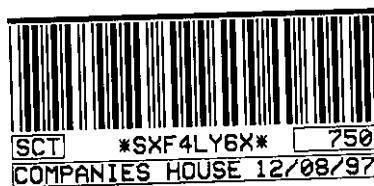




Directors' Report and Financial Statements
for the year ended 31 March 1997

Promoting Justice, Reducing Crime

Sacro is a company limited by guarantee and is recognised as a charity by the Inland Revenue





Directors' Report and Financial Statements

for the year ended 31 March 1997

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Directors

Mrs Erica Robb (Acting-Chair)
Mr Barry Heywood (Vice-Chair)
Mr Will Miller (Treasurer)
Ms Amanda Britain
Dr Howard Kahn
Mr Robin Imrie
Dr John Baird
Professor Gerard Hastings
Professor David Smith (co-opted) Mar 1997
Lynne McMillan (co-opted) Mar 1997
George Irving (co-opted) Mar 1997

Secretary

Susan Matheson

Auditors

Scott-Moncrieff Downie Wilson CA, 17 Melville Street, Edinburgh EH3 7PH

Bankers

Bank of Scotland, 52 Shandwick Place, Edinburgh EH2 4SB

Solicitors

Balfour and Manson, Nightingale and Bell, 58 Frederick Street, Edinburgh EH2 1LS

Registered Office

31 Palmerston Place, Edinburgh EH12 5AP

Registered in Scotland - number 86651

Charity number SCO16293



Directors' Report and Financial Statements for the year ended 31 March 1997

The Directors submit their annual report and audited financial statements for the year ended 31 March 1997.

Constitution

Sacro was set up as a charity in 1971, restructuring as a Company limited by guarantee in July 1992. The management of the Company is the responsibility of a Board of Directors, who are elected under the terms of the Memorandum and Articles of Association. (Sacro was known as the Scottish Association for the Care and Resettlement of Offenders until the Association was disbanded in July 1992.)

Objectives

Sacro's mission is to make communities safer, reduce offending, and inform change in criminal justice policy.

From its Strategic Plan, Sacro's key objectives are to develop core activities; consolidate ownership and common identity; clarify strategy/management/operations; implement communications strategy; market Sacro's strengths; and inform and influence. There have been no changes to these objectives since last year.

The Board of Directors appointed a new Chief Executive to Sacro, Susan Matheson, who took up post in November 1996. The Board delegates day to day management to the Chief Executive, Director of Operations and Director of Resources. The Board's Policy and Development Committee meets quarterly with the senior management team. The post of Area Manager (East) continues to receive part-funding from the Scottish Office; the post of Management Officer (West) will be held vacant pending the outcome of the current review of the management structure.

The National Office in Edinburgh provides services to members and support to Sacro's local offices. East of Scotland Area: Edinburgh and Kirkcaldy; North of Scotland Area: Aberdeen, Inverness and Orkney; and West of Scotland Area: Glasgow, Falkirk and Motherwell.

Activities

Sacro's services seek to create safer communities and include: Alcohol Education Probation; Bail Supervision and Accommodation; Community Mediation; Intensive Probation; Mediation and Reparation;; Prison Transport and Befriending; Prison Visiting, Self-help groups and befriending for prisoners' families; Supported Accommodation ; and Throughcare day services.

Sacro's pilot Young Offender Mediation Project in Fife has had funding extended to March 1998; and an additional staff post has been filled. Our Mediation and Reparation Project in Motherwell secured additional pilot funding from the Scottish Office, enabling a Senior Project Worker post to be recruited. The same source of funding will enable Sacro to set up a new



Directors' Report and Financial Statements for the year ended 31 March 1997

Mediation and Reparation Project in Edinburgh during 1997. The Kirkcaldy office base moved during 1996 and all Sacro's services in Fife are now accommodated in one building. Sacro's Criminal Justice services in Edinburgh moved from two offices into one building during 1996, and a process of management restructuring is under way.

