

FAMILY SERVICE UNIT SCOTLAND
(A Company Limited by Guarantee)

KNOWN AS CIRCLE

REPORT and FINANCIAL STATEMENTS

For the year ended 31 March 2017



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

Legal and administrative information

Directors

Val Cox, Chair (appointed 27.07.15)
The Very Reverend Ian Barcroft (appointed 10.02.06)
David Johnson (appointed 10.02.06)
Norma Baldwin (appointed 13.03.06)
Caroline Lamb, Treasurer (appointed 13.03.06)
Tracey Ashworth-Davies (appointed 19.06.06, resigned 04.02.17)
Peter Doran (appointed 06.09.10, resigned 29.05.17)
Wendy Paterson (appointed 06.09.10)
Jacqui Gillies (appointed 15.02.17)
Nickola Paul (appointed 15.02.17)
Brigid Daniel (appointed 15.02.17)

Chief Executive and Secretary

Elizabeth Dahl (to 31.12.16)
Rhona Hunter (from 23.12.16)

Advisory Panel Members

Ewan Aitken	Dan Gunn
Chris Hawkes	Mary Hepburn
Romy Langland	David Liddell
Dona Milne	

Registered Office

18 West Pilton Park
Edinburgh
EH4 4EJ

Auditors

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

Bankers

CAF Bank Ltd	Santander
25 Kings Hill Avenue	2-3 Triton Square
Kings Hill	London
West Malling	NW1 3AN
Kent	
ME19 4JQ	

Solicitors

Lindsays
Caledonian Exchange
19A Canning Street
Edinburgh
EH3 8HE

Employment advisers

Navigator
Floor 3
1 – 4 Atholl Crescent
Edinburgh
EH3 8HA

Operating name: Circle

Charity number: SC037181

Company number: SC296943

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

DIRECTORS' REPORT

The Directors submit their report together with the financial statements for the year ended 31 March 2017.

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 affect 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. The charity's purpose is to improve the lives of children by strengthening families.

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 preventative family support services that are strengths based and solution focussed. Currently we have projects which focus on:

- Families with children affected by parental drug and alcohol use
- Families with children affected by parental imprisonment
- Families with children at risk of school exclusion
- Families with very young children and who need additional support
- Fathers in their role as parents

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

- To provide preventative and intensive family support services.
- Family support - to strengthen the ability of children and families to manage the threat, process and consequences of personal challenges 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.

Shorter and longer term objectives are set out within the Plans for the Future section of this Report.

DIRECTORS' REPORT (CONTINUED)

The charity's areas of activity are described below.

Circle Edinburgh provides the following services:

- Harbour Project supports families with children affected by parental drug and alcohol use. This is a partnership with CrossReach's Sunflower Garden with Circle offering whole family support and Sunflower garden offering therapeutic support to children and young people. There is also one post that supports young people who use drugs and alcohol themselves and their families as well as a Fathers' post in PrePare which is a statutory service that supports pregnant substance using women. The Fathers' post adds an additional support to the whole family.
- Haven Project is based in Muirhouse and provides whole family support on an outreach basis and centre based work which includes parenting groups and creches as well as individual and group support to fathers. This project works with families with children under 12.
- ISSEP Project is based in Pilton linking 5th and 6th year pupils with primary aged children. The mentoring service runs after school in term time and aims to improve educational attainment and social skills of the children involved.
- Placements for social work students, who experience a rich mix of learning opportunities. (Practice Learning)

Circle Lanarkshire provided the following services:

- Action: Lone Parents, based in North Lanarkshire, was a partnership between Circle, Routes to Work Limited, Greater Easterhouse Money Advice Project, One Parent Families Scotland and Voluntary Action North Lanarkshire. The Project aimed to support lone parents to improve their employability prospects. The funding for this project ended in December 2016.

Circle West Lothian provides the following service:

- Project which supports families with children in West Lothian who are affected by parental drug and alcohol use. This was a partnership between Circle and West Lothian Drug and Alcohol Service (WLDAS) but following a tender process Circle is providing this service as a single agency from April 2017. The WLDAS part of the service was de-commissioned by the West Lothian Alcohol and Drug Partnership.
- West Lothian Public Social Partnership (PSP) called Supporting Families is a partnership between Circle, Barnardo's, Family and Community Development and West Lothian Council to support families with a range of issues who are 'just coping' to minimise the risk of crisis and to reduce the need for statutory intervention. Circle currently supports this group through management meetings and the Governance Group.

Circle East and Midlothian provides the following services:

- Project which supports families with children in East Lothian who are affected by parental drug and alcohol use.
- Project that supports pregnant women in East and Midlothian affected by substance use and their families.
- East Lothian PSP called Supporting Families in East Lothian was a partnership between Circle, Children 1st and East Lothian Council to provide intensive support to families with children under eight who are struggling but had not yet met criteria for statutory interventions. The PSP ended in April 2016 with Circle and East Lothian Council continuing to provide the service with underspend from the PSP. The service ended in December 2016.

Circle FABI (Families Affected by Imprisonment) provides the following service:

- Project has a 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.
- Shine National Women's Mentoring PSP is a partnership between SACRO, the lead partner, Circle, Venture Trust, Turning Point, Access to Industry, Barnard's, Apex and The Wise Group. Circle's role is to support mothers in prison, on remand and on community orders and their families.
- Women's Outreach Project is funded by Big Lottery Fund and is based in North and South Lanarkshire. It is a partnership between Circle and Addiction Support and Counselling Service and is a service for women involved in the criminal justice system having received either a Community Payback Order or Electronic Monitoring as an alternative to imprisonment.

