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Directors' Report and Financial Statements

For the year ended 31 March 2018

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 Jim Crichton

Mrs Elspeth Dalgleish FCIPD

Mr Steve Uphill

Mrs Pauline Howie OBE

Mrs Mary Pitcaithly (co-opted 20 September 2017)

Mr Arun Gopinath (co-opted 28 March 2018)

Mrs Jo Knox MSc CQSW (resigned 13 December 2017)

Professor Sir Geoff Palmer FRSM DSc OBE (resigned 13 December 2017)

Mr Graham Birse (resigned 13 December 2017)

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 2018***

The Directors present their annual strategic report and audited financial statements for the year ended 31 March 2018.

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 and Corporate Services.

Strategic Plan 2015-20

Sacro's Strategic Plan 2015-20 was 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. It sets the course of Sacro's practice and direction from 2015 to 2020 to deliver its mission 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 well-being of people within their local communities is supported, where conflict is resolved constructively and where offending and its consequences are addressed effectively and appropriately.



Directors' Strategic Report ***For the year ended 31 March 2018***

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 2017/18

During 2017/18, confirmation of funding for existing services has been encouraging although it has been clear that austerity measures present continuing financial pressures on our partners, including local authorities. The increasing diversity of funding for services is reflected in the achievements for the year.

In 2017/18, maintaining Sacro's strong reputation for continuous improvement and innovation, Sacro undertook to develop its focus on domestic abuse, honour-based violence, mentoring services, community payback services, and groupwork programmes. The following details considerable progress in these areas, reaching and meeting need in vulnerable communities.

Domestic Abuse

Sacro's Fearless services supports survivors of domestic abuse in vulnerable, hard to reach minority groups across Scotland. The service is funded by The Big Lottery and works in partnership with statutory agencies, housing providers and third sector organisations to provide non-judgmental, one-to-one support for individuals experiencing domestic abuse. This year we have continued to roll out the service across Scotland with workers now active in Edinburgh, Glasgow, Fife, Tayside, Lanarkshire and Ayrshire.

The Fearless team has promoted the service at Pride events in Edinburgh, Glasgow, Fife and West Lothian during the year and facilitated a workshop on LGBT Domestic Abuse as part of Free Pride. The service has engaged with Zone Youth LGBT (Aberdeen), Fife and Perth College open days, Edinburgh Volunteer Recruitment Fair, FK1include (Falkirk LGBT group) in 2017/18 and has worked in partnership with British Transport Police to promote Hate Crime Awareness Week.

Sacro successfully tendered to redesign domestic abuse training and to deliver a 'training for trainers' programme for City of Edinburgh Council in partnership with SafeLives.

Honour-based Violence

Sacro's Bright Choices service is funded by the Big Lottery and has continued to support individuals, families and communities in Edinburgh that are affected by honour-based violence. The partnership between Sacro, Edinburgh Lothian Regional Equality Council (ELREC) and Multicultural Family Base (MCFB) also provides valuable outreach work to promote long-term attitude change with a view to putting an end to Honour Based Violence and Harmful Traditional Practices.



Directors' Strategic Report ***For the year ended 31 March 2018***

Bright Choices has worked in partnership with Feniks, a grass-roots charitable organisation that supports the Central Eastern European community in Edinburgh and Scotland, providing culturally sensitive psychological support, cultural awareness training sessions, and community development. In addition, a worker has been recruited to support those affected by Female Genital Mutilation (FGMs) and is working with FGM community champions and the Scottish Violence Reduction Unit to build capacity for the delivery of a service in Glasgow.

Mentoring

Sacro's Veterans' Mentoring service (VMS) continues to be delivered in Glasgow, Edinburgh, Dundee and Elgin. A national approach to mentoring veterans has been established with the mentors meeting as a group on a quarterly basis.

The Sacro-led public social partnership "Shine", continues to develop mentoring services for women in the criminal justice system. The success of Shine in improving outcomes for women across Scotland has not gone unnoticed and Sacro is now adapting its mentoring approach to establish a new male mentoring service funded by Fife Council. Shine's social media presence was further extended by a regular blog on the Shine website, and an e-newsletter circulated quarterly. Sacro also continues to actively partner the New Routes public social partnership providing mentoring support for young males leaving prison.

Community Payback

No services are immune from the financial challenges affecting local authority budgets and Sacro's Community Payback Order services in Aberdeenshire and North Lanarkshire were taken in-house by the respective commissioner in March 2018. The services had been well-established and evidenced positive outcomes for the participants.

The Glasgow CPO service's move to new premises has enabled the development of a more person-centred support with groupworking, more effective links to community health partners, and the enhancement of workshop and unpaid work, including access to Sacro's innovative Garden Project.

