

In May we highlighted the plight of "Sarah". She was 17 years old with a three week old baby daughter. We succeeded in gaining her a few extra days with her baby in hospital when she was born, but then Sarah had to return to prison and her baby was taken away. Because of her alleged bad behaviour in prison, she was not given a place in a mother and baby unit. The Guardian interviewed her and splashed her story across three pages, and we continued to lobby on her behalf. She is still in prison, but sees her baby as often as her mother can manage to visit. We still work to find a better way to deal with young mothers who commit crimes so that their babies are not punished too.

In July we held a national conference which was attended by 150 youth justice workers, prison staff and academics to discuss girls in prison. Amongst the speakers were the Prisons Minister, Joyce Quin MP, and Sir David Ramsbotham, the Chief Inspector of Prisons.

Young people in custody

Towards the end of last year we published a series of briefing papers responding to Government proposals on young crime.

Tackling young crime: the Howard League response welcomed proposals to adopt a "repairing the damage" approach to youth crime, and measures to tackle the causes of a young person's behaviour which would provide practical help. We strongly opposed the abolition of a crucial protection (*doli incapax*) which we felt would lead to children as young as 10 being unfairly treated in the courts.

The Howard League response to the Government's paper on a new national and local focus on youth crime welcomed the adoption of a multi-agency approach which we had been advocating for several years, but we did raise concerns about the lack of new funding.

Sentenced to Fail

Last year the Children's Society took on the work of the Howard League's Troubleshooter project and is now working in Feltham and Doncaster prisons helping young teenagers. We had become deeply concerned at what was happening to the young people we had helped when they were released as they appeared to get very little post-custody support or supervision.

We decided to carry out an in-depth study of their experiences on release. We interviewed 66 young people, managers from 21 local authorities and 38 youth justice teams. Our principal findings were:

- homelessness increased from 4.5% before prison to 18% following release
- only 5 young people said they had help from a youth justice worker to prepare for release
- two thirds said they thought supervision had helped them, but youth justice workers seemed to see it as a punishment
- practitioners were pessimistic for the future.

In July we published a 72 page report Sentence to Fail: Out of sight, out of mind, compounding the problems of children in prison. Our main message was that young people are keen for supervision which does help to keep them away from crime, but social services were failing to give this priority because of lack of resources.

Suicides in prison

In January we revealed that 436 people had taken their own lives in prisons between 1990 and 1997. This included 88 young people aged 15 to 21 and twelve women.

In June we drew attention to the poor record of commercially managed prisons. At the time, eight people had taken their own lives in Doncaster prison and two in the newly opened Parc prison run by Securicor.

Following the media coverage of our press statement, we received a letter from lawyers representing Premier Prisons threatening court action because we had drawn attention to the deaths in Doncaster prison. This was an attempt to silence us. Needless to say, we were not in the least intimidated, and the Observer newspaper publicised their action.

The accountability and legitimacy of commercially managed prisons which are experiencing serious problems are called into question when the companies running them act to inhibit legitimate investigation.

I visited Doncaster prison to find out for myself what conditions were like, and particularly the standard of care for young prisoners. I was not impressed. There had been some sort of "incident" just before my visit and some teenagers were locked

in their cells during the day. I found a 17 year old crying in his cell in the afternoon, and I saw blood splattered across his walls. I tried to raise this with the Director of Doncaster who promptly walked out of the room.

I raised this during a meeting with the newly appointed Minister, Lord Williams. The Howard League is taking part in regular high level meetings to discuss ways of preventing suicides.

In January I had met with the then Minister for Prisons and Probation, Joyce Quin MP. It was clear that the Prison Service was striving to make the reception process more sensitive to individuals and the suicide screening process more effective.

Crime and Disorder Act 1998

There is much to welcome in the Act, and during the Parliamentary passage of the bill the Howard League worked closely with government advisers, M.P.s and Peers to make clear our support for these. We were particularly pleased to see the new community based orders for young people: Action Plan Orders and Reparation. We welcomed the responsibility placed on local authorities to reduce crime in their communities, and the establishment of multi-agency youth offending teams.

