

**FAMILY SERVICE UNIT SCOTLAND**  
(A Company Limited by Guarantee)

**KNOWN AS CIRCLE**

**REPORT and FINANCIAL STATEMENTS**

**For the year ended 31 March 2010**



**FAMILY SERVICE UNIT SCOTLAND  
(A Company Limited by Guarantee)  
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**Legal and administrative information**

**Directors**

The Very Reverend Ian Barcroft (appointed 09.02.06)  
Joan Elliott (appointed 09.02.06)  
David Johnson (appointed 09.02.06)  
Norma Baldwin, Chair (appointed 07.03.06)  
Barry Rose (appointed 07.03.06)  
Caroline Lamb, Treasurer (appointed 07.03.06)  
Tracey Ashworth-Davies (appointed 06.09.06)

**Chief Executive and Secretary**

Elizabeth Dahl

**Registered Office**

18 West Pilton Park  
Edinburgh  
EH4 4EJ

**Auditors**

Chiene + Tait  
Chartered Accountants and Statutory Auditor  
61 Dublin Street  
Edinburgh  
EH3 6NL

**Bankers**

The Co-operative Bank  
80 Cornhill  
London  
EC3V 3NJ

**Solicitors**

Lindsays  
Caledonian Exchange  
19A Canning Street  
Edinburgh  
EH3 8HE

**Operating name**

Circle

**Charity number**

SC037181

**Company number**

SC296943

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**DIRECTORS' REPORT**

The Directors submit their report together with the financial statements for the year ended 31 March 2010.

**Objectives and activities**

The objects of the charity as stated in the Memorandum of Association are:

- To provide help, support and protection to children, families and individuals who are in conditions of poverty, vulnerability or distress or who are otherwise in need by reason of their personal, social or economic circumstances; and
- To advance education, policy and practice in health and social services through study of conditions that harm children and families and through dissemination of the knowledge gained through that study and the experience of service provision.

The charity has the general aim of promoting the social inclusion of families with children marginalised by poverty and discrimination.

Our objectives are:

- To protect and promote the best interests of children
- To support marginalised families with children to develop a self-supporting and effective family life
- To provide holistic and preventative services
- To establish locally based, effective, accessible and flexible services
- To work in partnership with other agencies to promote integrated services
- To support student learning and post qualifying learning and development
- To develop and disseminate good practice to influence policy and practice

To do this we provide a range of family support services that focus on:

- Families with children affected by parental drug and alcohol use and imprisonment
- Families with children in need or at risk as a result of neglect, physical, emotional and or sexual abuse
- Families with children at risk of school exclusion and parents who have difficulty engaging with the school experience
- Fathers in their role as parents

The strategies employed to achieve the charity's objectives are:

- To provide a continuum of services, from preventive through to intensive.
- Family support and social work family assessments - to strengthen the ability of children and families to manage the threat, process and consequences of family breakdown and to help develop and strengthen the skills and resourcefulness of families in caring for their children.
- Work with schools – to improve the educational opportunities of children, prevent school exclusion and improve the relationship between families and schools.
- Early years work - to promote the best possible start in life.
- Student learning – to support the development of the future social care workforce through providing student placements.
- Workforce development - through continuous professional development and the dissemination of good practice.

The areas of activity are described below.

**DIRECTORS' REPORT (CONTINUED)**

**Circle Edinburgh** provides the following services:

- Projects which support children and families affected by parental drug and alcohol use. Workers offer support to all family members. A service is offered to families living in Edinburgh. This project also offers family support to women who have been released from Cornton Vale prison and who have children affected by parental drug and alcohol use (Harbour Project).
- Supports to children and families in the Muirhouse area including: respite, outreach, playgroups and crèches to families with children under 5; individual and group support to fathers; individual and group support to children who may have experienced family, community or school based difficulties; after school activities; groups for parents around healthy eating and cooking (Haven Project).
- Projects in Pilton and Restalrig linking 5<sup>th</sup> and 6<sup>th</sup> year pupils with primary aged children who are struggling in mainstream schools. The service runs after school in term time and aims to boost the educational and social skills of the children involved (ISSEP).
- Independent assessments and planned support in complex child care cases across Edinburgh (Social Work Team).
- Placements for social work students, who experience a rich mix of learning opportunities. A placement is also offered each year to an art therapy student supporting both children and adults (Practice Learning).
- A family support service to children attending local primary and secondary schools and their families, to promote the child's potential at home, school and in the community (Restalrig Project).