The Garden Project which commenced in Glasgow in May 2017 is a collaboration between Sacro and Glasgow City Council's Land and Environment Services, hosted in Tollcross Park. The project provides service users with opportunities to contribute to the local community, and to enhance their individual potential for future training and employment opportunities. Sacro has engaged with Glasgow Social Work, Criminal Justice Glasgow, and Land and Environment Services to create an Advisory Board that will support and promote the service in Glasgow.

Services for Women

Delivering services for women involved in the criminal justice system is one of Sacro's main activity streams and Sacro has undertaken to develop more gender-specific programmes..

In West Dunbartonshire, a Positive Intervention Programme that focusses on the rehabilitation of abusive men through their participating in a prescribed group-work programme, that seeks both to reduce the number of victims of domestic abuse, and to limit the impact of any such



Directors' Strategic Report ***For the year ended 31 March 2018***

abuse on women and children, is being delivered with funding from the EU Aspiring Communities Fund.

In partnership with NHS Lothian to celebrate 10 years of co-delivering the Women's Clinic in Edinburgh for women involved in prostitution Sacro hosted the Inside/Outside exhibition of art created by women involved in prostitution, which was well attended and successfully targeted at key strategic stakeholders.

Sacro also marked the International Day of Zero Tolerance to Female Genital Mutilation (FGM) with an event in partnership with City of Edinburgh Council Child Protection Committee held in February 2018. Our work on FGM was further advanced by a successful application to the Tampon Tax Fund for an additional FGM Prevention and Protection Worker.

A new drop-in service for women involved in sex work in Edinburgh has been established by Sacro's Another Way service, specifically engaging with the growing number of Romanian women, many of whom have little English skills and are at risk of being trafficked. Leaflets for the service were provided in Romanian to reach out to more women.

Youth Services

Sacro has a long history in delivering services for young people and following an external evaluation by the University of Strathclyde's Centre for Youth and Criminal Justice (CYCJ) in 2016, has developed its youth services to include young people and their families at a preventative and enhanced level, using interventions that address needs and risk.

A new service, 'Refresh', has been developed in Aberdeen to provide support to children and young people displaying challenging, disruptive, harmful or anti-social behaviour in school or at home. Sacro is now delivering 'Refresh' within five schools in the Aberdeen area and discussions are ongoing to expand delivery of the programme both within Aberdeen and beyond.

Sacro successfully tendered to deliver the 'Refresh' service in Edinburgh as part of the Pupil Equity Fund, and continues to work with schools in West Lothian in developing the service.

Public Protection Services

Sacro continues to play a key role nationally in public protection and is recognised as a lead provider for wraparound services to those at the highest risk of reoffending. The National Intensive Support Packages (ISP) service continues to be commissioned through MAPPA, local authorities and the NHS

Sacro's Circles of Support and Accountability (CoSA) model of intervention assisting monitoring and community re-integration of individuals who commit sexual offences was active in Ayrshire, Dumfries & Galloway, and Fife during the year. The CoSA service is delivered by trained volunteers and their role in the success of this project cannot be overstated.



Directors' Strategic Report ***For the year ended 31 March 2018***

Community Mediation and Restorative Justice

Fife Community Safety Support Service delivers mediation and restorative work including court support for witnesses and practical and emotional support for people experiencing hate incidents and antisocial behaviour (including specific support to young people). The service also provides training for external organisations. Four Community Safety Support Workers are based at Sacro in Kirkcaldy, with a member of staff being co-located within the Community Safety Team daily.

'STOP' (Sacro Tackling Offensive Prejudices), Sacro's Anti-Sectarianism Service funded by the Scottish Government is continuing to develop its diversion from prosecution service.

The Scottish Restorative Justice Forum is supported by Sacro to develop Restorative Justice across Scotland by bringing professionals, practitioners, academics and agencies together. Through its involvement in the Forum which now has an independent Chair, Professor Joanna Shapland, Sheffield University, Sacro contributed to the restorative justice guidelines issued by Scottish Government in relation to the Victims and Witnesses (Scotland) Act 2014.

Housing Support

Sacro's Supported Accommodation services in Moray have secured renewed funding for a further three years following a competitive tender process. The services – which provide supported accommodation for young people and homeless adults – were also successful in attracting funding from Moray Alcohol and Drug Partnership. This funding has allowed the service to deliver activities aimed at improving social confidence and inclusion and a number of collaborative projects are being taken forward.

Sacro was also successful in tendering jointly with Y-People for the delivery of a Housing Support Service and a Peer mentoring Service both in Edinburgh.

Influencing and Contributing to the Justice Agenda

In April 2017, coinciding with UK Government's announcement of successful funding awards from the Tampon Tax Fund, Sacro hosted a visit by Mr Ben Gummer MP, Minister for the Cabinet Office. Sacro had been successful in receiving funding to further develop its work with the Bright Choices partnership.

