

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

**KNOWN AS CIRCLE**

**REPORT and FINANCIAL STATEMENTS**

**For the year ended 31 March 2018**



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

**Legal and administrative information**

**Directors**

Val Cox, Chair (appointed 27.07.15, resigned 15.1.18)  
David Johnson (appointed 10.02.06, Chair from 15.1.18)  
The Very Reverend Ian Barcroft (appointed 10.02.06)  
Norma Baldwin (appointed 13.03.06, resigned 31.7.17)  
Caroline Lamb, Treasurer (appointed 13.03.06)  
Peter Doran (appointed 06.09.10, resigned 25.5.17)  
Wendy Paterson (appointed 06.09.10)  
Jacqui Gillies (appointed 15.02.17)  
Nickola Paul (appointed 15.02.17)  
Brigid Daniel (appointed 15.02.17, resigned 7.6.17)  
Jane Scott (appointed 1.7.17)  
Cameron Wyllie (appointed 31.7.17)  
Romy Langeland (appointed 31.7.17)

**Chief Executive and Company Secretary**

Rhona Hunter (from 23.12.16)

**Advisory Panel Members**

Ewan Aitken  
Dona Milne  
Brian Hills  
Dan Gunn  
Mary Hepburn  
Dave Liddell  
Norma Baldwin

**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  
25 Kings Hill Avenue  
Kings Hill  
West Malling  
Kent  
ME19 4JQ

Santander  
2-3 Triton Square  
London  
NW1 3AN

Shawbrook Bank  
Lutea House  
Warley Hill Business Park  
The Drive, Great Warley  
Brentwood  
Essex, CM13 3BE

**Solicitors**

Lindsays  
Caledonian Exchange  
19A Canning Street  
Edinburgh  
EH3 8HE

**Employment Law advisors**

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 2018.

**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.

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

**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 crèches 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 5<sup>th</sup> and 6<sup>th</sup> 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.
- Pupil Equity Fund post is commissioned by two primary schools, Craigentenny and St.Ninian's who decided to use this Scottish Government initiative to fund a Family Outreach Worker. They have committed to this until August 2020.
- Placements for social work students, who experience a rich mix of learning opportunities. (Practice Learning.)

**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 Intensive Family Support Service 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.

**Circle Families Affected by Imprisonment ( FABI)** 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, Barnardo'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 Addictions Support & Counselling (ASC) 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.

**DIRECTORS' REPORT (CONTINUED)**

**Achievements and performance from April 2017 to March 2018**

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 2017 to March 2018, is £1,382,731 a reduction of £259,622. This is due to fewer funding opportunities.

During this financial year we have:

Secured a Family Support Worker (Fathers) for the Harbour Team which will support fathers of children affected by parental drug and/or alcohol use to minimise the impact on the children. This is funded through Corra Foundation for three years and amounts to £45,000 per annum.

Learned that Scottish Government will be extending the core funding for the Children, Young People and Families Early Intervention and Adult Learning and Empowering Communities Fund into 2019-20. This amounts to £70,000 per annum and supports the part time Development Manager and the full time Business Manager posts.

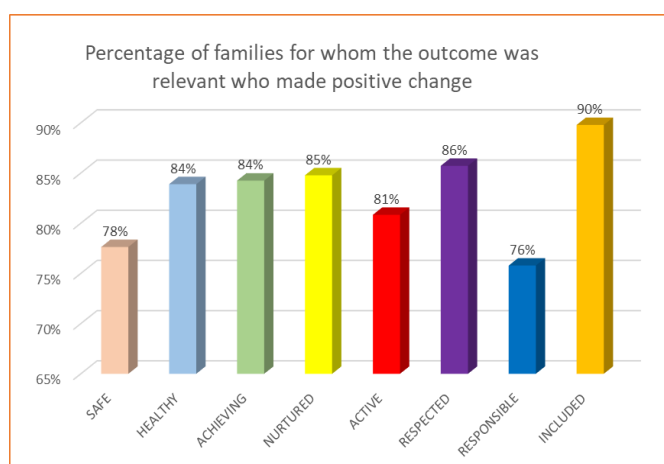
Confirmed that the Children affected by Parental Substance Use tender in Edinburgh will, subject to a successful review, continue until March 2021. This amounts to £419,365 which includes £106,000 for our partner agency CrossReach's Sunflower Garden.

