

PRISONERS' ADVICE SERVICE
FINANCIAL STATEMENTS

31 MARCH 2008

Company Registration Number 3180659

Charity Number 1054495

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

PRISONERS' ADVICE SERVICE**REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2008**

The trustees present their report and audited financial statements for the year ended 31 March 2008.

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:

Rikki Garg	(joined 23 January 2008) (Chair from 4 September 2008)
Helen Jones	(Chair) (resigned 4 September 2008)
Adam Sampson	(Treasurer)
Sara Down	
Maria McNicholl	
Janet Hutson	(resigned 15 June 2007)
Diane Gault	(joined 23 January 2008)
Lee Humphries	(joined 23 January 2008)

Staff Members

Matthew Evans	Managing Solicitor (joined 25 March 2008)
Nancy Collins	Senior Solicitor (left May 2007)
Nicki Rensten	Legal Caseworker
Lubia Begum-Rob	Race Discrimination Caseworker
Deborah Russo	Women Prisoners' Caseworker
Amanda Richardson	Part-time Administrator / Telephone Worker
Hannah Stewart	General Caseworker
Matthew Denny	Development Manager

Reporting Accountant

Michael Jellicoe
 Chartered Accountant
 59 Knowle Wood Road
 Dorridge
 Solihull
 West Midlands
 B93 8JP

Banks

CAF Bank
 25 Kings Hill Avenue
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HSBC
 Holborn Circus
 31 Holborn
 London
 EC1N 2HR

PRISONERS' ADVICE SERVICE

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2008 (cont'd)

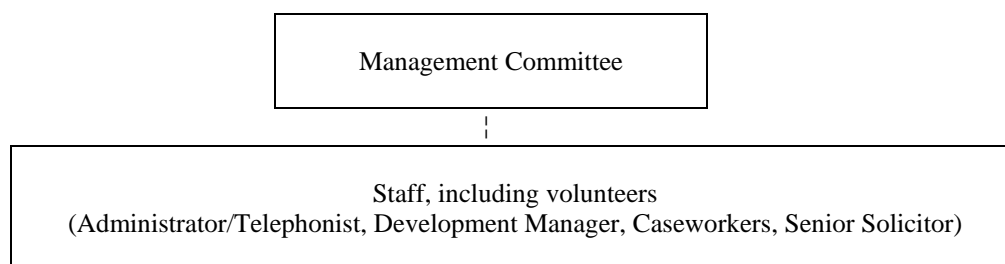
STRUCTURE, GOVERNANCE AND MANAGEMENT

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, Nacro, 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.

Recruitment, Appointment, Induction and Training of Management Committee and Organisational Structure

The Management Committee comprises the trustees, who are directors of the company under company law. 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



The Management Committee has delegated certain powers to the Managing Solicitor 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 taken in the best interest of PAS. This includes matters of finance. In this capacity they liaise with the Managing Solicitor and Development Manager 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 March 2008 are:

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

The Managing Solicitor 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 annual review of the business plan, when strengths and weaknesses are considered.

PRISONERS' ADVICE SERVICE

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2008 (cont'd)

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Risk Review

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 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 2008 (cont'd)

ACHIEVEMENTS AND PERFORMANCE

Managing Solicitor

Matthew Evans is the Managing Solicitor of the Prisoners' Advice Service and responsible for managing PAS's relationship and contract with the Legal Services Commission, the day to day running of the organization on behalf of the Management Committee, supervising the work of the caseworkers and other solicitors as well as managing his own caseload and ensuring PAS complies with the requirements of the Law Society and the Legal Services Commission. He will also be taking up the role of editing and writing for the Prisoners' Legal Rights Group Bulletin.

Matthew's role even at this early stage in his employment is both varied and demanding. He has stated that he is particularly impressed by the dedication of all of the staff at PAS in meeting what is PAS's core role. This is to provide quality and accessible legal advice and assistance on a range of issues pertinent to prisoners across the country through the advice line, responding to letters and the taking up of individual cases.

In July 2008 a Unified Contract (Crime) has been granted to Prisoners' Advice Service which will allow PAS to continue to provide prison law advice. Matthew Evans will be the contract supervisor.

PAS is also looking to update and simplify our office procedures through a shared computer network.

Discussions have begun around looking at the possible funding and appointment of two new roles within PAS. The first would be a dedicated mental health, community care and housing caseworker who would aim through a mixture of outreach and legal advice and assistance to ensure that the needs and rights of vulnerable prisoners to things like housing and health care are properly assessed and addressed prior to release. It is suggested that the outcomes for such prisoners would be markedly improved if those responsible for the provision of these services such as health and social services, and housing authorities were actively engaged with prisoners throughout the resettlement process. The second area of expansion would be a caseworker to advise and assist people detained in Immigration Removal Centres, specifically around their treatment and the application of detention centre rules. Whilst there are a number of lawyers and advice services offering help in asylum and immigration matters no one as far as we are aware is providing this type of service to what is again a very vulnerable group.