In November and December 2017, Sacro was a key partner along with the Crown Office and Procurator Fiscal Service, Edinburgh Napier University and Edinburgh Violence Against Women Partnership in arranging and hosting several events to mark the global campaign for UN 16 Days of Action to tackle gender-based violence. This received widespread coverage in social media and high profile support from Government ministers including the First minister and her cabinet, the Lord Advocate, the University Principal, the Leader of City of Edinburgh Council and other public leaders.



Directors' Strategic Report ***For the year ended 31 March 2018***

Sacro hosted a seminar in March 2018 for Shine Mentors and Mentees in the City of Edinburgh's main council chamber that was addressed by the Director of the Justice Division at the Scottish Government and by the Chief executive of Community Justice Scotland, and was attended by MSPs from the Scottish Parliament Justice Committee, as well as by senior academics who presented on their research into vicarious trauma in staff working with women in the various areas of criminal justice.

During the year, Sacro presented to both the Justice and the Equalities Committees at the Scottish Parliament, giving evidence relating to Domestic Abuse and Offensive Behaviour at Football Grounds, and the inquiry into Scotland's use of remand.

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 2017 Sacro lecture was delivered by Clare Lightowler, Director of the Centre for Youth and Criminal Justice, and was entitled "The Rhetoric of Preventing Offending: What We Say, What We Do, and How Can We Do Better." This high profile event was held in the Signet Library, Edinburgh and received much acclaim. The 2018 lecture will be held in November 2018 and delivered by Baroness Helena Kennedy of Shaws, QC, FRSA, HonFRSE.

In June 2017, the Sacro led Bright Choices partnership supporting individuals and families affected by Honour Abuse and Honour-Based Violence, received a Scottish Social Services Award in the category 'Head Above the Parapet'. The judges in this category were looking for an individual, group or service who spoke up about an issue, promoting social justice and championing the interests of the vulnerable, encouraging people to stand up for others and challenge rhetoric that can damage the interests of people using services.

Sacro was also awarded The Herald/GenAnalytics Diversity Star Performer Award in October 2017 for organisations with less than 250 employees in Scotland. The award is given to organisations of fewer than 250 employees and asked for "outstanding commitment shown by a company who maximise all the talents in their workforce to benefit and grow their organisation. The winning organisation will be able to provide strong evidence of active policies for promoting diversity and a strong track record of hiring and retaining individuals from diverse backgrounds".

Sacro's Fearless service received a highly commendation at the Scottish Charity Awards in June 2017, in the fiercely competitive category, 'Pioneering Project'. The award recognised the partnership approach used to support survivors of domestic abuse in vulnerable, hard to reach minority groups across Scotland.

Sacro's Chief Executive, Tom Halpin won the SCVO Third Sector Director of the Year Award at the IoD Scotland Director of the Year Awards. The Institute of Directors Scotland award



Directors' Strategic Report ***For the year ended 31 March 2018***

recognises innovative individuals and effective communicators who have achieved organisational goals, following through on governance initiatives and have a considered approach to risk, and who have successfully raised the profile of their organisation. The judges said "Tom Halpin is steering the business through challenging times and reaching vulnerable people in our communities."

Governance of Sacro

Lord Carloway, Lord President of the Court of Session and Lord Justice General has been Sacro's President since 2015 and continues to commit significant time to Sacro, attending public events. On 17 October 2017, along with our Chair and deputy Chair, and Lord Carloway visited Sacro's Glasgow office where he met, listened to and chatted with staff, volunteers and service users. This was followed by a further visit to Sacro's Fife office in May 2018.

In August 2017, an annual review of the effectiveness of Board Committees was undertaken at respective committees, and a skills audit of Board members reviewed and updated in September 2017 to reflect new members joining the Board.

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

Supporting our Efforts

Accurate performance reporting is a key feature of the Case Management System (CMS) and work is ongoing in respect of the development of new processes for the System. Sacro has now implemented its Outcomes Star Project and is beginning to collate a rich data set that will be able to demonstrate impact of services in future reporting.

In launching its People Strategy, Sacro sought to promote effective HR practices and leadership amongst its managerial staff. There are five key areas to the new strategy – which includes the principles of the Fair Work Convention – and the People (Implementation) Plan sets out the timescales for completion over the coming year. The People Strategy Action Plan and metrics are monitored quarterly at meetings of the Finance and HR Committee.

In recognition of Sacro's emphasis on developing and supporting its volunteers, the organisation has once again renewed its Investing in Volunteers accreditation, an award held since 2009. Volunteers play a crucial role in helping Sacro to deliver its services effectively and the importance of their role is firmly embedded in all areas of the organisation's operations.



Directors' Strategic Report For the year ended 31 March 2018

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.

