

PRISONERS' ADVICE SERVICE

FINANCIAL STATEMENTS

31 MARCH 2006

Company Registration Number 3180659

Charity Number 1054495

MICHAEL JELLICOE
Chartered Accountant & Registered Auditor
59 Knowle Wood Road
Dorridge
West Midlands
B93 8JP

PRISONERS' ADVICE SERVICE**REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2006**

The trustees present their report and audited financial statements for the year ended 31 March 2006.

REFERENCE AND ADMINISTRATIVE INFORMATION

Charity name: Prisoners' Advice Service
 Charity Registration Number: 1054495
 Company Registration Number: 3180659
 Registered Office: PO Box 46199
 London
 EC1M 4XA

Trustees

The Trustees who served during the year and since the year-end are as follows:

Helen Jones	(Chair)
Adam Sampson	(Treasurer)
Enver Solomon	
Paul Buxton	
Sara Down	
Maria McNicholl	
Janet Hutson	

Staff Members

Nancy Collins:	Senior Solicitor
Nicki Rensten:	Legal Caseworker
Lubia Begum-Rob:	Race Discrimination Caseworker
Deborah Russo:	Women Prisoner's Caseworker
Amanda Richardson:	Part-time Administrator
Jim Monahan:	Development Manager
Hannah Stewart:	Locum Women Prisoners' Caseworker
Matthew Denny:	Development Manager (from 30 May 2006)

Auditor: Michael Jellicoe
 59 Knowle Wood Road
 Dorridge
 Solihull
 West Midlands
 B93 8JP

Banks: CAF Bank
 25 Kings Hill Avenue
 West Malling
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PRISONERS' ADVICE SERVICE

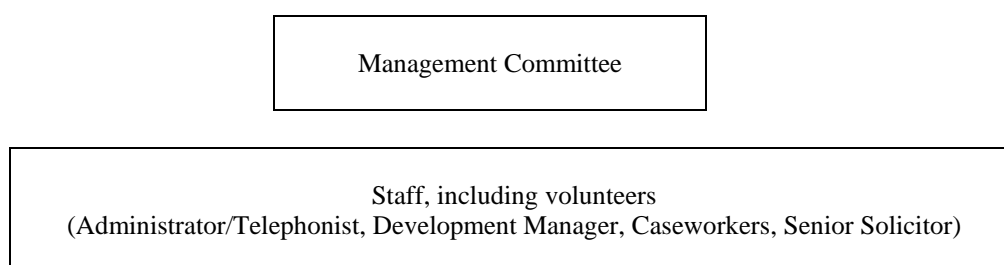
REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2006 (cont'd)

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Document

The Prisoners' Advice Service (PAS) is a charity and company limited by guarantee. PAS was founded by and has the support of the Prison Reform Trust, Liberty, Justice, N.A.C.R.O, Inquest and The Howard League for Penal Reform. Formally launched as an independent charity in May 1991 it became a company limited by guarantee in April 1996. The organisation was established under a Memorandum of Association, which established the objects and powers of the charitable company and is governed by its Articles of Association.

The Management Committee members are directors of the company. Members are recruited via recommendation from existing Management Committee members, staff members, and associates of PAS. All prospective members are expected to have an interest in Prison Law. New Management Committee members have an induction whereby they spend a day shadowing PAS staff members to gain experience of the day-to-day running of the organisation. The basic management structure of PAS is therefore



Organisational Structure and Trustees

The Management Committee has delegated certain powers to staff, including the day-to-day management of PAS. The Management Committee are Directors of the Company in whom all power is vested by virtue of articles of association. This includes the power to recruit staff to run the Company on a day-to-day basis. They are therefore employers of the staff. As such they are responsible for staff recruitment. Among other things, they are also responsible for ensuring actions are taken in the best interest of PAS. This includes matters of finance. In this capacity they liaise with members of staff at Management Committee meetings to discuss finances among other matters. They rely on information to be brought to them by staff, upon which decisions can be made.

The Management Committee currently meets once a quarter. The Committee can vary the frequency, as it feels appropriate. Its responsibilities includes:

- (i) Recruitment of staff.
- (ii) Receiving regular reports from staff.
- (iii) Informing development work.
- (iv) Making decisions where any other unit i.e. the staff group, need direction.
- (v) Making any other decisions considered appropriate by the committee.