Secured £25,000 from South Lanarkshire Council to provide a group worker to two of their Hubs.

Between April 2017 and March 2018 Circle provided whole family support to 603 families including families who accessed group work support. Those families consisted of 819 children, 684 parents and 18 kinship carers. We also worked specifically with 15 Young People who accessed our Young Persons' Service. In addition 30 unborn babies benefitted from the support Circle provides to parents.

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

Over the past year, we have worked with our database developers to refine the outcomes reporting for families for whom service has ended. The following table represents the percentage of families for whom service has ended in the year and for whom the outcome was relevant, who have made positive change against that outcome. (Service ended for 400 families over 2017-18, of which 345 had outcomes recorded.)



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

**DIRECTORS' REPORT (CONTINUED)**

***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. This provides much needed fun days for families and helps make positive memories and experiences for the children. Some of those were:

- Beach trips
- Blair Drummond Safari Park
- BBQ days
- Children's festival show
- Family activity day provided by Blameless (Charity based in the grounds of Hamilton Academicals Stadium)
- Soft play outings
- Trip to Winter Wonderland
- Cinema trips
- Dynamic Earth
- Edinburgh International Science Festival
- Open tour bus
- Camera Obscura
- Swimming trips

With support from Big Lottery's Awards for All we were again 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 *A Donkey called Horse*. The launch of the book took place in December with children, parents and the author there to celebrate as well as Ben Macpherson, MSP, Alex Cole-Hamilton, MSP and local organisations.

20 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 outdoor activities and experiences.

In September 2017 three parents were supported by staff to participate in an NHS focus group gathering their views on how to redesign health information for parents (ReHip).

In December with donation of toys and gifts from Cash4Kids, Inverleith Church, Pilrig St. Paul's Church and St. Mary's 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 Advisors to the organisation.***

Circle provides practice learning opportunities for social work students which are supervised by staff who are Practice Teachers. Between April 2017 and March 2018 Circle provided fourteen placements and three observation opportunities to social work students from Edinburgh, Stirling and Glasgow universities.

One member of staff also undertook Link Worker Training and is now able to support students on a day to day basis which is additional to the Practice Teaching support.

Between April 2017 and March 2018 Circle held four Staff Development Days for the whole staff team. These covered topics such as Working with Vicarious Trauma, General Data Protection Regulation, Information Sharing in respect of the Children and Young People's Act 2014, Children's Rights and Participation and Adverse Childhood Experiences (ACEs).

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

**DIRECTORS' REPORT (CONTINUED)**

Between April 2017 and March 2018 an additional six staff were trained in Parents under Pressure (PuP) Parenting Programme with three of those staff completing their accreditation. There are now a total of 10 staff trained in the programme and six with full accreditation. In January 2018 one member of staff had the opportunity to be trained as a PuP supervisor which allows the supervision of staff in the programme in a much more straight forward way. 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 six. Both Circle and a Local Authority project, PrePare, are participating in this research which will target 24 fathers. Dr Anne Whittaker from Stirling 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 April 2017 Circle's Development Manager began a Knowledge Exchange with Edinburgh University researching the effectiveness of Circle's whole family approach. This Exchange is on-going and the findings of this research should be available later in 2018.

In July and August 2017 a member of staff spent six weeks in the United States researching services for pregnant and substance using mothers. This was funded through The Winston Churchill Travelling Fellowship in partnership with the Dulverton Trust. This was a fantastic experience for the member of staff and Circle as an organisation. The findings of this research have been presented at various forums with plans for further presentations throughout 2018.

In January 2018 the Management and Board held an Away Day where we considered the political and national context facing Circle and were able to reflect on where we were currently as an organisation, where we want Circle to be and how we were going to achieve this. The actions from this day were added to both Project Plans and the Strategic Plan.

