



Directors' Report and Financial Statements
For the year ended 31 March 2016

Sacro is a company limited by guarantee and is registered as a Scottish charity

Charity number SC016293
Company number SC086651





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REFERENCE AND ADMINISTRATIVE INFORMATION

Directors

Mr Sandy Cameron CBE (Chair)
Mr Dan Gunn OBE (Depute Chair)
Mr Graham Paterson MBA FCCA (Treasurer)
Mrs Jo Knox MSc CQSW
Mr Alan Baird
Professor Sir Geoff Palmer FRSM DSc OBE

Mrs Elspeth Dalgleish FCIPD
Mr Graham Birse
Mr Jim Crichton (appointed 9 Dec 2015)
Mr Steve Uphill (appointed 9 Dec 2015)
Mrs Pauline Howie (appointed 9 Dec 2015)
Mrs Elizabeth Carmichael CBE (retired 9 Dec 2015)

Observer

Mr Stephen Harper – Community Justice
Operational Unit, Justice Department
Scottish Government

Chief Executive

Mr Tom Halpin QPM

President

The Rt. Hon. Lord Carloway

Honorary President

The Rt. Hon. Lord Cullen of Whitekirk

Solicitors

CMS Cameron McKenna
Saltire Court
20 Castle Terrace
Edinburgh EH1 2EN

Auditors

Wylie & Bisset LLP
168 Bath Street
Glasgow
G2 4TP

Secretary

Mr Tom Halpin QPM

Bankers

Bank of Scotland
20/22 Shandwick Place
Edinburgh
EH2 4RN

Registered Office

29 Albany Street
Edinburgh
EH1 3QN

Registered in Scotland number SC086651
Charity number SC016293



Directors' Strategic Report ***For the year ended 31 March 2016***

The Directors present their annual strategic report and audited financial statements for the year ended 31 March 2016.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the charity's memorandum of association, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and Accounting & Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and the Republic of Ireland issued on 16 July 2014.

The legal and administrative information on the preceding page forms part of the report.

Structure, Governance and Management

Sacro is a company limited by guarantee (SC086651) and is registered as a Scottish Charity (SC016293). The management of the Company is the responsibility of a Board of Directors, who are elected by the members in general meeting, under the terms of the Articles of Association.

Directors are invited onto the Board from people who have relevant experience and expertise and a commitment to furthering the aims and objectives of Sacro. An induction programme of information, meetings with senior staff and visits to services are arranged for each new Director.

Every member of the Company undertakes to contribute to the assets of the Company in the event of its being wound up while he is a member, or within one year after he ceased to be a member, such amount as may be required but not exceeding £5.

Day to day management is delegated to the Chief Executive and senior managers responsible for Operations, Corporate Services and Strategy & Policy.

Strategic Plan 2015-20

The Strategic Plan was reviewed during 2014/15 and launched at the September 2015 Board meeting. The development of the plan has taken place against a backdrop of unprecedented challenge for third sector organisations in Scotland and sets the course of Sacro's practice and direction for the next five years.

Sacro's mission per the Strategic Plan 2015-20, is to work nationally and deliver locally as a strong community-based organisation that seeks to create safe and cohesive communities across Scotland.



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Sacro's vision is for a safer Scotland where the wellbeing of people within their local communities is supported, where conflict is resolved constructively and where offending and its consequences are addressed effectively and appropriately.

The strategic priority for Sacro is to deliver services that contribute to the reduction of crime and harm within our communities. This will be achieved both independently and in partnership with others who share our values and whose contribution helps achieve empowerment and the best possible outcomes for the people who use our services.

Review of Achievements and Performance during 2015/16

During 2015/2016, confirmation of funding for existing services has been encouraging although it has been clear the austerity measures present continuing financial pressures on our partners, including local authorities.

The diversity of funding for services is reflected in the achievements for the year:

Sacro's Supported Accommodation Services for both adults and young persons in Elgin were jointly procured through competitive tendering in 2011. Sacro successfully retained both services for a further five years delivery in March 2016. Its Supported Accommodation Service in Glasgow has seen an increase of 6% in service users moving into permanent tenancies; with a similar fall of 6% in breach or unplanned exits from the service.

Sacro's Veterans' Mentoring Service in Glasgow has received additional grant funding to expand and develop the service. Last year the service received 60 referrals to help armed forces veterans in the criminal justice system to live sustainable, independent lives, free of offending.

"STOP", Sacro's anti-sectarianism service based in Lanarkshire was awarded Scottish Government funding to further develop the delivery of the service nationally across Scotland. The service deploys cognitive behavioural techniques to help individuals who have committed low to moderate-level sectarian or hate crime offences to learn from their charge and change attitudes and behaviours.

Sacro's Arrest Referral Service engages with people at the point of arrest whose offending is linked to drug or alcohol misuse. In south west Scotland, the service offers brief interventions to address alcohol misuse with a further, more structured programme available to those who wish further support and advice. Sacro delivered 188 alcohol brief interventions in 2015/2016 and has partnered with NHS Ayrshire and Arran to deliver a pilot intervention for drug users in 2016/2017.

Diversion from prosecution is a formal decision by the Procurator Fiscal to allow interventions to take place which keep young people from the formal criminal justice process and gives them the opportunity to make positive changes at a crucial time in their lives. Of the young people who participated in Sacro's Youth Diversion Programme in South Ayrshire, almost 90% have



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desisted from offending to date. Additionally, although almost none of these young people were in employment or training at the time of offending; one year on, they all are. Early and Effective Intervention is available to young people involved in offending behaviour in Dumfries & Galloway. A multi-agency meeting comprising social work, police, anti-social behaviour teams, education, health and education bodies examines cases and decide on the suitability of interventions. Sacro receives around 80% of these referrals and – of cases closed – almost all (95%) of persons responsible for harm felt their likelihood of offending was significantly reduced. All persons harmed using the service believed their involvement had made them feel safer and that the person responsible had made amends.

Community Payback Services provide placements with the unpaid work element of a Community Payback Order. In Sacro's Glasgow service, the overall number of placement opportunities has increased by 1.5% to 3,870 throughout the year (3,813 2014/15). The number of service users taken out on placements also increased by 8%, delivering a total of 18,888 hours of unpaid work.

Sacro's public protection services have also seen a rise in demand and continue to be viewed favourably by local authorities, police and Multi-Agency Public Protection Arrangement (MAPPA) colleagues as a positive intervention to support offenders in living safely in the community. Last year, its Intensive Support Package (ISP) Service for high risk offenders provided Sacro service users with 8,698 hours of support.