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 deficit of £(136,939) for net incoming resources in the year, which compares to a surplus of £74,024 in 2017. The operating surplus, which excludes the impact of the pension adjustment, is £11,061 for 2018 (2017 £28,024). This is further analysed in the table below:

	2018 £	2017 £
(Deficit)/Surplus per SOFA (<i>page 18</i>)	(136,939)	74,024
Pension Adjustment (<i>note 20</i>)	148,000	(46,000)
Operating Surplus	<u>11,061</u>	<u>28,024</u>

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 2018/19 financial year presents further challenges to Sacro but the actions taken during the previous 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



Directors' Strategic Report

For the year ended 31 March 2018

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 2018 amount to £2.472 million which comprises funds held at 31 March 2018 in respect of services/projects which continue beyond the Balance Sheet date.

Unrestricted reserves excluding pension asset at 31 March 2018 amounted to £2.04 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 £1.7 million.

Key Management Personnel Remuneration

Sacro's Corporate Management Group (CMG) comprises the Chief Executive, Director of Corporate Services and Director of Operations. The Director of Strategy & Improvement resigned in February 2018 and the post is not being recruited to at this time. 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:

	2018	2017
	£	£
Salaries and wages	277,020	279,679
Social Security Costs	33,630	34,398
Pension – Defined benefit (Strathclyde Pension Fund)	26,522	27,710
Total	<u>337,172</u>	<u>341,787</u>



Directors' Strategic Report ***For the year ended 31 March 2018***

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 2018. The pension fund asset of £3,613,000 as at 31 March 2018 represents a significant increase of £2,119,000 on the asset value at 31 March 2016 of £1,494,000.

Donations in kind

Sacro appreciates the support of its approximately 70 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.



Directors' Strategic Report
For the year ended 31 March 2018

Disabled persons

Applications for employment by disabled persons are given full and fair consideration for all vacancies in accordance with their particular aptitudes and abilities. In the event of employees becoming disabled, every effort is made in order that their employment with the company may continue. It is the policy of the company that the training, career development and promotion opportunities should be available to all employees.

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, Board Members 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

2017/18 has been a year of mixed fortunes with the loss of some long-standing services, but encouraging to have attracted new services and retained many existing ones in the face of strong competition.

Sacro will continue to diversify its funding streams where possible, particularly where opportunities exist to develop new and innovative approaches to our work and service users. Redeveloping existing services to meet changing priorities and needs is also something we are committed to.

Sacro has recently upgraded its case management system and now uses the Outcome Star framework to map and report outcomes. During the year we have plans to facilitate more remote working to allow these tools to be used at the heart of the communities we work in.



Directors' Strategic Report
For the year ended 31 March 2018

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:

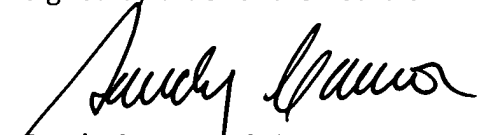
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 19/11/18


Sandy Cameron CBE
Chair



Independent Auditors' Report to the Trustees and members of Sacro

For the year ended 31 March 2018

Opinion

We have audited the financial statements of Sacro (the 'charitable company') for the year ended 31 March 2018 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and related notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2018, 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 requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- *the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or*
- *the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.*

Other information

The trustees are responsible for the other information. The other information comprises the information included in the directors' strategic report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.



Independent Auditors' Report to the Trustees and members of Sacro ***For the year ended 31 March 2018***

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors strategic report been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' strategic report.

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

- adequate and proper accounting records have not been kept, 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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

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, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.



Independent Auditors' Report to the Trustees and members of Sacro
For the year ended 31 March 2018

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under those Acts.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charitable company's trustees, as a body, in accordance with Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charitable company's members and trustees those matters we are required to state to them in an auditor's 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 charitable company, the charitable company's members as a body and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Ross McLauchlan BAcc CA
Senior Statutory Auditor
For and on behalf of Wylie & Bisset LLP, Statutory Auditor

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

168 Bath Street
Glasgow
G2 4TP

Wylie & Bisset LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

Date:

3/12/18



Income and Expenditure Account and Statement of Financial Activities
For the year ended 31 March 2018