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

DIRECTORS' REPORT (CONTINUED)

Achievements and performance from April 2016 to March 2017

This has been a successful year for Circle in terms of achievement of outcomes despite being a very difficult year financially for third sector organisations as a whole. This is the result of a number of factors such as Local Authority budget cuts and an increased volume of funding applications to the major Trusts and Foundations many of whom have less available funding and/or have changed funding criteria or priorities.

Circle's income for this financial year, April 2016 to March 2017, is £1,642,353 a reduction of £81,329. This is due to a number of funding streams coming to an end.

During this financial year we have been successful in a number of funding bids that will commence in April 2017 and will stand us in good stead for the next three years. These include:

- A successful tender bid to West Lothian Council's Alcohol and Drug Partnership for £110,000 a year for two years with an option to extend for a further year.
- A successful application to Lloyds TSB Foundation for Scotland: Partnership Drug Initiative (Lloyds TSB PDI) for a full time post in West Lothian for £45,000 per annum for three years.
- A successful continuation application to Lloyds TSB PDI to continue the Family Support Worker post in East Lothian for three years (previously had two years at full costs). Year three at full costs of £45,000 and years four and five at reduced funding of £26,000.
- Successful applications to the Cattanach Trust for £10,000 for two years, the Pilgrim Trust for £7,000 for two years and a private donation of £8,500 for two years to continue the part-time pregnancy post in East Lothian.
- A successful application to the Henry Smith Charity to continue the work in Addiewell Prison on a part time basis for £37,500 for two years.
- Circle became one of the benefactors when Caledonia Youth closed and received £147,249 to fund a young person's worker over a three year period.

Between April 2016 and March 2017 Circle provided whole family support to 441 families consisting of 718 children, 533 parents and 21 kinship carers.

Circle staff record the work that they do with families using the GIRFEC national framework consisting of eight overarching outcomes, using the recognised ¹SHANARRI framework to evidence "journey travelled" for the families. Each outcome has a number of indicators and each project records against those indicators relevant to the families they are working with.

The recording of outcomes from the database currently captures data which includes families that we are still working with and who are still to achieve their outcomes. We are currently working with the database developers to capture data more accurately to give us more meaningful outcomes reporting.

The figures below reflect the percentages of families who have made positive progress against each outcome, for whom this outcome was relevant and for whom service has ended.

1. 72% reported *living in a safer, more secure home environment*
2. 81% reported that they *have improved health*
3. 65% reported that they were *achieving*

¹ The eight wellbeing indicators are commonly referred to by their initial letters – SHANARRI (Safe, Healthy, Accepted, Nurtured, Active, Responsible, Respected, Included)

DIRECTORS' REPORT (CONTINUED)

4. 65% reported that they are more *nurturing*
5. 50% reported that they are more *active*
6. 45% reported that they are more *respected* and have increased equality of opportunity
7. 59% reported that they take more *responsibility*
8. 59% families reported that they feel more *included*

Circle is committed to the personal development of the families we work with. In addition to the day to day family support work here are some of the new experiences that families benefited from.

Throughout the year we fundraise to pay for seasonal trips during the Easter, Summer and October school breaks for the families we work with. We wish to thank to Go2Play, Edinburgh Airport Community Fund, Claire E Burgess, Scotmid Community Fund, Persimmons Community Fund and Cash4Kids for their financial support. With these funds we were able to support fun trips to the local park or beach that included supplying picnic blankets and outdoor games equipment such as bats and balls, Frisbees and skipping ropes. With a packed lunch families were able to have an inexpensive day out that was thoroughly enjoyed by all. Families then had the resources to have further days out.

The Royal Zoological Society and Clydesdale Bank teamed up to offer children the opportunity to experience wildlife. Circle received 500 tickets for families to go along to Edinburgh Zoo and with transport costs being met by an individual donor; we were able to make full use of these.

With support from Big Lottery's Awards for All we were able to deliver our Haven Storytelling Week in July this year. This involved parents and children working with an author and illustrator to produce a book called *Bringing the Zoo Home*. Dads were encouraged to participate in celebration of the Year of the Dad. The launch of the book took place in December with children, parents and the Author playing their parts well.

38 children attended the Scripture Union Holidays over the summer. This is a partnership between Circle and the Prison Fellowship and is organised and staffed by Scripture Union. This is an opportunity for children and young people to experience a residential trip with fun outdoors activities and experiences.

We have developed a relationship with an Edinburgh restaurant called the Kilted Lobster. Colin Hinds who owns the restaurant believes in supporting the community through a variety of ways including offering an evening a week for financially disadvantaged families to enjoy a meal together. Circle families have benefitted from 2 evenings, Dinner with Dad and Meal with Mum where families were treated to a 3-course dinner with freshly squeezed juices.

In December with donation of toys and gifts from Cash4Kids, Inverleith Church, Pilrig and St.Pauls and St. Marys Church in Hamilton we were able to ensure that all children and young people had gifts to open at Christmas. The Salvation Army provided much needed food parcels.