The present officers as at 31.3.2006 are:

Chair	–	Helen Jones
Treasurer	–	Adam Sampson
Secretary	–	Nicki Rensten (Staff member)

The senior solicitor Nancy Collins and Management Committee members are responsible for implementing and ensuring compliance with the risk management strategy. The risk management strategy aims to ensure that appropriate action is taken where a case falls outside acceptable risk levels. Other risks to PAS are considered at the biannual reviews of the business plan, when strengths and weaknesses are considered.

PRISONERS' ADVICE SERVICE

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2006 (cont'd)

Risk Review

In the past, the Management Committee has conducted its own review of the major risks to which the charity is exposed and systems have been established to mitigate those risks. A comprehensive external consultancy has been undertaken so that the charity can position itself to better manage these risks and provide a sound and stable base for its future activities. External risks to funding have led to the development of a strategic plan which will allow for the diversification of funding and activities. The issue of staff turnover has been addressed in the consultancy and this will result in a strategic development plan addressing these issues. Internal financial risks are minimised by the implementation of procedures for authorisation of all transactions and projects and to ensure consistent quality of delivery for all operational aspects of the charitable company.

OBJECTIVES AND ACTIVITIES

The charitable aims of PAS as set out in its memorandum of association are:

- (i) To relieve and rehabilitate persons held in penal establishments in the United Kingdom.
- (ii) To advance education and relieve poverty among the aforesaid persons and the families of dependants of such persons particularly by the provision of a free service of legal and other advice.
- (iii) The advancement of education of the public and in particular members of the legal profession, in relation to the law relating to the rights of prisoners (which expression shall mean persons who are suffering or have suffered a legal restriction on their liberty in any penal or correctional establishment or through any means whatsoever) and mentally disordered patients within the scope of Part III of the Mental Health Act 1983 and the rights of their families and dependants.
- (iv) The relief of persons in the United Kingdom who are in a condition of need, hardship and distress.

The main activity of PAS is to provide free legal advice and information to prisoners in England and Wales regarding their rights, particularly concerning the application of the Prison Rules and the conditions of their imprisonment. PAS also advises and provides training for other organisations and those advising prisoners. PAS takes up prisoners' complaints about their treatment within the prison system on an individual and confidential basis, taking legal action where appropriate.

Volunteers play a vital role in the day-to-day running of PAS. A maximum of 15 volunteers can be accommodated at PAS in any given week. Their main purpose is to assist with casework and answer general letters to help ensure the smooth running of the office. Volunteers are asked to commit to a minimum of one day a week over a three-month period and contribute in the following ways:

- (i) To review and re-organise as necessary current manual filing systems of external resources.
- (ii) To send general information to clients and other prisoners as directed by the legal caseworkers or senior solicitor.
- (iii) To write to clients with information about their specific cases as directed by the senior solicitor or legal caseworkers.
- (iv) To respond to general letters from prisoners under supervision of the senior solicitor or legal caseworkers.

PRISONERS' ADVICE SERVICE

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2006 (cont'd)

ACHIEVEMENTS AND PERFORMANCE

Race Discrimination Caseworker

Lubia Begum-Rob is the race discrimination caseworker at PAS and has been in post since August 2004. Her role consists of the following:

- Assisting prisoners with non-litigious race complaints through the internal prison complaints system.
- Representing prisoners in race claims in the County Courts.
- Advising litigants in person who are conducting their own race claims.
- Responding to general queries about complaints of racism by letter and on the advice line, which is open to prisoners, their families and prison law practitioners three times a week.
- Undertaking a number of ordinary prison law matters such as lifers, categorisation and parole: all caseworkers at PAS irrespective of their different specialisations will do this.
- Dealing with non-casework race matters.

The role has developed substantially since Lubia was first recruited. She meets, at least annually, with the Race Discrimination Role Support Lawyers who in addition to reviewing her role also supervise and support her throughout the civil work in the County Courts that she undertakes. At any given time Lubia will have about 25 open cases, of which most will be race cases, in addition to the general queries. Lubia has a relatively small number of cases in comparison to the other caseworkers but this is due to the fact that most of the race cases are very lengthy, whereby the nature of most prison law cases means that caseworkers have a high turnover of a large number of cases.

For example, Lubia recently closed a case that she first took on in November 2004, which involved issues of race discrimination but also the Human Rights Act and a very detailed and lengthy investigation by the Prisons and Probation Ombudsman.