We were concerned at the sweeping powers contained in the Anti-Social Behaviour Orders. A critique written by six of the country's top law professors was published in Criminal Justice magazine and this generated quite an intense public debate. Many of our concerns were taken up by Peers and M.P.s during parliamentary debates which focused attention on the European Convention on Human Rights and the Human Rights Act being debated in our own Parliament.

We briefed M.P.s and Peers from every political viewpoint about our concerns that the Detention and Training Order might lead to more imprisonment for children; the abolition of *doli incapax* the child's right to silence; that the Final Warning was inflexible; and that boys would continue to be remanded to prisons.

Overcrowded prisons

In May we published a briefing paper revealing that 60% of prisons were overcrowded. Preston, Low Newton, Shrewsbury, Leicester, Exeter, Canterbury, and Northallerton were all more than 50% overcrowded. Particular parts of prisons were stretched beyond safety, including the juvenile units at New Hall women's prison and Feltham Young Offenders' Institution.

We generated nationwide television and radio coverage for this release, and involved local people and local politicians in discussing the implications for the public and for the taxpayer.

In September we highlighted the human cost of overcrowding. We had interviewed staff and inmates in one of the large local prisons about their experiences and found prisoners on 23 hour *bang up*. Prisoners told us that because of the long queues, they had to choose whether to have a shower or phone their families.

Staff told us that the volume of prisoners meant they were reduced to crisis intervention and limited staff numbers affected their ability even to unlock prisoners for association.

We discern that our continued pressure on the issue is beginning to have an impact in that prison numbers are starting, tentatively, to steady and even fall. It is too early to identify a trend, but the Howard League has been at the forefront of raising public awareness of the deleterious effects of the irresponsible use of custody. The Government seems reluctant to have a public debate about overcrowding, and this makes the Howard League's campaigns even more important.

Crown Prosecution Service

The Howard League welcomed the report of the Review of the Crown Prosecution Service, although its purpose was essentially a management exercise. The Howard League had had a meeting with Sir Iain Glidewell and his team to suggest that it would be necessary to develop the Service's professional culture, strategic direction and purpose, the nature of its authority and accountability. These themes had been developed in a written submission.

In July we held a seminar to discuss the report and to prepare a publication on the future of the Crown Prosecution Service, which was attended by leading lawyers, academics and prosecutors. Professor August 't Hart of Leiden University presented a paper on the Dutch and German systems and Professor Andrew Ashworth of All Souls College in Oxford gave a critique of the internal and external themes to be addressed.

United Nations and International work

We have been particularly active internationally during the year. Having Consultative Status with the United Nations confers the responsibility to take part in inter-governmental meetings on criminal justice matters, held in Vienna, where we have a permanent representative, Mgr. Christian Kuhn.

Jack Holland, Assistant Chief Probation Officer at Hampshire, attended the United Nations Crime Commission meeting in Vienna in April 1998. We robustly opposed the approach supported by the US that the Commission should reduce its work on promulgating international standards on criminal justice, in favour of concentrating on trans-national crime and drugs.

Jack Holland and Christian Kuhn undertook a technical assistance mission to Bosnia to advise on the treatment of prisoners on release. They visited prisons and met with governors and government ministers to explore how to implement United Nations standards.

Dick Whitfield, Chief Probation Officer in Kent, and Sue Wade, Deputy Chief Probation Officer in Hampshire, went to Syria to assess the situation of young offenders held in custody, partly at the instigation of the Syrian Government and under the auspices of the Karim Rida Said Foundation.

The Howard League was the only non-governmental organisation quoted by the Secretary General of the United Nations in his report to the Commission on Human Rights in relation to juvenile justice. We had submitted a report on the use of custody for juveniles drawing attention to the rise in the use of prison and the introduction of Secure Training Order.

Policy development

The Policy Co-ordinating Group has been a dynamic focus for directing our policies on issues like drugs and crime, the Crime and Disorder Act, and the future of the probation and prison services. We are grateful that experts like Professor Mike Hough and Professor Geoffrey Pearson have come to talk to the Howard League about topical and difficult issues.