**Circle Lanarkshire** provides the following services:

- A project which supports children and families in North and South Lanarkshire who are affected by parental drug and alcohol use. A service is offered in East Kilbride, Hamilton, Cambuslang, Lesmahagow, Wishaw, Airdrie, Bellshill, Cumbernauld, Coatbridge and Motherwell. This project also offers family support to women who have been released from Cornton Vale prison and who have children affected by parental drug and alcohol use and men who have been released from Addiewell prison and have children affected by parental drug and alcohol use.
- A project based in St Mary's Episcopal Church, Hamilton, supporting children who attend local primary and secondary schools and their families, to promote each child's potential at home, at school and in the community.
- Placements for social work students, who experience a rich mix of learning opportunities (Practice Learning)

**Circle West Lothian** provides the following service:

- A project which supports children and families in West Lothian who are affected by parental drug and alcohol use. This project also offers family support to women who have been released from Cornton Vale prison and who have children affected by parental drug and alcohol use and men who have been released from Addiewell prison and have children affected by parental drug and alcohol use.

**HMP Cornton Vale – Meet at the Gate Project** provides the following service:

- A project which has a prison based worker who identifies and supports women in HMP Cornton Vale who are mothers and have children affected by parental drug and alcohol use and who are returning to their families and communities in Edinburgh, West Lothian and North and South Lanarkshire. The worker also provides community based support to the mothers and their families.

**HMP Addiewell Project** provides the following service:

- A project which has a prison based worker who identifies and supports men in HMP Addiewell who are fathers and have children affected by parental drug and alcohol use and who are returning to their families and communities in West Lothian and North and South Lanarkshire. The worker also provides community based support to the fathers and their families.

**DIRECTORS' REPORT (CONTINUED)**

**Achievements and performance**

It has been an incredibly busy and successful year for Circle, with many achievements, including:

- Provision of services to 604 families, comprised of 1021 children, 714 parents, 94 kinship carers and 16 foster carers (a 21% increase in families receiving support). For example, 282 families living with parental substance use have been assisted to provide safer and more secure homes for their children; 58 families with children affected by parental imprisonment have been supported while their parents are imprisoned and with the difficult transition back to their families and communities, 50 primary-school children have benefited from our Inter-School Social Education Projects where each has been mentored by a 5<sup>th</sup> or 6<sup>th</sup> year student volunteer to help develop their learning and social skills and reduce the risk of school exclusion.
- Circle has continued to increase practice learning opportunities for social work students in the East and West of Scotland, with 44 students successfully completing placements this year (a 30% increase).
- All staff and Board members were involved in the self evaluation process using the How Good is Your Team template and the Self Assessment Toolkit produced by the Social Work Inspection Agency. This work was taken forward by the Continuous Performance Improvement Group which was made up of staff, managers and Board members. The Group was charged with putting together a 3 year improvement plan for Circle to begin in April 2010.
- The new database became operational in April 2009 and this has transformed our ability to manage and report on our work as all case files are now held on the database.
- Circle received an excellent external evaluation report on the HMP Cornton Vale – Meet at the Gate Project and held a well attended seminar in September 2009 to share the findings. This work has proved so successful that Kalyx and The Robertson Trust are funding a similar service in HMP Addiewell, a private prison for men. This work began in September 2009 and is also being externally evaluated.
- From April 2010 we will receive additional funding from The Robertson Trust to extend this work to HMP Greenock which is now housing women. This will enable us to support families living in Renfrewshire, East Renfrewshire and Inverclyde local authority areas.
- In February 2010 the Scottish Government awarded Scotland eight Community Justice Authorities (CJA) £100,000 each to support women offenders. From April 2010 North Strathclyde CJA will fund Circle to support women from HMP Cornton Vale and Greenock and their families living in East and West Dunbartonshire and Argyll & Bute; Lanarkshire CJA will fund Circle to support women and their families living in Lanarkshire; and Lothian and Borders CJA will fund Circle to support women and their families living in Edinburgh and West Lothian. In all, this means that four new community-based family support workers will be appointed.
- Circle has welcomed a number of new staff this year. These have included a Practice Learning and Development Manager, a Family Support Worker at HMP Addiewell, four Family Support Workers in Lanarkshire and a Senior Practitioner for our social work team.
- Three members of staff qualified as practice teachers this year and a further five members of staff are currently undertaking this training.
- Circle has invested funding in training all staff in a solution focussed approach to family work, supervision, team meetings and whole organisation issues; it will be interesting to experience the impact of this on all our work in the future.