Established mediation services in Perth, Dundee and Edinburgh ended in 2015/2016 as a direct impact of local authority funding restrictions. Sacro's existing Community Mediation Services continue to provide a successful and necessary service to communities in Aberdeen, Aberdeenshire, Moray, Fife and East Lothian.

Recognising the importance of financial sustainability, sources of funding continue to diversify. Sacro has been able to access funding from new departments within Scottish Government and has made successful applications to independent grant making trusts and The Big Lottery Fund. Development work is active and ongoing with early indication of financial and in-kind support for a number of new projects.

Funding has been secured from five Community Justice Authorities (CJAs) to scope, expand and develop womens' services in North Strathclyde, Lothian & Borders, Fife & Forth Valley, Lanarkshire and South West Scotland. Through this funding, Sacro has established a new bail supervision service for women in North Strathclyde covering Renfrewshire, East Renfrewshire, Inverclyde and West Dunbartonshire and has expanded existing service provision across the other four CJA areas.

Funded by The Big Lottery Fund, Bright Choices has been supporting individuals, families and communities in Edinburgh that are affected by honour based violence (HBV). Bright Choices is a partnership between Sacro, Edinburgh Lothian Regional Equality Council and Multicultural Family Base, which has:



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- > Provided outreach workshops on HBV, conflict resolution and available support services to 67 community members
- > Promoted the service to 50 community organisations in Edinburgh.
- > Trained 255 professionals in recognising and responding to HBV through our outreach service.
- > Delivered intensive support to 13 families and individuals, providing them with the necessary skills to address issues arising from HBV including: family conflicts, immigration and asylum issues, financial problems, housing and homelessness.

The Big Lottery also funds the Fearless service, which supports survivors of domestic abuse in vulnerable, hard to reach minority groups across Scotland. The service works in partnership with statutory agencies, housing providers and three specialist third sector organisations: Shakti Women's Aid, Respect and LGBT Youth to provide non-judgmental, one-to-one support for individuals experiencing domestic abuse. Fearless is available in Edinburgh and Motherwell and provision is currently being extended to Dundee, Glasgow and Fife and Forth Valley.

Delivering Services in Partnership

Sacro remains an active participant in the design and delivery of criminal justice services through collaborative public social partnerships (PSPs). Within PSPs, it works closely with other voluntary and statutory organisations such as: third sector organisations, local authorities, Community Justice Authorities, Scottish Prison Service, NHS and Police Scotland. Sacro has been supported by all eight CJAs and Social Work Scotland as the lead third sector organisation in Shine, the national public social partnership for mentoring women offenders. It is also a key delivery partner in the New Routes PSP to provide mentoring to young males and the Low Moss PSP which provides mentoring and throughcare services to prisoners on release. All three initiatives have been successful in securing confirmed funding from the Reducing Reoffending Change Programme through to 1 April 2018.

Work is also underway to sustain and expand Sacro's own Womens' Mentoring Services across local authority areas, complementing the work of Shine and enhancing the outcomes for women. The service has seen increased partnership working and links to other agencies, most notably highlighted by a 28% increase in onward referrals from the service to other agencies. Shine was one of two Sacro services – delivered in partnership – which were recognised with awards during the year. Shine picked up one of the main awards in the 2015 Herald Society Awards in November, receiving the top award in the "Partnership" category.

An innovative diversionary scheme operating in Ayrshire was also recognised with two accolades at the Advancing Healthcare Awards, held in London. The 'Early and Effective Intervention Whole Systems Approach for Women' is a multi-agency partnership between Sacro, Police Scotland, South West Scotland Community Justice Authority, NHS Ayrshire and Arran Health Board, Crown Office and Procurator Fiscal Service and social services. The diversion from prosecution service, which works to reduce reoffending among women was



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awarded the "Allied Health Professions Federation Award for Integrated Care Delivery" as well as the overall "Advancing Healthcare Award" which covered all 39 entries across 13 categories.

Influencing and Contributing to the Justice Agenda

As a member of the Health & Justice Collaborative, Sacro is committed to contributing to the integration of the health and social care agenda. The development of an asset-based approach aims to enhance service delivery by identifying and focussing on an individual's attributes and potential to develop personal capital and deliver improved outcomes.

Sacro makes a positive contribution to the Scottish Government's Reducing Reoffending Programme. As Chair of the Criminal Justice Voluntary Sector Forum (CJVSF), Sacro's Chief Executive is a member of the Programme Advisory Group in phase 2. In addition, its Director of Operations is a member of the Throughcare Project Board and the Director of Corporate Services attends the Redesign Project Board.

Sacro's directors and service managers regularly attend CJA meetings and this approach will continue with the advent of Community Planning Partnerships regarding the community justice agenda. Service managers across the country are engaging locally with many and varied strategic and operational groups, promoting services and delivering presentations when appropriate.

During 2015/2016 Sacro continued to submit responses to relevant consultations from the Scottish Government and in August 2015, the Chief Executive, also in his role as CJVSF Chair, was invited to appear before Justice Committee with other relevant third sector leaders to discuss the proposed Community Justice Scotland Bill. As a result of the third sector joint working, consensus was achieved by the committee on the inclusion of the third sector in the Community Justice Bill as it passed through stages 2 and 3 in the Scottish Parliament.

In July 2015, Sacro signed up to the Scottish Government's Partnership for Change and committed to further the diversity of Board membership, working towards a 50/50 gender balance by 2020.

Awareness and Support for Sacro's Work

Sacro has a high profile online and has continued to develop its presence and social media activity throughout the year. The Sacro website continues to enjoy a high degree of traffic with average quarterly page views steady at 73,500. The Sacro-administered Scottish Community Mediation Centre and Shine websites have steady average quarterly page views at 3,000 and 1,000 respectively. Dedicated Facebook pages have been developed for the Bright Choices and Fearless services and Sacro's Twitter presence continues to grow with a 30% increase in followers to 2,100 for the main account and a further 2,900 followers for its 16 other service-based accounts.



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Sacro had the honour of welcoming Arun Gandhi, grandson of legendary Indian leader Mohandas K. 'Mahatma' Gandhi for its 2015 lecture. Mr Gandhi took the theme of Restorative Justice and Nonviolence for his lecture, sharing his philosophy and belief in total nonviolence as a solution to addressing the harm caused by violence and fear. This high profile public event was held in Parliament Hall, Edinburgh to much acclaim.