Educational work

Thanks to a group of wonderful students and volunteers we have responded to hundreds of school children and college students who have requested information about the penal system - and each one individually. We publish a set of 33 factsheets giving pre-digested and up to date information on prisons and crime patterns which are both sold and given out free of charge.

Howard Journal of Criminal Justice

Professor Nigel Fielding retired after editing the Journal for many years. Professor Tony Fowles, who had been the book review editor, and Dr David Wilson were appointed joint editors along with Professor Leslie Wilkins. Greg Mantle has taken over as the book review editor, and Brenda McWilliams remains as the publishing editor.

The Journal continues to go from strength to strength, publishing cutting-edge research on issues such as privatization and remands, gender and community service and a special edition on organised crime.

Criminal Justice Magazine - HLM!

We have had a heartening growth in membership during the year and decided to develop our members' newsletter to provide more news and views in an improved format. Thanks to sponsorship from Psion PLC we have been able to have the magazine laid out professionally, and send it to M.P.s and governors for prison libraries. We must thank Michael Simmons, who spent many years working on the Guardian, and is now helping to edit the magazine.

We re-launched the magazine under the new title HLM - a trendy version of the Howard League Magazine.

Annual General Meeting 1997

Professor Andrew Ashworth, Vinerian Professor of English Law at the University of Oxford, gave the guest speech at the AGM. He held an audience of about 100 people enthralled when he explained the European Convention on Human Rights and assessed its implications for the criminal justice system in the UK.

Our President, John Mortimer QC, presented the Margery Fry Award to Baroness Masham of Ilton in recognition of her humanitarian work for penal reform.

A special commendation was presented to Ian and Richard Wise for their legal work for prisoners' rights.

The 1997 Media Prize was presented to Max Hastings, Editor of the Evening Standard newspaper in recognition of its reflective and incisive coverage of penal issues.

16th Annual Conference: The Crisis in Our Prisons

Richard Tilt, the Director General of the Prison Service, addressed our conference in New College, Oxford, talking about the successes of the Service despite the challenge of numbers. A packed audience heard speeches from Charles Pollard, the Chief Constable of Thames Valley Police, talk about its pioneering work on restorative justice. Clive Fairweather, the Chief Inspector of Prisons in Scotland, told the conference about his recommendation to end the use of custody for juvenile girls and halve the number of women prisoners. Vivien Stern gave a world view of the inherent problems of imprisonment. Professor Pat Carlen called for a dramatic reduction in the use of prison for women. Professor Steven Rose, from the Open University, presented a critique of current genetic theories. Usha Prashar, Chair of the Parole Board, explained the work of the board. Graham Smith, Chief Inspector of Probation, surveyed the probation service. Hazel Banks, Acting Governor of Frankland, described her experiences running a high security prison.

A Question Time panel included Rosemary Thomson JP, Lord Dholakia, Geoffrey Wicks and Councillor Stan Taylor, and questions ranged across the spectrum from local government to racism.

During the workshops, some 24 papers were presented by academics and practitioners on a diverse range of topics related to prisons and community penalties.

This annual event continues to attract about 150 participants from UK and abroad to debate and challenge topical issues in the superb ambience of New College.

Political party fringe meetings

The Howard League and the National Association of Probation Officers organised fringe meetings during each of the three main party conferences, to attract activists and local politicians along to hear our views.

In Brighton an audience of about 50 Liberal Democrats heard Alan Beith MP, Sue Baring, Harry Fletcher and Frances Crook talk about penal policy.

At the Labour Party conference in Blackpool the speakers were the Home Office Minister, Alun Michael MP, Keith Vaz MP, Frances Crook and Judy McKnight.

In Bournemouth the former Conservative Minister for Prisons, Sir Peter Lloyd MP chaired the meeting with James Clappison MP, Professor Andrew Rutherford and Harry Fletcher speaking.