Much of Matthew's current casework focuses on life sentenced or IPP prisoners and representing them at hearings before the Parole Board to argue for their release on life sentence. A number of life sentenced prisoners held in open conditions are able to work outside the prison and may not be eligible for legal funding as a result. Unlike solicitors firms the Prisoners Advice Service is able to provide them with advice and assistance free of charge.

Race Discrimination Caseworker

Lubia Begum-Rob is the Race Discrimination Caseworker at PAS. The specific focus of the role during the previous year has been on civil litigation and non-litigious complaints regarding racial/religious discrimination. The post also incorporates a caseload of general prison law work (parole, adjudications, transfers etc), responding to general queries from prisoners and prison law practitioners and helping to run the advice line.

Lubia has settled three claims for damages under the Race Relations Act to date (direct verbal abuse, indirect discrimination and victimisation). An ongoing group claim relates to a dog search of Muslim prisoners before prayers thus rendering them unable to pray.

A significant number of complaints of racism that Lubia has dealt with has come from Whitemoor prison, which in addition to yielding the majority of civil actions and non-litigious complaints, has been investigated by the police for allegations of assault and racist treatment of prisoners in the segregation unit. Other prisoners who have come forward with similar complaints have been referred to the police. Lubia has been quoted in Private Eye for a piece on race discrimination in Whitemoor (Sept 07) and in Guardian article on suicides in Whitemoor (Jan 08).

PRISONERS' ADVICE SERVICE

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2008 (cont'd)

ACHIEVEMENTS AND PERFORMANCE (continued)

Race Discrimination Caseworker (continued)

Lubia went on maternity leave in March 2008 and will be returning to PAS in spring 2009. Her role will be covered by a locum and former volunteer Naomi Lumsdaine who joins us on a nine month contract in June. Below is an example of case Lubia dealt with earlier in 2008.

"I am advising Mr B, a Category a lifer, who has been moved out of the only prison that undertakes a specific course, without which he has no prospect of reducing his risk factors. The prison has based its refusal to take back Mr B on fundamentally unlawful grounds, and taken together with his earlier complaints about a racist strip search, we argued that this amounted to victimisation under the Race Relations Act. I was prepared to take judicial review proceedings against the prison if they persisted in refusing to allow Mr B access to the course, whilst separately issuing a claim for damages for victimisation. The threat of judicial review and issuance of civil proceedings alone were successful, in that the prison took the very unusual step of conducting an assessment of Mr B for the course and found that- after all these years of waiting- that the course was not necessary. This was the best result Mr B could have hoped for. After 11 years as a Category A prisoner, he has real prospects of lowering his security category and progressing through the prison system, something which money could not really compensate for. Shortly after, we made an offer to the Defendant to settle Mr B's victimisation claim- predominantly a damages claim- and they accepted, though at a smaller amount which Mr B is perfectly happy with. The Defendant has also agreed to pay our reasonable legal costs, which means that there will be no charge to the public purse for the work undertaken on these matters. Mr B chose to utilise every route available to him in pursuing his complaints: his persistence paid off."

Women Prisoners' Caseworker

Deborah Russo has been back in post since May 2007. She came back to a very busy office following her maternity leave, and was involved in a number of interesting cases over the last year.

Most women contact the PAS in writing rather than by telephone. Over the past year the number of letters received from women prisoners requesting general advice and information has substantially increased. Approximately 40% of the general queries received eventually develop into actual cases. Casework broadened to include cases concerning healthcare and disability issues, adjudications, lifer panels, categorisation, ROTL and parole. The main issues of concern for women prisoners remain those relating to Release on Temporary Licence (ROTL) and more general issues regarding contact with children.

In July 2007 Deborah received a large number of letters from women at HMP Send complaining of the contact facilities and arrangements between mothers and their children in the establishment. On this occasion Deborah dealt with their complaints in a different way, by making contact with a number of MPs and other individuals in the prison service. Legal action would not have been appropriate as contact facilities are very much a matter of local policy and therefore not easily challengeable by way of judicial review. Thanks to the intervention of the PAS, a full response was received from the Minister of State for Justice, David Hanson MP, addressing our concerns. Further, Deborah has been liaising with the new Governor at the prison, Colin Harnett, to ensure improvements would be made to have the women's contact needs adequately addressed. The process is ongoing, but the initial developments are positive.

Deborah has also been involved in successfully setting up legal advice clinics in HMP Send and HMP Bronzefield. She attended HMP Send in April 2008 to make the final arrangements for the clinic set-up. The clinic will be run by prisoners themselves acting as PAS representatives, and PAS will attend the establishment every 6 to 8 weeks. The same project is currently in the process of being set up at HMP Bronzefield. This represents very positive progress as it has proved very difficult over the years to set up outreach in women's prisons. The PAS is therefore now present in three female establishments in the south-east, as the clinic at HMP Downview continues to run on a regular basis, and has been since July 2006.