Due to the number of queries on the phone and through letters that she gets regarding complaints of racism, she is able to compile pseudo 'dossiers' of complaints that enables PAS to target areas of complaint and certain prisons. This information is then used both by PAS and other lawyers for different purposes, and is something that a prison law department in a private firm would not be able to do. We are now at a stage where the role is fairly well established

Women Prisoners' Caseworker

Deborah Russo, the women prisoners' caseworker, is currently on maternity leave. As of March 2006, Hannah Stewart has been in the role as a locum until Deborah's return in spring 2007. The post was created when it became clear that PAS received very few enquires from female prisoners who would rarely attempt to assert their rights while in custody. Women prisoners form one of the most vulnerable groups within the prison estate. Problems with literacy, mental health, and drink and drugs are as widespread, if not more common, than in the male estate. However, the female prison population also has a distinct make up, and distinct problems. A very high proportion of women prisoners are primary carers for young children. Women tend to receive short sentences that result in them losing their employment, housing and, frequently, partners, while failing to provide rehabilitative work due to the short time scale.

Many women in prison have also been the victims of crime, domestic violence and sexual abuse being the most common. The low number of women's prisons means women are frequently kept many miles from home, there are, for example, no women's prisons in Wales. The types of offences women commit are also distinct. The proportion of women who commit violent offences is small and the violence is normally against a family member or friend, crimes such as armed robbery are almost unknown.

Women with long sentences, as opposed to life sentences, are usually drug mules for which public policy dictates a substantial period in custody is necessary.

PRISONERS' ADVICE SERVICE

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2006 (cont'd)

ACHIEVEMENTS AND PERFORMANCE (cont'd)

Women Prisoners' Caseworker (cont'd)

The role consists of:

- Casework – Deborah and Hannah have dealt with a wide range of prison law cases, covering topics such as categorisation, parole, the Incentives and Earned Privileges System, closed visits, transfers for accumulated visits, prison disciplinary hearings, segregation and recalls. Some of these cases are resolved fairly easily by correspondence with the prison governor, or by assisting prisoners to take their complaints to the Prisons Ombudsman. Others are far more complex and result in protracted correspondence and court proceedings.
- Judicial reviews – As of March 2006 there were three challenges to Prison Service policy pending. Two are on issues of resettlement release for foreign nationals.
- The women prisoners' caseworker goes to prisons to give talks and outreach sessions. In the past few months' prisons visits have included Send, Holloway and Cookham Wood and involved the active recruiting of PAS representatives in all three prisons to provide basic information to other prisoners and publicise PAS as a resource. The representatives are usually lifers to overcome the problems involved in forming a knowledge base for a transient population. Outreach sessions have also resulted in prison officers referring clients to PAS when they come across problems. Hannah is facilitating and will be supervising a peer group advice centre in HMP Downview.
- Hannah also writes a legal advice column for Women in Prison's magazine where she responds to readers' legal queries.
- Advocacy- Deborah and Hannah have represented prisoners at disciplinary hearings, at oral hearings in front of the Parole Board and other hearings arising from their time in custody.

Outreach

In 2004 PAS staff decided to expand from being an almost entirely office-based service and begin providing advice and information sessions to prisoners wherever we could find the opportunity for such work. We secured a small grant from the Marchday Trust with which to explore the creation of an outreach programme. As well as undertaking general casework in our office, Nicki Rensten now runs this programme, which is developing with the support of the Monument Trust and the Tudor Trust.

In the 2005/2006 period Nicki visited Coldingley, Swaleside, Latchmere House, Wandsworth, Pentonville, Wealstun Albany, Elmley and High Down prisons. A substantial number of these sessions were organised in partnership with the St Giles Trust, which provides NVQ training for prisoners in advice work. As part of the training that these prisoners receive in general advice and assistance, PAS provides a talk on prison law and advice. This has always been very well received as it informs those who participate and leads to further inquiries from the prisons they are in.

Other sessions have been arranged through prison librarians, education departments or NGOs providing resettlement within the prisons. Nicki has also spoken to groups of foreign national prisoners about their rights within the prison system. She prepared a specialist advice leaflet about this and liaises with foreign national prisoner co-ordinators and immigration advice organisations.

Meeting prisoners through outreach sessions increases their trust in PAS to take on their cases and advocate on their behalf within the prison system. One prisoner who had met Nicki at an outreach session and asked us to take on his case, recently wrote to us:

'To be honest, I have never had such confidence in anybody the way I have in you, probably because I know you will eventually get to the bottom of this case by taking each piece and finding a way to eliminate it from contention.'