Funding negotiations for 1997/8 are not yet concluded for the majority of our Projects. Written confirmation of funds for 1996/7 has not yet been received in respect of our Aberdeen Supported Accommodation Project.

1996/7 was Sacro's Jubilee Year with a theme of Making Communities Safer. Our Annual Conference was held as a 2-day event in the Edinburgh International Conference Centre in November 1996, in partnership with Mediation UK and The City of Edinburgh Council, on 'It's always good to talk ... Strategies for resolving disputes'.

Financial Information

The surplus on ordinary activities for the year amounted to £42,108 [1996: £145,649], of which £1,080 arises on restricted funds; £41,028 arises on unrestricted funds. The Directors confirm that the accounts comply with the current statutory requirements and the requirements of Sacro's Memorandum and Articles of Association.

Sacro has annual financial commitments of £134,655 in respect of the rental of nine offices and nine photocopiers. The Directors confirm that on a fund by fund basis Sacro's assets are adequate to fulfil Sacro's obligations.

Donations in kind

Sacro appreciates the support of its 120 volunteers, who are involved in the following activities:

- Mediation
- Typing/reception
- Car driving
- Prison visiting transport
- Prisoner befriending
- Families of prisoner befriending
- Activities in the Throughcare service



**Directors' Report and Financial Statements
for the year ended 31 March 1997**

Taxation

Sacro has been awarded charitable status under Section 505 of the Income and Corporation Taxes Act 1988, as amended, and Section 256 of the Capital Gains Tax Act 1994, as amended, and as such is exempt from tax.

Connected Charity

On 10 October 1994, the Board of Directors approved a Trust Deed setting up the Sacro Trust. The Trustees comprise members of the Board of Directors, as well as people independent of the Board of Directors. The Chief Executive of Sacro, as Company Secretary, administers the Trust funds. The affairs of the Sacro Trust are audited separately from those of the Company. The contact address is the same as the registered office of Sacro.

Directors' responsibilities

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of Sacro's state of affairs and of the surplus or deficit of Sacro for that period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that Sacro will continue in business

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of Sacro and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding Sacro's assets and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

On 1st October 1996 Scott-Moncrieff merged with Downie Wilson. Scott-Moncrieff Downie Wilson CA have signed the auditors' report in their new name. A resolution to re-appoint Scott-Moncrieff Downie Wilson CA as auditors will be put to the members at the Annual General Meeting.

By order of the Board of Directors

**William Miller
Director**

27 June 1997



**Auditors' Report to the Members
for the year ended 31 March 1997**

We have audited the financial statements on pages 5 to 12 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

Respective responsibilities of Directors and Auditors

As described on page 3, Sacro's Directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of financial statements, and of whether the accounting policies are appropriate to Sacro's circumstances, consistently applied and adequately disclosed.

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

Opinion

In our opinion the financial statements give a true and fair view of the state of Sacro's affairs as at 31 March 1997 and of its surplus for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

SCOTT-MONCRIEFF DOWNIE WILSON
Chartered Accountants
Registered Auditor
17 Melville Street
Edinburgh EH3 7PH

27 June 1997



**Income and Expenditure Account
for the year ended 31 March 1997**

	Notes	1997 £	1996 £
Income			
Donations received and receivable		49,618	19,788
Grants received and receivable	2,4	1,958,634	1,925,639
Fees for residential keep and supported accommodation, and rents received		94,558	77,205
Other material income	3	83,601	71,442
TOTAL INCOME		2,186,411	2,094,074
Expenditure	5		
Directly charitable activities		2,090,674	1,892,980
Publicity expenses		18,087	5,317
Administrative costs		69,567	80,407
TOTAL EXPENDITURE		2,178,328	1,978,704
OPERATING SURPLUS FOR THE YEAR		8,083	115,370
Bank Interest		34,025	30,279
SURPLUS FOR THE YEAR		42,108	145,649