One of Deborah's major successes this year was a legal challenge in the High Court in January 2008, *R (Noone) v The Secretary of State for Justice*. The case concerned a challenge to the prison governor's calculation of the date our female client became eligible for release under home detention curfew (HDC). The judge found in our client's favour, and she was released a few days following the hearing. The Secretary of State are appealing part of the judgment but this is not going to affect the client's position. If successful at the hearing before the Court of Appeal in July 2008, the judgment will have considerable impact on other prisoners in a position similar to the client's.

PRISONERS' ADVICE SERVICE

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2008 (cont'd)

ACHIEVEMENTS AND PERFORMANCE (continued)

Women Prisoners' Caseworker (continued)

The client had received three consecutive custodial sentences totalling 27 months for theft and contempt of court. The individual sentences were for 22, 4 and 1 months' imprisonment. The client was informed that as her case fell under the Criminal Justice Act 2003 since some of its provisions were not yet in force, the governor was bound to follow Home Office policy for the determination of dates for release on licence. This meant that the earliest date she was eligible for HDC was April rather than January 2008. The Home Office policy was to treat the first sentence pronounced by the court as the "lead sentence" for the purpose of calculating the relevant dates. On behalf of the client we submitted that (1) under both the Criminal Justice Act 1991 and the 2003 Act her sentences ought to be added together to produce a single term so that the date when she was eligible for release on licence could be determined; and (2) the Home Office policy was unreasonable and the shortest sentence should always be calculated first in the interest of fairness.

The case of R (on the application of Highton) v Governor of HYMOI Lancaster Farms was considered and the judge concluded its finding was correct, although unattractive. Had the 2003 Act sentencing provisions been brought into force in full, a logical scheme very similar to that operating under the 1991 Act would have come into existence: short and long-term sentences would have been aggregated, and the custodial period would have been the period specified by the judge in relation to the short sentence and the half-way point in relation to the long sentence. The two would have been added together and that would have produced the answer as to when the prisoner was to be released. However, s.244(3)(b), which defined the requisite custodial period, was not yet in force, so that there was no provision for establishing the point at which a prisoner sentenced to imprisonment for less than 12 months was entitled to be released or eligible for HDC. The Criminal Justice Act 2003 (Commencement No. 8 and Transitional and Saving Provisions) Order 2005 Sch. 2 para. 14 provided that a court could lawfully impose a sentence of imprisonment of less than 12 months which did not specify the custodial period, but that had produced difficulty and obscurity.

The effect of the policy adopted by the Home Office depended on the order in which the court pronounced its sentence. Unless the court applied its mind to the different effects of sentencing in any particular order, the outcome in relation to any individual prisoner was likely to be arbitrary. The prisoner who served the short sentence first was eligible for release on HDC before the prisoner who served the long sentence first. Although some guidance had been given to sentencing judges, it was unlikely, until the case of Highton, that the majority of judges appreciated the complexity caused by the interaction of two separate statutory regimes, and that they tailored their sentences to fit the Home Office policy. The only means capable of giving effect to the policy of the 2003 Act and to the rational expectations of prisoners dealt with under both Acts was to ensure that they were not disadvantaged in relation to HDC but were subject to the maximum period of licence on release which could lawfully be imposed. Accordingly, the judge found that the Home Office's policy was unlawful. The prison governor was ordered to consider immediately whether the client should be released on HDC and to reconsider her sentence and licence expiry date in the light of the court's decision. The court's declaration concerning the Home Office's policy was stayed pending the Secretary of State's appeal to the Court of Appeal. The client was successfully released from prison a few days after the hearing.

Outreach

Nikki Rensten is responsible for Outreach work. She has continued to do outreach sessions at a number of prisons. Most of these have been organised in connection with the St Giles Trust, which trains groups of prisoners as 'peer advisors'. These advisors do jobs within the prison such as working on induction and informing new arrivals about the system, or working directly for St Giles as housing and resettlement advisers. This makes them a good point of contact for disseminating information about PAS and prisoners' rights. Nikki talks to the groups about prison law and problems experienced in prison life and leave them with an Information and Referral Pack. Through St Giles she has, in this period, spoken to prisoners at High Down, Chelmsford, Wandsworth, Wayland, Blundeston and Hollesley Bay. At Wayland she also spoke to a different group, who were on a resettlement course organised by the Foundation Training Company.

As well as Outreach Nikki has done individual casework relating to a wide range of prison problems, including challenges to being held in the Close Supervision Centre at Woodhill prison, complaints about legal mail being interfered with, applications for parole and re-release after recall to prison. Nikki has pursued several cases as far as the High Court and in July 2007 won a judicial review for a prisoner whose recall was found to be unlawful, and who was immediately released and paid damages for the time spent in prison.

PRISONERS' ADVICE SERVICE

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2008 (cont'd)

ACHIEVEMENTS AND PERFORMANCE (continued)

Outreach (continued)

The following is taken from Nikki's notes on her Outreach sessions undertaken during the year.