	<i>Note</i>	Restricted Funds 2018	Unrestricted Funds 2018	Total Funds 2018	Total Funds 2017
		£	£	£	£
Income from:					
Donations and Subscriptions	4	-	1,120	1,120	2,137
Voluntary Income	6	-	444,701	444,701	435,348
Investment Income	7	-	21,594	21,594	27,098
Other Incoming Resources	20	-	40,000	40,000	108,000
		-	507,415	507,415	572,583
Income from Charitable Activities					
Youth Justice	5	442,294	497,001	939,295	1,210,095
Criminal Justice	5	3,261,476	1,745,903	5,007,379	5,123,281
Community Mediation	5	384,221	83,363	467,584	558,646
General Income	5	-	27,651	27,651	-
		4,087,991	2,353,918	6,441,909	6,892,022
Total Income		4,087,991	2,861,333	6,949,324	7,464,605
Expenditure on:					
Youth Justice	8	511,316	489,553	1,000,869	1,188,581
Criminal Justice	8	3,195,205	2,376,352	5,571,557	5,585,971
Community Mediation	8	462,319	51,518	513,837	616,029
Total Expenditure		4,168,840	2,917,423	7,086,263	7,390,581
Net Income/(Expenditure)		(80,849)	(56,090)	(136,939)	74,024
Net transfers between funds	21	-	-	-	-
Movement in pension asset arising from re-measurements		-	2,267,000	2,267,000	(1,439,000)
Net Movement in Funds		(80,849)	2,210,910	2,130,061	(1,364,976)
Total funds brought forward		2,552,673	3,441,948	5,994,621	7,359,597
Total funds carried forward		2,471,824	5,652,858	8,124,682	5,994,621

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 2017 is detailed in note 21.

The net incoming resources excluding the impact of the pension movements (i.e. the operating surplus) is a surplus of £11,061 for the year compared to a surplus of £28,024 in the year to 31 March 2017.

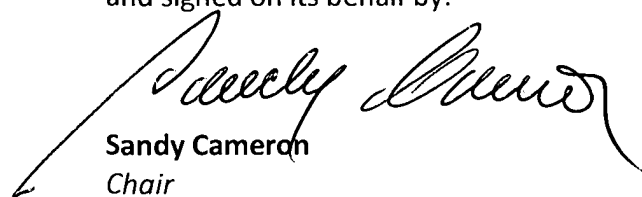
The notes on pages 20 to 33 form part of these financial statements.



Balance Sheet
As at 31 March 2018

	Notes	2018 £	2017 £
Current Assets			
Debtors	12	807,100	561,979
Cash at bank and in hand		5,173,126	5,270,682
		<u>5,980,226</u>	<u>5,832,661</u>
Current Liabilities			
Creditors: Amounts falling due within one year	13	<u>(1,195,944)</u>	<u>(1,059,440)</u>
Net Current Assets		4,784,282	4,773,221
Provisions	15	<u>(272,600)</u>	<u>(272,600)</u>
Net Assets excluding pension scheme asset		4,511,682	4,500,621
Defined benefit pension scheme asset		3,613,000	1,494,000
Net Assets		<u>8,124,682</u>	<u>5,994,621</u>
Reserves			
Unrestricted Funds			
General Funds	17	1,693,238	1,586,455
Designated Funds	17	346,620	361,493
Total Unrestricted Funds excluding pension reserve		<u>2,039,858</u>	<u>1,947,948</u>
Pension Reserve	17	3,613,000	1,494,000
Total Unrestricted Funds including pension reserve		<u>5,652,858</u>	<u>3,441,948</u>
Restricted Funds	17	2,471,824	2,552,673
Total Funds		<u>8,124,682</u>	<u>5,994,621</u>

The financial statements were authorised for issue by the Board on 19/11/18
and signed on its behalf by:


Sandy Cameron
Chair

Sacro – Registration Number SC086651

The notes on pages 20 to 33 form part of these financial statements.



**Cash flow statement
for the year ended 31 March 2018**

	<i>Note</i>	2018 £	2017 £
Cash flows from operating activities			
Net cash (used by)/provided by operating activities	<i>a)</i>	(119,150)	261,777
Cash flows from investing activities			
Interest Received		21,594	27,098
Change in cash and cash equivalents in the year		(97,556)	288,875
Cash and cash equivalents brought forward		5,270,682	4,981,807
Cash and cash equivalents carried forward		5,173,126	5,270,682

**Note to the cash flow statement
for the year ended 31 March 2018**

	2018 £	2017 £
a) Reconciliation of opening (deficit)/surplus to net cash inflow from operating activities		
Operating (deficit)/surplus	(136,939)	74,024
(Increase)/Decrease in Debtors	(245,121)	256,753
Increase/(Decrease) in Creditors	136,504	(25,902)
Pension Fund adjustment (FRS102)	148,000	(46,000)
Investment income	(21,594)	(27,098)
Increase in Provisions	-	30,000
Net Cash inflow/(outflow) from operating activities	(119,150)	261,777

The notes on pages 20 to 33 form part of these financial statements



Notes to the financial statements
for the year ended 31 March 2018

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.

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.

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.



Notes to the financial statements for the year ended 31 March 2018

- 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.
- 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.



Notes to the financial statements for the year ended 31 March 2018

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.

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.

Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.



Notes to the financial statements
for the year ended 31 March 2018

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.