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**DIRECTORS' REPORT (CONTINUED)**

- The Lord Provost of Edinburgh hosted a seminar for Circle in December 2009 entitled 'Kinship Care – Past, Present and Future', with Anne Black as the keynote speaker. Five service users spoke of their experience as kinship carers and the support they had received from Circle to help them in this role.
- In January 2010 Circle's Board and Management team had an excellent Away Day which focussed on the minimisation of risk in terms of finance, governance and practice. The Chief Executive and a Board member are taking this work forward by developing a new risk framework as a tool for the management team and Board.
- In February 2010 the Chancellor of the Exchequer hosted a reception for Circle at 11 Downing Street. Staff and service users did presentations which were well received and the question and answer session was lively. The highlight of the day was when David Tennant, the former Dr Who and one of Circle's patrons, walked into the room. It was a delight to see the children's faces and how proud they were on the train home to Scotland with autographs and pictures of themselves with their hero. Admittedly, staff and parents were equally proud of theirs.
- In March 2010 we held a similar event at Dundas Castle for funders and politicians who were unable to attend the Downing Street event. The service users' amazing presentations moved known funders to promise continued support and new funders to express an interest in investing in our work.

**Structure, Governance and Management**

Family Service Unit Scotland was established in order to take over the Scottish undertakings of the former Family Service Units.

Governing Document

Family Service Unit Scotland is a company limited by guarantee governed by its Memorandum and Articles of Association dated 10 February 2006. It is registered as a Scottish charity with OSCR. The Board is the governing body of Family Service Unit Scotland. The members of the Board are both directors of the Company and trustees of the charity. Family Service Unit Scotland is known as Circle.

Appointment of Directors

As set out in the Articles of Association at an Annual General Meeting the Company may by ordinary resolution (subject to Article 83) appoint or reappoint as an elected Director any member in respect of whom a written notice of willingness has been received in compliance with Article 77.

Director induction and training

New Directors undergo an induction process to brief them on their legal obligations under charity and company law, the content of the Memorandum and Articles of Association, the Board and decision making processes, the business plan and recent financial performance of the charity. During induction they meet other Directors and key employees. Directors are encouraged to attend appropriate internal and external training events to facilitate the undertaking of their role.

Organisation

The Board of Directors, which must have a minimum of 6 members and a maximum of 12 members, governs the charity. The Board is required to meet no fewer than 4 times per year and is currently meeting on a two-monthly basis. There is 1 sub-committee, an audit group which meets on a regular basis. A Chief Executive is appointed by the Directors to manage the day to day operations of the charity. To facilitate effective operations, the Chief Executive has delegated authority, within terms of delegation approved by the Directors, for operational matters including finance, employment and service delivery activity. The Board of Directors is aware of the need to regularly review its composition to manage succession planning and to ensure that the Board contains an appropriate mix of skills and experience; this process is kept under regular review at Board meetings. The Board also recognises the significant contribution which is made to our activities by volunteers.

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**DIRECTORS' REPORT (CONTINUED)**

Related parties

Ian Barcroft who is a Director of Family Service Unit Scotland is also the Rector of St Mary's Episcopal Church. In his role as Rector, he also supports the work of St Mary's Family Support Project and both organisations have a partnership agreement to deliver services in Hamilton, South Lanarkshire.

Barry Rose who is a Director of Family Service Unit Scotland is also a Director of Wolfson Microelectronics plc and Baillie Gifford Shin Nippon plc. Family Service Unit Scotland's Board meets in premises owned by or associated with both these companies. No payment is made for use of these premises.

Risk Management

The Directors have a risk management strategy in place and the risk assessment process is designed to record the significant risks the charity faces, to allocate responsibility for their mitigation along with associated management actions and timescales and to record management processes designed to minimise risks.

It is recognised that in pursuit of our normal activities we may choose to accept some risks and it is the responsibility of management to identify, report and control these risks. Finance and fundraising is the biggest risk faced by the organisation and a finance and fundraising strategy has been developed to address this.

The risk assessment is reviewed twice a year by the Directors.

**Financial Review**

The Directors have continued to ensure that the organisation has a clear and robust approach to financial planning, income generation and financial control and the members of the Audit Group play a major role in this.

As a result of the work put into the above the charity has had a reasonably positive outcome for the period. Costs were contained within budget and incoming resources exceeded resources expended in the year by £67,351, of which £42,719 is restricted.

Investment Policy

The cash reserves of the organisation are held in an interest bearing account. The Directors keep this arrangement under regular review.

Principal Funding Sources

The principal funding sources for the charity are by way of grant and contract income from the City of Edinburgh Council, West Lothian Council, NHS Lanarkshire and payments from Universities for practice placements for student social workers. The charity is also receiving one to three year grants from a number of large trusts and foundations, including The Henry Smith Trust, The Moffat Trust, The Tudor Trust, The Robertson Trust, The Volant Trust, J Paul Getty Trust, and Charles Hayward Foundation. The charity has benefited from substantial company and personal donations.