4 April 2007 – High Down

Took a volunteer from our office. On this occasion, Michael, who is planning to be a solicitor, became involved in a discussion about new types of sentence (Indeterminate Sentences for Public Protection) about which there is very little accessible information for prisoners. He agreed to research and produce a PAS advice leaflet on this subject.

29 May 2007 – Wayland

Wayland is a new St Giles group as the organisation has recently moved into the Prison Service Eastern Region. The attendees were very interested, took lots of information and had lots of questions.

9 July 2007 – Chelmsford

Again Chelmsford is one of the newer prisons for St Giles and although I was warned the day would be chaotic (both the Inspectorate and Ofsted were visiting and it is a very busy local), the session was fine.

10 September 2007 – Lowdham Grange

This session was organised through the Education Department and was very successful. I did an initial group talk with 12 prisoners, which covered sentencing, recalls, recategorisation and healthcare. I then did private one-to-one discussions with some of the 12 and others on their individual cases, including queries about deportation, correspondence, categorisation and parole.

As follow-up, I sent information regarding moves from Category C to D to three prisoners, contacted a criminal/immigration specialist for one and two others about recall and freedom of expression (Article 10).

4 October 2007 – Highdown

Session with St Giles trainees. 14 prisoners attended plus 2 members of St Giles staff. Follow-up material sent to participants re extension of early removal scheme for foreign nationals to British citizens who wish to live abroad and handcuffing in court.

5 November 2007 - Lowdham Grange

Again done through Education and very well attended, following discussion in prison of previous session. Open session with around 25 participants, followed by individual discussions with 10. Agreed to take up one case re Category D application and send info re clinical negligence solicitors, confiscation orders, early removal scheme for foreign nationals.

26 November 2007 – Chelmsford

St Giles group. About 12 prisoners attended. Had a lot of questions around IPPs. Agreed that would refer one young prisoner to Hannah at PAS to assist with IPP challenge and would send others information on early removal for foreign nationals and other questions.

15 January - Hollesley Bay

St Giles group. 6 prisoners attended. Open prison and all trainees except one doing short sentences. Unusually none had ever heard of PAS before. Had wide-ranging discussion covering parole, changes to sentencing framework, probation licence conditions, temporary licence and property. Agreed to take on one case and send info on parole.

PRISONERS' ADVICE SERVICE

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2008 (cont'd)

ACHIEVEMENTS AND PERFORMANCE (continued)

Outreach (continued)

31 January – Wandsworth

St Giles group of 8. Interested in categorisation, MDT procedure and licence conditions. Discussed how best for them in their role as advisers to disseminate information about prison law. A lot of them are both listeners and St Giles housing advisers or other advice type positions (education/induction). Listeners are not allowed to advise or even give information, but of course the other roles are, and can direct prisoners to PSOs etc, using the index we have provided, provide info via the info sheets, or direct them to the library. Our general information leaflets are already in the library. This session was very useful as the discussion was informative not only for the trainees, but for PAS and St Giles regarding our future work.

4 February – Wayland

Spoke to two groups. In the morning about 15 prisoners doing a 5-week pre-release course run by the Foundation Training Company and in the afternoon around 10 on the St Giles Trust NVQ course. Morning session focussed mainly on licence conditions, HDC and recall, although some other topics also came up, including transfer to a resettlement prison and categorisation. Afternoon was a lot about problems in Wayland with parole delays, as well as problems lifers are experiencing, and general matters. FTC trainers were keen to repeat the training and said I could come in every 5 weeks and go to their other prisons. Whether this materialises remains to be seen. One of St Giles trainers also at Blundeston and will invite me to there and the lifers at the St G session want to find out if I can be invited to a 'lifer forum' in the prison (I suspect the prison will say no!) After session emailed to St G trainer copies of Arabic PAS leaflet and info re Wormwood Scrubs resettlement wing for prisoners who had inquired about these.

19 February – Lowdham Grange

This was organised with the Education department. The session was attended by eight prisoners, less than at previous sessions due to the date being changed from the previous Tuesday at short notice. However, all those who attended had very specific issues to discuss. These concerned proposed changes to parole and release arrangements for prisoners sentenced under the 1991 Criminal Justice Act and the knock-on effect these changes will have on categorisation and release on temporary licence. The other major topic was Lowdham Grange's apparent refusal to ever grant Category D status. Following the session I wrote to the Director of Lowdham Grange and the Head of Policy in the Post-Release Section in the Ministry of Justice in order to try to clarify these questions.

General Caseworker

Hannah Stewart is the general caseworker and she focuses on cases that require advocacy assistance. The large number of oral hearings as the result of recalls has only slightly diminished as a result of the Parole Board's decision not to offer an automatic oral hearing on appeal as the threshold to grant such hearings remains low. Hannah has also represented several life-sentenced prisoners who are working in the community (usually for the minimum wage) and so do not qualify for legal aid but who are unable to afford to engage a solicitor privately. These prisoners usually have a reasonable chance of release on licence but often have difficulties legal representation presenting their application effectively without assistance.