Circle is committed to the continuous professional development of its staff. We do this through supervision, team meetings, quarterly Staff Development Days, external training opportunities, annual appraisals, and regular input from our Advisory Panel members.

Circle provides practice learning opportunities for social work students which are supervised by staff who are Practice Teachers. Between April 2016 and March 2017 Circle provided 21 placements and three observation opportunities to social work students from Edinburgh, Stirling, Glasgow and Robert Gordon universities.

In August 2016 one member of staff completed her PLQ course and is now a qualified Practice Teacher. Two members of staff also completed their Link Worker training. This course is done in preparation for embarking on a PLQ course in the future.

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

DIRECTORS' REPORT (CONTINUED)

Between April 2016 and March 2017 five staff were trained in Parents Under Pressure Parenting Programme with 3 other staff being accredited. Edinburgh Napier University has been awarded £320,000 to carry out a study of this programme which will focus on opiate-using fathers and the care of their children up to age 6. Both Circle and a Local Authority project, PrePare, will participate in the research which will take place between April 2017 and March 2019 and will target 24 fathers. Dr Anne Whittaker from Napier University along with Professor Sharon Dawe and Dr Paul Harnett from Griffith University, Australia will oversee this piece of work. Professor Dawe and Dr Harnett have been developing this model over a 10 year period.

In December 2017 the Chief Executive retired from Circle after 20 years. Although the post was advertised externally it was the Operations Manager who was appointed to the post. The Operations Manager was replaced by an external candidate who came into post in February 2017. The new senior management team are working together to ensure that the management team and the organisation as a whole are supported and confident in the work we are delivering.

Between April 2016 and March 2017 one Advisory Panel member resigned due to other commitments. We are hoping to replace this panel member with someone equally experienced in Child Protection and GIRFEC.

Between April 2016 and March 2017 the Board, Management team and staff have worked with Intrelate (now Egton) to improve our outcome-focused recording, monitoring and evaluation systems. Although there have been some teething problems, we are now working towards a system that should be able to meet our performance management needs.

In January 2017 the Management and Board held an Away Day to consider the political and national context facing Circle over the next 2 years and to review our vision and mission in light of this. We also considered our Strategic Plan and made some amendments to our strategic goals so that these reflected the national priorities more effectively. This day also allowed us to consider the strengths of the management team and we were able to allocate policy leads to guide the organisation through changes that could affect Circle.

Circle is committed to evidencing and sharing best practice and to influencing Scottish Government policies that have the potential to improve the lives or impact negatively on the lives of the families we work with.

In May 2016 the management team had a day away to look at how to embed our Solution-Focused approach into all aspects of the organisation. This culminated in all teams taking a lead role in training of new staff and students and an increased awareness of the need to keep this approach as an integral part of our day-to-day work.

In May 2016 Stirling University hosted a seminar on behalf of Circle where we invited Naomi Eisenstadt, Independent Advisor to the Scottish Government on Poverty and Inequality to present her research evidence and views from stakeholders across Scotland, including people with experience of living on a low income. The report was commissioned for the First Minister and outlines the actions Scottish Government (and others) could take to significantly reduce the numbers of people living in poverty in Scotland.

In May 2016 two members of staff met with Lloyds TSB PDI and two Government Officials from the Child Protection Team to discuss our experiences of child protection in Edinburgh and in particular neglect.

In May 2016 HMP Addiewell held a Year of the Dad Conference which a member of staff spoke at.

In June 2016 Circle co-facilitated a shared learning programme 'Working with Families' with partner agencies Includem and Families Outside as part of the Criminal Justice Voluntary Sector Forum's Training and Development Group.

In June 2016 we supported a young person to participate in a BBC Documentary 'Throw Away the Key' which focussed on women being imprisoned and the impact on their children and families.

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

DIRECTORS' REPORT (CONTINUED)

In June 2016 we invited Ben MacPherson, MSP to the Management Team Meeting. Ben had previously been a mentor with Circle's ISSEP Project. Ben is now actively supporting Circle.

In July 2016 we supported four parents to participate in the Care Inspectorate Self Evaluation Focus Group sharing views on Self Evaluation for Community Justice.

In July 2016 we held a focus group with fathers to find out what support was helpful to them. This information will help shape our interventions with fathers and support future funding applications for this area of work.

In September 2016 Circle organised a Plinth and Photos Exhibition with a group of Dads to celebrate Year of the Dad. This exhibition was held at North Edinburgh Arts and was again exhibited at the Annual Lecture.

In October 2016 Circle held its Annual Lecture. This year's lecture was to celebrate the Year of the Dad and Richard Jobson, one of Circle's Patrons presented this talking of his own experiences. Three of our Fathers also participated in a question and answer session which was very well received. The lecture was chaired by Alistair Gaw, City of Edinburgh Councils Acting Director of Communities and Families.

In October 2017 Alan Baird, Social Work Advisor to Scottish Government came to Circle to meet with staff and to hear from three families their experiences of support.

In November 2016 Circle co-facilitated 'Induction to Adult Justice Systems' alongside Turning Point Scotland as part of the Criminal Justice Voluntary Sector Forum's Collaborative Learning Programme.

In November 2016 West Lothian held a Year of the Dad Conference and a Circle member of staff spoke at this event.

In December 2016 we held a launch of the Haven Storytelling Project which celebrated the Year of the Dad.

