



Directors' Report and Financial Statements

For the year ended 31 March 2015

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

*Charity number SC016293
Company number SC086651*

WEDNESDAY



S4HJ36UA

SCT

07/10/2015

#45

COMPANIES HOUSE



**Directors' Report and Financial Statements
For the year ended 31 March 2015**

Contents	Pages
Directors' Strategic Report	1 - 8
Independent auditors' report to the members	9 - 10
Income and expenditure account and statement of financial activities	11
Balance sheet	12
Cash flow statement	13
Notes to the financial statements	14 - 22

Directors

Mr Sandy Cameron CBE (Chair)
Mrs Elizabeth Carmichael CBE (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 Dan Gunn OBE
Mr Jim Crichton (co-opted 2 July 15)
Mr Steve Uphill (co-opted 2 July 15)
Mr Paul Collins (resigned – 27 Mar 15)
Mrs Linda MacDowell (resigned – 30 Jan 15)
Professor Lindsay Thomson (retired – 17 Dec 14)
Ms Esther Robertson (resigned – 3 July 2014)

Observer

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

Chief Executive

Mr Tom Halpin QPM

Solicitors

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

Secretary

Mr Tom Halpin QPM

Registered Office

29 Albany Street
Edinburgh
EH1 3QN

Honorary President

The Rt. Hon. Lord Cullen of Whitekirk

Auditors

Wylie & Bisset LLP
168 Bath Street
Glasgow
G2 4TP

Bankers

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

**Registered in Scotland – number SC086651
Charity number SC016293**



Directors' Strategic Report **For the year ended 31 March 2015**

The Directors present their annual strategic report and audited financial statements for the year ended 31 March 2015.

Structure & Governance

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 and Corporate Services.

Objectives – 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. The Strategic Plan 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.

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.

Directors' Strategic Report

Achievements and Performance during 2014/15

The achievements and performance during 2014/15 are measured against the strategic priorities outlined in the Strategic Plan 2012-15, which were:

- (1) *direct provision of services* - with a focus on core services which meet the needs of and support our priority client groups;
- (2) *outcome evaluation, monitoring and research of all our services* - to inform and provide evidence for all that we do;
- (3) *influencing policy, practice and legislation* - where our priorities will be activities which chime with our principles;
- (4) *meeting high standards of organisational governance and management* across all Board, operational and supporting activities



Directors' Strategic Report (continued)
For the year ended 31 March 2015

Strategic Priority 1: Direct Provision of Services

During 2014/15, confirmation of funding for existing services has been encouraging although it has been clear the austerity measures present continuing financial pressures on local authorities. Services which are viewed as non-core activity are increasingly considered unsustainable. Established services in Edinburgh (restorative justice and community mediation), Dumfries & Galloway (supporting people service) and Dundee (community mediation) ended in 2014/15 as a direct impact of the austerity measures local authorities are having to implement.

It is encouraging to see that sources of funding continue to diversify further. This includes funding from new departments within Scottish Government, direct funding from Police Scotland and successful applications to independent grant making trusts and The Big Lottery Fund.

Bright Choices is a service funded by The Big Lottery Fund supporting victims of honour abuse in Edinburgh amid a rise in the number of reported cases among Edinburgh's black and ethnic minority communities. The service is run in partnership with Sacro, Edinburgh & Lothians Regional Equality Council and the charity Multi-Cultural Family Base.

The Big Lottery Fund also confirmed funding for Sacro's FearLess service which supports survivors of domestic abuse 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.

Sacro has been actively engaged in designing collaborative partnerships for the Public Social Partnerships in delivering criminal justice services, working closely with other Third Sector organisations, Local Authorities, Community Justice Authorities and the Scottish Prison Service. As a result, Sacro is a key delivery organisation supporting Throughcare at the new HMP Low Moss, a Public Social Partnership (PSP) on prolific offenders led by the Wise Group (New Routes), and a National PSP for mentoring women offenders (Shine). Sacro has been supported by all eight CJAs and Social Work Scotland as the lead third sector organisation in the national Public Social Partnership for mentoring Women Offenders. All three initiatives have been successful in securing confirmed funding from the Reducing Reoffending Change Programme through to 1 April 2017.