Reserves Policy

The Directors long term aim is to ensure that the charity builds up general funds equivalent to not less than six months running expenses for the total organisation. At current levels of activity that is equivalent to £700,000. The Directors consider that this level of reserves is one which is prudent considering the level and extent of risks associated with funding streams which the charity is required to manage. They continue to work towards this figure. Currently four years after establishment unrestricted funds stand at £314,571.

Pension Fund

The Directors are aware of the potential costs and liabilities associated with its pension fund arrangements and keep the position under review.

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**DIRECTORS' REPORT (CONTINUED)**

**Plans for Future Periods**

Circle plans to continue the activities outlined above in the forthcoming year subject to satisfactory funding arrangements, apart from the Restalrig Project which will close on 2 July 2010. The major financial concern for the charity is its reliance on short term and uncertain funding sources, the introduction of tendering for contracts and the reduction in ring fenced funding to Councils particularly in the financial years 2009-2012. This means that fundraising in support of existing services and new developments will remain a key priority of the charity.

Circle will seek funds in support of the following areas of activities:

- Project funding - where the current income associated with a project is insufficient to cover the total cost and where the project is thus required to demonstrate that action is in hand to address this position.
- Quality assurance and sustainability – the charity will continue efforts to generate funds to cover organisation costs. These include the costs of central support systems such as finance, payroll, HR and IT support, the costs of supervision, management, quality assurance and regulatory costs. The charity has the strategic aim of covering all these costs through overall project funding; however it recognises that this may not always be possible and that some flexibility is required. It will therefore continue to make appropriate applications for organisation and development costs.
- Development and innovation – the charity wishes to develop further its capacity to identify new service needs and pilot innovative projects to support these. This requires an element of funding to be available to respond to policy change and undertake assessments of need.

In seeking to support these areas of our work we will target the following potential sources of funds:

- Fundraising events – the charity has a number of celebrity patrons who have pledged their support to the organisation.
- Corporate and individual donors – we have had a very successful year in what is a relatively new area of fundraising for the organisation.
- Charitable trusts and foundations – we have again been successful in attracting new funding.

**Directors' Responsibilities**

The Directors (who are also Trustees of Family Service Unit Scotland for the purposes of charity law) are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and the incoming resources and application of resources, including the net income and expenditure, of the charitable company for the year. In preparing the financial statements the Directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards and statements of recommended practice have been followed, subject to any 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 the charity will continue in operation.

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**DIRECTORS' REPORT (CONTINUED)**

The Directors are responsible for keeping adequate 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. The applicable law also sets out the Directors' responsibilities for the preparation and content of the Directors' Report.

The Directors are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

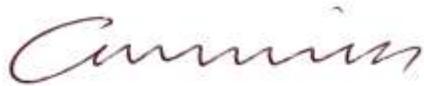
In so far as the Directors are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information\*

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the charity's web site. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**Auditors**

A resolution will be proposed at the Annual General Meeting that Chiene + Tait be re-appointed as auditors to the charity for the ensuing year.



**Caroline Lamb  
Treasurer, Board of Directors**

28/7 2010

## INDEPENDENT AUDITORS' REPORT TO THE DIRECTORS AND MEMBERS OF

### FAMILY SERVICE UNIT SCOTLAND KNOWN AS CIRCLE



We have audited the financial statements of Family Service Unit Scotland for the year ended 31 March 2010 set out on pages 11 to 20. The financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the members, as a body, in accordance with chapter 3 of part 16 of the Companies Act 2006, and to the charity's trustees, as a body, in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the members and the charity's 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 charity, its members as a body and its directors as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of directors and auditor**

The directors' (who are also the trustees of the charity for the purposes of charity law) responsibilities for preparing the Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for being satisfied that the financial statements give a true and fair view are set out in the Statement of Trustees' Responsibilities.

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

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, 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. We also report to you whether in our opinion the information given in the Directors' Report is consistent with those financial statements.

We also report to you if, in our opinion, the charity has not kept adequate and proper accounting records, if the charity's financial statements are not in agreement with these accounting records, if we have not received all the information and explanations we require for our audit, or if certain disclosures of trustees' remuneration specified by law are not made.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

#### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charity'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.

**INDEPENDENT AUDITORS' REPORT TO THE DIRECTORS AND MEMBERS OF  
(continued)  
FAMILY SERVICE UNIT SCOTLAND  
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**Opinion**

In our opinion

- the financial statements give a true and fair view of the state of the charity's affairs as at 31 March 2010 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- the financial statements 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; and
- the information given in the Directors' Report is consistent with the financial statements.