In December 2016 Circle delivered two Children Affected by Parental Substance Use Workshops in Edinburgh. These were aimed at increasing awareness and interventions for professionals across the city.

In December 2016 a member of staff delivered training to around 20 GPs to increase their knowledge of Children Affected by Parental Substance Use and Getting It Right for Every Child model.

In December 2016 Circle undertook a presentation to Voluntary Action North Lanarkshire at their Reducing Reoffending Network Event. We were able to highlight the work of the Women's Outreach Project.

In February 2017 we organised a group of mothers with babies and young children to come together with Scottish Government researchers to provide their views on a draft joint application form for Best Start Grant and Health Start vouchers.

In March 2017 Circle delivered a further two Children Affected by Parental Substance Use Workshops. These were again aimed at increasing awareness and interventions with professionals across Edinburgh.

In March 2017 Circle delivered a presentation highlighting the work of Families Affected by Imprisonment to SNP Mossend Group.

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 Board and the Audit Group all play a major role in this.

The Directors are satisfied with the financial performance for the year to 31st March 2017, particularly given the difficult financial context in which we are currently operating.

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

DIRECTORS' REPORT (CONTINUED)

Financial Review (continued)

Investment Policy

The cash reserves of the organisation are held in interest bearing accounts. The Directors keep this arrangement under regular review and pay particular attention to the requirement to ensure that sufficient liquidity is maintained to enable the organisation to manage its commitments, taking into account the uncertainty attached to the timing of receipt of large proportions of its income.

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, Scottish Government 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 Lloyds TSB Foundation for Scotland, The Robertson Trust, Henry Smith Charity, the Dulverton Trust and Big Lottery. The charity has benefited hugely from personal donations and personal trusts and this year we have become a benefactor of Caledonia Youth following their closure.

Reserves Policy

The Directors' long term aim is to ensure that the charity builds up general funds equivalent to approximately three months running expenses for the total organisation. At current levels of activity that is equivalent to around £410,725. 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, however the requirement to recognise the deficit on the pension scheme had a significant impact in 2015/16 and as at 31st March 2017, the total unrestricted reserves figure sits at £190,821. The Directors have taken prudent measures to reduce the exposure of the organisation to pension scheme deficits and will now seek to work to reduce the gap between the target and actual level of reserves through continuing to seek grants and donations.

Restricted reserves amounted to £223,024 (2016: £246,086) at the year end, the details of which are set out in note 15.

Pension Fund

The Directors are aware of the potential costs and liabilities associated with its pension fund arrangements and have kept this under constant review over the past few years. To help to mitigate this risk, in April 2012 they took the decision to revise pension fund arrangements from a defined benefits scheme to a defined contribution scheme for new members and future accruals in respect of existing members. During 2014/15 the Directors further considered the position and, after taking independent advice, agreed that from 1st April 2015 they would no longer offer the CARE pension scheme. Instead, from 1st April 2015 Circle made arrangements for staff to be enrolled in a defined contribution scheme offered by the Royal London, this scheme is also used for the auto-enrolment arrangements which Circle was required to offer from 1st April 2015.

The Directors consider it essential to maintain a close focus on the impact of continued deficits in the pension fund on the balance sheet and costs of the organisation.

Principal risks and uncertainties

The Directors have a risk management strategy in place and the risk assessment process and risk register 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.

Circle has a range of key policies in place which include HR, Health & Safety, Finance and Practice. These are regularly reviewed with our HR & Employment Law advisors and audit group.

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.

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

DIRECTORS' REPORT (CONTINUED)

Financial Review (continued)

There are a number of major risks faced by the charity in the current uncertain financial climate. The principal risk and uncertainty faced by the charity relates to on-going funding. The Directors keep the position under constant review; where funding sources look likely to end we take action to mitigate the impact, including making redundancies where required. We are also constantly seeking to investigate new sources of funding.

Other risks that are reviewed by the Directors on a regular basis include:

- Operational risks
- Development and planning risks
- Finance and fundraising risks
- Legal risks

Plans for Future Periods

Circle plans to continue the activities outlined above in the forthcoming year subject to satisfactory funding arrangements. The major financial concern for the charity is its reliance on short term and uncertain funding sources, tendering for contracts and the reduction in ring fenced funding to Councils. 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.

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

DIRECTORS' REPORT (CONTINUED)

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 (revised July 2014). 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 79) 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 76.

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 six members and a maximum of 12 members, governs the charity. The Board is required to meet no fewer than four times per year and is currently meeting on a two-monthly basis. There is one 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.

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 for All and both organisations have a partnership agreement to deliver services in Hamilton, South Lanarkshire.

Key management personnel and remuneration policy

The Directors consider the Board of Directors, who are also the trustees, and the Chief Executive comprise the key management personnel of the charity as they are in charge of directing and controlling, running and operating the charity on a day to day basis. All Directors give of their time freely and no Director received remuneration nor expenses in the year.

The remuneration of the Chief Executive is agreed by the Chair of the Board in consultation with Board members and is set after comparison with appropriate benchmarks.

Reference and administrative details

Information about the charity is set out on page 1.