The Sacro-led Shine Women's Mentoring Service was among a number of Public Social Partnerships (PSP) showcased at a special event held at the Scottish Parliament on February 2015. The event was sponsored by Christine Grahame MSP, Chair of the Justice Committee. The Shine service supported 724 women across Scotland during 2014/15 to lead better lives.

Sacro launched Circles of Support and Accountability as a nationally available service at an event on 30 May 2014 in Dunfermline. The service had been running as a pilot in Fife for four years, and following an evaluation by the University of Edinburgh, has since rolled out to Fife and Forth Valley, North and South Ayrshire, and Glasgow.

Sacro's Anti-Sectarian service is delivered across Glasgow, Lanarkshire, Falkirk and Stirling, and is funded through the Voluntary Action Fund. The Minister for Community Safety & Legal Affairs, Mr Paul Wheelhouse MSP visited Sacro's Motherwell office in June 2015 and announced funding for further development of Sacro's work tackling attitudes in relation to sectarianism nationally across Scotland. The additional funding will allow the extension of the existing diversion from prosecution programme to cover referrals relating to the Offensive Behaviour at Football and Threatening Communications (Scotland) Act.

The Glasgow Community Payback service has seen a large uptake in placements with 3,195 places attending from the 3,810 offered. This is a success rate of 84% compared with the national average of 55%. Glasgow Supported Accommodation, which supports individuals on a licence or order of the court to maintain their tenancy as well as accessing support to reduce their risk of reoffending, achieved an occupancy rate of 93% against a target of 75%. In Moray, 65% of services users at our Supported Accommodation for Young People moved on to successfully manage their own tenancies.



Directors' Strategic Report (continued)
For the year ended 31 March 2015

Sacro's Intensive Support Package Service has undergone extensive scrutiny and review with management and staffing changes implemented, supported by intrusive practice scrutiny. In 2014/15 a total of 7,394 hours of support was provided to 8 service users.

Tender activity continues to present a significant demand on organisational capacity to respond effectively. This is a priority and our performance in tender management remains critical to success.

Strategic Priority 2: Outcome Evaluation, Monitoring and Research

During 2014/15, Sacro invested in and implemented a case management system to support improvement in the efficiency and consistency of service delivery across geographical locations and provide Sacro with a robust service delivery and case management reporting and evaluation capability. The system was rolled out to all services by 31 March 2015 and is currently being used in all services. A Performance Management Project Team is reviewing the reporting and monitoring requirements as part of the ongoing business change and improvement cycle. The case management system is hosted on the existing cloud-based infrastructure and is being developed to provide an HR solution for the organisation. An IT Project Board, with Board representation, continues to oversee the implementation of the IT Strategy.

An independent evaluation of the Sacro-led Shine Women's Mentoring Service has shown a considerable proportion of participants making progress towards a long term reduction in reoffending and increased integration into the community. The evaluation was carried out over six months by Ipsos MORI Scotland.

Sacro has achieved membership of Quality Scotland and an organisation-wide Performance Improvement Model (PIM) evaluation is being completed which incorporates peer review and supports an application for their 'Committed to Excellence' award. Accreditation for the 'Committed to Excellence' scheme is scheduled for completion late 2015.

In support of its developing research agenda, Sacro's embedded collaborative PhD studentship with SCCJR/Stirling University is examining the value of using mentors, both paid staff and volunteers in aiding women to desist from offending and having this capability strengthens Sacro's involvement in the National Public Social Partnership for mentoring Women Offenders. Sacro's collaboration with the SCCJR consortium of academics has also resulted in a number of PhD related research projects examining our work with women (Willow and Another Way service in Edinburgh), and the effectiveness of restorative justice as part of the Whole Systems Approach in Aberdeen.

Sacro is exploring ways in which it can further expand this model of collaboration with academic centres to enhance the research base in areas that are applicable to its work.

Sacro's Another Way service in Edinburgh won a major award at the prestigious Scottish Social Services Council's Care Accolades 2014. The service picked up the top award in the "Innovation and Redesign" category at the ceremony in June 2014 in Perth Concert Hall. Sacro's Assertive Outreach service in Aberdeen was also a finalist in the "Young People" category.