Hannah's work with IPP sentenced prisoners remains ongoing. In March the Court of Appeal held that the failure to provide IPP prisoners with offending behaviour work such that they can demonstrate a reduction in risk to the Parole Board at the end of their tariff was unlawful. The Prison Service has therefore adopted a new policy of categorising IPP prisoners according to their offending behaviour treatment needs rather than simply treating them like life-sentenced prisoners who usually have minimum terms of over 12 years. The new position has allowed Hannah to assist a number of prisoners with short tariffs to access offending behaviour work in their own or other establishments.

PRISONERS' ADVICE SERVICE

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2008 (cont'd)

ACHIEVEMENTS AND PERFORMANCE (continued)

General Caseworker (continued)

The number of disciplinary hearings remains high. Measures taken to reduce the incursion of drugs and mobile telephones in prisons – for example mobile telephone detectors, interrogation of all mobile telephones and SIM cards found and a ban on all mobile telephone entering the prisons including those of staff – do not, as yet, appear to be having much effect. Recent press coverage indicating that staff are often responsible for the introduction of illicit items is borne out in prisoners' instructions and, often, appears to lead to an unfair procedure been adopted at the hearing of a disciplinary charge. Hannah has assisted several prisoners in overturning such findings of guilt on appeal. Equally she has won a number of judicial reviews overturning findings of guilt in external adjudications, PAS's case usually being accepted by the other side and the matter concluded by consent order – for example a failure to follow stated prison service policy in a mandatory drug test where the client had received 28 additional days. Private prisons, in particular, continue to struggle with the application of prison service policy and legal challenges to decisions – possibly due to the high staff turnover and lower salaries than the public sector

One private prison has refused to provide Hannah with adjudication paperwork for an internal adjudication despite the impossibility of advising a prisoner without full details of the case against them. The challenge to that interpretation of prison policy remains ongoing.

Development

Income received from Trusts and Foundations rose to over £240,400 in 2007/2008 up from £223,000 in 2006/2007. We are all very grateful for the invaluable support we receive from our funders without which PAS would not be able to continue providing such a dedicated service of free specialist prison law legal advice to adult prisoners throughout England and Wales. Our IT system has been completely revamped meaning that every staff member has a new computer enabling smoother working in the office. The support we receive from our accountant ensures that PAS remains on a sound financial footing. We are currently getting up to 100 visitors a day on our website with 4,023 unique users in the first quarter of 2008.

With the recruitment of the Managing Solicitor and the proposal to consider increasing staff numbers with a further two specialist caseworkers it is envisaged that PAS will grow steadily over the next few years in order to meet the demands of a rapidly expanding prison population. Sound administration should ensure that PAS will be able to meet these demands.

Client Feedback

The performance of PAS is best reviewed by client feedback questionnaires that are a mandatory requirement of our contract with the Legal Services Commission. Overall satisfaction levels for 2007 from prisoners using our service was 4.9 out of a highest mean score of 5 with 91.6% of clients stating that they were very satisfied with the service received from PAS.

FINANCIAL REVIEW

Reserves Policy

Reserves held on 31 March 2008 were £107,170 representing just over four 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 £170,000.

PRISONERS' ADVICE SERVICE**REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2008 (cont'd)****FINANCIAL REVIEW (continued)****Funding Sources**

Funding sources for the period 2007/2008 included an increase in fees receivable from the Legal Services Commission and other legal fees of £53,540. Total income from this source was £100,898 (2007: £47,358). There was also an increase in income coming from restricted and unrestricted grants from the following individuals, companies, and Trusts and Foundations:

The 29 th May 1961 Charitable Trust	The LankellyChase Foundation
The A B Charitable Trust	Lloyds TSB Foundation
Allen & Overy LLP	The Lord Faringdon Charitable Trust
The Ancaster Trust	The Marchday Charitable Fund
Anonymous Trust	Marsh Christian Trust
The Brand Trust	The Mrs L.D Rope Third Charitable Settlement
The Charles Irving Charitable Trust	The Nuffield Foundation
The Coutts Charitable Trust	The Odin Charitable Trust
The Cole Charitable Trust	The Paristamen Foundation
The Goldsmith's Company	The Pilgrim Trust
The Denis Buxton Trust	Pyke Charity Trust
The Eleanor Rathbone Charitable Trust	The Rank Foundation
Esmée Fairbairn Foundation	The Reuben Foundation
Fowler, Smith & Jones Charitable Trusts	The Rhiannon Trust
Garden Court Chambers	James Roberts
The Hadley Trust	The Roger Brooke Charitable Trust
Catherine Hickinbotham	Saint Sarkis Charity Trust
Hickinbotham Charitable Trust	The Triangle Trust 1949 Fund
The Hilden Charitable Fund	The Trusthouse Charitable Foundation
The Hillcote Trust	The Tudor Trust
The Inman Charity	The W O Street Charitable Foundation
J Paul Getty Jr. Charitable Trust	The William Allen Young Charitable Trust
John and Susan Bowers Fund	

Results for the Year

Reserves carried forward at 31 March 2008 amount to £107,170 (2007: £50,789) all of which are unrestricted funds. With the new policies having been adopted, the charity has deferred income of £58,137 (2007: £67,917) representing grants already received to meet restricted expenditure in the next financial year.