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

DIRECTORS' REPORT (CONTINUED)

Statement of 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 of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP (FRS102);
- 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

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 (as amended). They 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 charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



CAROLINE LAMB
Treasurer, Board of Directors

31/7/2017

INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS AND MEMBERS

We have audited the financial statements of Family Service Unit Scotland for the year ended 31 March 2017 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cashflows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made exclusively 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 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 (as amended). Our audit work has been undertaken so that we might state to the charitable company's 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 trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 11, the directors (who are also the trustees of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

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 2017, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Opinion on other matter prescribed by the Companies Act 2006

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

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has 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 company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

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

- the charitable company has not kept proper and adequate accounting records or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the directors' report and take advantage of the small companies exemption from the requirement to prepare a strategic report.

A handwritten signature in black ink, appearing to read 'Jeremy Chittleburgh'.

Jeremy Chittleburgh BSc CA (Senior Statutory Auditor)

For and on behalf of

CHIENE + TAIT LLP

Chartered Accountants and Statutory Auditor

61 Dublin Street

Edinburgh, EH3 6NL

1 August 2017

Chiene + Tait is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

FAMILY SERVICE UNIT SCOTLAND
(A Company Limited by Guarantee)
KNOWN AS CIRCLE

STATEMENT of FINANCIAL ACTIVITIES
(including Income and Expenditure Account)

For the year ended 31 March 2017

	Notes	Un- Restricted Funds £	Restricted Funds £	Total 2017 £	Un- Restricted Funds £	Restricted Funds £	Total 2016 £
Income from:							
Donations		20,218	147,249	167,467	17,396	-	17,396
Charitable activities	3	-	1,472,588	1,472,588	-	1,703,753	1,703,753
Investments							
– bank interest		2,298	-	2,298	2,533	-	2,533
Total income		22,516	1,619,837	1,642,353	19,929	1,703,753	1,723,682
Expenditure							
Raising funds	4	299	-	299	97	-	97
Charitable activities	5	15,000	1,642,899	1,657,899	241,127	1,889,493	2,130,620
Total expenditure		15,299	1,642,899	1,658,198	241,224	1,889,493	2,130,717
Net income/(expenditure) and net movement in funds for the year							
		7,217	(23,062)	(15,845)	(221,295)	(185,740)	(407,035)
Reconciliation of funds							
Fund balances brought forward at 1 April	15,16	183,604	246,086	429,690	404,899	431,826	836,725
Fund balances carried forward at 31 March	15,16	190,821	223,024	413,845	183,604	246,086	429,690

The statement of financial activities includes all gains and losses recognised in the year.
All income and expenditure derives from continuing activities.

The notes on pages 17 to 28 form part of these financial statements.

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

BALANCE SHEET


As at 31 March 2017

	Notes	£	2017 £	£	2016 £
Fixed assets					
Tangible assets	10		5,488		8,289
Current assets					
Debtors	11	77,999		59,399	
Cash at bank and in hand		740,060		788,692	
		-----		-----	
		818,059		848,091	
Liabilities: amounts due within one year	12	186,146		190,974	
		-----		-----	
Net current assets			631,913		657,117
			-----		-----
Total assets less current liabilities			637,401		665,406
Liabilities: amounts due after more than one year	14		223,556		235,716
			-----		-----
Net assets			413,845		429,690
			=====		=====
Funds					
Unrestricted funds	16		190,821		183,604
Restricted funds	15		223,024		246,086
			-----		-----
			413,845		429,690
			=====		=====

These financial statements are prepared in accordance with the special provisions of Part 15 of the Companies Act relating to small companies and constitute the annual financial statements required by the Companies Act 2006 and are for circulation to members of the company.

The financial statements were approved by the Directors on 31 July and are signed on their behalf by:


.....
Caroline Lamb, Director


.....
Val Cox, Director

Company No. SC296943

The notes on pages 17 to 28 form part of these financial statements.

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

STATEMENT OF CASHFLOWS

For the year ended 31 March 2017

	Notes	2017 £	2016 £
Cash used in operating activities	21	(50,195)	(83,529)
		-----	-----
Cash flows from investing activities			
Bank interest income		2,298	2,533
Purchase of fixed assets		(735)	-
		-----	-----
Cash used in investing activities		1,563	2,533
		-----	-----
Decrease in cash and cash equivalents in the year		(48,632)	(80,996)
Cash and cash equivalents at the beginning of the year		788,692	869,688
		-----	-----
Cash and cash equivalents at the end of the year		740,060	788,692
		=====	=====
 Analysis of cash and cash equivalents			
Cash at bank – current accounts		640,060	287,235
Cash at bank – term deposits		100,000	501,457
		-----	-----
		740,060	788,692
		=====	=====

The notes on pages 17 to 28 form part of these financial statements.

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

NOTES to the FINANCIAL STATEMENTS

For the year ended 31 March 2017

1. Company information

Family Service Unit Scotland is a company limited by guarantee incorporated and domiciled in Scotland with registered company number SC296943. The registered office is 18 West Pilton Park, Edinburgh, EH4 4EJ. The financial statements have been presented in Pounds Sterling as this is the functional and presentational currency of the company.

2. Accounting policies

Basis of accounting

The financial statements have been prepared in accordance with Accounting and 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 Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102), and the Companies Act 2006.

Family Service Unit Scotland meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

Going Concern

The financial statements have been prepared on a going concern basis. The directors have assessed the charitable company's ability to continue as a going concern and have reasonable expectation that the charitable company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing these financial statements and consider that there are no material uncertainties relating to going concern.

Significant judgements and estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. As the estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant, actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(i) Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 10 for carrying amounts of tangible assets.