**Jeremy Chittleburgh BSc CA (Senior Statutory Auditor)  
For and on behalf of  
CHIENE + TAIT  
Chartered Accountants and Statutory Auditor  
61 Dublin Street  
Edinburgh, EH3 6NL**

2 August 2010

**FAMILY SERVICE UNIT SCOTLAND**  
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**STATEMENT of FINANCIAL ACTIVITIES**  
**(including Income and Expenditure Account)**

**For the year ended 31 March 2010**

	Note	Un- Restricted Funds £	Restricted Funds £	Total 2010 £	Total 2009 £
<b>Incoming resources</b>					
<i>Incoming resources from generated funds</i>					
Voluntary income – donations and grants		37,790	32,778	70,568	121,165
Activities for generating funds – fundraising					-
Investment income – bank interest		9,161	-	9,161	31,452
<i>Incoming resources from charitable activities</i>	2	-	1,406,126	1,406,126	1,314,708
<b>Total incoming resources</b>		46,951	1,438,904	1,485,855	1,467,325
<b>Resources expended</b>					
<i>Cost of generating voluntary income</i>	3	2,977	-	2,977	2,804
<i>Charitable activities</i>	4	-	1,411,279	1,411,279	1,375,270
<i>Governance costs</i>	6	4,248	-	4,248	3,771
<b>Total resources expended</b>		7,225	1,411,279	1,418,504	1,381,845
Net incoming resources, before Transfers		39,726	27,625	67,351	85,480
Transfers between funds	13	(15,094)	15,094	-	-
Net movement of funds in year		24,632	42,719	67,351	85,480
Reserves brought forward		289,939	396,911	686,850	601,370
<b>Reserves carried forward</b>	13,14	314,571	439,630	754,201	686,850

The statement of financial activities includes all gains and losses recognised in the year. All incoming resources and resources expended derive from continuing activities.

The notes on pages 13 to 20 form part of these financial statements.

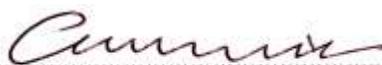
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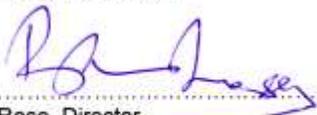
**BALANCE SHEET As**

**at 31 March 2010**

	Notes	£	2010 £	£	2009 £
<b>Current assets</b>					
Debtors	10	63,259		100,569	
Cash at bank and in hand		768,040		797,105	
		-----		-----	
		831,299		897,674	
<b>Creditors: amounts due within one year</b>					
	11	77,098		210,824	
		-----		-----	
Net current assets			754,201		686,850
			-----		-----
<b>Net assets</b>			754,201		686,850
			=====		=====
<b>Reserves</b>					
Unrestricted funds	14		314,571		289,939
Restricted funds	13		439,630		396,911
			-----		-----
			754,201		686,850
			=====		=====

The financial statements were approved by the Directors on \_\_\_\_\_ 2010 and are signed on their behalf by:

  
.....  
Caroline Lamb, Director

  
.....  
Barry Rose, Director

Company No. SC296943

The notes on pages 13 to 20 form part of these financial statements.

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**NOTES to the FINANCIAL STATEMENTS**

**For the year ended 31 March 2010**

**1. Accounting policies**

**Accounting convention**

The financial statements are prepared under the historical cost convention, in accordance with the Companies Act 2006, Accounting Standards, with the Statement of Recommended Practice 2005 – Accounting and Reporting by Charities, and with the Memorandum and Articles of Association.

**Donations, legacies and similar incoming resources**

Donations, legacies and similar incoming resources are included in the year in which they are receivable, which is when the charity becomes entitled to the resource.

**Investment income**

Income from all investments is included in the year in which it is receivable.

**Grants receivable**

Grants received, including capital grants, are reflected in the Statement of Financial Activities when they are receivable. Where donors specify that grants are for particular purposes, this income is included in incoming resources within restricted funds when receivable. Where grants are specifically made for the performance of charitable activities in a period subsequent to the year end they are deferred and excluded from the Statement of Financial Activities.

**Expenditure**

All expenditure is included on an accruals basis and is recognised when there is a legal or constructive obligation to pay for expenditure. All costs have been directly attributed to one of the functional categories of resources expended in the Statement of Financial Activities, with the exception of support costs which have been allocated to activities on the basis of the proportion of total staff involved in each category. Costs of charitable activities consist of those applied by the charity in meeting its charitable objectives. Governance costs include the costs of general governance of the charity as opposed to direct management inherent in meeting charitable objectives, and are those associated with strategic, constitutional and statutory requirements.

**Tangible fixed assets**

All fixed assets over £2,000 are initially capitalised at cost, plus any incidental costs of acquisition.