PRISONERS' ADVICE SERVICE

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2006 (cont'd)

ACHIEVEMENTS AND PERFORMANCE (cont'd)

Adjudications

Adjudications are internal disciplinary hearings at which prisoners are 'tried' for offences against prison discipline, range from damaging prison property to absconding from custody. Since the early 1990s adjudications have been presided over by governors and prisoners could receive, amongst other punishments, up to 42 days added onto their sentence. Although prisoners could seek legal advice prior to the hearing, and written representations could be submitted, legal funding for representation at the hearing was only granted in a very small number of cases. There are approximately 65,000 adjudications every year and a finding of guilt can have serious implications for prisoners, both in the form of the punishment against them and in the wider sense that it can impede their progress through the system.

In 2002 the adjudication system changed significantly following the European Court judgment in the case of *Ezeh and Connors v The United Kingdom*. The court held that the system of adjudications operated in prisons was not compliant with Article 6 of the ECHR, which sets out provisions for fair trials. This led to changes in procedure when prisoners are charged with offences that which prison governors consider to be so serious as to attract the punishment of additional days. These are now heard by outside adjudicators, usually magistrates or district judges - and prisoners are entitled to legal representation at the hearing.

PAS provides assistance both to prisoners who have been charged with serious offences and who therefore appear in front of outside adjudicators and those charged with less serious offences, who are subject to governors' adjudications. We often receive telephone calls from prisoners who have been charged and we are able to either advise them either how to conduct their own defence, or to prepare written representations, which we submit to the adjudicator. We also represent prisoners at hearings before independent adjudicators.

Should a finding of guilt be made at an adjudication, we are able to advise prisoners on whether they have grounds to appeal the decision. If they do, then we can prepare representations on their behalf. If the adjudication took place before a governor, appeals are made to the Prison Service Casework Unit, and if this is unsuccessful at this stage, we can either make further submissions to the Prisons and Probation Ombudsman or take judicial review proceedings.

In July 2005 the procedure for appealing against guilty findings from outside adjudicator disciplinary hearings, and the power of the Prison Service or Ombudsman to alter these was removed. Instead appeals are now made to a Senior District Judge, who has the power to change or quash the punishment, but not overturn the finding of guilt. This can only be done by issuing judicial review proceedings in the High Court. Since this change came into force we have successfully appealed to the Senior District Judge regarding the severity of several of our clients' punishments and have issued judicial reviews in relation to six cases where we considered that the finding of guilt itself was seriously flawed. We have settled two of these cases in our clients' favour, with the Prison Service's solicitors having to concede. In one case, when we obtained a favourable outcome for our client by other means, resulting in his being granted parole and not having to serve the days that had been added on to his sentence as a punishment. The other three cases are still waiting to be heard by the High Court.

Legal Services Commission (LSC)

We provide free legal advice to clients, and also advise them where appropriate under our CDS contract with the LSC for 'stand alone' prison law work. Our monthly payments under the scheme for the financial year 2005/2006 were £3,300. At the end of the financial year it was calculated that we had exceeded our monthly payments, and along with payments for Judicial Review work, the LSC paid us £103,766. The monthly payments for the financial year 2006/2007 have been increased to £4,000.

The annual payment at the end of the financial year 2006/2007 is expected to be in the region of £70,000 due to the fact that two caseworkers are on maternity leave.

PRISONERS' ADVICE SERVICE

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2006 (cont'd)

ACHIEVEMENTS AND PERFORMANCE (cont'd)

Prisoners' Rights Bulletin

PAS convenes the Prisoners Legal Rights Group (PLRG), which is a membership organisation for legal practitioners and others interested in prison law.

The PLRG has occasional meetings on relevant topics and produces a quarterly bulletin, which contains reports on prison law judgments, updates on Prison Service Orders and Instructions, and articles by practitioners. Currently there are over 550 subscribers, which include serving prisoners, ex-prisoners, prison libraries, prison law legal practitioners, and academics.

Feedback on Performance

The performance of PAS is best reviewed by client feedback questionnaires that are a mandatory requirement of our contract with the Legal Services Commission. Out of a maximum score of 5, PAS's service as rated by our client base scored 4.9.

FINANCIAL REVIEW

Reserves Policy

Reserves held at 31 March 2006 were £97,954 representing just less than four to five months operating costs. The Management Committee deems 3-month reserves as the minimum realistic level of reserves, which would allow staff time to recover from a temporary shortfall of income. It is the aim of the Management Committee to ultimately have reserves for 6 month operating costs or roughly £150,000.

