

FAMILY SERVICE UNIT SCOTLAND
(A Company Limited by Guarantee)

KNOWN AS CIRCLE

REPORT and FINANCIAL STATEMENTS

For the year ended 31 March 2014



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

Directors

The Very Reverend Ian Barcroft (appointed 10.02.06)
Joan Elliott (appointed 10.02.06; resigned 29.07.13)
David Johnson (appointed 10.02.06)
Norma Baldwin (appointed 13.03.06)
Barry Rose, Chair (appointed 13.03.06)
Caroline Lamb, Treasurer (appointed 13.03.06)
Tracey Ashworth-Davies (appointed 19.06.06)
Peter Doran (appointed 06.09.10)
Wendy Paterson (appointed 06.09.10)

Chief Executive and Secretary

Elizabeth Dahl

Advisory Panel Members

Ewan Aitken	Oliver Aldridge
Val Cox	Dan Gunn
Chris Hawkes	Mary Hepburn
Romy Langland	Julie Taylor

Registered Office

18 West Pilton Park
Edinburgh
EH4 4EJ

Auditors

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

Bankers

The Co-operative Bank	Santander	Airdrie Savings Bank
80 Cornhill	2-3 Triton Square	56 Stirling Street
London	London	Airdrie
EC3V 3NJ	NW1 3AN	ML6 0AW

Solicitors

Lindsays
Caledonian Exchange
19A Canning Street
Edinburgh
EH3 8HE

Operating name: Circle

Charity number: SC037181

Company number: 296943

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DIRECTORS' REPORT

The Directors submit their report together with the financial statements for the year ended 31 March 2014.

Objectives and activities

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

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

The charity has the general aim of promoting the social inclusion of families with children marginalised by poverty and discrimination. 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 a range of family support services that take a strength based and solution focussed approach and focus on:

- Families with children affected by parental drug and alcohol use
- Families with children affected by parental imprisonment
- Families with children looked after by kinship carers as a result of the above
- Families with children at risk of school exclusion and parents who find it difficult to engage with school
- 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.

DIRECTORS' REPORT (CONTINUED)

The charity's areas of activity are described below.

Circle Edinburgh provides the following services:

- Project which supports children and families affected by parental drug and alcohol use. Workers offer support to all family members. This service is offered to families living in Edinburgh. In November 2011 this project developed a new early years service which was further extended in October 2012. Also in October 2012 this project developed a new service aimed at young people who use drugs and alcohol and their families. (Harbour Project)
- Project which supports families with children who are being looked after by kinship carers as a result of parental drug and alcohol use, imprisonment, mental health. This new service was developed in October 2012. (Kinship Care Project)
- Project based in Muirhouse which provides outreach family support and centre based playgroups and crèches to families with children under 5; individual and group support to fathers; individual and group support to children who may have experienced family, community or school based difficulties; after school activities for children; groups for parents. (Haven Project)
- Project based in Pilton linking 5th and 6th year pupils with primary aged children who are struggling in mainstream schools. The service runs after school in term time and aims to boost the educational and social skills of the children involved. (ISSEP)
- Placements for social work students, who experience a rich mix of learning opportunities. (Practice Learning)

Circle Lanarkshire provides the following services:

- Project which supports children and families in North and South Lanarkshire who are affected by parental drug and alcohol use. In November 2011 this project developed a new early years service which was further extended in October 2012.
- Placements for social work students, who experience a rich mix of learning opportunities. (Practice Learning)
- Action: Lone Parents, based in North Lanarkshire, is a new partnership between Circle, Routes to Work Limited, Greater Easterhouse Money Advice Project, One Parent Families Scotland and Voluntary Action North Lanarkshire. The Project which started in June 2013 aims to support lone parents to improve their employability prospects.

Circle West Lothian provides the following service:

- Project which supports children and families in West Lothian who are affected by parental drug and alcohol use. In November 2011 this project developed a new early years' service.
- West Lothian Public Social Partnership (PSP) called Supporting Families is a new partnership between Circle, Barnardos, Family and Community Development and West Lothian Council which started in February 2014 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 East and Midlothian provides the following services:

- Project which supports children and families in East and Midlothian who are affected by parental drug and alcohol use, this new project started in July 2013.
- East Lothian PSP called Supporting Families in East Lothian is a new partnership between Circle, Children 1st and East Lothian Council which started in January 2014 to provide intensive support to families with children under 8 who are struggling but had not yet met criteria for statutory interventions.