Media

It is important that the public discourse on crime and the treatment of offenders is based on accurate information. We spend a great deal of time helping journalists with background material. We deal with an average of ten phone calls from the media every single day, which range from local journalists reporting on a particular case, to television news wanting an interview. The high quality of our reports and briefings ensure widespread media coverage, and this often means one of us gets up very early in the morning to do 12 live local radio interviews before 9 o'clock!

Liaison

We make considerable efforts to liaise closely with an extremely wide variety of voluntary and statutory agencies. The Citizenship and Crime Project has enabled us to develop close working relations with education and social service departments in local authorities across London. We are pleased to co-operate with the child care charities on policy and practice issues. We are active in groups helping the families of prisoners, and consortia which work on youth justice and prison issues. I was

especially pleased to be invited to be a trustee of UNLOCK, the new organisation helping ex-offenders.

Howard League staff and officers are often invited to speak at conferences and events organised by other groups. During the year we have given speeches to the English Speaking Union, All Souls in Oxford, lifers in Holloway prison and the Association for Youth Justice amongst many others.

Prisons

We keep closely in touch with prison life, and during the year staff have visited many prisons, often several times;

Fundraising

We have been busy trying to raise funds to establish a national Centre for Penal Reform. Many encouraging donations have already been made and more promised - we hope to open the Centre next year.

A highlight of the fundraising calendar was lunch with prisoners in Wormwood Scrubs. Celebrities and top company executives queued up with inmates on D Wing with plastic trays and bread rolls to eat meat pie and chips. It gave prisoners the chance to talk to people about prison life, gave visitors a real taste of imprisonment, raised lots of money for the Howard League, and the public benefited from a generous donation to the prison from Greg Dyke, Chairman of Pearson Television, who organised it for us.

Hundreds of people made donations towards our work this year and we are extremely grateful to them for their generosity.

Staff

Frances Crook	Director
Euginia Lolomari	Assistant Director
Fran Russell	Assistant Director
Lorraine Atkinson	Citizenship and Crime Project
Gemma Barker	Administrative Assistant
Helen Butcher (until Jan 98)	Events and Promotions Officer
Charlotte Day	Policy Officer
Anita Dockley	Policy Officer
Mark Grindrod (until April 98)	Youth Policy Officer
Barbara Norris	P.A. to the Director/Citizenship & Crime Project
Catryn Yousefi	Citizenship and Crime Project

TREASURERS' REPORT

The financial statements reflect the activities and management of the Howard League, they show the trustees determination to raise funds which allow it to concentrate on important issues, whilst keeping overheads to a minimum.

The significant increase in unrestricted income of £108,234 over the last financial year clearly demonstrates the Howard League determination to focus on the wide range of issues that surround penal reform today.

The maintenance of restricted income for specific activities such as the Crime & Citizenship project, at close to 1997 levels highlights the determination to focus on highlighted key issues.

Despite a significant drop in Property fund donations, which contributed heavily to restricted income falling from £253,905 to £150,466 during the year, it is pleasing to note that significant promises of property funding, which is not reflected in the accounts have been received.

On the debit side of the income and expenditure account the total resources expended increased from £32,294 over the previous year to £386,005, within this expenditure the Howard League actually reduces it's administration overheads by 6%. It can only be said that the ability of an organisation to increase both it's charitable expenditure and fund-raising activities whilst actually reducing its administration expenses is commendable.

The net result of the league activities for the year is an increase in net resources for the year of £50,074, resulting in a balance of funds as at 31 May 1998 of £226,553. This clearly sets the Howard League for penal Reform on a sound footing for the future.

Year 2000 Compliance

The trustees have assessed the risks to the charity resulting from the change to the year 2000. The Howard League depends on a computerised accounting system to prepare the accounts and record the transactions. The computer hardware and software used by the charity have been purchased within the last two years and are guaranteed to be year 2000 compliant. Therefore, no costs are envisaged in the respect.