Funding Sources

Funding sources for the year to 31 March 2006 included fees receivable of £108,074 from the Legal Services Commission, which reflects the level of legal representation PAS caseworkers undertook on behalf of their clients. The other major source of income came from restricted and unrestricted grants from the following Trusts and Foundations:

- Lankelly Chase
- The Monument Trust
- The Nuffield Foundation
- The Paul Hamlyn Foundation
- The Pilgrim Trust
- The Rank Foundation
- The Tudor Trust
- The Hadley Trust
- The Oakdale Trust

Results for the Year

The charity is reporting net income of £17,791 compared with £10,623 in the year to 31 March 2005. Reserves carried forward at 31 March 2006 amount to £97,954 of which £77,067 (2005: £55,083) relates to unrestricted and £20,887 (2005: £25,080) to restricted funds.

Income rose by some £40,000 over the previous year, principally due to an increase in fees receivable from the Legal Services Commission. This increase in activity led to a £33,000 increase in costs with the increase being reflected in salaries and external legal fees.

The comparatives have been restated. Details are given in note 15 to the financial statements.

Further details of the charity's activities for the year are set out in the Statement of Financial Activities on page 10, and the financial position of the charity at 31 March 2006 is set out in the Balance Sheet on page 11.

PRISONERS' ADVICE SERVICE**REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2006 (cont'd)****PLANS FOR FUTURE PERIODS**

The Management Committee has set the following objectives for the period 2006/2007.

- (i) To continue to provide, increase and improve a free, high quality, accessible legal advice and information service to prisoners in England and Wales and their legal advisers.
- (ii) To maintain and expand publicly funded casework.
- (iii) Increase awareness of PAS as the main provider of information about prison law.
- (iv) Identify the unmet needs of prisoners not currently taken up by PAS's service and expand the range of service to provide to meet those needs.
- (v) To have a minimum three months operating costs in reserve at any one time but to aim for a six month reserve.

RESPONSIBILITIES OF THE TRUSTEES

The Trustees, who are the charitable company's directors under company law, are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under that law the Trustees have elected to prepare the financial statements in accordance with United Kingdom generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the charitable company and of the incoming 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.
- make judgements and estimates that are reasonable and prudent.
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and 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 charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This report has been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities (issued in March 2005) and in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small entities.

Principal Office:

PO Box 46199
London
EC1M 4XA

Signed on behalf of the
Board of Trustees

H Jones

Approved by the members of the committee on 19 December 2006

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PRISONERS' ADVICE SERVICE

I have audited the financial statements of Prisoners' Advice Service for the year ended 31 March 2006 which comprise the Statement of Financial Activities, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities (effective January 2005). The financial statements of the charitable company as at 31 March 2005 were not audited and so the corresponding figures are shown as unaudited.

This report is made solely to the charitable company's members, as a body, in accordance with Section 235 of the Companies Act 1985. My audit work has been undertaken so that I might state to the charitable company's members those matters I am required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than the charitable company and its members as a body for my audit work, for this report or for the opinions I have formed.

Respective responsibilities of directors and auditors

The responsibilities of the Trustees, who are the directors of Prisoners' Advice Service for the purposes of company law, for preparing the Trustees Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Auditing Practice) are set out in the Statement of Trustees Responsibilities.

My responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. I also report to you whether in my opinion the information given in the Trustees Report is consistent with the financial statements.

In addition I report to you if, in my opinion, the company has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by law regarding Trustees' remuneration and transactions with the charity is not disclosed.

I read the Trustees Report and consider the implications for my report if I become aware of any apparent misstatements within it.

Basis of audit opinion

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices 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 Trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

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

Opinion

In my opinion:-

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the charitable company's affairs as at 31 March 2006 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Trustees Report is consistent with the financial statements.

MICHAEL JELLICOE
Chartered Accountant and Registered Auditor
59 Knowle Wood Road
Dorridge
West Midlands B93 8JP