Sacro regularly meets with key partners and networks within community justice, the voluntary sector and statutory bodies. Having a strong presence at these forums allows Sacro to contribute to and influence the justice agenda in Scotland. Sacro has also given presentations and facilitated at numerous conferences, advisory groups and workshops. Sacro's Aberdeen and Dundee services held open days through the year to showcase the work they do, both in the local area and across Scotland.

This year, Sacro has established an integrated approach to elements of community mediation and restorative justice and developed a dedicated training programme to take it forward. A Restorative Justice and Mediation Manager was appointed in June 2016 to develop and promote this provision nationally. Increased links in Aberdeen between mediation and restorative justice have already resulted in the delivery of a restorative practice in schools' programme, with restorative justice and mediation also forming part of the programme of work delivered at HMP Grampian.

Accredited mediation service training is delivered by the Sacro-managed Scottish Community Mediation Centre. The Centre exceeded its 2015 targets for training provision and included the City of Edinburgh Council and the Private Rented Housing Panel among its clients.

Governance of Sacro

The Rt Hon. Lord Cullen of Whitekirk KT has been Sacro's Honorary President since 2000. During this time, Lord Cullen has committed his time to making service visits and attending Sacro's public events. After 15 years in this role, Lord Cullen stepped down from his public facing role for Sacro, although he will remain as Honorary President. It is with a great sense of pride that Sacro was able to announce that Lord Carloway, Lord President of the Court of Session and Lord Justice General, accepted the appointment to Sacro's new President in December 2015.

In July 2015, Sacro's Board of Trustees reviewed and amended the remits of each of its sub committees. An annual review of the effectiveness of Board committees is undertaken at respective committees and a skills audit of Board members was reviewed and updated in September 2015 to reflect new members joining the Board.

Visits to services involving Board members continued throughout the year. These visits are an important link between the Board and local services and provide them with a valuable opportunity to meet staff, volunteers and service users and better understand the work they deliver at a local level.



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Research and Development

Sacro continues to work with other independent bodies to produce evidence-based research and development.

It has established a good working relationship with the Scottish Centre for Crime and Justice, and has co-funded two PhD research projects. Sacro is currently facilitating MSc projects across a number of services and further joint PhD/MSc research opportunities are being actively discussed.

Sacro also commissioned the Centre for Youth and Criminal Justice (CYCJ) to produce an evaluation of its Youth Justice Services. These long-standing services are a key part of Sacro's restorative approaches to offending and proper, independent scrutiny is crucial to ensure service delivery is relevant to need. The evaluation is also valuable in identifying any potential gaps in service delivery and further funding opportunities.

Business Development

Tender activity continues to present a significant demand on organisational capacity to respond effectively. This is a priority and Sacro's performance in tender management remains critical to success. Its tender management model is reinforced at all tender opportunities, with debriefing sessions held after each outcome.

Performance Management

Following a significant investment programme in IT resources in 2014 and 2015, work has been focussed on maintaining key performance indicators for the organisation to inform practice, evaluation and service improvement. A bespoke case management system was rolled out across the organisation and training provided for all staff, including 20 champions who are instrumental in supporting colleagues at a local level.

A review of Sacro's overall IT strategy was completed in July 2016, with external consultants commissioned to assist in producing a strategy that reflects current progress and future work focus.

Sacro has held an annual staff conference for the last five years and planning is well advanced for the 2016 Conference. The theme of the 2015 conference was "Performing for Excellence" and included a presentation by Alastair Gaw, City of Edinburgh Council and President of Social Work Scotland. The conference incorporated the inaugural Sacro People Awards which celebrated success in the categories of partnership working, inspiring colleagues, team working and volunteering. The event was enthusiastically received across the organisation and it intends making the awards a regular feature of staff conferences in the future.

Sacro's Performance Management project group has developed KPIs to provide information on referral rates and the achievement of local and national targets, so informing service delivery.



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The development of outcome reporting is progressing, with the implementation of the Outcome Star reporting tool scheduled for mid-2016. Organisational practice standards have also been developed, with work continuing to develop standards for individual service types. Implementation of the new human resources IT system has progressed during the latter stages of 2015/2016, and launched in the second quarter of 2016.

Sacro's People Strategy was reviewed in 2015 and launched in July 2016. The strategy encourages and promotes effective leadership among management staff. This included the Management Essentials programme for managers, which comprised workshops, action learning, personal development planning and coaching from external coaches to support personal development.

The Volunteering Strategy 2015-2020 was produced in line with Sacro's Strategic Plan 2015-2020, with local launch events held in Edinburgh, Glasgow, Aberdeen and Kilmarnock. The strategy aims to embed volunteering in every aspect of the organisation's activities by increasing volunteer engagement and improving communications among staff and volunteers.

Sacro's Service User Involvement Strategy also enables service users to contribute user voice to the continuing development and improvement of services. Events are held at both a local and national level, the latter being led by a Board member.

The Care Inspectorate Group continues to make progress in not only implementing Care Inspectorate recommendations following inspections, but importantly sharing learning across service boundaries and providing support and training to staff to aid them in preparing for and responding to the Inspection process. This has also informed and improved Sacro's engagement and relationship with the Care Inspectorate and its staff. The focus for the Group is on improving quality, developing consistent best practice and providing assurance.

Sacro's commitment to excellence was further evidenced when it achieved Quality Scotland's Committed to Excellence (C2E) award following extensive work in the three project areas; performance management, stakeholder analysis and risk management. The C2E award was presented to Sacro at a gala event in June 2016.

Monitoring Achievement

Achievement is monitored by the Board and its Finance & HR and Audit sub-committees on a quarterly basis. The remit of the Finance & HR committee encompasses the monitoring of financial and HR performance including the review of all financial statements. The Audit committee's remit includes the monitoring of internal controls, performance management, quality assurance and legal and statutory compliance.

The day to day management of Sacro is delegated to the Chief Executive and senior managers responsible for Operations, Corporate Services and Strategy & Improvement.



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Financial Review

The principal sources of funding were grants and contracts with local authorities and the Scottish Government.

The Income and Expenditure Account reports a loss of (£35,872) for net incoming resources in the year, which compares to a surplus of £353,760 in 2015. The operating surplus, which excludes the impact of FRS102, is £51,128 for 2016 (2015 £28,760). This is further analysed in the table below:

	2016	Restated 2015	2015
	£	£	£
(Deficit)/Surplus per SOFA (page 17)	(35,872)	353,760	638,760
FRS102 Pension Adjustment (note 20)	87,000	(325,000)	(610,000)
Operating Surplus	<u>51,128</u>	<u>28,760</u>	<u>28,760</u>

The Balance Sheet (page 18) has been strengthened by the performance of the pension fund as noted above, however this cannot be relied on to accurately reflect the net worth of the organisation which remains strong as shown by the "Net assets excluding pension scheme asset".