Further details of the charity's activities for the year are set out in the Statement of Financial Activities on page 13, and the financial position of the charity at 31 March 2008 is set out in the Balance Sheet on page 14.

PLANS FOR FUTURE PERIODS

The Management Committee has set the following objectives for the year 2008/2009.

- (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.

PRISONERS' ADVICE SERVICE**REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2008 (cont'd)****RESPONSIBILITIES OF THE TRUSTEES**

The Trustees are responsible for preparing the Annual Return and the financial statements in accordance with applicable law and United Kingdom General Accepted Accounting Practice.

Company law requires the Trustees to prepare financial statements for each financial year that gives 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 these financial statements the directors are required to do the following:

- 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 which disclose with reasonable accuracy at any time the financial position of the charity 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 charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

SMALL COMPANIES PROVISIONS

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

.....
Adam Sampson

Approved by the members of the committee on 12 August 2008

ACCOUNTANT'S REPORT TO THE MEMBERS ON THE UNAUDITED ACCOUNTS OF PRISONERS' ADVICE SERVICE

I report on the accounts for the year ended 31 March 2008 set out on pages 13 to 22.

Respective Responsibilities of Directors and Reporting Accountants

As described on page 11, the trustees, who are also the directors of Prisoners' Advice Service, for the purposes of company law, are responsible for the preparation of the accounts, and they consider that the company is exempt from an audit. It is my responsibility to carry out procedures designed to enable me to report my opinion.

Basis of Opinion

My work was conducted in accordance with the Statement of Standards for Reporting Accountants, and so my procedures consisted of comparing the accounts with the accounting records kept by the company, and making such limited enquiries of the officers of the company as I considered necessary for the purposes of this report. These procedures provide only the assurance expressed in my opinion.

Opinion

In my opinion:-

- (a) the accounts are in agreement with the accounting records kept by the company under section 221 of the Companies Act 1985;
- (b) having regard only to, and on the basis of, the information contained in those accounting records:-
 - (i) the accounts have been drawn up in a manner consistent with the accounting requirements specified in section 249C(6) of the Act; and
 - (ii) the company satisfied the conditions for exemption from an audit of the accounts for the year specified in section 249A(4) of the Act as modified by section 249A(5) and did not, at any time within that year, fall within any of the categories of companies not entitled to the exemption specified in section 249B(1).

Michael Jellicoe
Chartered Accountant
59 Knowle Wood Road
Dorridge
Solihull
West Midlands
B93 8JP

12 August 2008

PRISONERS' ADVICE SERVICE

STATEMENT OF FINANCIAL ACTIVITIES (incorporating THE INCOME AND EXPENDITURE ACCOUNT) FOR THE YEAR ENDED 31 MARCH 2008

	Note	Year ended 31.3.2008			Year ended
		Restricted	Unrestricted	Total	31.3.2007
		£	£	£	£
Incoming resources					
Incoming resources from generated funds:					
Voluntary income	2	-	105,227	105,227	64,299
Activities for generating funds		-	557	557	1,160
Interest receivable		-	5,352	5,352	3,135
Incoming resources from charitable activities:					
Advice and information	3	146,180	103,743	249,923	192,647
Sundry operating income		-	2,322	2,322	2,056
Total incoming resources		£146,180	£217,201	£363,381	£263,297
Resources expended					
	5,6,7				
Costs of generating funds:					
Costs of generating voluntary income		6,370	6,534	12,904	7,022
Charitable activities:					
Advice and information		133,373	149,547	282,920	244,341
Governance costs		3,937	7,239	11,176	8,837
Total resources expended		£143,680	£163,320	£307,000	£260,200
Net income/(expenditure) for the year before transfers		2,500	53,881	56,381	3,097
Transfer	15	(2,500)	2,500	-	-
Net income/(expenditure) for the year		-	56,381	56,381	3,097
Reconciliation of funds					
Total funds brought forward (as previously stated 2007)		£ -	£50,789	£50,789	£56,442
Prior year adjustment - to reserves at 1.4.2007	15	£ -	£ -	£ -	£(8,750)
At beginning of year as restated (2007)	9	£ -	£50,789	£50,789	£47,692
Total funds carried forward		£ -	£107,170	£107,170	£50,789

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 15 to 22 form part of these financial statements.