Thomas Crowther
Treasurer
21 October 1998

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent
- prepare the financial statements on the going concern basis it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS' REPORT

We have audited the financial statements on page 20 to 30 which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on page 22-23.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND AUDITORS

As described on page 18 the directors are responsible for the preparation of the financial statements. It our responsibility to form an independent opinion, based on our audit, and on those statements and to report our opinion to you.

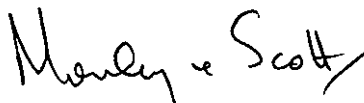
BASIS OF OPINION

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practice Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned our audit so as to obtain all the information and explanation which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements .

OPINION

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 May 1998 and of its surplus for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Morley & Scott
Chartered Accountants
Registered Auditor
London

.....21 October.....1998

THE HOWARD LEAGUE FOR PENAL REFORM
ACCOUNTS 1997/98

STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT

for the year ended 31 May 1998

		<u>1998</u>		<u>1998</u>	<u>1997</u>
		Unrestricted	Restricted	Total	Total
		<u>Funds</u>	<u>Funds</u>	<u>Funds</u>	<u>Funds</u>
	<u>Notes</u>	£	£	£	£
<u>Incoming Resources</u>					
Donations	4	137,024	150,466	287,490	291,310
Membership income		70,283		70,283	62,768
Legacy income		4,969		4,969	11,809
Investment income		2,506		2,506	3,110
Conferences and publications		45,156		45,156	40,549
Interest receivable		9,741		9,741	5,804
Total incoming resources		<u>269,679</u>	<u>150,466</u>	<u>420,145</u>	<u>415,350</u>
<u>Resources expended</u>					
Direct charitable expenditure	5	152,126	140,107	292,233	281,688
Management & administration	6	48,319	-	48,319	51,074
Fundraising and publicity	7	28,028	17,425	45,453	20,449
Total resources expended		<u>228,473</u>	<u>157,532</u>	<u>386,005</u>	<u>353,211</u>
Net incoming/(outgoing) resources		41,206	(7,066)	34,140	62,139
<u>Other recognised gains and losses</u>					
Unrealised gains on revaluation of Investments		15,934	-	15,934	7,214
Net movements in fund		57,140	(7,066)	50,074	69,353
Balance at 1 June 1997		4,653	171,826	176,479	107,126
Balance at 31 May 1998	16	<u>61,793</u>	<u>164,760</u>	<u>226,553</u>	<u>176,479</u>

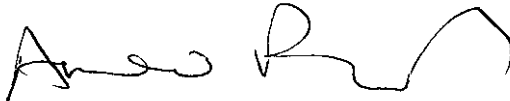
All income and surpluses derive from continuing activities. All recognised gains and losses are shown above.

Balance Sheet
as at 31 May 1998

	<u>Notes</u>	<u>1998</u>	<u>1997</u>
FIXED ASSETS			
		£	£
Tangible assets	9	83,360	83,765
Investments	10	<u>79,326</u>	<u>57,539</u>
		162,686	141,304
CURRENT ASSETS			
Stocks - goods for resale		1	99
Debtors	11	6,821	10,477
Cash at bank and in hand		<u>159,854</u>	<u>124,063</u>
		166,676	134,639
CREDITORS: amount falling due within one year	12	<u>(35,835)</u>	<u>(29,018)</u>
NET CURRENT ASSETS		<u>130,841</u>	<u>105,621</u>
TOTAL ASSETS LESS CURRENT LIBAILITIES		293,527	246,925
CREDITORS: amounts falling due after more than one year	13	<u>(66,974)</u>	<u>(70,446)</u>
NET ASSETS		<u>226,553</u>	<u>176,479</u>
INCOME FUNDS			
Unrestricted funds		61,793	4,653
Restricted funds	14	<u>164,760</u>	<u>171,826</u>
	16	<u>226,553</u>	<u>176,479</u>

These financial statements have been prepared in accordance with the special provisions of Part V11 of the Companies Act 1985 applicable to small companies.

The financial Statements were approved by the Board on... 21 October 1998.