The financial environment in which Sacro operates remains challenging, and the organisation continues to adapt rapidly to its changing circumstances. Sacro has undergone a significant period of transformation over the past three financial years, designed to increase competitiveness and enable services to demonstrate their effectiveness against clearly defined performance criteria linked to outcomes. The 2016/17 financial year presents further challenges to Sacro but the actions taken during the previous three years has ensured Sacro is well placed to respond.

Risk Management

The Board approved a review conducted by the Audit Committee of the major risks of which Sacro is aware and of the systems in place to mitigate those risks. Where appropriate, actions and procedures required to strengthen the existing systems have been identified and instigated as part of the Corporate Risk Action Plan and progress is monitored against the agreed timetable at each Audit Committee meeting.

The Corporate Risk Action Plan groups risks into twelve themes; asset management, business, change management, compliance, costs/income, data protection, disaster management, financial management, governance, harm, reputation/relationships, and people. The principal risks are reviewed and monitored on a monthly basis and an annual



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review of all major risks, and the systems and procedures in place to deal with those risks, is undertaken by the Board.

The principal risks relate to the reduction/lack of uplift in service funding and the impact of further contraction on Sacro's national infrastructure. The risks are mitigated through continued dialogue with funders and commissioners of Sacro services and by demonstrating the value of services through performance management.

Reserves Policy

The Directors have considered the requirement for General Reserves that are not designated for specific purposes or otherwise committed. In doing so they have considered the need for adequate working capital in services that have little or no reserves. They have also considered the resources necessary for National Office to deliver management and support services. The reserves policy has been agreed taking into account three months running costs that is considered necessary to arrange an organised closure of a service should funding be withdrawn.

Restricted reserves at 31 March 2016 amount to £2.59 million which comprises funds held at 31 March 2016 in respect of services/projects which continue beyond the Balance Sheet date.

Unrestricted reserves excluding pension asset at 31 March 2016 amounted to £1.88 million. This includes provision for financial commitments including service implementation and decommissioning, investment in infrastructure to ensure efficiency and effectiveness, continuing property leases and approximately six months sustained operational activity to safeguard existing service users. The level of unrestricted reserves is considered sufficient to meet these requirements and Sacro's policy of maintaining a minimum three months running costs of the remaining service, which amounts to approximately £610k.

Key Management Personnel Remuneration

Sacro's Corporate Management Group (CMG) comprises the Chief Executive, Director of Corporate Services, Director of Operations and Director of Strategy & Improvement. Contributions are made to the defined benefit pension scheme for three of the members.

The total staff costs for the four members of CMG is analysed as:

	2016	2015
	£	£
Salaries and wages	285,016	280,811
Social Security Costs	31,365	30,868
Pension – Defined benefit (Strathclyde Pension Fund)	35,517	34,903
Total	<u>351,898</u>	<u>346,582</u>



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Pension (including Pension Reserve)

During the year, payments were made to a defined benefit scheme (Strathclyde Pension Fund) and to a defined contribution scheme (AEGON). Following a process of extensive communication and due diligence, the Strathclyde pension scheme was closed to new members on 30 September 2013. The defined contribution group pension scheme was opened with AEGON on 1 October 2013 for all new employees.

Defined Benefit Pension reserve

Following the implementation of FRS102, these financial statements include the impact of the most recent valuation of the defined benefit Pension fund. Sacro commissioned a review of the actuarial assumptions used for the pension valuation by independent pension advisors. The revised actuarial assumptions more accurately reflect Sacro's position, and have been used by the pension actuary in the pension valuation as at 31 March 2016. The pension fund asset of £2,887,000 as at 31 March 2016 represents a significant increase of £1,606,000 on the asset value at 31 March 2015 of £1,281,000.

Donations in kind

Sacro appreciates the support of its approximately 100 volunteers, who are mainly involved in the following activities:

- > Mediation
- > Prison visiting transport
- > Prisoner and families of prisoner support
- > Supported accommodation, and
- > Youth justice.

Equal opportunities

Sacro's key value of promoting equality of opportunity acknowledges that all staff irrespective of gender, sexual orientation, race, religion, national origin, disability, age or offending background are entitled to work in an environment free from discrimination, intimidation, bullying or harassment. In line with its responsibilities under the Equality Act (2010), Sacro will not tolerate or condone any form of discrimination, bullying or harassment.

- > Sacro will make every effort to prevent discrimination or other unfair treatment against any of its staff or service users.
- > All staff will be given equality of opportunity in all aspects of recruitment, employment, training and career development.
- > All staff are responsible for their own behaviour and it is incumbent upon all staff to ensure that they comply with the policies and procedures within Sacro and to highlight any instances where discrimination or harassment takes place.



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Connected charity

On 10 October 1994, the Board of Directors approved a Trust Deed setting up the Sacro Trust. The Trustees of the Sacro Trust comprise ex-officio the Chairperson, Treasurer, Board Member and nominated Trustees. Trust assessors are appointed by the Trustees from National Office staff and Sacro Services. The affairs of the Sacro Trust are examined independently from those of the Company. The contact address is the same as the registered office of Sacro.

Plans for the Future

2015/16 has been a year of mixed fortunes and though disappointed to lose some long-standing services – mainly due to competitive tendering or taking in-house – it was encouraging to have attracted new services and retained many existing ones in the face of strong competition.

Where Sacro has seen real development this year has been in the positive results from partnership working. The public social partnerships Sacro is involved with have all bedded in and are now delivering better outcomes for women, young men and prisoners on release across Scotland. The confirmation of Scottish Government funding for these services to 31 March 2018 is extremely welcome and will allow Sacro to continue to develop and promote these services thereby achieving positive, transformational changes in the lives of service users.

The new case management system continues to be implemented across Sacro services and will be operational for 2016/17. This will provide enhanced performance information which will further evidence the excellent work achieved in communities across Scotland. A new HR system and an upgrade to the Finance system will be implemented in 2016 as part of the overall IT Strategy.

The funding environment however continues to be a challenge and it is envisaged this will be the case for some years to come. A key strength of Sacro is the ability to adapt. Sacro's creativity and ingenuity combined with a dedicated and capable pool of staff and volunteers will ensure it continues to do the best it can for those here to support. Sacro continues to look to new sources of funding and forge new partnerships to thrive in the face of diminishing resources.