PRISONERS' ADVICE SERVICE**BALANCE SHEET AS AT 31 MARCH 2008**

	<u>Note</u>	<u>2008</u>		<u>2007</u>	
		£	£	£	£
FIXED ASSETS					
Tangible fixed assets	10		3,868		1,077
CURRENT ASSETS					
Debtors	11	91,912		59,299	
Cash at bank and in hand		110,884		75,215	
		-----		-----	
			202,976		134,514
CREDITORS: amounts falling due within one year	12	(99,494)		(84,802)	
		-----		-----	
NET CURRENT ASSETS			103,302		49,712
			-----		-----
TOTAL ASSETS LESS CURRENT LIABILITIES			£107,170		£50,789
			=====		=====
CAPITAL AND RESERVES					
	15				
Restricted funds			-		-
Unrestricted funds			107,170		50,789
			-----		-----
			£107,170		£50,789
			=====		=====

The Council of Management are satisfied that the company is entitled to exemption from the provisions of the Companies Act 1985 (the Act) relating to the audit of the financial statements for the year by virtue of section 249A(1), and that no member or members have requested an audit pursuant to section 249B(2) of the Act.

The Council of Management acknowledge their responsibilities for:

- (i) ensuring that the company keeps proper accounting records which comply with section 221 of the Act, and
- (ii) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for the financial year in accordance with the requirements of section 226, and which otherwise comply with the requirements of the Act relating to financial statements, so far as applicable to the company.

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985 and the Financial Reporting Standard for Smaller Entities (effective January 2007).

These financial statements were approved and authorised for issue by the Trustees on 12 August 2008 and are signed on their behalf by:

.....
Adam Sampson

The notes on pages 15 to 22 form part of these financial statements.

PRISONERS' ADVICE SERVICE**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2008****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 2007), The Companies Act 1985 and Accounting and Reporting by Charities: Statement of Recommended Practice (SORP 2005) issued in March 2005.

(b) 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.
- Incoming resources from grants where related to strongly implied time periods in which the expenditure can take place is accounted for on the basis of the time period included in these financial statements.

(c) Resources expended

Expenditure is recognised on an accrual basis as a liability is incurred. 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.

PRISONERS' ADVICE SERVICE**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2008****1. ACCOUNTING POLICIES (continued)****(d) 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

(e) 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.

(f) Operating leases

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

2. VOLUNTARY INCOME

	<u>2008</u>	<u>2007</u>
	£	£
Donations	1,227	399
Core funding grants (note 4)	96,500	63,900
Release of deferred grant income brought forward (note 4)	7,500	-
	-----	-----
	£105,227	£64,299
	=====	=====

3. ADVICE AND INFORMATION

	<u>2008</u>	<u>2007</u>
	£	£
Grants funding activities (see note 4)	146,180	141,709
Legal Services Commission fees and other legal fees	100,898	47,358
Prisoners' Legal Rights Group	2,845	3,580
	-----	-----
	£249,923	£192,647
	=====	=====

PRISONERS' ADVICE SERVICE

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2008

1. ACCOUNTING POLICIES (continued)

4. GRANTS RECEIVED DURING THE YEAR AND MOVEMENT ON DEFERRED INCOME

<u>Source</u>	<u>Purpose</u>	<u>2008</u> £
The 29 May 1961 Charitable Trust	Core funding	7,500
The AB Charitable Trust	Core funding	5,000
The Hadley Trust	Core funding	40,000
The Hilden Charitable Fund	Core funding	5,000
The Triangle Trust	Core funding	5,000
Other	Core funding	34,000

Total Core Funding grants		£96,500

J Paul Getty Charitable Trust	Outreach service	15,000
The Tudor Trust	Development manager	20,000
Lloyds TSB Foundation	Outreach service	13,550
The Pilgrim Trust	Caseworker for women prisoners	20,000
The Rank Foundation	Development manager	5,000
The Nuffield Foundation	Caseworker for racial discrimination	11,250
Lankelly Chase	Caseworker for racial discrimination	20,000
Marchday	Outreach service	5,000
Esmee Fairbairn Foundation	Managing Solicitor	25,000
Other		9,100

Total Grants Funding Activities		£143,900

Total Grants received in Year		£240,400
		=====

Grants Funding ActivitiesMovement on Deferred Income

	<u>2008</u> £	<u>2007</u> £
Deferred grants at 1.4.2007	67,917	50,262
Grants received in the year	143,900	159,364
Deferred grants at 31.3.2008	(58,139)	(67,917)
	-----	-----
Grants released to income	£153,680	£141,709
	-----	-----
Restricted grant income	146,180	141,709
Unrestricted grant income	7,500	-
	-----	-----
Deferred grants at 1.4.2007	£153,680	£141,709
	=====	=====

PRISONERS' ADVICE SERVICE

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2008 (cont'd)