Between April 2017 and March 2018 three Trustees resigned from the Board. Norma Baldwin and Peter Doran had been members for a significant length of time and Brigid Daniels could no longer give her time due to other work commitments. Val Cox as Chair resigned for personal reasons. All four Trustees brought diverse knowledge and experiences and we would like to thank them for their time. David Johnson has been Acting Chair and has supported the organisation through this period of transition. We have also welcomed Jane Scott, Cameron Wyllie and Romy Langeland as new Trustees.

Between April 2017 and March 2018 the Board, Management team and staff have worked with Egton to improve our outcome-focused recording, monitoring and evaluation systems. Although initially there were some teething problems this is now working well with staff and managers seeing the benefits of recording the journeys made by families and reflecting the impact of our work.

***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 2017 we met with Carolyn Wales and Maggie Fallon from the Scottish Government to outline the work of ISSEP. We were able to take along two mentors and two mentees which was an excellent experience for them.

In June 2017 we participated in a pilot scheme for Scottish Government around consulting children and young people regarding their priorities for Edinburgh's Integrated Children's Plan. This was an innovative and interesting event.

In June 2017 Annabelle Ewing visited the Haven project to promote Child Safety week.

In June 2017 a training session on working with families affected by parental substance use was delivered to GPs across Edinburgh and the Lothians. This was delivered with a Head Teacher from one of our partner agency schools.

In July 2017 a training session was delivered to a partner agency to increase their awareness of GIRFEC.

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

**DIRECTORS' REPORT (CONTINUED)**

In September 2017 we met with Christine Jardine, MP at her request as she was keen to know more about the Haven Project and ISSEP in particular. This was also an opportunity to discuss the organisation as a whole.

In May 2017 we participated in a panel discussion on Best for Babies and Imprisoned Mothers in Scotland Launch.

In September 2017 a training session was delivered to a partner agency to increase their awareness of GIRFEC.

In September 2017 we co-facilitated with a partner agency a training event on behalf of the Criminal Justice Voluntary Forum on the adult justice system.

In October 2017 staff delivered a good practice session at a Supporting Parents and Carers Conference.

In November 2017 we held a Parliamentary Reception to celebrate the work of the Women's Outreach Team that is part of the FABI Team. This was hosted by Ben Macpherson, MSP and Christina McKelvie, MSP. Karyn McCluskey, CEO of Community Justice Scotland chaired this event and Bruce Adamson, Children's Commissioner, spoke at the event along with Briege Nugent, Researcher, and a parent.

In December 2017 we held the launch of the Haven Storytelling Book *A Donkey Called Horse*. Ben MacPherson, MSP and Alex Cole-Hamilton, MSP were in attendance.

In January 2018 we held a photography exhibition. This was funded by Corra Foundation and involved four young people telling their stories through photographs of growing up in a substance using family. This was a powerful and moving account of their experiences.

In March 2018 a training session on working with families affected by parental substance use was delivered to GPs across Edinburgh and the Lothians. This was delivered with colleagues from CrossReach's Sunflower Garden, one of the partner agencies.

In March 2018 a training session was delivered to a partner agency to increase their knowledge and skills when working with families affected by parental substance use.

In March 2018 Circle attended the Justice Committee to give evidence regarding remand and to consider alternatives to this.

In March 2018 Circle attended an EVOC Think Space to consider preventative approaches to Children's Services. This event was attended by both voluntary and statutory partners.

In March 2018 Circle delivered two workshops with partner agencies ASC and North Lanarkshire's Women's Community Justice Service. These workshops were to promote Real Partnerships in Community Justice.



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

**DIRECTORS' REPORT (CONTINUED)**

**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 31<sup>st</sup> March 2018, particularly given the difficult financial context in which we are currently operating.

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 Corra Foundation, The Robertson Trust, Henry Smith Charity, the Dulverton Trust and Big Lottery. The charity has benefited hugely from personal donations and personal trusts.

Reserves Policy

The Directors' long term aim is to ensure the charity builds up general funds equivalent to three months running expenses for the total organisation. At current levels of activity that is equivalent to £390,118. The Directors consider this level of reserves is one which is prudent considering the level and extent of risk associated with funding streams which the charity is required to manage. There is however a requirement to recognise the deficit on the pension scheme which has had a significant impact in 2015/16 and 2017/18, and as a consequence the total unrestricted reserves figure sits at £113,425. The Directors are taking measures to reduce the gap between the target and actual reserves by continuing to seek grants and donations and looking to save costs by giving consideration to a restructuring of the organisation.