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

The notes on pages 8 to 12 form part of these financial statements



**Statement of Financial Activities
for the year ended 31 March 1997**

		Restricted Funds	Unrestricted Funds	Total funds 1997	Total funds 1996
	Note				
Income and expenditure					
Incoming resources					
Donations and gifts		28,500	21,118	49,618	19,788
Local authority contracts	2,4	5,925	1,952,709	1,958,634	1,925,639
Rent		0	94,558	94,558	77,205
Other income	3	0	83,601	83,601	71,442
Total incoming resources		34,425	2,151,986	2,186,411	2,094,074
Resources expended	5				
Direct charitable expenditure		37,586	2,053,088	2,090,674	1,892,980
Fund-raising and publicity		0	18,087	18,087	5,317
Management and administration of Sacro		0	69,567	69,567	80,407
Total resources expended		37,586	2,140,742	2,178,328	1,978,704
Net Incoming Resources before Transfers		(3,161)	11,244	8,083	115,370
Bank Interest		0	34,025	34,025	30,279
Surplus on ordinary activities		(3,161)	45,269	42,108	145,649
Transfer to funds		4,241	11,337	15,578	3,826
Transfer from funds		0	(15,578)	(15,578)	(3,826)
Net Incoming Resources for the Year		1,080	41,028	42,108	145,649
Net movement in Funds					
Balances brought forward at 1 April 1996		9,423	400,287	409,710	264,061
Balances carried forward at 31 March 1997		10,503	441,315	451,818	409,710

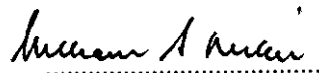
The notes on pages 8 to 12 form part of these financial statements



Balance Sheet
for the year ended 31 March 1997

	Notes	1997 £	1996 £
Current assets			
Debtors	7	126,871	17,322
Cash at bank and in hand		486,960	586,272
		613,831	603,594
Current liabilities			
Creditors: Amounts falling due within one year	8	(162,013)	(193,884)
Net assets		<u>451,818</u>	<u>409,710</u>
Reserves			
Unrestricted Funds:			
Designated Funds	9	283,401	262,490
General reserve	9	157,914	137,797
		441,315	400,287
Restricted Funds	10	10,503	9,423
		<u>451,818</u>	<u>409,710</u>

The financial statements were approved by the Directors on 27 June 1997.


 Director
William Miller

The notes on pages 8 to 12 form part of these financial statements



Notes to the Financial Statements for the year ended 31 March 1997

1 Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention and are in accordance with applicable Accounting Standards and the Statement of Recommended Practice - Accounting By Charities.

Cash Flow statement

The Company is exempt from preparing a cash flow statement in compliance with the Financial Reporting Standard No 1.

Grant income

Grant income is credited in the year to which it relates.

Donations

Donations are credited in the year in which they are received.

Pensions

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

VAT

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

Analysis of Expenditure

Expenditure is allocated directly to the activity to which it relates. Where this is not possible, it is allocated on the basis of the time spent by staff on each activity.

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 Sacro's objectives; regional funds, which are the surpluses and deficits relating to local projects; and the general reserve. Restricted funds are subject to specific restrictions imposed by the donors.



**Notes to the Financial Statements - continued
for the year ended 31 March 1997**

2 Grants received and receivable	1997	1996
	£	£
Social Work Services Group	245,512	226,050
Local authorities	1,713,122	1,699,589
	<u>1,958,634</u>	<u>1,925,639</u>

3 Other material income		1996
		£
Travel service	14,702	13,238
Assisted Prison Visit Unit (APVU)	3,850	6,353
Cafe sales	0	2,775
Hire of halls	9,420	11,164
Conference fees received	20,520	0
Training fees received	18,544	0
Miscellaneous	16,565	37,912
	<u>83,601</u>	<u>71,442</u>

4 Deferred Income	1997	1996
	£	£
Gross grants received in 1996/97	1,947,256	1,937,761
Deferred income brought forward 1995/96	84,583	72,461
Deferred income carried forward 1997/98	(73,205)	(84,583)
	<u>1,958,634</u>	<u>1,925,639</u>