Redundancy

Redundancy payments are made in line with legislation and best practice following consultation and consideration of all alternatives. Amounts are recognised when redundancy has been identified and the amounts are quantifiable.

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 (2017: £nil). Expenses paid to the trustees in the year totalled £618 (2017: £865). These expenses were made up of three trustee reimbursed for their travel expenses (2017: three). The total expenses waived by the trustees in 2018 were £690 (2017: £690).

During the year no trustee had any personal interest in any contract or transaction entered into by the charity (2017: none).

4. Income from donations and legacies

	2018	2017
	£	£
Donations	500	1,347
Membership subscriptions	620	790
Total income from Donations and Legacies	<u>1,120</u>	<u>2,137</u>



**Notes to the financial statements
for the year ended 31 March 2018**

5. Income from charitable activities

	Youth Justice £	Criminal Justice £	Community Mediation £	General £	Total 2018 £	Total 2017 £
Local Authorities	874,130	3,351,402	366,138	-	4,591,670	5,366,682
Scottish Government	-	617,395	-	-	617,395	438,406
Rent, Service Charges	65,165	57,638	-	-	122,803	156,122
Other Income	-	980,944	101,446	27,651	1,110,041	930,812
Total Income	939,295	5,007,379	467,584	27,651	6,441,909	6,892,022

Scottish Government Income from charitable activities (as referred to in note 5 above)

	2018 £	2017 £
Shine PSP Grant	552,395	438,406
STOP Service	65,000	-
Total	617,395	438,406

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

6. Voluntary Income

	2018 £	2017 £
Scottish Government Section 10 Grant	444,701	435,348
Total Voluntary Income	444,701	435,348

7. Investment income

	2018 £	2017 £
Interest on Cash Deposits	21,594	27,098
Total Investment Income	21,594	27,098



**Notes to the financial statements
for the year ended 31 March 2018**

8. Analysis of expenditure on charitable activities

	Youth Justice £	Criminal Justice £	Community Mediation £	Total 2018 £	Total 2017 £
Direct Costs	870,481	4,657,767	446,895	5,975,143	6,232,507
Support Costs (note 9)	127,619	710,417	65,518	903,554	1,078,471
Governance Costs (note 9)	2,769	15,372	1,424	19,565	17,603
Pension Movement	-	188,000	-	188,000	62,000
Total Expenditure	1,000,869	5,571,556	513,837	7,086,262	7,390,581

The FRS102 pension adjustment of £188,000 (shown above) has been applied to Criminal Justice unrestricted expenditure (£2,376,352) on the Statement of Financial Activities (page 17). The actual figure before the pension adjustment would be £2,188,352.

9. Allocation of support and governance costs

Support Costs	Youth Justice £	Criminal Justice £	Community Mediation £	Total 2018 £	Basis of Apportionment	Total 2017 £
Staff Salaries	85,589	476,450	43,941	605,980	Staff Time	680,773
Other Staff Costs	3,526	19,630	1,810	24,966	Staff Time	47,325
Property Costs	13,038	72,576	6,693	92,307	% of Revenue	92,194
Admin Costs	25,466	141,760	13,074	180,300	% of Revenue	258,179
Total Costs	127,619	710,416	65,518	903,553		1,078,471

Governance Costs	Youth Justice £	Criminal Justice £	Community Mediation £	Total 2018 £	Basis of Apportionment	Total 2017 £
Trustee expenses	87	486	45	618	% of Revenue	865
Auditors remuneration	1,545	8,575	794	10,914	% of Revenue	8,705
Cost of meetings	1,137	6,311	585	8,033	% of Revenue	8,033
Total Costs	2,769	15,372	1,424	19,565		17,603



**Notes to the financial statements
for the year ended 31 March 2018**

10. Total resources expended are stated after charging:

	2018	2017
	£	£
Auditors remuneration – external audit	10,914	8,705
Auditors remuneration – internal audit	-	-
Operating lease rentals – land and buildings	254,682	298,492
Operating lease rentals - equipment	19,224	4,840
	<u>284,820</u>	<u>312,037</u>

11. Analysis of staff costs

	2018	2017
	£	£
Salaries and wages	4,634,740	4,813,740
Social Security Costs	388,918	398,743
Pension – Defined benefit (Strathclyde Pension Fund)	236,950	378,873
Pension – Defined contribution (Aegon)	168,167	146,077
Total Staff Salary Costs	<u>5,428,775</u>	<u>5,737,433</u>

Remuneration of key management personnel

Employees with employee benefits in excess of £60,000 are:

Between £60,000 - £70,000: none (2017: one)

Between £70,000 - £80,000: two (2017: two)

Above £80,000: one (2017: one)

The total staff costs for the three employees is analysed as:

	2018	2017
	£	£
Salaries and wages	277,020	279,679
Social Security Costs	33,630	34,398
Pension – Defined benefit	26,522	27,710
Total Remuneration of key management personnel	<u>337,172</u>	<u>341,787</u>