**Funds**

Unrestricted general funds are the funds which can be used in accordance with the charitable objects at the discretion of the directors. Restricted funds are the funds that can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

**Pensions**

The company participates in a multi-employer defined benefit pension scheme, further details of which are included in note 17. Contributions are charged to the Statement of Financial Activities as they become payable in accordance with the rules of the scheme.

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**NOTES to the FINANCIAL STATEMENTS (Contd.)**

**For the year ended 31 March 2010**

<b>2. Incoming resources from charitable activities</b>	<b>Restricted Funds</b>	<b>Total 2010</b>	<b>Total 2009</b>
	£	£	£
Support for families with children in need or at risk	240,669	240,669	286,066
Support for families with children at risk of school exclusion	227,345	227,345	232,508
Support for families affected by substance abuse	794,141	794,141	666,367
Support for fathers	63,017	63,017	63,017
Prisons Work	80,954	80,954	34,213
Developmental Activities	-	-	32,537
	-----	-----	-----
	1,406,126	1,406,126	1,314,708
	=====	=====	=====

<b>3. Cost of generating voluntary income</b>	<b>2010</b>	<b>2009</b>
	£	£
Other fundraising costs	2,977	2,804
	=====	=====

<b>4. Charitable activities</b>	<b>Direct Costs</b>	<b>Support Costs</b>	<b>Total 2010</b>	<b>Total 2009</b>
	£	£	£	£
<b>Restricted</b>				
Support for families with children in need or at risk	200,387	48,335	248,722	259,313
Support for families with children at risk of school exclusion	231,697	23,840	255,537	266,004
Support for families affected by substance abuse	690,109	59,487	749,596	660,911
Support for fathers	50,735	5,960	56,695	56,979
Prisons Work	58,114	3,251	61,365	22,567
Management support for charitable activities	39,205	-	39,205	77,461
Developmental Activities	159	-	159	32,035
	-----	-----	-----	-----
	1,270,406	140,873	1,411,279	1,375,270
	=====	=====	=====	=====

<b>5. Support Costs</b>	<b>Children In need or at risk</b>	<b>Children at risk of school exclusion</b>	<b>Families affected by substance abuse</b>	<b>Support for fathers</b>	<b>Prisons Work</b>	<b>Total 2010</b>	<b>Total 2009</b>
	£	£	£	£	£	£	£
<b>Restricted</b>							
Wages and salaries	45,707	19,994	49,961	4,998	2,727	123,387	83,808
Professional fees	2,628	3,846	9,526	962	524	17,486	14,259
	-----	-----	-----	-----	-----	-----	-----
	48,335	23,840	59,487	5,960	3,251	140,873	98,067
	=====	=====	=====	=====	=====	=====	=====

Support costs are allocated to activities on the basis of the proportion of staff numbers involved in each activity.

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**For the year ended 31 March 2010**

<b>6. Governance costs</b>	<b>2010</b>	<b>2009</b>
	£	£
Auditor's remuneration	2,850	2,375
Directors' liability insurance	1,398	1,396
	-----	-----
	4,248	3,771
	=====	=====
<b>7. Net outgoing resources</b>	<b>2010</b>	<b>2009</b>
	£	£
This is stated after charging:		
Auditor's remuneration – audit services	2,850	2,375
	=====	=====
<b>8. Staff costs</b>	<b>2010</b>	<b>2009</b>
	£	£
Wages and salaries	1,104,331	1,010,276
Social security costs	90,062	78,052
Pension costs	64,659	64,130
	-----	-----
	1,259,052	1,152,458
	=====	=====

The average full time equivalent number of employees during the period was 43 (2009: 38).

No individual employees earned £60,000 or more during the period. None of the directors were remunerated for their duties as directors during the year. Out of pocket expenses totalling £213 (2009: £252) were reimbursed during the year in respect of one director.

**9. Taxation**

Family Service Unit Scotland's charitable activities fall within the exemptions afforded by section 505 of the Income Corporation Taxes Act 1988. Accordingly, there is no Corporation Tax charge in these accounts.