The Early and Effective Intervention and Whole System Approach for Women service in Ayrshire won the "Allied Health Professions Federation Award for Integrated Care Delivery" at the Advancing Healthcare Awards in London in April 2015. In addition, the service was awarded the overall "Advancing Healthcare Award" which covered all 39 entries across 13 categories. The service is delivered by a multi-agency partnership between Sacro, Police Scotland, South-West Scotland Community Justice Authority, NHS Ayrshire and Arran, Procurator Fiscal and social services.

The Aberdeen Restorative Justice Service was a finalist in the Howard League for Penal Reform's Community Programmes Awards in July 2014.



Directors' Strategic Report (continued)
For the year ended 31 March 2015

Strategic Priority 3: Influencing Policy, Legislation and Practice

Sacro continues to be widely recognised for its positive contribution to Scottish Government's Reducing Reoffending Programme and in addition to the Chief Executive, as Chair of CJVSF, being a member of the Programme Advisory Group in phase 2; the Director of Operations (East) is a member of the Throughcare Project Board, and the Director of Corporate Services is a member of the Redesign of Community Justice Project Board.

During 2014/15 Sacro continued to submit responses to relevant consultations from the Scottish Government, Scottish Parliamentary Committees and the Scottish Prison Service.

Sacro continues to be a key partner in the Whole Systems Approach (WSA) and Early & Effective Intervention processes with Aberdeen, Fife, Forth Valley, and Dumfries and Galloway. Sacro has representatives on relevant operational, strategic and referral groups. In June 2014 Sacro presented at the Scottish National Youth Justice conference in Dundee in relation to its role as a partner within the WSA.

Sacro's new website is achieving significantly greater penetration evidenced by an increase in the number of hits per quarter. The use of social media, including Facebook and Twitter, has been extended across the organisation, and monitoring of the usage demonstrates increasing awareness and support for our work. The e-Newsletter has been re-developed and is now regularly circulated to over 1,200 stakeholders.

The Scottish Community Mediation Centre website was launched in August 2015. The website has been refreshed and a new logo and colour palette introduced.

The 2014 Sacro Lecture was delivered by John Scott QC, Convener of Howard League Scotland, on the theme of "Restorative Practices and the Heart of the Criminal Justice System".

Strategic Priority 4: Meeting High Standards of Organisational Governance and Management.

The visits to Services involving Board members continue, providing them with the opportunity to meet service users as well as 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, with fora at both a local and national level, the latter being led by a Board member. The annual review of the effectiveness of Board committees was undertaken in December 2014 and a skills audit of Board members was completed in April 2015.

Esther Robertson resigned as Sacro Chair on 3 July 2014 after four years in post. The Board is extremely grateful to Esther for her commitment and contribution to Sacro throughout her period of office. Sandy Cameron, an existing Board member, was elected by the Board as the new Sacro Chair on 3 July 2014.

The staff conference held on Tuesday 28 October 2014 was well received by staff, volunteers and Board members, and planning is well advanced for our 2015 Conference. The theme of the 2014 conference was innovation, and our guest speaker was Fraser Doherty, founder of SuperJam, who provided an entertaining and inspirational introduction to the day. The 2014 conference evaluation indicated a high level of engagement, with delegates welcoming the increased profile given to service users and volunteers. A staff survey was conducted in November 2014 following the conference, with the results distributed to all staff and Board members. An allocated action plan was developed, with progress reports being made to the Board on a regular basis.

The Care Inspectorate Group has made significant progress in not only implementing Care Inspectorate recommendations following inspection, 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.



Directors' Strategic Report (continued)
For the year ended 31 March 2015

Sacro's People Strategy aims to encourage and promote 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 development of Sacro's approach to Learning and Development is building significant support and achieving credibility with staff aligned to improved personal accountability for progress and achievement. The Continuous Learning Framework, aligned to the Scottish Social Services Council, has been incorporated in the annual staff Professional Development Review process, which has been revised to link to strategic priorities.

The IT Project Board continues to oversee progress on developments, and reports to the Board on a regular basis. A Project Officer has been appointed to oversee the procurement and development of a case management system to enhance service delivery and provide robust management information. Implementation of the system was rolled out across all Sacro services by March 2015.