Circle FABI (families affected by imprisonment) provides the following service:

- Project which has workers who identify and support 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 workers also provide community based support to the fathers and their families.

DIRECTORS' REPORT (CONTINUED)

- National Women's Mentoring PSP called Shine is a new partnership between SACRO, the lead partner, Circle, Venture Trust, Turning Point, Access to Industry, Barnardo's, Apex and The Wise Group. It started in April 2013 and Circle's role is to support mothers in prison, on remand and on community orders and their families.
- National Prolific Male Offenders PSP called New Routes is a new partnership between The Wise Group, the lead partner, Circle, SACRO, Apex, SAMH, Turning Point, Families Outside, Relationships Scotland and YCSA. It started in April 2013 and Circle's role is to support fathers in prison and their families.

Achievements and performance from April 2013 to March 2014

This has been a successful year for Circle. Listed below are some of our highlights.

The number of service users benefiting from our services

Between April 2013 and March 2014 Circle provided whole family support to 672 families comprised of 1,277 children, 875 parents, 193 kinship carers, 2,345 family members. In addition, through Circle's Haven project we also provided group work programmes to 158 children, 102 mothers and 57 fathers who were not accessing our family support services. In total, Circle worked with 2,614 family members, a 21% increase on the previous year.

Diversify our funding base and spreading our funding risk

Circle's income has increased by 27% this financial year to £2,051,491. In addition to funding streams already in place, we were delighted by the following grants.

In April 2013 Circle was awarded £152,000 from the Shine PSP for Women Offenders and £173,289 from the New Routes PSP for Prolific Male Offenders. This new funding from the Scottish Government and the Robertson Trust enabled Circle to employ 8 family support workers to work with 147 families with children affected by parental imprisonment between April 2013 and March 2014. In September 2013 the Henry Smith Charity awarded Circle £25,000 a year for three years towards the cost of a manager for the above work.

In May 2013 Circle was awarded £569,060 from Big Lottery which administers the Scottish Government's Early Intervention Fund. This new funding enabled Circle to employ 8 family support workers and a full time manager to work with 178 families with children affected by parental drug and alcohol use living in Edinburgh, West Lothian and North and South Lanarkshire.

In May 2013 Circle was awarded £75,484 from the Scottish Government's Strategic Partnership Fund. This new funding enabled Circle to employ a full time Business Manager and a half time Service Development Manager to build the capacity of the organisation. On 21 May 2013 Aileen Campbell MSP, the Minister for Children and Young People, visited Circle to formally launch this new Fund.

In July 2013 through monies raised by a benefactor and her contacts, Circle was able to move into two new geographical areas, East Lothian and Midlothian, and employ 2 family support workers to work with families with children affected by parental drug and alcohol use. Between July 2013 and March 2014 Circle had worked with 31 families in these areas.

In October 2013 following a successful application to the Scottish Government's Family Support PSP, Circle entered a partnership with Children 1st and formed the Supporting Families in East Lothian PSP. This funding enabled Circle to employ 1.5 family support workers who have worked with 6 families between January and March 2014.

In January 2014 the R S Macdonald Charitable Trust awarded Circle £25,000 a year for two years towards the cost of a manager to manage the work in East and Midlothian.

Between April 2013 and March 2014 Circle opened new saving accounts with Santander and the Airdrie Savings Bank in order to spread our risks. We are in the process of changing our current account from the Cooperative Bank to the CAF Bank.

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DIRECTORS' REPORT (CONTINUED)

Being at the forefront of expertise on children and families

Circle is committed to the personal development of the families we work with. Here are some of the new experiences that families benefited from.

In April 2013, 50 families from Edinburgh, West Lothian and North and South Lanarkshire benefited from caravan holidays in Berwick-upon-Tweed, Haggerston Castle and Ayr. This was funded through Inspiring Scotland; the funding also covered transport to and from the holiday and activity passes which allowed the children to experience horse riding, archery, water activities and golf. For most of these families this was their first ever holiday.

In May 2013, 19 Circle staff members and friends ran in the Edinburgh marathon festival and raised £3,986 to cover the cost of summer holiday activities and outings for families. These included trips to Edinburgh Zoo, Blair Drummond Safari Park, M&D's and Almond Valley Heritage Park.