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 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 are 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

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

**DIRECTORS' REPORT (CONTINUED)**

**Financial Review (continued)**

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.

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

30/7/2018

## **INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS AND MEMBERS**

### **Opinion on financial statements**

We have audited the financial statements of Family Service Unit Scotland for the year ended 31 March 2018 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows 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".

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2018, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

### **Basis for opinion**

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

### **Conclusions relating to going concern**

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

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

### **Other information**

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

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

We have nothing to report in this regard.

### **Opinion on other matters prescribed by the Companies Act 2006**

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

- the information given in the Directors' 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 the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charity 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; or
- the Directors were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small company's exemption from the requirement to prepare a strategic report.

**Responsibilities of Directors**

As explained more fully in the statement of Directors' responsibilities set out on page 11 the Directors (who are also the trustees of the charitable company for the purposes of charity law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

**Auditor's responsibilities for the audit of the financial statements**


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 regulations made under those Acts.

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

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

**Use of our report**

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 charitable company's Directors, as a body, in accordance with section 44(1) (c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charity Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the members and the charitable company's Directors those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company, 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.



**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

*2 August 2018*

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 2018**

	Notes	Un- Restricted Funds £	Restricted Funds £	Total 2018 £	Un- Restricted Funds £	Restricted Funds £	Total 2017 £
<b>Income from:</b>							
Donations		29,905	-	29,905	20,218	147,249	167,467
Charitable activities	3	-	1,350,938	1,350,938	-	1,472,588	1,472,588
Investments – bank interest		1,888	-	1,888	2,298	-	2,298
<b>Total income</b>		<b>31,793</b>	<b>1,350,938</b>	<b>1,382,731</b>	<b>22,516</b>	<b>1,619,837</b>	<b>1,642,353</b>
<b>Expenditure</b>							
Raising funds	4	5,043	-	5,043	299	-	299
Charitable activities	5	94,146	1,462,633	1,556,779	15,000	1,642,899	1,657,899
<b>Total expenditure</b>		<b>99,189</b>	<b>1,462,633</b>	<b>1,561,822</b>	<b>15,299</b>	<b>1,642,899</b>	<b>1,658,198</b>
<b>Net (expenditure)/income</b>							
		(67,396)	(111,695)	(179,091)	7,217	(23,062)	(15,845)
Fund Transfers	15	(10,000)	10,000	-	-	-	-
Net movement in funds For the year		(77,396)	(101,695)	(179,091)	7,217	(23,062)	(15,845)
<b>Reconciliation of funds</b>							
Fund balances brought forward at 1 April	15,16	190,821	223,024	413,845	183,604	246,086	429,690
Fund balances carried forward at 31 March	15,16	113,425	121,329	234,754	190,821	223,024	413,845

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**

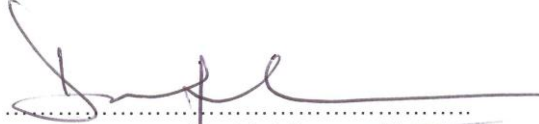
**As at 31 March 2018**

	Notes	£	2018 £	£	2017 £
<b>Fixed assets</b>					
Tangible assets	10		6,385		5,488
<b>Current assets</b>					
Debtors	11	86,633		77,999	
Cash at bank and in hand		650,797		740,060	
		-----		-----	
		737,430		818,059	
<b>Liabilities:</b> amounts due within one year	12	226,097		186,146	
		-----		-----	
Net current assets			511,333		631,913
			-----		-----
<b>Total assets less current liabilities</b>			517,718		637,401
<b>Liabilities:</b> amounts due after more than one year	14		282,964		223,556
			-----		-----
<b>Net assets</b>			234,754		413,845
			=====		=====
<b>Funds</b>					
Unrestricted funds	16		113,425		190,821
Restricted funds	15		121,329		223,024
			-----		-----
			234,754		413,845
			=====		=====

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 30 July 2018 and are signed on their behalf by:

  
.....  
Caroline Lamb, Director

  
.....  
David Johnson, 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 2018**

	<b>Notes</b>	<b>2018 £</b>	<b>2017 £</b>
<b>Cash used in operating activities</b>	21	(86,747)	(50,195)
		-----	-----
<b>Cash flows from investing activities</b>			
Bank interest income		1,888	2,298
Purchase of fixed assets		(4,404)	(735)
		-----	-----
Cash used in investing activities		(2,516)	1,563
		-----	-----
Decrease in cash and cash equivalents in the year		(89,263)	(48,632)
<b>Cash and cash equivalents at the beginning of the year</b>		740,060	788,692
		-----	-----
<b>Cash and cash equivalents at the end of the year</b>		650,797	740,060
		=====	=====
 <b>Analysis of cash and cash equivalents</b>			
Cash at bank – current accounts		3,761	640,060
Cash at bank – term deposits		647,036	100,000
		-----	-----
		650,797	740,060
		=====	=====

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 2018**

**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 2018**

**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 2018**

**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.

<b>3. Charitable activities and donations income</b>	<b>Restricted Funds</b>	<b>Total 2018</b>	<b>Total 2017</b>
	£	£	£
Support for families and kinship carers	219,088	219,088	277,015
Support for families with children affected by substance abuse	666,170	666,170	666,156
Support for families with children affected by parental imprisonment	343,680	343,680	361,817
Support with employability for lone parents	-	-	39,600
Developmental Activities	122,000	122,000	128,000
	-----	-----	-----
	1,350,938	1,350,938	1,472,588
	=====	=====	=====

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

<b>4. Cost of raising funds</b>	<b>2018</b>	<b>2017</b>
	£	£
Other fundraising costs	5,043	299
	=====	=====

<b>5. Charitable activities</b>	<b>Direct Costs</b>	<b>Support Costs</b>	<b>Total 2018</b>	<b>Total 2017</b>
	£	£	£	£
<b>Restricted</b>				
Support for families and kinship carers	196,365	34,674	231,039	318,243
Support for families with children affected by substance abuse	645,963	110,407	756,370	727,745
Support for families with children affected by parental imprisonment	300,781	49,358	350,139	397,294
Support with employability for lone parents	-	-	-	68,006
Developmental Activities	111,291	13,794	125,085	131,611
	-----	-----	-----	-----
	1,254,400	208,233	1,462,233	1,642,899
	=====	=====	=====	=====

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

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

**For the year ended 31 March 2018**

<b>5. Charitable activities (Contd.)</b>	<b>Pension Deficit Costs</b>	<b>Support Costs</b>	<b>Total 2018</b>	<b>Total 2017</b>
	£	£	£	£
<b>Unrestricted</b>				
Support for families and kinship carers	15,670	1,094	16,764	2,906
Support for families with children affected by substance abuse	45,898	3,206	49,104	7,432
Support for families with children affected by parental imprisonment	19,943	1,393	21,336	3,249
Support with employability for lone parents	-	-	-	420
Developmental Activities	6,489	453	6,942	993
	-----	-----	-----	-----
	88,000	6,146	94,146	15,000
	=====	=====	=====	=====

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.

<b>6. Support Costs</b>	<b>Wages and Salaries</b>	<b>Profes- sional Costs</b>	<b>Total 2018</b>	<b>Total 2017</b>
	£	£	£	£
<b>Restricted</b>				
Support for families including kinship carers	30,442	4,232	34,674	47,354
Support for families affected by parental substance abuse	96,880	13,527	110,407	107,682
Support for families with children affected by parental imprisonment	43,352	6,006	49,358	50,940
Support with employability for lone parents	-	-	-	8,068
Developmental Activities	12,161	1,633	13,794	15,548
	-----	-----	-----	-----
	182,835	25,398	208,233	229,592
	=====	=====	=====	=====

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

<b>7. Governance costs</b>	<b>2018</b>	<b>2017</b>
	£	£
Auditor's remuneration - audit services	4,020	3,918
- non-audit services	-	668
Directors' liability insurance	672	657
	-----	-----
	4,692	5,243
	=====	=====