During 2014/15, Sacro opened a staff consultation process for a proposed change to the weekly working hours. The process ended in April 2015, and the recommendation to move to a 37.5 hour week was approved by the Sacro Board. The implementation of the change to the staff working week has been achieved through progressive and constructive consultation. All new posts and all external appointments will be contracted at 37.5 hours effective from 1 July 2015.

Sacro successfully achieved re-accreditation under Investors in People during 2014/15.

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.

Principal Risks and Uncertainties

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 required to strengthen the existing systems and procedures 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 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.

Financial review

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



Directors' Strategic Report (continued)
For the year ended 31 March 2015

The Income and Expenditure Account reports a surplus of £638,760 for net incoming resources in the year, which compares to a surplus of £525,625 in 2014. The operating surplus, which excludes the impact of FRS17, is £28,760 for 2015 (2014 operating surplus of £64,625). This is further analysed in the table below:

	2015	2014
	£	£
Surplus per SOFA (page 11)	638,760	525,625
FRS 17 Pension Adjustment (note 15)	(610,000)	(461,000)
Operating Surplus	28,760	64,625

The Balance Sheet (page 12) has been weakened 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 2015/16 financial year presents further challenges to Sacro but the actions taken during the previous three years has ensured Sacro is well placed to respond.

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.

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.



Directors' Strategic Report (continued)
For the year ended 31 March 2015

Restricted reserves at 31 March 2015 amount to £2.61million which is sufficient to cover three months running costs of services run on Service Level Agreements which amounts to £1.1million. Unrestricted reserves excluding pension asset at 31 March 2015 amounted to £1.82 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 of £590k.

Pension (including Pension Reserve)

During the year, payments were made to a defined benefit scheme (Strathclyde Pension Fund) a defined contribution scheme (AEGON), and to a personal pension plan. Following a process of extensive communication and due diligence, the Strathclyde pension scheme was closed to new members on 30 September 2013. A new 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 FRS17 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 in the pension valuation as at 31 March 2015 by the pension actuary. The pension fund asset of £1,281,000 as at 31 March 2015 represents an adverse movement of £3,024,000 in contrast with the asset value at 31 March 2014 of £4,305,000.

Plans for future Periods

2014/15 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 2017 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 2015/16. This will provide enhanced performance information which will further evidence the excellent work achieved in communities across Scotland. A new HR system will be implemented in 2015 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.

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.



Directors' Strategic Report (continued)
For the year ended 31 March 2015

Statement of trustees' responsibilities

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, Accounting Standards and the Statement of Recommended Practice: Accounting By Charities (SORP 2005).

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 *24 September 2015*.

A handwritten signature in black ink, appearing to read 'Sandy Cameron', written over a horizontal line.

Sandy Cameron
Chair



Independent Auditors' Report to the trustees and members of Sacro
For the year ended 31 March 2015

We have audited the financial statements of Sacro for the year ended 31 March 2015 which comprise the Statement of Financial Activities, the Summary Income and Expenditure Account, 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 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members 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 company and the company's members 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 8, 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.

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 2015 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).



Independent Auditors' Report to the trustees and members of Sacro
For the year ended 31 March 2015

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;

A handwritten signature in black ink, appearing to read 'Ross McLaughlan'.

Ross McLaughlan 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 24 September 2015 .



Income and Expenditure Account and Statement of Financial Activities **For the year ended 31 March 2015**