Directors' Strategic Report
For the year ended 31 March 2016

Trustees Responsibilities in relation to the Financial Statements

The trustees of Sacro (who are also directors of Sacro for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Principles).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of Sacro and of the incoming resources and application of resources, including the income and expenditure, of Sacro 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- > prepare the financial statements on the going concern basis unless it is inappropriate to presume that Sacro will continue in business.
- > observe the methods and principles in the Charities SORP.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended). They are also responsible for safeguarding the assets of Sacro and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- a) there is no relevant audit information of which Sacro's auditors are unaware; and
- b) the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Signed by order of the Board of Directors on *22 September 2016*


Sandy Cameron CBE
Chair



Independent Auditors' Report to the Trustees and members of Sacro ***For the year ended 31 March 2016***

We have audited the financial statements of Sacro for the year ended 31 March 2016 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practise).

This report is made solely to the company's members, as a body, in accordance with Chapter 44(1)c of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

As explained more fully in the Trustees' Responsibilities Statement set out on page 14, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditor under section 44(1) (c) of the Charities and Trustees Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under those Acts. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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



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Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of Sacro's affairs as at 31 March 2016 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- Sacro has not kept proper and adequate accounting records or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit;


Ross McLauchlan BAcc CA
Senior statutory auditor

168 Bath Street
Glasgow
G2 4TP

For and on behalf of Wylie & Bisset LLP, Statutory Auditor
Wylie & Bisset LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

Date 22/9/16



Income and Expenditure Account and Statement of Financial Activities
For the year ended 31 March 2016

	<i>Note</i>	Restricted Funds 2016	Unrestricted Funds 2016	Total Funds 2016	Total Funds 2015 RESTATED
		£	£	£	£
Income from:					
Donations and Subscriptions	4	-	3,921	3,921	6,500
Voluntary Income	6	-	428,301	428,301	423,453
Investment Income	7	-	31,640	31,640	25,935
Other Incoming Resources	20	-	41,000	41,000	205,000
		-	504,862	504,862	660,888
Income from Charitable Activities					
Youth Justice	5	791,786	492,566	1,284,352	1,397,240
Criminal Justice	5	3,263,282	1,599,986	4,863,268	4,919,359
Community Mediation	5	559,201	140,466	699,667	888,455
General Income	5	-	86	86	1,298
		4,614,269	2,233,104	6,847,373	7,206,352
Total Income		4,614,269	2,737,966	7,352,235	7,867,240
Expenditure on:					
Youth Justice	8	731,361	485,879	1,217,240	1,339,630
Criminal Justice	8	3,271,038	2,172,154	5,443,192	5,272,063
Community Mediation	8	627,810	99,865	727,675	901,787
Total Expenditure		4,630,209	2,757,898	7,388,107	7,513,480
Net (Expenditure)/Income		(15,940)	(19,932)	(35,872)	353,760
Movement in pension asset arising from re-measurements		-	1,693,000	1,693,000	(3,349,000)
Net Movement in Funds		(15,940)	1,673,068	1,657,128	(2,995,240)
Total funds brought forward		2,605,433	3,097,036	5,702,469	8,697,709
Total funds carried forward		2,589,493	4,770,104	7,359,597	5,702,469

All the results of Sacro relate to continuing operations. Sacro has no recognised gains or losses other than those included above. There is no difference between the deficit for the year stated above and its historical cost equivalent. The analysis between restricted and unrestricted funds for 2015 is detailed in note 21.

The net incoming resources excluding the impact of FRS102 pension movements (i.e. the operating surplus) is a surplus of £51,128 for the year compared to a surplus of £28,760 in the year to 31 March 2015.

The notes on pages 20 to 32 form part of these financial statements.



Balance Sheet
As at 31 March 2016

	Notes	2016 £	2015 £
Current Assets			
Debtors	12	818,732	814,727
Cash at bank and in hand		<u>4,981,807</u>	<u>4,705,972</u>
		5,800,539	5,520,699
Current Liabilities			
Creditors: Amounts falling due within one year	13	<u>(1,085,342)</u>	<u>(856,630)</u>
Net Current Assets		4,715,197	4,664,069
Provisions	15	<u>(242,600)</u>	<u>(242,600)</u>
Net Assets excluding pension scheme asset		4,472,597	4,421,469
Defined benefit pension scheme asset		2,887,000	1,281,000
Net Assets		<u>7,359,597</u>	<u>5,702,469</u>
Reserves			
Unrestricted Funds			
General Funds	17	1,476,111	1,409,043
Designated Funds	17	<u>406,993</u>	<u>406,993</u>
Total Unrestricted Funds excluding pension reserve		1,883,104	1,816,036
Pension Reserve	17	2,887,000	1,281,000
Total Unrestricted Funds including pension reserve		<u>4,770,104</u>	<u>3,097,036</u>
Restricted Funds	17	2,589,493	2,605,433
Total Funds		<u>7,359,597</u>	<u>5,702,469</u>

The financial statements were authorised for issue by the Board on 22 September 2016 and signed on its behalf by:


Sandy Cameron
Chair


Graham Paterson
Treasurer

Sacro – Registration Number SC086651

The notes on pages 20 to 32 form part of these financial statements.



Cash flow statement
for the year ended 31 March 2016

	<i>Note</i>	2016 £	2015 £
Cash flows from operating activities			
Net cash provided by/(used by) operating activities	<i>a)</i>	244,195	(306,933)
Cash flows from investing activities			
Interest Received		31,640	25,935
Change in cash and cash equivalents in the year		275,835	(280,998)
Cash and cash equivalents brought forward		4,705,972	4,986,970
Cash and cash equivalents carried forward		4,981,807	4,705,972

Note to the cash flow statement
for the year ended 31 March 2016

	2016 £	2015 £
a) Reconciliation of opening (deficit)/surplus to net cash inflow from operating activities		
Operating (deficit)/surplus	(35,872)	353,760
(Increase)/Decrease in Debtors	(4,005)	(78,559)
Increase/(Decrease) in Creditors	228,712	(231,199)
Pension Fund adjustment (FRS102)	87,000	(325,000)
Investment income	(31,640)	(25,935)
Net Cash inflow/(outflow) from operating activities	244,195	(306,933)

The notes on pages 20 to 32 form part of these financial statements



**Notes to the financial statements
for the year ended 31 March 2016**

1. Accounting Policies

Basis of preparation and assessment of going concern

The accounts (financial statements) have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant notes to these accounts.