Redundancy and termination payments

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



**Notes to the financial statements
for the year ended 31 March 2018**

Nature of Payment	Number	Total 2018 £	Basis of Payment	Funding
Redundancy Payments	6	39,983	Statutory redundancy pay	Restricted Reserves
Termination Payments	4	5,969	Payment in lieu of notice	Restricted Reserves
Total		45,952		

Average number of employees

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

	2018 Number	2017 Number
Permanent/temporary staff	194	209
Sessional staff	138	96

12. Debtors

	2018 £	2017 £
Grants due from local authorities & Scottish Government	636,852	311,650
Sundry Debtors and prepayments	68,312	149,979
Accrued Income	101,936	100,350
	807,100	561,979

13. Creditors: amounts falling due within one year

	2018 £	2017 £
Deferred Income (note 14)	575,377	412,255
Trade Creditors	193,195	100,302
Sundry Creditors	200,875	295,507
Accruals	226,497	251,376
	1,195,944	1,059,440



Notes to the financial statements
for the year ended 31 March 2018

14. Deferred income

	2018	2017
	£	£
Balance as at 1 April 2017	412,255	412,523
Amount released to income earned from charitable activities	(412,255)	(300,718)
Amount deferred in year	575,377	300,450
Balance as at 31 March 2018	<u>575,377</u>	<u>412,255</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.

15. Provisions

	2018	2017
	£	£
Provisions at 1 April 2017	272,600	242,600
Added in year	-	30,000
Balance as at 31 March 2018	<u>272,600</u>	<u>272,600</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.



**Notes to the financial statements
for the year ended 31 March 2018**

16. Analysis of net assets between funds

	2018	2017
	£	£
Restricted assets	2,471,824	2,552,673
Unrestricted assets	5,652,858	3,441,948
Balance as at 31 March 2018	<u>8,124,682</u>	<u>5,994,621</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.

17. Distribution of Funds

	Balance at 01/04/2017	Incoming Resources	Expenditure & Transfers	Balance at 31/03/2018
	£	£	£	£
Unrestricted Funds	1,586,455	2,821,333	2,714,550	1,693,238
Designated Funds	361,493	-	14,873	346,620
Pension Fund	1,494,000	40,000	(2,079,000)	3,613,000
Restricted Funds	2,552,673	4,087,991	4,168,840	2,471,824
Total Expenditure	<u>5,994,621</u>	<u>6,949,324</u>	<u>4,819,263</u>	<u>8,124,682</u>

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

- > £151,712 is funding set aside to meet the cost of future staff training which Sacro is legally obliged to provide. £14,873 was transferred to cover essential training in 2017/18, leaving a balance of £136,839.
- > £209,781 is funding set aside from legacies into a growth fund for Sacro to utilise for development purposes

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

	2018	2017
	£	£
Youth Justice	465,373	534,395
Criminal Justice	965,079	898,808
Community Mediation	291,951	370,049
IT Reserves	194,839	194,839
Property Reserves	554,582	554,582
Balance as at 31 March 2018	<u>2,471,824</u>	<u>2,552,673</u>



Notes to the financial statements
for the year ended 31 March 2018

18 Operating lease commitments

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

	2018 £	2017 £
On leases expiring –		
Within 1 year	253,883	259,436
Between 2 and 5 years	130,350	357,000
More than 5 years	-	-
Total	<u>384,233</u>	<u>616,436</u>

19 Pension costs

Sacro is a member of The Strathclyde Pension Fund, a defined benefit scheme. During the year ended 31 March 2018 contributions for employees were variable dependant on salary. The employer contributions were initially set at 19.3% for the year, but reduced to 17.95% from 1 July 2016, when Sacro took ill-health liability insurance arranged through SPF, which was factored in to the actuarial assumptions for the fund. The charge for the year was £236,950 (2017: £378,873) as stated in note 11.

The most recent valuation of the pension scheme was as at 31 March 2018 using the Projected Unit Method. The major assumptions used by the actuary were:

Assumptions	2018 % p.a.	2017 % p.a.	2016 % p.a.
Pension increases	2.20	2.30	2.15
Salary increases	2.00	2.90	2.90
Discount rate	2.70	2.85	3.80
Net pension asset as at	31 March 2018 £'000	31 March 2017 £'000	31 March 2016 £'000
Estimated employer assets	30,726	30,830	25,012
Present value of scheme liabilities	27,079	29,301	22,091
Present value of unfunded liabilities	34	35	34
Total value of liabilities	<u>27,113</u>	<u>29,336</u>	<u>22,125</u>
Net pension asset	<u>3,613</u>	<u>1,494</u>	<u>2,887</u>