Andrew Rutherford
Director



Thomas Crowther
Director

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MAY 1998

1. ACCOUNTING POLICIES

a) Basis of accounting

The financial statements are prepared under the historical cost convention as modified by the revaluation of certain fixed assets and in accordance with applicable accounting standards and include the results of the company's operations as indicated in the directors' report, all of which are continuing. The financial statements follow the recommendations in statements of Recommended practice Accounting for Charities.

The company has taken advantage of the exemption in financial Reporting Standard No. 1 from the requirement to produce a cash flow statement on the grounds that it is a small company.

b) Depreciation

Depreciation is calculated to write off the cost of tangible fixed assets on a straight line basis over their estimated useful lives on the following basis:-

Fixtures, furniture and equipment	10 per cent per annum
Library books	15 per cent per annum
Computers	50 per cent per annum

c) Stocks

Stocks have been valued at the lower of cost and net realisable value.

d) Investments

Fixed asset investments are valued on the basis of a mid market value at the Balance Sheet date.

Any gain or loss arising on revaluation is taken on the Statement of financial activities.

e) Income

Donations, legacies, membership income and fixed asset investment income are accounted for on a receivable basis by the company.

f) Apportionment of expenses

Salaries, National Insurance, pension costs and office overheads are apportioned between Direct Charitable, Expenditure and other Expenditure based upon a fair estimate of time spent by employees in each area.

g) Restricted Funds

Restricted funds are to be used for specified purposes as laid down by the donor. Expenditure which meets these criteria is identified to the fund, together with a fair allocation of management costs.

h) Value added tax

The company is registered for VAT. The accounts include any irrecoverable Vat under management and administration expenses.

2. Operating Surplus

This is stated after charging the following	<u>1998</u>	<u>1997</u>
Depreciation on owed assts	<u>£2,865</u>	<u>£3,368</u>
Auditors' remuneration	<u>£5,100</u>	<u>£3,500</u>
Hire costs and operating leases	<u>£2,586</u>	<u>£2,875</u>
Interest payable on loans repayable in more than five years	<u>£6,355</u>	<u>£5,805</u>
and after crediting:		
Interest receivable and similar income	<u>£9,741</u>	<u>£5,804</u>

3. Taxation

The company is not liable to corporation tax as its activities are solely for charitable purpose.

Notes to the accounts for the year ended 31 May 1998

4. <u>Donations</u>	<u>1998</u>		<u>1998</u>	<u>1997</u>
	Unrestricted	Restricted	Total	Total
	Funds	Funds	Funds	Funds
	£	£	£	£
General donations	137,024	-	137,024	37,405
Troubleshooter research		20,897	20,897	32,079
Imprisonment of Girls		10,060	10,060	23,500
No child jails		185	185	19,483
Property fund donations		20,244	20,244	13,192
Crime & Citizenship		95,148	95,148	101,225
Howard League Magazine		3,932	3,932	
Scottish officer				12,726
General election				10,200
Legal policy officer				17,500
Events & promotions officer				<u>24,000</u>
	<u>137,024</u>	<u>150,466</u>	<u>287,490</u>	<u>291,310</u>

5. Direct charitable expenditure

Salaries and national insurance	80,322	113,622	193,944	181,568
Recruitment	1,433	426	1,859	1,052
Books and subscriptions	1,744	181	1,925	10,388
Howard Journal and magazine	26,381	3,932	30,313	23,642
Conference & seminar expenses	10,126		10,126	10,520
Conferences & meetings	2,420	904	3,324	
Travelling expenses	3,405	2,715	6,120	8,127
Publication costs	7,006	7,822	14,828	17,083
Telephone & postage	12,294	3,822	16,116	13,911
Stationary	3,647	1,444	5,091	4,336
Misc. expenses	1,535	978	2,513	3,378
Staff training	699	373	1,072	99
Equipment hire	-	-	-	589
Premises costs and other overheads	<u>1,114</u>	<u>3,888</u>	<u>5,002</u>	<u>6,995</u>
	<u>152,126</u>	<u>140,107</u>	<u>292,233</u>	<u>281,688</u>