The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

The trust constitutes a public benefit entity as defined by FRS 102.

The trustees consider that there are no material uncertainties about the Trust's ability to continue as a going concern.

Reconciliation with previous Generally Accepted Accounting Practice

In preparing the accounts, the trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102 a restatement of comparative items was needed. In accordance with the requirements of FRS 102 a reconciliation of opening balances and net income/(expenditure) for the year is provided with the net income/(expenditure) under previous GAAP adjusted for the presentation of investment gains/(losses) as a component of reported income.

Reconciliation of Reported Net Income for 2015	£
Net income as previously reported for 2015	638,760
Adjustment for gains/(losses) on investments now treated as a component of net income)	(285,000)
2015 Net Income as restated	353,760

Funds structure

Unrestricted income funds comprise the general reserve and designated funds, which have been set aside by the directors to fund specific future projects in the furtherance of Sacro's objectives.

Restricted funds are funds subject to specific restrictions imposed by the donor or funding authority. Where services have closed with surplus funds and these are not going to be clawed back by the funder, these surpluses have been transferred from restricted funds to unrestricted funds.



**Notes to the financial statements
for the year ended 31 March 2016**

Income recognition

All incoming resources are included in the Statement of Financial Activities when Sacro 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, 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 Sacro, are recognised when the charity becomes unconditionally entitled to the grant.
- > Donated services and facilities are included at the value to Sacro where this can be quantified. The value of services provided by volunteers has not been included in these accounts.
- > Investment income is included when receivable.
- > Incoming resources from grants, where related to performance and specific deliverables, are accounted for as Sacro earns the right to consideration by its performance.

Income is only deferred when:

- > The donor specifies that the grant or donation must only be used in future accounting periods; or
- > The donor has imposed conditions which must be met before the charity has unconditional entitlement.

Expenditure recognition

Resources expended are charged directly to charitable activities or governance costs as appropriate. Where it is not possible to attribute costs directly, they are allocated on a basis appropriate to the nature of the expenditure. Support costs are allocated in proportion to income of each project or service.

Expenditure is recognised on an accruals basis as a liability is incurred. Expenditure includes any VAT which cannot be fully recovered and 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.



Notes to the financial statements for the year ended 31 March 2016

- > Charitable expenditure comprises those costs incurred by Sacro 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 Sacro 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 e.g. floor areas, per capita or estimated usage.

Allocation of support and governance costs

Support costs have been allocated between governance costs and other support costs. Governance costs comprise all costs involving the public accountability of Sacro and its compliance with regulation and good practice. These costs include costs related to statutory audit and trustee expenses together with an apportionment of overhead and support costs.

Governance costs and support costs relating to charitable activities have been apportioned based on total revenue and associated staff costs. The allocation of support and governance costs is analysed in note 9.

Investments

Investments are included at market value. Gains and losses are recognised in the year to which they relate.

Pensions

During the year, payments were made to a defined benefit scheme (Strathclyde Pension Fund), a defined contribution scheme (Aegon) and also to a personal pension plan. The cost of pension contributions is charged to the income and expenditure account and Statement of Financial Activities in the year to which it relates.

The Strathclyde Pension Fund scheme closed to new members on the 30 September 2013. From this date any new staff have the option to join a group personal pension plan operated by Aegon. This is a defined contribution scheme.

Operating leases

Lease payments under operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.



**Notes to the financial statements
for the year ended 31 March 2016**

Fixed assets and depreciation

Depreciation is provided on all fixed assets from the year of acquisition at rates calculated to write off the cost or valuation less estimated residual value of each asset evenly over its expected useful life. Depreciation on office equipment is provided over three years.

The acquisition of any single item with a purchase price of over £5,000 including VAT will be capitalised and depreciated in line with the above policy. This is with the exception of expenditure of a capital nature that has been directly funded in a specific period which will then be expensed through the same accounting period.

Taxation

The company is a charitable company within the meaning of Paragraph 1 Schedule 6 of the Finance Act 2010. Accordingly, the company is potentially exempt from taxation in respect of income or capital gain received within categories covered by Chapter 3 of Part 11 of the Corporation Tax Act 2010 and section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied for charitable purposes only.

VAT

The company is not registered for VAT and accordingly expenditure includes VAT where appropriate.

2. Legal status

Sacro is a registered Scottish charity. The charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £5.

3. Related party transactions and trustees' expenses and remuneration

The trustees all give freely their time and expertise without any form of remuneration or other benefit in cash or kind (2015: £nil). Expenses paid to the trustees in the year totalled £106 (2015: £722). These expenses were made up of one trustee reimbursed for their travel expenses. The total expenses waived by the trustees in 2016 were £642 (2015 £554).

During the year no trustee had any personal interest in any contract or transaction entered into by the charity (2015: none).



**Notes to the financial statements
for the year ended 31 March 2016**

4. Income from donations and legacies

	2016	2015
	£	£
Donations	2,590	5,850
Membership subscriptions	1,331	650
Total income from Donations and Legacies	<u>3,921</u>	<u>6,500</u>

5. Income from charitable activities

	Youth Justice £	Criminal Justice £	Community Mediation £	General £	Total 2016 £	Total 2015 £
Local Authorities	1,237,396	3,773,889	534,818	-	5,546,103	6,164,736
Scottish Government	-	472,474	49,000	-	521,474	584,536
Rent, Service Charges	44,402	95,262	-	-	139,664	102,961
Other Income	2,554	521,643	115,849	86	640,132	354,119
Total Income	<u>1,284,352</u>	<u>4,863,268</u>	<u>699,667</u>	<u>86</u>	<u>6,847,373</u>	<u>7,206,352</u>

6. Scottish Government Grants

	2016	2015
	£	£
Shine PSP Grant	472,474	535,536
Scottish Community Mediation Centre Grant	49,000	49,000
Total income from Scottish Government Grants	<u>521,474</u>	<u>584,536</u>

There are no unfulfilled conditions arising from the award of these grants.