	Note	Restricted Funds 2015	Unrestricted Funds 2015	Total Funds 2015	Total Funds 2014
		£	£	£	£
Incoming resources from Generated Funds					
Voluntary Income		-	423,453	423,453	413,084
Investment income		-	25,935	25,935	44,034
Other incoming resources	15	-	490,000	490,000	274,000
		-	939,388	939,388	731,118
Incoming resources from charitable activities					
Youth Justice	2	866,375	530,865	1,397,240	1,445,102
Criminal Justice	2	3,289,673	1,636,186	4,925,859	4,982,261
Community Mediation	2	788,116	100,339	888,455	1,041,607
General income	2	-	1,298	1,298	5,146
	2	4,944,164	2,268,688	7,212,852	7,474,116
Total incoming resources		4,944,164	3,208,076	8,152,240	8,205,234
Resources expended on charitable activities					
Youth Justice	3	782,945	556,685	1,339,630	1,349,149
Criminal Justice	3	3,322,327	1,931,316	5,253,643	5,301,129
Community Mediation	3	808,076	93,711	901,787	1,004,747
	3	4,913,348	2,581,712	7,495,060	7,655,025
Governance costs	4	7,080	11,341	18,421	24,584
Total resources expended	5	4,920,428	2,593,053	7,513,481	7,679,609
Net incoming resources for the year before transfers		23,736	615,024	638,760	525,625
Gross transfers between funds		30,403	(30,403)	-	-
Net incoming resources for the year		54,139	584,621	638,760	525,625
Actuarial (losses)/gains on retirement benefit scheme	14	-	(3,634,000)	(3,634,000)	261,000
Net movement in funds		54,139	(3,049,379)	(2,995,240)	786,625
Fund balances at 31 March 2014		2,551,294	6,146,415	8,697,709	7,911,084
Fund balances at 31 March 2015	11	2,605,433	3,097,036	5,702,469	8,697,709

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 surplus for the year stated above and its historical cost equivalent.

The net incoming resources excluding the impact of FRS17 pension movements (i.e. the operating surplus) is a surplus of £28,760 for the year compared to a surplus of £64,625 in the year to 31 March 2014.

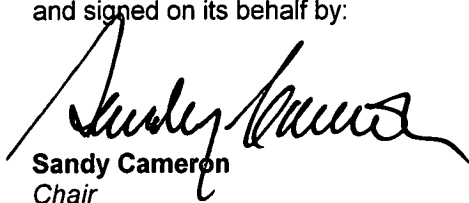
The notes on pages 14 to 22 form part of these financial statements.




Balance Sheet
as at 31 March 2015

		2015		2014	
	<i>Notes</i>	£	£	£	£
Current assets					
Debtors	7	814,727		736,168	
Cash at bank and in hand		4,705,972		4,986,970	
		<u>5,520,699</u>		<u>5,723,138</u>	
Current liabilities					
Creditors: Amounts falling due within one year	8	<u>(856,630)</u>		<u>(1,087,829)</u>	
Net current assets			4,664,069		4,635,309
Provisions	9		<u>(242,600)</u>		<u>(242,600)</u>
Net assets excluding pension scheme asset			4,421,469		4,392,709
Defined benefit pension scheme asset	14		<u>1,281,000</u>		<u>4,305,000</u>
Net assets			<u><u>5,702,469</u></u>		<u><u>8,697,709</u></u>
Reserves					
Unrestricted Funds:	12				
General funds			1,409,043		1,412,398
Designated funds			<u>406,993</u>		<u>429,018</u>
Total Unrestricted Funds excluding pension reserve			1,816,036		1,841,416
Pension Reserve	14		<u>1,281,000</u>		<u>4,305,000</u>
Total Unrestricted Funds including pension reserve			3,097,036		6,146,416
Restricted Funds	12		<u>2,605,433</u>		<u>2,551,293</u>
Total funds of charity			<u><u>5,702,469</u></u>		<u><u>8,697,709</u></u>

The financial statements were authorised for issue by the Board on 24 September 2015 and signed on its behalf by:


Sandy Cameron
Chair


Graham Paterson
Treasurer

Sacro – Registration Number SC086651

The notes on pages 14 to 22 form part of these financial statements.



Cash flow statement
for the year ended 31 March 2015

	<i>Note</i>	2015 £	2014 £
Net cash (outflow)/inflow from operating activities	<i>a</i>	(306,933)	371,294
Returns on investments and servicing of finance			
Bank interest		25,935	44,034
(Decrease)/Increase in cash	<i>b</i>	(280,998)	415,328

Notes to the cash flow statement
For the year ended 31 March 2015

a. Reconciliation of surplus to net cash inflow from operating activities	2015 £	2014 £
Surplus for the year	638,760	525,625
(Increase)/decrease in debtors	(78,559)	321,563
(Decrease)/Increase in creditors	(231,199)	29,140
Less: Pension Fund (FRS17) adjustment	(610,000)	(461,000)
Investment income	(25,935)	(44,034)
Net cash (outflow)/inflow from operating activities	(306,933)	371,294
b. Reconciliation of net cash flow to movement in net funds	2015 £	2014 £
(Decrease)/Increase in cash	(280,998)	415,328
Net liquid resources at 1 April 2014	4,986,970	4,571,642
Net liquid resources at 31 March 2015	4,705,972	4,986,970

The notes on pages 14 to 22 form part of these financial statements



Notes to the financial statements

for the year ended 31 March 2015

1. Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention (as modified by the revaluation of investments) and in accordance with applicable Accounting Standards and the Statement of Recommended Practice – Accounting By Charities (SORP 2005).