In July 2013, 43 children enjoyed week long camping trips in a variety of settings throughout Scotland. These holidays were coordinated by a staff member from the FABI team and were organised, staffed and funded through the Scripture Union.

In July 2013, 11 children and 3 staff members from the Haven Project enjoyed 5 days at the Hopscotch house in Ardvullin, this was funded through Hopscotch and the Edinburgh Children's Holiday Fund.

In August 2013, a number of families from the Haven Project took part in a storytelling week; the week was a great success and resulted in a fantastic story named "The Pirate Storm" which has now been published as a book using the children's artwork.

Between September 2013 and January 2014, 15 young people took part in the Natural Capital Group run by staff members from the Kinship Care and Harbour projects and funded through the Daisy Chain Trust. The young people had the opportunity to explore Edinburgh's historical sites, with a focus on natural heritage. They visited sites such as Holyrood Park and Edinburgh Castle and were awarded their Natural Capital Certificates in the Surgeons' Hall on 24 January 2014.

Between November 2013 and February 2014, 110 free tickets secured by staff members from the Harbour Project, enabled families to attend performances of "A Christmas Carol" at the Lyceum Theatre and "Cinderella" at the King's Theatre. The Salvation Army was also extremely generous over the Christmas period providing food boxes for the families and presents for the children, young people, parents and carers we work with.

Being a leader in people development and engagement:

Circle is committed to the continuous professional development of its staff. We do this through supervision, team meetings, quarterly Staff Development Days, annual appraisals, and regular input from our Advisory Panel members. We also provide practice learning opportunities for social work students which are supervised by staff who are practice teachers.

In June 2013 Circle employed its first Intern funded through Third Sector Internship Scotland and SCVO on a 10 week internship with the specific task of developing and implementing a social media strategy. We were so impressed with the work of the Intern that we raised the money so we could continue to employ him 2 days a week until he finishes his University course in May 2014. We are now seeking funding to make this a full time post.

In June 2013 some of FABI team moved into their new office based in the Living Waters Church in Bellshill. Monthly whole team meetings are now held there and the team is feeling a lot less isolated as a result.

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DIRECTORS' REPORT (CONTINUED)

Being a leading voice on children and families

In June 2013 the final member to Circle's Advisory Panel was recruited and in October 2013 we had our first annual meeting of the Advisory Panel members, Board members and the Management Team. Individual Advisory Panel members have attended management team meetings throughout the year to share their skills, knowledge and experience.

In July 2013 David Tennant, one of Circle's Patrons, agreed to take part in a film on Circle's work. The film was completed in September 2013 and has now been used at a number of Circle events as well as causing quite a stir with David Tennant fans when we put a short clip of it on our website.

In November 2013 Circle held its first Annual Lecture at the Royal Botanic Gardens. Dr Mark Smith from Edinburgh University traced the history of Circle, emphasising the important role played by the voluntary sector in supporting vulnerable families. The Lord Provost also hosted a seminar in the City Chambers on Circle's work with Kinship Carers.

In November 2013 Circle had two external evaluation reports produced on its work with families affected by parental imprisonment. The first was produced by Pro Bono Economics and is titled "An assessment of the economic costs and benefits of Circle's Meet at the Gate programme" and has been well received by our major stakeholders. The second was commissioned by the Robertson Trust and produced by Smart Consultancy and is titled "Review of Circle's 'Families Affected by Imprisonment' (FABI) Project" and reviewed the work from 2008 to 2013.

Between July 2013 and March 2014 the Board has reviewed Circle's Memorandum and Articles of Association. It is felt that the current use of the word "harm" within Clause 4.2 of our Articles of Association is potentially limiting and therefore should be changed to "affect". We are also amending the Articles of Association to accommodate a change in the length of terms that a Director can serve on the Board. There is also a change from referring to 'Executive Officers' to that of 'Office Bearer Role', in the existing articles. These changes relate to Clauses 72 onwards (change to Director's term) and Clause 107 onwards (change in reference from 'Executive Officers' to 'Office Bearer Role'). There is also a change in quorum (Clauses 44, 45 and 73). The proposed changes have been sent to OSCR and should be accepted and returned to us in time for our AGM in July 2014.