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

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

**For the year ended 31 March 2018**

<b>8. Net income</b>	<b>2018</b>	<b>2017</b>
	£	£
This is stated after charging:		
Rentals payable in respect of operating leases – land and buildings	28,886	29,187
	=====	=====

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

	<b>2018</b>	<b>2017</b>
	£	£
Wages and salaries	1,063,060	1,182,629
Social security costs	85,593	108,036
Pension costs – annual employer contributions	81,364	96,793
Remeasurement and discounting adjustments – defined benefit scheme	85,000	9,000
Redundancy payments	9,536	54,899
Staff travel costs and pension advice fees	43,461	61,257
	-----	-----
	1,368,014	1,512,614
	=====	=====

No individual employees earned £60,000 or more, excluding employer pension contributions, during the year (2017: £Nil). None of the Directors were remunerated for their duties as Directors during the year. Out of pocket expenses totalling £Nil (2017: £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 £55,986 (2017: £65,179).

The average number of employees during the period was 39 (2017: 42).

<b>10. Tangible fixed Assets</b>	<b>Computer &amp; Telephone Equipment</b>
	<b>£</b>
<b>Cost</b>	
At 1 April 2017	51,084
Additions	4,404
Disposals	(18,311)
	-----
At 31 March 2018	37,177
	-----
<b>Accumulated depreciation</b>	
At 1 April 2017	45,596
Charge for year	3,507
Disposals	(18,311)
	-----
At 31 March 2018	30,792
	-----
<b>Net book value</b>	
At 31 March 2018	6,385
	=====
At 31 March 2017	5,488
	=====

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

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

**For the year ended 31 March 2018**

<b>11. Debtors</b>	<b>2018</b>	<b>2017</b>
	£	£
Other debtors	69,288	58,479
Prepayments	17,345	19,519
	-----	-----
	86,633	77,999
	=====	=====

The aggregate of financial assets that are measured at amortised cost is £22,395 (2017: £41,888).

<b>12. Liabilities:</b> amounts falling due within one year	<b>2018</b>	<b>2017</b>
	£	£
Trade creditors	16,886	20,010
Other creditors and accruals	8,188	6,188
Other taxes and social security costs	27,167	25,910
Pension deficit reduction plan payments (Note 20)	27,926	22,220
Deferred income (Note 13)	145,930	111,818
	-----	-----
	226,097	186,146
	=====	=====

The aggregate of financial liabilities measured at amortised cost are £16,886 (2017: £20,010).

**13. Deferred income**

Deferred income consists of the following balances, all of which relate specifically to periods subsequent to 31 March 2018:

	<b>2018</b>	<b>2017</b>
	£	£
Harbour	46,098	7,400
Early Years Mid and East Lothian	27,250	33,182
West Lothian Family Support	-	44,621
Shine PSP	65,782	26,615
Haven	6,800	-
	-----	-----
	145,930	111,818
	=====	=====

All amounts deferred at 31 March 2016 and 2017 were released in full in the following years.

<b>14. Liabilities:</b> amounts falling due after more than one year	<b>2018</b>	<b>2017</b>
	£	£
Pension deficit reduction plan payments (Note 20)	282,964	223,556
	=====	=====

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

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

**For the year ended 31 March 2018**

<b>15. Restricted funds</b>	<b>Brought Forward</b>	<b>Incoming Resources</b>	<b>Resources Expended</b>	<b>Transfer of funds</b>	<b>Carried Forward</b>
	£	£	£	£	£
West Lothian	4,406	159,081	(176,030)	13,292	749
Harbour	152,334	366,752	(434,807)	-	84,279
Haven	32,144	182,996	(197,232)	-	17,908
Practice Teaching	340	36,092	(28,685)	-	7,747
Kinship Care	3,861	-	(3,861)	-	-
Shine PSP	6,298	343,680	(350,139)	419	258
HMP Addiewell	419	-	-	(419)	-
East and Midlothian Family Support	348	140,337	(145,534)	10,203	5,354
East Lothian PSP	203	-	-	(203)	-
Action: Lone Parents	5,356	-	-	(5,356)	-
West Lothian PSP	7,936	-	-	(7,936)	-
Children with Learning Disabilities	2,455	-	(1,260)	-	1,195
Infrastructure	6,924	122,000	(125,085)	-	3,839
	-----	-----	-----	-----	-----
	223,024	1,350,938	(1,462,633)	10,000	121,329
	=====	=====	=====	=====	=====

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

Supports families with children affected by parental drug and alcohol use and young people who are using substances living in Edinburgh.