7. Investment income

	2016	2015
	£	£
Interest on Cash Deposits	31,640	25,935
Total Investment Income	<u>31,640</u>	<u>25,935</u>



**Notes to the financial statements
for the year ended 31 March 2016**

8. Analysis of expenditure on charitable activities

	Youth Justice £	Criminal Justice £	Community Mediation £	Total 2016 £	Total 2015 £
Direct Costs	1,028,959	4,473,245	615,119	6,117,323	6,526,245
Support Costs (note 9)	185,647	830,170	110,982	1,126,799	1,088,815
Governance Costs (note 9)	2,634	11,777	1,574	15,985	18,420
FRS102 Adjustment	-	128,000	-	128,000	(120,000)
Total Expenditure	1,217,240	5,443,192	727,675	7,388,107	7,513,480

The FRS102 pension adjustment of £128,000 (shown above) has been applied to unrestricted expenditure on the Statement of Financial Activities (page 17) where Criminal Justice unrestricted expenditure is £2,172,154. The actual figure before the FRS102 adjustment would show the unrestricted Criminal Justice expenditure as £2,300,154.

9. Allocation of support and governance costs

Support Costs	Youth Justice £	Criminal Justice £	Community Mediation £	Total 2016 £	Basis of Apportionment	Total 2015 £
Staff Salaries	106,980	478,388	63,953	649,321	Staff Time	678,496
Other Staff Costs	10,227	45,730	6,113	62,070	Staff Time	45,980
Property Costs	13,975	62,497	8,356	84,828	% of Revenue	77,808
Admin Costs	54,465	243,555	32,560	330,580	% of Revenue	286,531
Total Costs	185,647	830,170	110,982	1,126,799		1,088,815

Governance Costs	Youth Justice £	Criminal Justice £	Community Mediation £	Total 2016 £	Basis of Apportionment	Total 2015 £
Trustee expenses	18	78	10	106	% of Revenue	722
Auditors remuneration	1,434	6,414	857	8,705	% of Revenue	10,590
Cost of meetings	1,182	5,285	707	7,174	% of Revenue	7,108
Total Costs	2,634	11,777	1,574	15,985		18,420



**Notes to the financial statements
for the year ended 31 March 2016**

10. Total resources expended are stated after charging:

	2016	2015
	£	£
Auditors remuneration – external audit	8,705	8,790
Auditors remuneration – internal audit	-	1,800
Operating lease rentals – land and buildings	315,142	271,209
Operating lease rentals - equipment	4,840	7,138
	<u>328,687</u>	<u>288,937</u>

11. Analysis of staff costs

	2016	2015
	£	£
Salaries and wages	4,745,195	4,774,124
Social Security Costs	337,369	321,047
Pension – Defined benefit (Strathclyde Pension Fund)	480,795	587,492
Pension – Defined contribution (Aegon)	55,077	67,305
Total Staff Salary Costs	<u>5,618,436</u>	<u>5,749,968</u>

Remuneration of key management personnel

Four employees had employee benefits in excess of £60,000 (2015: four). The total staff costs for the four employees is analysed as:

	2016	2015
	£	£
Salaries and wages	285,016	280,811
Social Security Costs	31,365	30,868
Pension – Defined benefit	35,517	34,903
Total Remuneration of key management personnel	<u>351,898</u>	<u>346,582</u>

Redundancy and termination payments

During the year the charity incurred redundancy and termination payments as follows:

Nature of Payment	Number	Total 2016	Basis of Payment	Funding
		£		
Redundancy Payments	8	30,977	Statutory redundancy pay	Restricted Reserves
Termination Payments	3	7,501	Payment in lieu of notice	Restricted Reserves
Total		<u>38,478</u>		



**Notes to the financial statements
for the year ended 31 March 2016**

Average number of employees

The average weekly number of persons, by headcount, employed during the year was:

	2016 Number	2015 Number
Permanent/temporary staff	188	234
Sessional staff	95	48

12. Debtors

	2016 £	2015 £
Grants due from local authorities & Scottish Government	644,951	617,244
Sundry Debtors and prepayments	115,489	192,339
Accrued Income	58,292	5,144
	<u>818,732</u>	<u>814,727</u>

13. Creditors: amounts falling due within one year

	2016 £	2015 £
Deferred Income (note 14)	412,523	281,458
Trade Creditors	283,628	188,728
Sundry Creditors	194,008	49,839
Accruals	195,183	336,605
	<u>1,085,342</u>	<u>856,630</u>

14. Deferred income

	2016 £	2015 £
Balance as at 1 April 2015	281,458	310,607
Amount released to income earned from charitable activities	(252,687)	(283,607)
Amount deferred in year	383,752	254,458
Balance as at 31 March 2016	<u>412,523</u>	<u>281,458</u>

Income has been deferred where Sacro has received income for which the criteria for recognition have not yet been met and appropriate documented evidence of the need to defer has been received from the donor.



**Notes to the financial statements
for the year ended 31 March 2016**

15. Provisions

	2016	2015
	£	£
Provisions at 1 April 2015	242,600	242,600
Added in year	-	-
Balance as at 31 March 2016	242,600	242,600

The pension provision was created due to the uncertainty in Sacro's future contributions to the defined benefit pension scheme following the closure of the scheme to new members from 30 September 2013.

16. Analysis of net assets between funds

	2016	2015
	£	£
Restricted assets	2,589,492	2,605,433
Unrestricted assets	4,770,105	3,097,036
Balance as at 31 March 2016	7,359,597	5,702,469

Service funds are received to support specific work in specific areas. These funds are held as restricted funds and accounted for separately. Such funds cannot be used to support the general work of Sacro.

17. Distribution of Funds

	Balance at 01/04/2015	Incoming Resources	Expenditure & Transfers	Balance at 31/03/2016
	£	£	£	£
Unrestricted Funds	1,409,043	2,696,966	2,629,898	1,476,111
Designated Funds	406,993	-	-	406,993
Pension Fund	1,281,000	41,000	(1,565,000)	2,887,000
Restricted Funds	2,605,433	4,614,269	4,630,209	2,589,493
Total Expenditure	5,702,469	7,352,235	5,695,107	7,359,597

Designated funds at the year-end are split into three main funds:

- > £45,500 is set aside for Sacro to meet potential liabilities in regards to obligations under full repairing leases for its properties
- > £151,712 is funding set aside to meet the cost of future staff training which Sacro is legally obliged to provide
- > £209,781 is funding set aside from legacies into a growth fund for Sacro to utilise for development purposes.