5. TOTAL RESOURCES EXPENDED

	<u>Basis of Allocation</u>	<u>Voluntary Income</u>	<u>Advice and Information</u>	<u>Governance</u>	<u>Total</u>	<u>2007</u>
Costs directly allocated to activities:						
Staff costs	Direct	8,261	150,952	5,107	164,320	162,940
Legal and casework costs	Direct	-	43,612	-	43,612	15,778
Audit and other reporting accountant's fees	Direct	-	-	3,200	3,200	2,704
Other	Direct	-	5,810	-	5,810	709
Support costs allocated to activities:						
Staff costs	Staff time	1,540	27,374	952	29,866	25,535
Office costs	Staff time	1,923	34,187	1,188	37,298	32,102
Premises costs	Staff time	1,180	20,985	729	22,894	20,432
Total resources expended		----- £12,904 =====	----- £282,920 =====	----- £11,176 =====	----- £307,000 =====	----- £260,200 =====

PRISONERS' ADVICE SERVICE**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2008 (cont'd)****6. TOTAL RESOURCES EXPENDED****Salary Costs**

	<u>2008</u>	<u>2007</u>
	£	£
Gross	172,231	163,799
Employer's NIC	17,886	17,662
	-----	-----
	<u>£190,117</u>	<u>£181,461</u>
	=====	=====

No employee earned more than £60,000 (2007: none).

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

Legal staff	5
Administration	1

	6
	====

None of the trustees received any remuneration during the year (2007: £nil).

None of the trustees received any reimbursement of expenses during the year (2007: £nil).

7. NET INCOME/(EXPENDITURE) FOR THE YEAR

	<u>2008</u>	<u>2007</u>
	£	£
Net income/(expenditure) for the year is after charging:-		
Depreciation	959	55
Auditor's remuneration: audit – prior year	700	2,710
Reporting accountant's remuneration	2,500	-
Consultancy advice	-	2,250
Rentals under operating lease:		
Land and buildings	17,500	15,789
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.

9. PRIOR YEAR ADJUSTMENT

The prior year adjustment was reported upon in the 2007 financial statements and followed a revision of accounting policies on recognition of income.

PRISONERS' ADVICE SERVICE**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2008 (cont'd)****10. TANGIBLE FIXED ASSETS**Office Fixtures and EquipmentCost:

<i>At 1 April 2007</i>	10,559
Additions	3,750

At 31 March 2008	£14,309
	=====

Depreciation:

<i>At 1 April 2007</i>	9,482
Charge for year	959

At 31 March 2008	£10,441
	=====

Net Book Value

At 31 March 2008	£3,868
	=====
<i>At 31 March 2007</i>	£1,077
	=====

11. DEBTORS

	<u>2008</u>	<u>2007</u>
	£	£
Amounts recoverable under contracts	55,271	26,790
Trade debtors	15,520	2,499
Other debtors	12,791	24,443
Prepayments	8,330	5,573
	-----	-----
	£91,912	£59,305
	=====	=====

12. CREDITORS: amounts falling due within one year

	<u>2008</u>	<u>2007</u>
	£	£
Payments on account	6,716	-
Taxation and social security	6,138	6,546
Accruals	28,503	10,339
Deferred grant income (see note 4)	58,137	67,917
	-----	-----
	£99,494	£84,802
	=====	=====

13. 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 2008 (cont'd)****14. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	<u>Restricted Funds</u>	<u>Unrestricted Funds</u>	<u>Total Funds</u>
	£	£	£
Fixed assets	-	3,868	3,868
Current assets	58,137	144,659	202,796
Current liabilities	(58,137)	(41,357)	(99,494)
	-----	-----	-----
	£ -	£107,170	£107,170
	=====	=====	=====

15. RESTRICTED FUNDS

	<u>At 1 April 2007</u>	<u>Incoming</u>	<u>Outgoing</u>	Transfers	<u>At 31 March 2008</u>
	£	£	£	£	£
Volunteers	-	3,600	(3,600)		-
Racial discrimination	-	34,167	(34,167)		-
Women	-	33,000	(33,000)		-
Outreach	-	29,517	(29,517)		-
Development	-	26,250	(26,250)		-
Managing solicitor	-	480	(480)		-
IT Upgrade	-	2,500	-	(2,500)	-
Rental	-	16,666	(16,666)		-
	-----	-----	-----	-----	-----
	-	146,180	(143,680)	(2,500)	-
Unrestricted funds	50,789	217,201	(163,320)	2,500	107,170
	-----	-----	-----	-----	-----
Total Funds	£50,789	£363,381	£(307,000)	£ -	£107,170
	=====	=====	=====	=====	=====

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.
Managing solicitor:	This fund was used to meet the salary cost of the managing solicitor.
IT Upgrade:	This fund was used to meet costs incurred in upgrading the IT system.
Rental:	This fund was used to meet premises and equipment rental costs.

A transfer was made from the IT upgrade fund to unrestricted funds as the restrictions imposed by the donor were fulfilled when the IT equipment was purchased.

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 2008 (cont'd)****16. RELATED PARTIES**

There were no transactions with related parties during the year (2007: none) that are required to be disclosed in these accounts.

17. OPERATING LEASE COMMITMENTS

At 31 March 2008 the charity had the following commitments under non-cancellable operating leases:-

	<u>Land and Buildings</u> £	<u>Other</u> £
Expiring within one year	£17,500 =====	£7,200 =====