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

NOTES to the FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March 2017

Taxation

Family Service Unit Scotland's charitable activities fall within the exemptions afforded by part 11 of the Corporation Tax Act 2010. Accordingly, there is no Corporation Tax charge in these financial statements.

Donations, legacies and similar income

Donations, legacies and similar income is included in the year in which it is receivable, which is when the charity becomes entitled to the income, it is probable that it will be received and the amount can be measured reliably.

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 relevant conditions for entitlement have been met, it is probable they will be received, and the amounts can be quantified with sufficient reliability. 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. Within support costs are governance costs, which 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.

Operating leases

Rentals payable under operating leases are charged on a straight-line basis over the term of the lease.

Tangible fixed assets

All fixed assets over £500 are initially capitalised at cost, plus any incidental costs of acquisition.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Computer equipment – 33.3%

Telephone equipment – 10%

Debtors

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

Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

Creditors

Creditors are recognised where the company 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 are normally recognised at their settlement amount after allowing for any trade discounts due.

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

NOTES to the FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March 2017

Financial instruments

The company only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

Pensions

The company participates in a multi-employer defined benefit pension scheme in respect of members admitted prior to 1 April 2012. In respect of these existing members, and any new members to the scheme, benefits accruing from 1 April 2012 are derived from defined contributions, further details of which are included in note 20. Normal contributions are charged to the Statement of Financial Activities as they become payable in accordance with the rules of the scheme. In addition, a deficit reduction plan is in place to which monthly contributions are made. The present value of the future cashflows have been recognised as a liability as set out in note 20.

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.

3. Charitable activities and donations income	Restricted Funds	Total 2017	Total 2016
	£	£	£
Support for families and kinship carers	277,015	277,015	348,808
Support for families with children affected by substance abuse	666,156	666,156	835,478
Support for families with children affected by parental imprisonment	361,817	361,817	364,828
Support with employability for lone parents	39,600	39,600	84,639
Developmental Activities	128,000	128,000	70,000
	-----	-----	-----
	1,472,588	1,472,588	1,703,753
	=====	=====	=====

Restricted donations income comprises an amount from Caledonian Youth which is applied to the "Support for families with children affected by substance abuse" activity.

4. Cost of generating voluntary income	2017	2016
	£	£
Other fundraising costs	299	97
	=====	=====

5. Charitable activities	Direct Costs	Support Costs	Total 2017	Total 2016
	£	£	£	£
Restricted				
Support for families and kinship carers	270,888	47,355	318,243	301,717
Support for families with children affected by substance abuse	620,064	107,681	727,745	1,060,838
Support for families with children affected by parental imprisonment	346,354	50,940	397,294	381,779
Support with employability for lone parents	59,937	8,069	68,006	66,114
Developmental Activities	116,064	15,547	131,611	79,045
	-----	-----	-----	-----
	1,413,307	229,592	1,642,899	1,889,493
	=====	=====	=====	=====

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

NOTES to the FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March 2017

5. Charitable activities (Contd.)	Pension Deficit Costs £	Support Costs £	Total 2017 £	Total 2016 £
Unrestricted				
Support for families and kinship carers	2,906	-	2,906	36,169
Support for families with children affected by substance abuse	7,432	-	7,432	137,442
Support for families with children affected by parental imprisonment	3,249	-	3,249	48,226
Support with employability for lone parents	420	-	420	9,645
Developmental Activities	993	-	993	9,645
	----- 15,000	----- -	----- 15,000	----- 241,127
	=====	=====	=====	=====

Pension deficit costs relate to remeasurement adjustments and the unwinding of the discount on the net present value of agreed payments under the deficit reduction plan.

6. Support Costs	Wages and Salaries £	Profes- sional Costs £	Total 2017 £	Total 2016 £
Restricted				
Support for families including kinship carers	41,034	6,320	47,354	39,657
Support for families affected by parental substance abuse	92,947	14,735	107,682	121,059
Support for families with children affected by parental imprisonment	44,706	6,234	50,940	41,224
Support with employability for lone parents	7,164	904	8,068	8,424
Developmental Activities	13,639	1,909	15,548	7,171
	----- 199,490	----- 30,102	----- 229,592	----- 217,535
	=====	=====	=====	=====

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

FAMILY SERVICE UNIT SCOTLAND
(A Company Limited by Guarantee)
KNOWN AS CIRCLE

NOTES to the FINANCIAL STATEMENTS (Contd.)
For the year ended 31 March 2017

7. Governance costs	2017	2016
	£	£
Auditor's remuneration - audit services	3,918	3,840
- non-audit services	668	50
- other accounting services	-	1,350
Directors' liability insurance	657	438
	-----	-----
	5,243	5,678
	=====	=====

8. Net income	2017	2016
	£	£
This is stated after charging:		
Rentals payable in respect of operating leases – land and buildings	29,187	28,455
	=====	=====

9. Analysis of staff costs and numbers, Director remuneration and expenses, and the cost of key management personnel

	2017	2016
	£	£
Wages and salaries	1,182,629	1,343,191
Social security costs	108,036	122,944
Pension costs – annual employer contributions	96,793	116,487
Remeasurement and discounting adjustments – defined benefit scheme	9,000	241,000
Redundancy payments	54,899	6,149
Staff travel costs and pension advice fees	61,257	97,806
	-----	-----
	1,512,614	1,927,577
	=====	=====

No individual employees earned £60,000 or more, excluding employer pension contributions, during the year (2016: £Nil). None of the directors were remunerated for their duties as directors during the year. Out of pocket expenses totalling £Nil (2016: £Nil) were reimbursed during the year in respect of directors.