**Notes to the financial statements
for the year ended 31 March 2016**

Restricted funds at the year-end analysed over charitable activities are:

	2016	2015
	£	£
Youth Justice	552,685	496,626
Criminal Justice	864,472	969,838
Community Mediation	397,035	377,681
IT Reserves	194,839	194,838
Property Reserves	580,462	566,450
Balance as at 31 March 2016	<u>2,589,493</u>	<u>2,605,433</u>

18 Operating lease commitments

The total commitments on non-cancellable operating leases are as follows:

	2016	2015
	£	£
On leases expiring –		
Within 1 year	269,613	275,962
Between 2 and 5 years	598,389	609,905
More than 5 years	-	-
Total	<u>843,602</u>	<u>885,867</u>

19 Pension costs

Sacro is a member of The Strathclyde Pension Fund, a defined benefit scheme. During the year ended 31 March 2016 contributions for employees were variable dependant on salary at 31 March 2016 the employer contributions were 19.3%. The charge for the year was £480,795 (2015: £587,492) as stated in note 6.

The most recent valuation of the pension scheme was as at 31 March 2015 using the Projected Unit Method. The major assumptions used by the actuary were:

Assumptions	2016	2015	2014
	% p.a.	% p.a.	% p.a.
Pension increases	2.15	2.00	2.20
Salary increases	2.90	3.00	3.20
Expected return on assets	3.80	3.40	6.00
Discount rate	3.80	3.40	4.70



**Notes to the financial statements
for the year ended 31 March 2016**

Net pension asset as at	31 March 2016 £'000	31 March 2015 £'000	31 March 2014 £'000
Estimated employer assets	25,012	24,265	21,795
Present value of scheme liabilities	22,091	22,948	17,454
Present value of unfunded liabilities	34	36	36
Total value of liabilities	22,125	22,984	17,490
Net pension asset	2,887	1,281	4,305
Analysis of the amount charged to net incoming resources	Year to 31 March 2016 £'000	Year to 31 March 2015 £'000	
Current service cost	563	434	
Total operating charge	563	434	
Analysis of amount credited to other finance income	Year to 31 March 2016 £'000	Year to 31 March 2015 £'000	
Interest income on pension plan assets	827	1,030	
Interest cost on defined benefit obligation	(786)	(825)	
Net Return	41	205	
Total re-measurements recognised in the Statement of Financial Activities	Year to 31 March 2016 £'000	Year to 31 March 2015 £'000	
Changes in demographic assumptions	-	(438)	
Changes in financial assumptions	1,606	(4,916)	
Other experience re-measurements	282	830	
Return on net assets excluding amounts included in net interest	(195)	1,175	
Total re-measurements recognised in the Statement of Financial Activities	1,693	(3,349)	



**Notes to the financial statements
for the year ended 31 March 2016**

Movement in surplus/(deficit) during the year	Year to 31 March 2016 £'000	Year to 31 March 2015 £'000
Surplus at beginning of the year	1,281	4,305
Current service cost	(563)	(434)
Past service cost (including curtailments)	-	(20)
Employer contributions	431	570
Contributions in respect of unfunded benefits	4	4
Past service costs	-	-
Total net interest	41	205
Total re-measurements recognised in the Statement of Financial Activities (page 17)	1,693	(3,349)
Surplus at the end of the year	<u>2,887</u>	<u>1,281</u>

20 FRS 102 Pension Adjustment

The pension is reported as an asset of £2,887,000 in the Balance Sheet at 31 March 2016 compared to an asset of £1,281,000 at 31 March 2015

This is due to favourable actuarial assumptions at 31 March 2016 in comparison to the previous year. These factors serve to increase the value of the pension fund reported in Sacro's Balance Sheet (page 18).

The impact of the pension movement on the SOFA is summarised as follows:

	Year to 31 March 2016 £	Year to 31 March 2015 £
Incoming resources <i>(Contributions by Members less interest on pension liabilities)</i>	41,000	(205,000)
Outgoing resources <i>(Current service cost less contributions for unfunded benefits)</i>	(128,000)	(120,000)
Total FRS 102 Pension adjustment	<u>(87,000)</u>	<u>(325,000)</u>



**Notes to the financial statements
for the year ended 31 March 2016**

21. Income and Expenditure Account and Statement of Financial Activities

	<i>Note</i>	Restricted Funds 2016 £	Unrestricted Funds 2016 £	Total Funds 2016 £	Restricted Funds 2015 RESTATED £	Unrestricted Funds 2015 RESTATED £	Total Funds 2015 RESTATED £
Income from:							
Donations and Subscriptions	4	-	3,921	3,921	-	6,500	6,500
Voluntary Income	6	-	428,301	428,301	-	423,453	423,453
Investment Income	7	-	31,640	31,640	-	25,935	25,935
Other Incoming Resources	20	-	41,000	41,000	-	205,000	205,000
		-	504,862	504,862	-	660,888	660,888
Income from Charitable Activities							
Youth Justice	5	791,786	492,566	1,284,352	866,375	530,865	1,397,240
Criminal Justice	5	3,263,282	1,599,986	4,863,268	3,289,673	1,629,686	4,919,359
Community Mediation	5	559,201	140,466	699,667	788,116	100,339	888,455
General Income	5	-	86	86	-	1,298	1,298
		4,614,269	2,233,104	6,847,373	4,944,164	2,262,188	7,206,352
Total Income		4,614,269	2,737,966	7,352,235	4,944,164	2,923,076	7,867,240
Expenditure on:							
Youth Justice	8	731,361	485,879	1,217,240	782,945	556,685	1,339,630
Criminal Justice	8	3,271,038	2,172,154	5,443,192	3,329,407	1,942,656	5,272,063
Community Mediation	8	627,810	99,865	727,675	808,076	93,711	901,787
Total Expenditure		4,630,209	2,757,898	7,388,107	4,920,428	2,593,052	7,513,480
Net (Expenditure)/Income before transfers		(15,940)	(19,932)	(35,872)	23,736	330,024	353,760
Gross transfers between funds		-	-	-	30,403	(30,403)	-
Net (Expenditure)/Income after transfers		(15,940)	(19,932)	(35,872)	54,139	299,621	353,760
Movement in pension asset arising from re-measurements		-	1,693,000	1,693,000	-	(3,349,000)	(3,349,000)
Net Movement in Funds		(15,940)	1,673,068	1,657,128	54,139	(3,049,379)	(2,995,240)
Total funds brought forward		2,605,433	3,097,036	5,702,469	2,551,294	6,146,415	8,697,709
Total funds carried forward		2,589,493	4,770,104	7,359,597	2,605,433	3,097,036	5,702,469

All the results of Sacro relate to continuing operations. Sacro has no recognised gains or losses other than those included above. There is no difference between the deficit for the year stated above and its historical cost equivalent.

The net incoming resources excluding the impact of FRS102 pension movements (i.e. the operating surplus) is a surplus of £51,128 for the year compared to a surplus of £28,760 in the year to 31 March 2015.