<b>10. Debtors</b>	<b>2010</b>	<b>2009</b>
	£	£
Trade debtors	55,640	99,166
Other debtors	7,619	1,403
	-----	-----
	63,259	100,569
	=====	=====

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**NOTES to the FINANCIAL STATEMENTS (Contd.)**

**For the year ended 31 March 2010**

<b>11. Creditors:</b> amounts falling due within one year	<b>2010</b>	<b>2009</b>
	£	£
Trade creditors	451	986
Other creditors and accruals	10,777	69,291
Other taxes and social security costs	26,061	26,414
Deferred income (Note 12)	39,809	114,133
	-----	-----
	77,098	210,824
	=====	=====

**12. Deferred income**

Deferred income consists of the following balances, all of which relate specifically to periods subsequent to 31 March 2010:

	<b>2010</b>	<b>2009</b>
	£	£
North and South Lanarkshire Projects	22,226	59,268
Tudor Trust	-	22,500
Moffat Trust	-	15,000
Dulverton Trust	-	5,000
Rayne Foundation	3,333	5,000
Cash for Communities	-	7,365
Cattanach Trust	7,500	-
Haven SNH	6,000	-
Mentor Foundation	750	-
	-----	-----
	39,809	114,133
	=====	=====

<b>13. Restricted funds</b>	<b>Brought Forward</b>	<b>Incoming Resources</b>	<b>Resources Expended</b>	<b>Transfer of funds</b>	<b>Carried Forward</b>
	£	£	£	£	£
Restalrig	13,861	50,658	69,436	4,917	-
Hearth	81,538	55,019	124,867	-	11,690
Harbour	47,982	169,970	228,129	10,177	-
Haven	15,123	82,339	96,534	-	928
Sure Start	6,038	63,017	56,695	-	12,360
ISSEP	-	52,993	52,993	-	-
Social Work	35,662	240,669	248,722	-	27,609
Lanarkshire	174,941	569,152	396,600	-	347,493
Hamilton	470	41,355	36,574	-	5,251
Cornton Vale	11,646	49,954	40,905	-	20,695
Addiewell	-	31,000	20,460	-	10,540
Development Work	1,696	-	159	-	1,537
Management Support	7,954	32,778	39,205	-	1,527
	-----	-----	-----	-----	-----
	396,911	1,438,904	1,411,279	15,094	439,630
	=====	=====	=====	=====	=====

**NOTES to the FINANCIAL STATEMENTS (Contd.)**

**For the year ended 31 March 2010**

**13. Restricted funds (Contd.)**

The use of the funds held in each of the restricted funds identified above is limited to the purposes for which the projects were established and for which funding was made available.

A transfer has been made from unrestricted funds to the Restalrig and Harbour restricted funds to cover small deficits balance on these funds.

Details of the nature of each fund are noted below:

Restalrig Project

A family support service to children attending local primary and secondary schools and their families, to promote the child's potential at home, school and in the community.

Hearth

Supports children and families in West Lothian particularly those who are affected by parental drug and alcohol use. Family support workers provide support that meets the needs of individual children and families

Harbour Project

This project supports children and families affected by parental drug and alcohol use. Workers offer support to all family members. A service is offered to families living in Edinburgh.

Haven Project

Supports to children and families in the Muirhouse area including: playgroups and crèches to families with children under 5; individual and group support to children who may have experienced loss or bereavement or school based difficulties; after school activities; groups for parents around healthy eating and cooking.

Surestart

Supports families with young children including respite; outreach and individual and group support to fathers.

ISSEP

Projects in Pilton and Restalrig linking 5<sup>th</sup> and 6<sup>th</sup> year pupils with primary aged children who are struggling in mainstream schools. The service runs after school in term time and aims to boost the educational and social skills of the children involved.

Social Work Team

Independent assessments and planned support in complex child care cases across Edinburgh.

North and South Lanarkshire

Supports children and families in North and South Lanarkshire who are affected by parental drug and alcohol use. A service is offered in East Kilbride, Hamilton, Cambuslang, Lesmahagow, Wishaw, Airdrie and Bellshill.

Hamilton

A project based in St Mary's Episcopal Church, Hamilton, supporting children who attend local primary and secondary schools and their families, to promote the child's potential at home, at school and in the community.

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**For the year ended 31 March 2010**

**13. Restricted funds (Contd.)**

HMP Cornton Vale – Meet at the Gate Project

A project supporting women who are mothers with children affected by parental drug and alcohol use and who are on remand or serving a sentence and will be returning to their families and communities in Edinburgh, West Lothian, North and South Lanarkshire and Glasgow.

HMP Addiewell Project

A project supporting men who are fathers with children affected by parental drug and alcohol use and who are serving a sentence and will be returning to their families in North and South Lanarkshire and West Lothian.

Management Support for Charitable Activities

This fund consists of contributions and grants specifically directed towards the general management of the organisation in support of Charitable Activities.

Development Work

This fund consists of funds received specifically to develop aspects of Circle's management infrastructure such as the development of a database in 2009/10.

<b>14. Unrestricted Funds</b>	<b>Brought Forward</b>	<b>IncomeExpenditure</b>		<b>Transfer</b>	<b>Carried Forward</b>
	£	£	£	£	£
General unrestricted funds	289,939	46,951	(7,225)	(15,094)	314,571
	=====	=====	=====	=====	=====

Unrestricted funds will be used at the direction of the Directors for the general support of all charitable activities.