Notes to the accounts for the year ended 31 May 1998

	Unrestricted Funds	Restricted Funds	1998 Total Funds	1997 Total Funds
6. <u>Management and administration</u>	£	£	£	£
Salaries and national Insurance	15,858		15,858	21,125
Depreciation	2,865		2,865	-
Telephone & postage	2,050		2,050	6,008
Travelling expenses	855		855	903
Audit & accountancy	5,100		5,100	3,500
Miscellaneous expenses	2,841		2,841	1,151
Meeting and conference	1,231		1,231	554
Printing and stationary	3,714		3,714	5,934
Recruitment	-		-	434
Bank charges	1,958		1,958	1,583
Equipment maintenance	1,934		1,934	661
Staff training	-		-	202
Equipment hire	2,586		2,586	2,286
Premises costs and other overheads	972		972	928
Mortgage interest	6,355		6,355	5,805
	<u>48,319</u>		<u>48,319</u>	<u>51,074</u>

7. Fund-raising and publicity

Salaries and national insurance	12,446	9,092	21,538	2,833
Greeting cards	5,711		5,711	2,868
Printing and postage and stationary	7,289		7,289	8,651
Professional fund-raising costs	-	8,333	8,333	4,241
Misc. expenses	1,648		1,648	-
Premises costs and other overheads	934		934	1,856
	<u>28,028</u>	<u>17,425</u>	<u>45,453</u>	<u>20,449</u>

8. Staff Costs

	1998 £	1997 £
Staff costs during the year were as follows:		
Salaries and pensions	211,537	187,844
Social security	19,803	17,682
	<u>231,340</u>	<u>205,526</u>

The average monthly number of persons employed by the company during the year was as follows:-

	1998	1997
Direct objectives	8	7
Management and administration	1	1
	<u>9</u>	<u>8</u>

There was one employee in the year whose emoluments fell within the band of £40,000-£50,000. The directors received no remuneration in the year. Directors reimbursed expenses during the year in respect of attendance of meetings did not exceed £1,000.

Notes to the accounts for the year ended 31 May 19989. Tangible fixed assets

	Long Leasehold Premises £	Computer £	Fixtures Furniture & Equipment £	Library Books £	Total £
<u>Cost</u>					
At beginning year	80,000	19,816	10,871	2,018	112,705
Additions	-	3,541	548	-	4,089
Less disposals	-	(1,778)	-	-	-
At end of year	<u>80,000</u>	<u>21,579</u>	<u>11,419</u>	<u>2,018</u>	<u>115,016</u>
<u>Depreciation</u>					
At beginning of year	-	18,999	7,924	2,017	28,940
Charge for year	-	<u>1,216</u>	<u>1,500</u>	-	<u>2,716</u>
At end of year	<u>-</u>	<u>20,215</u>	<u>9,424</u>	<u>2,017</u>	<u>31,656</u>
<u>Net book value</u>					
At end of year	<u>80,000</u>	<u>1,364</u>	<u>1,995</u>	<u>1</u>	<u>83,360</u>
At beginning of year	<u>80,000</u>	<u>817</u>	<u>2,947</u>	<u>1</u>	<u>83,765</u>

The long leasehold property was revalued by the trustees on the basis of open market value on 31 May 1998.

The net book value at 31 May 1998 represents fixed assets used for:

	Long leasehold premises £	Computer £	Fixtures furniture & equipment £	Library books £	Total £
Direct charitable purposes	70,000	1194	1745	1	72,940
Fundraising and publicity	1,000	17	25		1,042
Management and administ	<u>9,000</u>	<u>153</u>	<u>225</u>		<u>9,378</u>
	<u>80,000</u>	<u>1,364</u>	<u>1,995</u>	<u>1</u>	<u>83,360</u>

Notes to the accounts for the year ended 31 May 199810. Fixed assets investments

Listed investments:	£
Market value at 1 June 1997	57,539
Net gains on revaluation at 31 May 1998	15,935
Additions	<u>5,852</u>
Market value at 1 June 1998	<u>79,326</u>
Historic cost:	<u>50,000</u>

At 31 May 1998 the charity held units in the CAF Balanced Growth Fund with a market value of £ 60,129 and held units in CAF Income Fund with a market value of £ 13,344. Each of these holdings represents more than 5% of the market value of listed investments held at 31 May 1998.