20 December 2006

PRISONERS' ADVICE SERVICE

STATEMENT OF FINANCIAL ACTIVITIES (incorporating THE INCOME AND EXPENDITURE ACCOUNT) FOR THE YEAR ENDED 31 MARCH 2006

	Note	Restricted	2006 Unrestricted	Total	Unaudited 2005 (Restated – Note 15)
		£	£	£	£
Incoming resources					
Incoming resources from generated funds:					
Voluntary income	2	-	49,436	49,436	35,116
Activities for generating funds		-	2,145	2,145	-
Interest receivable		-	1,900	1,900	2,363
Incoming resources from charitable activities:					
Advice and information	3	107,628	119,303	226,931	202,480
Sundry operating income		-	2,058	2,058	2,073
Total incoming resources		£107,628	£174,842	£282,470	£242,032
Resources expended					
Costs of generating funds:					
Costs of generating voluntary income		-	6,720	6,720	6,564
Fundraising trading – other costs		-	284	284	-
Charitable activities:					
Advice and information		111,821	135,441	247,262	216,337
Governance costs		-	10,413	10,413	8,508
Total resources expended		£111,821	£152,858	£264,679	£231,409
Net income/(expenditure) for the year		(4,193)	21,984	17,791	10,623
Reconciliation of funds					
Total funds brought forward:					
As previously reported		25,080	25,664	50,744	69,540
Prior year adjustment	15	-	29,419	29,419	-
At beginning of year as restated		£25,080	£55,083	£80,163	£69,540
Total funds carried forward		£20,887	£77,067	£97,954	£80,163

Movements in restricted funds are shown in note 14 to the financial statements.

All incoming resources and resources expended derive from continuing activities.

The Statement of Financial Activities includes all gains and losses recognised in the year.

The notes on pages 12 to 19 form part of these financial statements.

PRISONERS' ADVICE SERVICE**BALANCE SHEET AS AT 31 MARCH 2006**

	<u>Note</u>	<u>2006</u>		<u>Unaudited 2005</u> <i>(Restated – Note 15)</i>
		£	£	£
FIXED ASSETS				
Tangible fixed assets	9		-	332
CURRENT ASSETS				
Debtors	1	51,862		33,106
	0			
Cash at bank and in hand		66,880		53,167
		-----		-----
		£118,742		£86,273
		-----		-----
CREDITORS: amounts falling due within one year				
	1	20,788		6,442
	1	-----		-----
NET CURRENT ASSETS			97,954	79,831
			-----	-----
TOTAL ASSETS LESS CURRENT LIABILITIES			£97,954	£80,163
			=====	=====
CAPITAL AND RESERVES				
	1		20,887	25,080
	4			
Restricted funds			77,067	55,083
Unrestricted funds			-----	-----
			£97,954	£80,163
			=====	=====

These accounts are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small entities.

These financial statements were approved and authorised for issue by the Trustees on 19 December 2006 and are signed on their behalf by:

.....
Helen Jones

The notes on pages 12 to 19 form part of these financial statements.

PRISONERS' ADVICE SERVICE**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2006****1. ACCOUNTING POLICIES****(a) Basis of Accounting**

These accounts have been prepared under the historical cost accounting convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005), The Companies Act 1985 and Accounting and Reporting by Charities: Statement of Recommended Practice (SORP 2005) issued in March 2005.

(b) Change in Accounting Policies

In preparing the financial statements for the current year, the company has adopted financial Reporting Standard for Smaller Entities (effective January 2005).

As a result of the adoption of the new policy there have been the following changes:-

- (a) the new policies are reflected below in the narrative of the accounting policy on incoming resources;
- (b) the impact of the change in policy is explained in note 15 below;
- (c) the results of the current year reflect the full adoption of the new accounting policy; the comparatives are restated to show the impact of the new policy had it been adopted last year and the effect of the change is shown in the prior year adjustment.

(c) Incoming Resources

All incoming resources are included in the Statement of Financial Activities when the charity is entitled to the income and the amount can be quantified with reasonable accuracy. The following specific policies are applied to particular categories of income:-

- Voluntary income is received by way of grants that provide core funding or are of a general nature, donations and gifts and is included in full in the Statement of Financial Activities when receivable. Grants, where entitlement is not conditional on the delivery of a specific performance by the charity, are recognised when the charity becomes unconditionally entitled to the grant.
- Donated services and facilities are included at the value to the charity where this can be quantified. The value of services provided by volunteers has not been included in these accounts.
- Incoming resources from charitable activity are accounted for when earned.
- In respect of contracts for ongoing services, fees for legal services represents the value of work done in the year including estimates of amounts not invoiced.
- Incoming resources from grants, where related to performance and specific deliverables, are accounted for as the charity earns the right to consideration by its performance.

PRISONERS' ADVICE SERVICE**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2006 (cont'd)****(d) Resources expended**

Expenditure is recognised on an accrual basis as a liability is incurred. Where relevant, expenditure includes VAT which cannot be recovered as the charity was not registered for VAT prior to August 2005. Irrecoverable VAT is reported as part of the expenditure to which it relates:-

- Costs of generating funds comprise the costs associated with attracting voluntary income and the costs of trading for fundraising purposes.
- Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.
- Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity and include the audit fees and costs linked to the strategic management of the charity.
- All costs are allocated between the expenditure categories of the SOFA on a basis designed to reflect the use of the resource. Costs relating to a particular activity are allocated directly, others are apportioned on an appropriate basis, eg staff time or estimated usage as set out in Note 5.