The key management personnel of the charitable company comprise the Directors and the Chief Executive. The total employee benefits of the key management personnel of the charitable company during the year, including employers National Insurance contributions, were £65,179 (2016: £66,391).

The average number of employees during the period was 42 (2016: 47).

10. Tangible fixed Assets	Computer & Telephone Equipment
	£
Cost	
At 1 April 2016	50,349
Additions	735

At 31 March 2017	51,084

Accumulated depreciation	
At 1 April 2016	42,060
Charge for year	3,536

At 31 March 2017	45,596

Net book value	
At 31 March 2017	5,488
	=====
At 31 March 2016	8,289
	=====

FAMILY SERVICE UNIT SCOTLAND
(A Company Limited by Guarantee)
KNOWN AS CIRCLE

NOTES to the FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March 2017

11. Debtors	2017	2016
	£	£
Other debtors	58,479	44,403
Prepayments	19,519	14,996
	-----	-----
	77,999	59,399
	=====	=====

The aggregate of financial assets that are measured at amortised cost is £41,888 (2016: £13,292).

12. Liabilities: amounts falling due within one year	2017	2016
	£	£
Trade creditors	20,010	24,728
Other creditors and accruals	6,188	7,224
Other taxes and social security costs	25,910	25,253
Pension deficit reduction plan payments (Note 20)	22,220	17,280
Deferred income (Note 13)	111,818	116,489
	-----	-----
	186,146	190,974
	=====	=====

The aggregate of financial liabilities measured at amortised cost are £20,010 (2016: £24,728).

13. Deferred income

Deferred income consists of the following balances, all of which relate specifically to periods subsequent to 31 March 2017:

	2017	2016
	£	£
East Lothian Family Support	-	55,000
Big Fund	-	31,849
Infrastructure Funding	-	30,000
Haven	7,400	-
Early Years Mid and East Lothian	33,182	-
West Lothian Family Support	44,621	-
Shine PSP	26,615	-
	-----	-----
	111,818	116,849
	=====	=====

All amounts deferred at 31 March 2015 and 2016 were released in full in the following years.

14. Liabilities: amounts falling due after more than one year	2017	2016
	£	£
Pension deficit reduction plan payments (Note 20)	223,556	235,716
	=====	=====

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

NOTES to the FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March 2017

15. Restricted funds	Brought Forward	Incoming Resources	Resources Expended	Transfer of funds	Carried Forward
	£	£	£	£	£
West Lothian	18,359	143,316	(157,269)	-	4,406
Harbour	8,252	522,630	(398,207)	19,659	152,334
Haven	44,910	157,955	(170,721)	-	32,144
Practice Teaching	621	31,052	(31,333)	-	340
Kinship Care	29,311	1,174	(6,965)	(19,659)	3,861
Shine PSP	38,979	270,257	(302,938)	-	6,298
Addiewell	3,215	91,560	(94,356)	-	419
Early Intervention Project	37,321	31,849	(55,580)	(13,590)	-
East and Midlothian Family Support	1,427	115,610	(116,689)	-	348
Action Lone Parents	20,172	39,600	(68,006)	13,590	5,356
Children with Learning Disabilities	4,060	-	(1,605)	-	2,455
East Lothian Family Support	12,758	58,918	(71,473)	-	203
West Lothian Family Support	16,166	27,916	(36,146)	-	7,936
Development Work	10,535	128,000	(131,611)	-	6,924
	-----	-----	-----	-----	-----
	246,086	1,619,837	(1,642,899)	-	223,024
	=====	=====	=====	=====	=====

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.

Details of the nature of each fund are noted below:

West Lothian

Supports families with children who are affected by parental drug and alcohol use living in West Lothian.

Harbour Project

Supports families with children affected by parental drug and alcohol use and young people who are using substances living in Edinburgh, and includes £147,249 of funding received during the year from Caledonia Youth.

Haven Project

Supports children and families in the North Edinburgh area, this includes whole family support, groups for parents and crèches for families with children under 5; individual and group support to children who may have experienced school based difficulties and after school activities.

Practice Teaching

Provides placements to universities for their social work students.

Kinship Care Team

Supports families with children being cared for by kinship carers.

Shine PSP

Supports 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 North and South Lanarkshire, Fife and Forth Valley and Tayside.

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

NOTES to the FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March 2017

15. Restricted funds (Contd.)

HMP Addiewell Project

Supports 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.

Early Intervention Project

Supports families with young children who are affected by parental drug and alcohol use living in Edinburgh, West Lothian and North and South Lanarkshire.

East and Midlothian Family Support

Supports families with children who are affected by parental drug and alcohol use living in East and Midlothian.

Action Lone Parents

This is a service for lone parents living in complex circumstances in North Lanarkshire supporting them to get out and about, being a positive role model for their children, building confidence and self-esteem, and meeting others from the local community.

Children with Learning Disabilities

This fund comprises amounts donated to meet equipment and other needs of families with children who have learning disabilities.

East Lothian Family Support

Supports families in East Lothian and is a partnership between Circle, Children 1st and East Lothian Council to provide intensive support to families with children under 8 who are struggling but had not yet met criteria for statutory interventions.