<u>11. Debtors</u>	<u>1998</u>	<u>1997</u>
	£	£
Income tax recoverable	2,813	1,133
VAT recoverable	1,180	6,843
Prepayments and accrued income	<u>2,828</u>	<u>2,501</u>
	<u>6,821</u>	<u>10,477</u>

<u>12. Creditors- amounts falling due within one year</u>	<u>1998</u>	<u>1997</u>
	£	£
Operating creditors	13,348	9,777
Accruals	21,252	19,241
Social security	<u>1,235</u>	<u>-</u>
	<u>35,835</u>	<u>29,018</u>

Notes to the accounts for the year ended 31 May 199813. Creditors: amounts falling due after more than one year

	<u>1998</u>	<u>1997</u>
Mortgage loan	<u>66,974</u>	<u>70,446</u>

The mortgage is secured by a charge over the long leasehold property and is repayable on or before 18.12.2009. The average annual rate of interest charged during the year was 9 per cent.

14. Restricted Funds

	Balance B/F	Incoming Resources	Expenditure	Balance C/F
Troubleshooter Appeal follow up	9,203	20,897	(24,661)	5,439
Imprisonment of Girls	-	10,060	(10,060)	-
No Child Jails	7,946	185	(8,131)	-
Crime & Citizenship	96,672	95,148	(89,764)	102,056
Events & Promotions Officer	3,559	-	(3,559)	-
Howard League Magazine	-	3,932	(3,932)	-
	<u>117,380</u>	<u>130,222</u>	<u>(140,107)</u>	<u>107,495</u>
Property Fund	<u>54,446</u>	<u>20,244</u>	<u>(17,425)</u>	<u>57,265</u>
	<u>171,826</u>	<u>150,466</u>	<u>(157,532)</u>	<u>164,760</u>

Notes to the accounts for the year ended 31 May 199815. Analysis of group net assets between funds at 31 May 1998:

	Unrestricted Funds	Restricted Funds	Total Funds
	£	£	£
Tangible assets	83,360	-	83,360
Investments	23,798	55,528	79,326
Current assets	61,991	109,232	171,223
Current liabilities	(40,382)	-	(40,382)
Non current liabilities	<u>(66,974)</u>	<u>-</u>	<u>(66,974)</u>
	<u>61,793</u>	<u>164,760</u>	<u>226,553</u>

Unrealised gains and losses included above:

On revaluation of:-

Investments assets in year	15,934	-	15,934
Shares	<u>5,825</u>	<u>-</u>	<u>5,825</u>
	<u>21,759</u>	<u>-</u>	<u>21,759</u>

The directors consider that the charity has sufficient resources held in an appropriate form to enable each fund to be applied in accordance with the restrictions imposed.

16. Reconciliation of movement in total funds

	<u>1998</u>	<u>1997</u>
	£	£
At beginning of year	176,479	107,126
Net incoming resources	<u>50,074</u>	<u>69,353</u>
At end of year	<u>226,553</u>	<u>176,479</u>

17. Limited liability

The company is limited by guarantee. Every member of the company guarantees to contribute a maximum of £1 on winding up, including one year after ceasing to be a member.

Notes to the accounts for the year ended 31 May 1998

Membership income

	<u>1998</u>	<u>1997</u>
	£	£
Subscription and payments under covenant	56,795	53,933
Income tax recoverable thereon	<u>13,488</u>	<u>8,835</u>
	<u>70,283</u>	<u>62,768</u>

Conferences, seminars and publications

Royalties	4,479	4,326
Sale of books and literature	11,430	11,596
Sale of greeting cards	9,686	7,182
Conferences & seminars	<u>19,561</u>	<u>17,445</u>
	<u>45,156</u>	<u>40,549</u>