(e) Fund accounting

Funds held by the Charity are either:-

- (i) Unrestricted general funds – these are funds without specified purpose and are available as general funds.
- (ii) Designated funds – these are funds set aside by the trustees out of unrestricted general funds for specific future purposes or projects.
- (iii) Restricted funds – these are funds which can only be used for particular restricted purposes within the objects of the Charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Transfers between funds are made to cover deficits on individual restricted funds and to recognise fixed assets acquired with restricted income, but with no further restriction on use, within unrestricted funds

(f) Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Office fixture and equipment - 20% straight line basis

Fixed assets are not capitalised unless their cost is more than £200.

(g) Operating leases

Rentals are charged to the income and expenditure account in equal annual instalments over the period of the lease.

PRISONERS' ADVICE SERVICE**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2006 (cont'd)****2. VOLUNTARY INCOME**

	<u>2006</u>	<u>Unaudited</u>
	£	<u>2005</u>
		<u>(restated)</u>
		£
Donations	6,161	3,216
Core funding grants (see note 4)	43,275	31,900
	-----	-----
	£49,436	£35,116
	=====	=====

3. ADVICE AND INFORMATION

	<u>2006</u>	<u>Unaudited</u>
	£	<u>2005</u>
		<u>(restated)</u>
		£
Grants funding activities (see note 4)	107,628	114,864
Legal Services Commission fees and other legal fees	115,351	82,640
Prisoners' Legal Rights Group	3,952	4,976
	-----	-----
	£226,931	£202,480
	=====	=====

4. GRANTS RECEIVABLE

<u>Source</u>	<u>Purpose</u>	<u>2006</u>
		£
The Hadley Trust	Core funding	40,000
Allen & Overy	Core funding	2,000
Oakdale Trust	Core funding	1,000
The Monument Trust	Outreach service	20,000
The Tudor Trust	Outreach service	10,000
The Paul Hamlyn Foundation	Caseworker for women prisoners	20,000
The Pilgrim Trust	Caseworker for women prisoners	14,128
The Rank Foundation	Development manager	15,000
The Nuffield Foundation	Caseworker for racial discrimination	15,000
Lakelly Chase	Caseworker for racial discrimination	12,500
Other		1,175

Total Grants		£150,803
		=====

PRISONERS' ADVICE SERVICE**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2006 (cont'd)****6. TOTAL RESOURCES EXPENDED**

	<u>2006</u>	<u>Unaudited</u> <u>2005</u> <u>(restated)</u>
	£	£
Gross	155,286	144,533
Employer's NIC	16,380	15,012
	-----	-----
	<u>£171,666</u>	<u>£159,545</u>
	=====	=====

No employee earned more than £60,000 (2005: none).

The average number of full time staff employed during the year was:-

Legal staff	4
Administration	1

	5
	=====

None of the trustees received any remuneration during the year (2005: £nil).

None of the trustees received any reimbursement of expenses during the year (2005: £nil).

7. NET INCOME/(EXPENDITURE) FOR THE YEAR

	<u>2006</u>	<u>Unaudited</u> <u>2005</u> <u>(restated)</u>
	£	£
Net income/(expenditure) for the year is after charging:-		
Deprecation	332	332
Auditor's remuneration	5,000	-
External accountant's fees	-	1,500
Rentals under operating lease:		
Land and buildings	14,750	14,750
Other assets	7,200	7,200
	-----	-----

8. TAXATION

The company is a registered charity and it is considered that its activities are such that no taxation liability will arise.

PRISONERS' ADVICE SERVICE**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2006 (cont'd)****9. TANGIBLE FIXED ASSETS**Office Fixtures and EquipmentCost:

At 1 April 2005 and at 31 March 2006	£9,427
	=====

Depreciation:

At 1 April 2005	9,095
Charge for year	332

At 31 March 2006	£9,427
	=====

Net Book Value

At 31 March 2006	£ -
	=====
At 31 March 2005 (restated)	£332
	=====

10. DEBTORS

	<u>2006</u>	<u>Unaudited</u> <u>2005</u>
	£	(restated) £
Amounts recoverable under contracts	31,322	12,703
Trade debtors	1,523	14,643
Other debtors	14,133	5,760
Prepayments	4,884	-
	-----	-----
	£51,862	£33,106
	=====	=====

11. CREDITORS: amounts falling due within one year

	<u>2006</u>	<u>Unaudited</u> <u>2005</u>
	£	(restated) £
Trade creditors	1,439	-
Taxation and social security	10,000	4,659
Accruals	9,349	1,783
	-----	-----
	£20,788	£6,442
	=====	=====

12. CAPITAL

The company has no share capital being limited by guarantee. All trustees are members of the company and each has undertaken to contribute £1 in the event of the company being wound up.