**Notes to the financial statements
for the year ended 31 March 2018**

Analysis of the amount charged to net incoming resources	Year to 31 March 2018 £'000	Year to 31 March 2017 £'000
Current service cost	446	394
Past service cost	22	-
Total operating charge	468	394
 Analysis of amount credited to other finance income	 Year to 31 March 2018 £'000	 Year to 31 March 2017 £'000
Interest income on pension plan assets	874	950
Interest cost on defined benefit obligation	(834)	(842)
Net Return	40	108
 Total re-measurements recognised in the Statement of Financial Activities	 Year to 31 March 2018 £'000	 Year to 31 March 2017 £'000
Changes in demographic assumptions	331	-
Changes in financial assumptions	130	(6,295)
Other experience re-measurements	2,511	(3)
Return on net assets excluding amounts included in net interest	(705)	4,859
Total re-measurements recognised in the Statement of Financial Activities	2,267	(1,439)



**Notes to the financial statements
for the year ended 31 March 2018**

	Year to 31 March 2018 £'000	Year to 31 March 2017 £'000
Movement in surplus/(deficit) during the year		
Surplus at beginning of the year	1,494	2,887
Current service cost	(448)	(394)
Past service cost (including curtailments)	(22)	-
Employer contributions	276	328
Contributions in respect of unfunded benefits	4	4
Past service costs	-	-
Total net interest	40	108
Total re-measurements recognised in the Statement of Financial Activities (page 17)	2,267	(1,439)
Surplus at the end of the year	3,611	1,494

20 The Pension Adjustment

The pension is reported as an asset of £3,613,000 in the Balance Sheet at 31 March 2018 compared to an asset of £1,494,000 at 31 March 2017.

This is due to favourable actuarial assumptions at 31 March 2018 coupled with a reduction in the value of pension liabilities, 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 2018 £	Year to 31 March 2017 £
Incoming resources		
<i>(Contributions by Members less interest on pension liabilities)</i>	40,000	108,000
Outgoing resources		
<i>(Current service cost less contributions for unfunded benefits)</i>	(188,000)	(62,000)
Total Pension adjustment	(148,000)	46,000



**Notes to the financial statements
for the year ended 31 March 2018**

21. Income and Expenditure Account and Statement of Financial Activities

	<i>Note</i>	Restricted Funds 2018	Unrestricted Funds 2018	Total Funds 2018	Restricted Funds 2017	Unrestricted Funds 2017	Total Funds 2017
		£	£	£	£	£	£
Income from:							
Donations and Subscriptions	4	-	1,120	1,120	-	2,137	2,137
Voluntary Income	6	-	444,701	444,701	-	435,348	435,348
Investment Income	7	-	21,594	21,594	-	27,098	27,098
Other Incoming Resources	20	-	40,000	40,000	-	108,000	108,000
		-	507,415	507,415	-	572,583	572,583
Income from Charitable Activities							
Youth Justice	5	442,294	497,001	939,295	716,407	493,688	1,210,095
Criminal Justice	5	3,261,476	1,745,903	5,007,379	3,261,786	1,861,495	5,123,281
Community Mediation	5	384,221	83,363	467,584	418,680	139,966	558,646
General Income	5	-	27,651	27,651	-	-	-
		4,087,991	2,353,918	6,441,909	4,396,873	2,495,149	6,892,022
Total Income		4,087,991	2,861,333	6,949,324	4,396,873	3,067,732	7,464,605
Expenditure on:							
Youth Justice	8	511,316	489,553	1,000,869	732,863	455,718	1,188,581
Criminal Justice	8	3,195,205	2,376,352	5,571,557	3,243,133	2,342,838	5,585,971
Community Mediation	8	462,319	51,518	513,837	517,459	98,570	616,029
Total Expenditure		4,168,840	2,917,423	7,086,263	4,493,455	2,897,126	7,390,581
Net (Expenditure)/Income before transfers		(80,849)	(56,090)	(136,939)	(96,582)	170,606	74,024
Gross transfers between funds	*	-	-	-	59,762	(59,762)	-
Net (Expenditure)/Income after transfers		(80,849)	(56,090)	(136,939)	(36,820)	110,844	74,024
Movement in pension asset arising from re-measurements		-	2,267,000	2,267,000	-	(1,439,000)	(1,439,000)
Net Movement in Funds		(80,849)	2,210,910	2,130,061	(36,820)	(1,328,156)	(1,364,976)
Total funds brought forward		2,552,673	3,441,948	5,994,621	2,589,493	4,770,104	7,359,597
Total funds carried forward		2,471,824	5,652,858	8,124,682	2,552,673	3,441,948	5,994,621

The net incoming resources excluding the impact of the pension movements (i.e. the operating surplus) is a surplus of £11,061 for the year compared to a surplus of £28,024 in the year to 31 March 2017.