Haven

Supports children and families in the North Edinburgh area, this includes whole family support, groups for parents and crèches for families with children under five; 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.

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 2018**

**15. Restricted funds (Contd.)**

HMP Addiewell

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.

East and Midlothian Family Support

Supports families with children who are affected by parental drug and alcohol use living in East and Midlothian. During the year a transfer of £10,000 was made from unrestricted funds to this service to cover funding gaps.

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. With the agreement of funders, the unspent balance on this fund was reallocated to the West Lothian Project during the year.

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 PSP

Supports families in East Lothian and is a partnership between Circle, Children 1<sup>st</sup> 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.

West Lothian PSP

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. With the agreement of funders, the unspent balance on this fund was reallocated to the West Lothian Project during the year.

Infrastructure (previously called Development Work)

This fund consists of funds received specifically to develop aspects of Circle's management infrastructure such as development of the client database, ensuring all systems, policies and procedures are continually monitored and updated as necessary, researching and developing practice and increasing participation.

<b>16. Unrestricted Funds</b>	<b>Brought Forward</b>	<b>Income</b>	<b>Expenditure</b>	<b>Transfer</b>	<b>Carried Forward</b>
	£	£	£	£	£
General unrestricted funds	190,821	31,793	(99,189)	(10,000)	113,425
	=====	=====	=====	=====	=====

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 2018**

<b>17. Analysis of net assets between funds</b>	<b>Fixed Assets £</b>	<b>Net Current Assets £</b>	<b>Due after More than One year £</b>	<b>Total £</b>
Unrestricted funds	-	396,389	(282,964)	113,425
Restricted funds	6,385	114,944	-	121,329
	-----	-----	-----	-----
	6,385	511,333	(282,964)	234,754
	=====	=====	=====	=====

**18. Financial commitments**

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

	<b>2018 £</b>	<b>2017 £</b>
Within one year	1,945	2,432
	=====	=====

**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. David Johnson, who is a Director of Family Service Unit Scotland also sits on the Board of Trustees of the Corra Foundation (formerly the Lloyds TSB Foundation) from whom Family Service Unit Scotland received funding during the year. David does not take part in any grant funding decisions that impact upon Family Service Unit Scotland, and awards are applied for as part of the standard process.

**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 2018**

**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 2018**

**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.

A full actuarial valuation for the scheme was again carried out at 30 September 2016. This valuation showed assets of £60.45m, liabilities of £85.30m and a deficit of £24.86m. To eliminate this funding shortfall, the Trustee asked the participating employers to pay additional contributions to the scheme as follows:

**Deficit contributions**

From 1 April 2018 to 30 November 2028 a total of £1,400,000 per annum (payable monthly and increasing by 3% each year on 1 April) is payable by the participating employers (Circle's share is £27,926 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.

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Present value of provision	310,889	245,776
	=====	=====
<b>Reconciliation of opening and closing provisions</b>	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Provision at start of period	245,776	252,996
Unwinding of discount factor	3,000	6,000
Deficit contribution paid	(22,887)	(22,220)
Remeasurements – impact of any change in assumptions and amendments to contribution schedule	85,000	9,000
	-----	-----
Provision at end of period	310,889	245,776
	=====	=====
<b>Assumptions</b>	<b>2018</b>	<b>2017</b>
	<b>% pa</b>	<b>% pa</b>
Rate of discount	1.93	1.47
	=====	=====

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 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 2018**

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

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Net movement in funds	(179,091)	(15,845)
Add back depreciation charge	3,507	3,536
Deduct interest income shown in investing activities	(1,888)	(2,298)
Increase in debtors	(8,635)	(18,600)
Increase/(decrease) in creditors	99,360	(16,988)
	-----	-----
<b>Net cash (used in)/provided by operating activities</b>	<b>(86,747)</b>	<b>(50,195)</b>
	=====	=====