Structure, Governance and Management

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

Governing Document

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

Appointment of Directors

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

Director induction and training

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

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DIRECTORS' REPORT (CONTINUED)

Organisation

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

Related parties

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

Barry Rose who is a Chair of the Board of Directors of Family Service Unit Scotland is Chair of the Board of Baillie Gifford Shin Nippon plc. and a Director of Aberdeen Smaller High Income Trust plc. Circle's Board meets in premises owned by or associated with both these companies. No payment is made for use of these premises.

Risk Management

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

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

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

Financial Review

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

The Directors are pleased to report a positive financial result for the period. Costs were contained within budget, and incoming resources exceeded outgoing resources in the year by £116,276. Unrestricted funds show a surplus for the year of £26,509.

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, Comic Relief, The Robertson Trust, Henry Smith Charity, R S Macdonald Charitable Trust and Big Lottery. The charity has benefited hugely from personal donations and personal Trusts.

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DIRECTORS' REPORT (CONTINUED)

Reserves Policy

The Directors' long term aim is to ensure that the charity builds up general funds equivalent to approximately six months running expenses for the total organisation. At current levels of activity that is equivalent to around £967,000. The Directors consider that this level of reserves is one which is prudent considering the level and extent of risks associated with funding streams which the charity is required to manage. They continue to work towards this figure, recognising that this becomes more stretching as the organisation grows. Currently, unrestricted funds stand at £404,197.

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 last year. To help to mitigate this risk, in April 2012 they took the decision to revise its pension fund arrangements from a defined benefits scheme to a defined contribution scheme for new members and future accruals in respect of existing members.

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, the introduction of Public Social Partnerships, 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.

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

- Charitable trusts and foundations – we have again been successful in attracting new funding.
- Corporate and individual donors

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).

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DIRECTORS' REPORT (CONTINUED)

Directors' Responsibilities (continued)

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;
- 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

28/7/2014

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 2014 which comprise the Statement of Financial Activities, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made exclusively to the members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and to the charity's trustees, as a body, in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the members and the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity, its members as a body and its 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 pages 8 and 9, 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2014, 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 (applicable to smaller entities); 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).

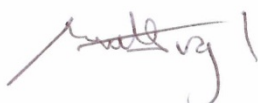
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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 from the requirement to prepare a strategic report or in preparing the Directors' Report.



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

30 July 2014

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

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STATEMENT of FINANCIAL ACTIVITIES
(including Income and Expenditure Account)

For the year ended 31 March 2014

	Note	Un- Restricted Funds £	Restricted Funds £	Total 2014 £	Total 2013 £
Incoming resources					
<i>Incoming resources from generated funds</i>					
Voluntary income – donations and grants		30,260	-	30,260	45,319
Investment income – bank interest		2,352	-	2,352	10,882
<i>Incoming resources from charitable activities</i>	2	-	2,018,879	2,018,879	1,554,906
Total incoming resources		32,612	2,018,879	2,051,491	1,611,107
Resources expended					
<i>Cost of generating voluntary income</i>	3	814	-	814	890
<i>Charitable activities</i>	4	-	1,929,112	1,929,112	1,768,421
<i>Governance costs</i>	6	5,289	-	5,289	5,434
Total resources expended		6,103	1,929,112	1,935,215	1,774,745
Net incoming/(outgoing) resources and net movement of funds		26,509	89,767	116,276	(163,638)
Reserves brought forward		377,688	199,009	576,697	740,335
Reserves carried forward	14,15	404,197	288,776	692,973	576,697

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

The notes on pages 14 to 22 form part of these financial statements.

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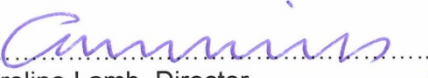
BALANCE SHEET

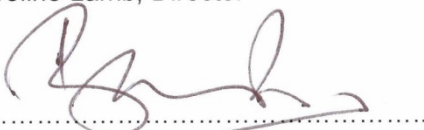
As at 31 March 2014

	Notes	£	2014 £	£	2013 £
Fixed assets					
Tangible assets	10		15,887		23,473
Current assets					
Debtors	11	96,139		50,045	
Cash at bank and in hand		762,801		640,229	
		-----		-----	
		858,940		690,274	
Creditors: amounts due within one year	12	181,854		137,050	
		-----		-----	
Net current assets			677,086		553,224
			-----		-----
Net assets			692,973		576,697
			=====		=====
Reserves					
Unrestricted funds	15		404,197		377,688
Restricted funds	14		288,776		199,009
			-----		-----
			692,973		576,697
			=====		=====

These financial statements have been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006 and with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The financial statements were approved by the Directors on 28/7/ 2014 and are signed on behalf by:

.....