PRISONERS' ADVICE SERVICE

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2006 (cont'd)

13. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	<u>Restricted Funds</u>	<u>Unrestricted Funds</u>	<u>Total Funds</u>
	£	£	£
Current assets	20,887	97,855	118,742
Current liabilities	-	(20,788)	(20,788)
	-----	-----	-----
	£20,887	£77,067	£97,954
	=====	=====	=====

14. RESTRICTED FUNDS

	<u>Unaudited</u> <u>At 1 April 2005</u> <u>(Restated)</u>	<u>Incoming</u> <u>Resources</u>	<u>Outgoing</u> <u>Resources</u>	<u>At 31 March 2006</u>
	£	£	£	£
Volunteers	-	1,000	(1,000)	-
Racial discrimination	-	27,500	(27,500)	-
Women	22,064	34,128	(35,305)	20,887
Outreach	3,016	30,000	(33,016)	-
Development	-	15,000	(15,000)	-
	-----	-----	-----	-----
	£25,080	£107,628	£(111,821)	£20,887
	=====	=====	=====	=====

Purposes of restricted funds:

Volunteers:	This fund was used to meet the expenses claimed by volunteers whilst working for the charity.
Racial discrimination:	This fund was used to meet the salary cost of the caseworker for racial discrimination.
Women:	This fund was used to meet the salary cost of the caseworker for women prisoners.
Outreach:	This fund was used to meet the salary cost of the caseworker for the charity's outreach service.
Development:	This fund was used to meet the salary cost of the development manager.

In the opinion of the trustees, there are sufficient resources held to enable each fund to be applied in accordance with the restrictions imposed by the donors.

PRISONERS' ADVICE SERVICE**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2006 (cont'd)****15. PRIOR YEAR ADJUSTMENT**

The accounts for the year to 31 March 2005 have been restated to incorporate the impact of the changes in accounting policies referred to in note 1(b) and to correct errors made in that year's financial statements.

The prior year adjustment gives rise to an adjustment in reserves of £29,536 and is made up of:-
£

Change of accounting policy as a result of the adoption of UITF 40 'Revenue Recognition and Service Contracts'	(a)	12,703
Correction of error in method of recognition of fees for legal services	(b)	14,643
Correction of recognition of tax recovery	(c)	2,073

Increase in net income for the year ended 31 March 2005		£29,419
		=====

- (a) The change reflects the requirements of the Accounting Standards Board as to the rules for accounting for revenue from service contracts. In the majority of cases revenue from service contracts will now need to be accounted for under what is known as the 'stage of completion' method. In very simple terms this means that if a contract is 75% complete at the year end then the supplier of services would account for 75% of the value of the contract in its accounts. No account was taken of the value of work in progress in the previous year's accounts. This was an error but the adoption of UITF 40 and resulting revision of the comparative figures compensates for that error.
- (b) In the previous financial year, legal fees for certain contracted work with the Legal Services Commission were accounted for as payments on account were received. This accounting treatment was incorrect as it did not recognise the value of work carried out in the year.
- (c) A refund of PAYE and NIC was received in April 2005 in respect of an overpayment in December 2003. The amount should have been treated as a debtor in the previous year's accounts.

Summary of the prior year accounting impact on the comparatives reported for the year ended 31 March 2005:-

	£
Increase in amounts recoverable under contracts	12,703
Increase in trade debtors relating to legal fees receivable	14,643
Increase in other debtors	2,073
Increase in unrestricted reserves	(29,419)
	=====

16. RELATED PARTIES

There were no transactions with related parties during the year (2005: none) that are required to be disclosed in these accounts.

17. OPERATING LEASE COMMITMENTS

At 31 March 2006 the charity had the following commitments under non-cancellable operating leases:-

	<u>Land and Buildings</u>	<u>Other</u>
	£	£
Expiring within one year	14,750	-
Expiring within two to five years	-	7,200
	=====	=====