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, 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.
- > Investment income is included when receivable.
- > 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.

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.

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.

Taxation

The company is a charitable company within the meaning of Section 467 of the Corporation Tax Act 2010. Accordingly, the company is potentially exempt from taxation in respect of income or capital gains 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.

Legal Status

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



Notes to the financial statements

for the year ended 31 March 2015

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 as follows:

Office equipment - 3 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.

Definition of funds

Unrestricted funds comprise: designated funds, which have been set aside by the Directors to fund specific future projects in the furtherance of Sacros's objectives; and the general reserve. 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.

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.

Resources expended

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.
- > 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 e.g. floor areas, per capita or estimated usage as set out in Note 3.

Investments

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



Notes to the financial statements
for the year ended 31 March 2015

2. Incoming resources from charitable activities

	Youth Justice	Criminal Justice	Community Mediation	General	Total 2015	Total 2014
	£	£	£	£	£	£
Local Authorities	1,306,267	3,668,678	723,353	-	5,698,298	6,137,729
Scottish Government funding	44,951	1,006,676	49,000	-	1,100,627	1,191,525
Rent and service charges	44,672	58,289	-	-	102,961	99,720
Other income	1,350	192,216	116,102	1,298	310,966	45,142
Total	<u>1,397,240</u>	<u>4,925,859</u>	<u>888,455</u>	<u>1,298</u>	<u>7,212,852</u>	<u>7,474,116</u>

3. Analysis of resources expended on charitable activities

	Youth Justice	Criminal Justice	Community Mediation	Total 2015	Total 2014
	£	£	£	£	£
Direct costs	1,145,021	4,610,441	770,783	6,526,245	6,674,010
Support costs	194,609	763,202	131,004	1,088,815	1,168,015
FRS 17 Pension adjustment (note 15)	-	(120,000)	-	(120,000)	(187,000)
Total	<u>1,339,630</u>	<u>5,253,643</u>	<u>901,787</u>	<u>7,495,060</u>	<u>7,655,025</u>

The FRS 17 Pension adjustment of £120,000 (shown above) has been applied to unrestricted expenditure on the Statement of Financial Activities (page 10), where Criminal Justice unrestricted expenditure is £1,931,316. The actual figure before the FRS17 adjustment would show the unrestricted Criminal Justice expenditure as £2,051,316.

Support costs analysed as:

	Youth Justice	Criminal Justice	Community Mediation	Total 2015	Total 2014
	£	£	£	£	£
Staff salary costs	121,271	475,590	81,635	678,496	758,575
Other staff costs	8,218	32,230	5,532	45,980	51,326
Property costs	13,907	54,539	9,362	77,808	63,376
Administration costs	51,213	200,843	34,475	286,531	294,738
Total	<u>194,609</u>	<u>763,202</u>	<u>131,004</u>	<u>1,088,815</u>	<u>1,168,015</u>



Notes to the financial statements
for the year ended 31 March 2015

4. Governance costs

	2015 £	2014 £
Audit fee – External	8,790	10,640
Audit fee – Internal	1,800	4,668
Servicing of Board Meetings	7,109	8,027
Trustee expenses	722	1,249
	<u>18,421</u>	<u>24,584</u>

Seven Trustees received reimbursement of travel expenses and subsistence during the year (2014, seven) amounting to £722 (2014, £1,249). The Company has also arranged directors and officer indemnity insurance at no additional cost (2014, £nil). None of the Trustees received any remuneration in the year (2014, £nil). No trustee or other person related to the charity had any personal interest in any contract or transaction entered into by the charity during the year (2014, £nil).