5 Analysis of Expenditure

	Direct Charitable Expenditure	Fund- raising and Publicity	Management and Administration	Total 1997	Total 1996
Payroll costs (see note 6)	1,301,763	0	42,093	1,343,856	1,219,733
Other staff costs	170,353	0	5,807	176,160	182,339
Operating leases	136,252	0	4,708	140,960	124,782
Other Property costs	126,708	0	3,165	129,873	107,506
Audit fees	0	0	4,230	4,230	4,000
Accountancy fees	0	0	0	0	21,906
Other administration costs	204,902	18,087	9,564	232,553	180,376
Tenancies supplies and services	150,696	0	0	150,696	138,062
	2,090,674	18,087	69,567	2,178,328	1,978,704



**Notes to the Financial Statements - continued
for the year ended 31 March 1997**

6 Analysis of staff costs	1997	1996
	£	£
Salaries	1,209,085	1,095,499
Social Security	102,066	91,898
Pension	32,705	21,666
Redundancy payments, etc.	0	10,670
	<u>1,343,856</u>	<u>1,219,733</u>

No Director received remuneration in either year.

	1997	1996
	70	72
The average monthly number of employees during the year was:		

7 Debtors	1997	1996
	£	£
Grants due from local authorities	108,375	2,926
Sundry debtors	18,496	14,396
	<u>126,871</u>	<u>17,322</u>

8 Creditors: Amounts falling due within one year	1997	1996
	£	£
Grants and donations received in advance	73,205	84,583
Sundry creditors	25,100	21,381
Sacro Trust	56	519
Social security and other taxes	30,721	33,262
Superannuation	6,232	4,599
Accruals	26,699	49,540
	<u>162,013</u>	<u>193,884</u>



Notes to the Financial Statements - continued
for the year ended 31 March 1997

9 Unrestricted Funds

	Balance	Movements in Funds		Balance
	1.4.96	Incoming Resources	Expenditure & Transfers	31.3.97
Training fund	12,772	14,191	174	26,789
IT strategy	26,997	14,000	8,038	32,959
Edinburgh computer	0	567	0	567
Edinburgh Bail retainer	4,812	0	0	4,812
Edinburgh Accom cyclical prov	12,898	1,710	0	14,608
Epworth Halls restructuring	0	10,416	0	10,416
Aberdeen office costs	6,603	5,950	815	11,738
National Office property extn.	22,818	0	7,000	15,818
Fife computer	2,500	654	438	2,716
SLS Insurance	0	2,500	0	2,500
Fife Accom cyclical prov	0	6,000	4,483	1,517
Fife office move	25,000	14,336	39,336	0
Regional funds	<u>148,090</u>	<u>53,249</u>	<u>42,378</u>	<u>158,961</u>
	262,490	123,573	102,662	283,401
 General Reserve	 137,797	 2,062,438	 2,042,321	 157,914
	<u>400,287</u>	<u>2,186,011</u>	<u>2,144,983</u>	<u>441,315</u>

Regional funds are the total retained surpluses and deficits of the projects.
Other funds have been designated by the Directors to fund specific activities in the future.

10 Restricted Funds	Balance at 1.4.96	Incoming Resources	Resources Expended & transfers	Balance at 31.3.97
Training Equipment	81	6,000	6,081	0
Computer Fund	0	7,500	7,500	0
Glasgow Families Programme	0	15,000	4,497	10,503
Educational Grants	9,342	5,925	15,267	0
	<u>9,423</u>	<u>34,425</u>	<u>33,345</u>	<u>10,503</u>

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



Notes to the Financial Statements - continued
for the year ended 31 March 1997

11 Operating Lease Commitments

The annual lease commitments are £134,655 on operating leases payable as follows:

Within 1 year	29,580
Between 2 and 5 years	79,800
More than 5 years	25,275

12 Contingent Liability

During the year, a former employee raised an action against the Company for unfair dismissal and the industrial tribunal hearing has yet to be held. The Directors have provided fully for the legal costs which will be incurred defending the action. No further provision has been made because in the Directors' opinion the action will be successfully defended.