West Lothian Family Support

West Lothian Public Social Partnership (PSP) called Supporting Families is a partnership between Circle, Barnardos, Family and Community Development and West Lothian Council to support families with a range of issues who are 'just coping' to minimise the risk of crisis and to reduce the need for statutory intervention.

Development Work

This fund consists of funds received specifically to develop aspects of Circle's management infrastructure such as the upgrading of server and database and renewal of computers and related IT equipment.

16. Unrestricted Funds	Restated Brought Forward	Income	Expenditure	Transfer	Carried Forward
	£	£	£	£	£
General unrestricted funds	183,604	22,516	(15,299)	-	190,821
	=====	=====	=====	=====	=====

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

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

NOTES to the FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March 2017

17. Analysis of net assets between funds	Fixed Assets £	Net Current Assets £	Due after More than One year £	Total £
Unrestricted funds	-	414,377	(223,556)	190,821
Restricted funds	5,488	217,536	-	223,024
	-----	-----	-----	-----
	5,488	631,913	(223,556)	413,845
	=====	=====	=====	=====

18. Financial commitments

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2017 £	2016 £
Within one year	2,432	2,371
	=====	=====

19. Related party transactions

Ian Barcroft who is a Director of Family Service Unit Scotland is also the Rector of St Mary's Episcopal Church. Both organisations have a partnership agreement to deliver services in Hamilton, South Lanarkshire.

20. Pension scheme

Up until 31 March 2015, Circle participated in The CARE Scheme (the 'Scheme'), which is a funded multi-employer defined benefit 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.

Contributions from 1 April 2012

For members in the one-eightieth structure of the Scheme, employers pay contributions at the rate of 10.6% of earnings and members pay contributions based on an age-related scale (equal to age divided by ten, plus 0.5).

In addition, employers may choose to pay any Future Service Contribution Rate (FSCR) combination that is shared between Members and Employers, as long as the maximum Member contribution rates are [(age/10) + 0.5]. For reference, the total FSCRs from 1 April 2012 are 15.5%.

Employers that have closed the one-eightieth structure of the Scheme to new entrants are required to pay an additional employer contribution loading of 2.0% to reflect the higher costs of a closed arrangement.

NOTES to the FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March 2017

20. Pension scheme (Contd.)

The Trustee commissions an actuarial valuation of the Scheme every three 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.

A defined contribution (DC) section of the Scheme has been available since 1 April 2011. For members in the DC section of the Scheme, employers pay contributions at the rate of 8.5% of earnings and members pay contributions based on an age-related scale (equal to age divided by ten, minus one).

Circle ceased to offer membership of the Scheme to its employees on 31 March 2015.

During the accounting period the employer paid contributions at the rate of 10.6% for members in the one-eighth structure and 8.5% for members in the defined contribution structure.

It is not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

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.

Circle 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 September 2015. At this date the estimated employer debt for Circle was £1,554,000.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The scheme was classified as a 'last-man standing arrangement'. Therefore the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

All employers within the CARE scheme agreed to close the scheme to the build-up of further benefits from 31 March 2016, on the understanding that no withdrawal would be triggered. From this date the scheme continues on a paid-up basis which means that the employers continue to pay the required recovery plan payments to repair the deficit.

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

NOTES to the FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March 2017

20. Pension scheme (Contd.)

A full actuarial valuation for the scheme was carried out at 30 September 2013. This actuarial valuation showed assets of £35.56m, liabilities of £51.94m and a deficit of £16.38m. To eliminate this funding shortfall, the trustees and the participating employers have agreed that additional contributions will be paid to the scheme as follows:

Deficit contributions

From 1 April 2015 to 30 April 2027 a total of £1,152,000 per annum (payable monthly and increasing by 3% each year on 1 July) is payable by the participating employers (Circle's share is £21,731 pa).

The recovery plan contributions are allocated to each participating employer in line with their estimated share of the scheme liabilities.

Where the scheme is in deficit and where the company has agreed to a deficit funding arrangement the company recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

	2017	2016
	£	£
Present value of provision	245,776	252,996
	=====	=====
Reconciliation of opening and closing provisions	2017	2016
	£	£
Provision at start of period	252,996	29,275
Unwinding of discount factor	6,000	-
Deficit contribution paid	(22,220)	(17,279)
Remeasurements – impact of any change in assumptions	9,000	241,000
	-----	-----
Provision at end of period	245,776	252,996
	=====	=====
Assumptions	2017	2016
	% pa	% pa
Rate of discount	1.47	2.24
	=====	=====

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

From 1st April 2015 Circle made arrangements for staff to be enrolled in a defined contribution scheme offered by the Royal London, this scheme is also used for the auto enrolment arrangements which Circle was required to offer from 1st April 2015.

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

NOTES to the FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March 2017

21. Reconciliation of net movement in funds to net cash flow from operating activities

	2017	2016
	£	£
Net movement in funds	(15,845)	(407,035)
Add back depreciation charge	3,536	3,311
Deduct interest income shown in investing activities	(2,298)	(2,533)
(Increase)/decrease in debtors	(18,600)	44,213
(Decrease)/increase in creditors	(16,988)	278,515
	-----	-----
Net cash (used in)/provided by operating activities	(50,195)	(83,529)
	=====	=====