5. Total resources expended are stated after charging:

	2015 £	2014 £
Auditor's remuneration:		
External	8,790	10,640
Internal	1,800	4,668
Operating lease rentals:		
Land & buildings	271,209	269,738
Equipment	7,138	14,118
	<u>278,347</u>	<u>288,524</u>

6. Analysis of staff costs

	2015 £	2014 £
Salaries	4,774,124	4,849,113
Social Security	321,047	328,731
Pension – defined benefit	587,492	717,967
Pension – defined contribution	67,305	4,263
	<u>5,749,968</u>	<u>5,900,074</u>
The average number of employees during the year was:		
Permanent/temporary staff	234	249
Sessional staff	48	46
	<u>282</u>	<u>295</u>

One employee was paid between £95,000 and £105,000 in the year (2014 one employee). Pension contributions for this member of staff in the year amounted to £nil (2014 £19,107).

7. Debtors

	2015 £	2014 £
Grants due from local authorities & Scottish government	411,761	436,733
Sundry debtors and prepayments	397,822	295,287
Accrued income	5,144	4,148
	<u>814,727</u>	<u>736,168</u>



Notes to the financial statements

for the year ended 31 March 2015

8. Creditors: Amounts falling due within one year

	2015 £	2014 £
Deferred income (note 10)	281,458	310,607
Trade creditors	188,728	502,640
Sundry creditors	49,839	47,348
Accruals	336,605	227,234
	<u>856,630</u>	<u>1,087,829</u>

9. Provisions

	2015 £	2014 £
Provisions at 1 April 2014	242,600	242,600
Added in the year	-	-
Provision at 31 March 2015	<u>242,600</u>	<u>242,600</u>

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.

10. Deferred income

	2015 £	2014 £
Deferred income brought forward	310,607	509,189
Utilised in year	(283,607)	(509,189)
Received in year	254,458	310,607
	<u>281,458</u>	<u>310,607</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.

11. Analysis of net assets between funds

	Net current assets £
Restricted assets	2,605,433
Unrestricted assets	<u>3,097,036</u>
	<u>5,702,469</u>

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.



Notes to the financial statements
for the year ended 31 March 2015

12. Distribution of funds

	Balance 2014 £	Incoming resources £	Expenditure & transfers £	Balance 2015 £
Unrestricted	1,412,398	2,718,076	2,721,431	1,409,043
Designated	429,018	-	22,025	406,993
Pension fund	4,305,000	490,000	3,514,000	1,281,000
Restricted funds	2,551,293	4,944,165	4,890,025	2,605,433
	<u>8,697,709</u>	<u>8,152,241</u>	<u>11,147,481</u>	<u>5,702,469</u>

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 that has been set aside in order 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. These funds historically were received from legacies.

Restricted funds at the year end, broken down into categories are as follows:-

	2015 £
Youth Justice	496,626
Criminal Justice	969,838
Community Mediation	377,681
IT Reserves	194,838
Property Reserves	566,450
	<u>2,605,433</u>

Sufficient funds are held in an appropriate form to enable each fund to be applied in accordance with its restrictions.

13. Operating lease commitments

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

	Land & buildings £	Others £	Total £
On leases expiring:			
Within 1 year	134,487	7,138	141,625
Between 2 and 5 years	136,722	-	136,722
More than 5 years	-	-	-
	<u>271,209</u>	<u>7,138</u>	<u>278,347</u>



Notes to the financial statements
for the year ended 31 March 2015

14 Pension costs

Sacro is a member of The Strathclyde Pension Fund, a defined benefit scheme. During the year ended 31 March 2015 contributions for employees were variable dependant on salary at 31 March 2015 the employer contributions were 19.3%. The charge for the year was £587,492 (2014: £717,967) 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 as at	2015 % p.a.	2014 % p.a.	2013 % p.a.
Pension increases	2.0	2.2	2.2
Salary increases	3.0	3.2	3.2
Expected return on assets	3.4	6.0	5.2
Discount rate	3.4	4.7	4.7

The assets in the scheme and the expected rate of return were:

Assets (employer)	Long term return At 31 Mar 2015 % p.a.	Assets At 31 Mar 2015 £'000	Long term return At 31 Mar 2014 % p.a.	Assets At 31 Mar 2014 £'000	Long term return At 31 Mar 2013 % p.a.	Assets At 31 Mar 2013 £'000
Equities	3.4%	18,199	6.6%	16,564	5.7%	15,122
Bonds	3.4%	3,154	3.7%	2,615	3.4%	2,786
Property	3.4%	2,669	4.8%	1,526	3.9%	1,393
Cash	3.4%	243	3.7%	1,090	3.0%	597
	3.4%	24,265	5.8%	21,795	5.2%	19,898

Net pension asset as at	31 March 2015 £'000	31 March 2014 £'000	31 March 2013 £'000
Estimated employer assets	24,265	21,795	19,898
Present value of scheme liabilities	22,948	17,454	16,281
Present value of unfunded liabilities	36	36	34
Total value of liabilities	22,984	17,490	16,315
Net pension asset	1,281	4,305	3,583



Notes to the financial statements
for the year ended 31 March 2015

14 Pension costs (continued)

Analysis of the amount charged to net incoming resources	Year to 31 March 2015 £'000	Year to 31 March 2014 £'000
Current service cost	<u>434</u>	<u>515</u>
Total operating charge	<u><u>434</u></u>	<u><u>515</u></u>
 Analysis of amount credited to other finance income	 Year to 31 March 2015 £'000	 Year to 31 March 2014 £'000
Expected return on employer assets	1,315	1,049
Interest on pension scheme liabilities	<u>(825)</u>	<u>(775)</u>
Net return	<u><u>490</u></u>	<u><u>274</u></u>
 Analysis of amounts included in other recognised gains and losses:	 Year to 31 March 2015 £'000	 Year to 31 March 2014 £'000
Actual return less expected return on pension scheme assets	<u>(3,634)</u>	<u>261</u>
Actuarial (loss)/gain recognised in net movement of funds	<u><u>(3,634)</u></u>	<u><u>261</u></u>
 Movement in surplus/(deficit) during the year:	 Year to 31 March 2015 £'000	 Year to 31 March 2014 £'000
Surplus at beginning of the year	4,305	3,583
Current service cost	(434)	(515)
Losses on curtailment	(20)	-
Employer contributions	570	698
Contributions in respect of unfunded benefits	4	4
Past service costs	-	-
Net return on assets	490	274
Actuarial (loss)/gain	<u>(3,634)</u>	<u>261</u>
Surplus at end of year	<u><u>1,281</u></u>	<u><u>4,305</u></u>



Notes to the financial statements
for the year ended 31 March 2015

14 Pension costs (continued)

History of experience gains and losses:	Year to 31 March 2015 £'000	Year to 31 March 2014 £'000	Year to 31 March 2013 £'000	Year to 31 March 2012 £'000
Difference between the expected and actual return on assets	890	309	1,540	(1,651)
Value of assets	24,265	21,795	19,898	16,799
Percentage of assets	3.7%	1.4%	7.7%	(9.8%)
Experience gains/(losses) on liabilities	4,524	48	(2,208)	(1,131)
Present value of liabilities	22,984	17,490	16,315	17,164
Percentage of the present value of liabilities	19.7%	0.2%	(13.5%)	(6.5%)
Actuarial (losses)/gains	(3,634)	261	3,748	(520)
Present value of liabilities	22,984	17,490	16,315	17,164
Percentage of the present values of liabilities	(15.8%)	1.5%	4.3%	(3%)

15 FRS 17 Pension Adjustment

The pension is reported as an asset of £1,281,000 in the Balance Sheet at 31 March 2015 compared to an asset of £4,305,000 at 31 March 2014

This is due to less favourable actuarial assumptions at 31 March 2015 in comparison to the previous year. These factors serve to decrease the value of the pension fund reported in Sacro's Balance Sheet (page 12).

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

	Year to 31 March 2015 £	Year to 31 March 2014 £
Incoming resources		
<i>(Contributions by Members less interest on pension liabilities)</i>	(490,000)	(274,000)
Outgoing resources (note 3)		
<i>(Current service cost less contributions for unfunded benefits)</i>	(120,000)	(187,000)
Total FRS 17 Pension adjustment	<u>(610,000)</u>	<u>(461,000)</u>