<b>15. Analysis of net assets between funds</b>	<b>Net Current Assets</b>	<b>Total</b>
	£	£
Unrestricted funds	314,571	314,571
Restricted funds	439,630	439,630
	-----	-----
	754,201	754,201
	=====	=====

**16. Related party transactions**

Ian Barcroft who is a Director of Family Service Unit Scotland is also the Rector of St Mary's Episcopal Church. In his role as Rector, he also supports the work of St Mary's Family Support Project and both organisations have a partnership agreement to deliver services in Hamilton, South Lanarkshire.

Barry Rose who is a Director of Family Service Unit Scotland is also a Director of Wolfson Microelectronics plc and Baillie Gifford Shin Nippon plc. Family Service Unit Scotland's Board meets in premises owned by or associated with both these companies.

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**For the year ended 31 March 2010**

**17. Pension scheme**

Family Services Unit Scotland participates in the CARE Pension Scheme.

CARE is a multi-employer defined benefit scheme. The Scheme is funded and is contracted out of the state scheme.

The main benefits provided by the Scheme are:

- A pension of one-eightieth of the member's career average revalued earnings for each year (and months proportionately) of pensionable service if contracted out of the state scheme, plus
- Each member has a money purchase account (which is also administered by The Pensions Trust) into which monies can be transferred as a result of bonus declarations by the Trustee.

Employers pay contributions at the rate of 10.0% of earnings and members pay contributions based on an age-related scale (equal to age divided by ten). It is expected that contributions at these levels will be sufficient to meet the cost of the core pension benefit.

The rules of the Scheme allow for the declaration of bonuses if this is within the financial capacity of the Scheme assessed on a prudent basis. Bonuses are not guaranteed and are declared at the discretion of the Trustee. No bonuses have been declared by the Trustee since the Scheme commenced in October 2001.

The Trustee commissions an actuarial valuation of the Scheme every 3 years. The actuarial valuation assesses whether the Scheme's assets at the valuation date are likely to be sufficient to pay the pension benefits accrued by members as at the valuation date. Asset values are calculated by reference to market levels. Accrued pension benefits are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

As at the balance sheet date there were 26 active members of the Scheme employed by Family Services Unit Scotland. The annual pensionable payroll in respect of these members was £651,523. Family Services Unit Scotland continues to offer membership of the Scheme to its employees.

During the accounting period the Employer paid contributions at the rate of 10.0%.

It is not possible in the normal course of events to identify on a reasonable and consistent basis the share of underlying assets and liabilities belonging to individual participating employers. The scheme is a multi employer scheme, where the assets are co-mingled for investment purposes, and benefits are paid out of total scheme assets. Accordingly, due to the nature of the Scheme, the accounting charge for the period under FRS17 represents the employer contribution payable.

The last formal valuation of the Scheme was performed as at 30 September 2007 by a professionally qualified actuary using the "projected unit" method. The market value of the Scheme's assets at the valuation date was £10.9 million. The valuation revealed a surplus of assets compared to liabilities of £1.5 million, equivalent to a past service funding level of 116%.

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**For the year ended 31 March 2010**

The financial assumptions underlying the valuation as at 30 September 2007 were as follows:

	<b>% pa</b>
Rate of return pre retirement	6.1
Rate of return post retirement	5.3
Rate of pension increases pre 5 April 2005	2.9
Rate of pension increases post 5 April 2005	2.25
Rate of price inflation	2.9

The employers on-going future service contribution rate was set by the Trustee at 10.0% of pensionable salaries.

As a result of pension scheme legislation there is a potential debt on the employer that could be levied by the Trustee of the Scheme. The debt is due in the event of the employer ceasing to participate in the Scheme or the Scheme winding up.

The debt for the Scheme as a whole is calculated by comparing the liabilities for the Scheme (calculated on a buyout basis i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Scheme. If the liabilities exceed assets there is a buy-out debt.

The leaving employer's share of the buy-out debt is the proportion of the Scheme's liability attributable to employment with the leaving employer compared to the total amount of the Scheme's liabilities (relating to employment with all the currently participating employers). The leaving employer's debt therefore includes a share of any 'orphan' liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Scheme liabilities, Scheme investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of debt can therefore be volatile over time.

Family Service Unit Scotland has been notified by The Pensions Trust of the estimated employer debt on withdrawal from the CARE Scheme, based on the financial position of the scheme as at 30 June 2008. At this date the estimated employer debt for Family Service Unit Scotland was £66,000.