 Caroline Lamb, Director

.....

 Barry Rose, Director

Company No. SC296943

The notes on pages 14 to 22 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 2014

1. Accounting policies

Accounting convention

The financial statements are prepared under the historical cost convention, in accordance with the Companies Act 2006, the Financial Reporting Standard for Smaller Entities (FRSSE) (effective April 2008), and the Statement of Recommended Practice 2005 – Accounting and Reporting by Charities, and with the Memorandum and Articles of Association.

The FRSSE was adopted for the first time in respect of the year ended 31 March 2014. No changes to comparative figures or disclosure have arisen as a result of this change and therefore no prior year adjustment, restatement or representation is required.

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.

Donations, legacies and similar incoming resources

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

Investment income

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

Grants receivable

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

Expenditure

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

Tangible fixed assets

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

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%

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.

**FAMILY SERVICE UNIT SCOTLAND
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NOTES to the FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March 2014

1. Accounting policies (Contd.)

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 18. Contributions are charged to the Statement of Financial Activities as they become payable in accordance with the rules of the scheme.

Operating leases

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

2. Incoming resources from charitable activities	Restricted Funds	Total 2014	Total 2013
	£	£	£
Support for families and kinship carers	177,528	177,528	174,245
Support for families with children at risk of school exclusion	110,072	110,072	123,421
Support for families with children affected by substance abuse	1,085,738	1,085,738	807,481
Support for fathers in their role as parents	64,913	64,913	74,653
Support for families with children affected by parental imprisonment	478,141	478,141	375,106
Support with employability for lone parents	27,487	27,487	-
Developmental Activities	75,000	75,000	-
	-----	-----	-----
	2,018,879	2,018,879	1,554,906
	=====	=====	=====

3. Cost of generating voluntary income

	2014	2013
	£	£
Other fundraising costs	814	890
	=====	=====

4. Charitable activities	Direct Costs	Support Costs	Total 2014	Total 2013
	£	£	£	£
Restricted				
Support for families and kinship carers	126,381	20,353	146,734	181,443
Support for families with children at risk of school exclusion	109,072	16,857	125,929	133,762
Support for families with children affected by substance abuse	918,323	97,445	1,015,768	922,795
Support for fathers in their role as parents	58,062	7,263	65,325	76,910
Support for families with children affected by parental imprisonment	418,478	51,621	470,099	413,488
Support with employability for lone parents	23,337	2,464	25,801	-
Management support for charitable activities	-	-	-	20,000
Developmental Activities	70,651	8,805	79,456	20,023
	-----	-----	-----	-----
	1,724,304	204,808	1,929,112	1,768,421
	=====	=====	=====	=====

FAMILY SERVICE UNIT SCOTLAND
(A Company Limited by Guarantee)
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NOTES to the FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March 2014

	Wages and Professional Salaries	Costs	Total 2014	Total 2013
	£	£	£	£
5. Support Costs				
Restricted				
Support for families including kinship carers	18,839	1,513	20,353	18,211
Support for families with children at risk of school exclusion	15,571	1,286	16,857	14,558
Support for families affected by parental substance abuse	90,135	7,310	97,445	87,233
Support for fathers in their role as parents	6,705	558	7,263	7,114
Support for families with children affected by Parental imprisonment	47,802	3,819	51,621	39,636
Support with employability for lone parents	2,311	153	2,464	-
Developmental Activities	8,200	605	8,805	-
	-----	-----	-----	-----
	189,563	15,244	204,808	166,752
	=====	=====	=====	=====

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

6. Governance costs	2014	2013
	£	£
Auditor's remuneration - audit services	3,125	3,075
- non-audit services	867	846
Directors' liability insurance	1,297	1,513
	-----	-----
	5,289	5,434
	=====	=====

7. Net outgoing resources	2014	2013
	£	£
This is stated after charging:		
Auditor's remuneration – audit services	3,125	3,075
Rentals payable in respect of operating leases – land and buildings	27,058	24,612
	=====	=====

8. Staff costs	2014	2013
	£	£
Wages and salaries	1,419,172	1,264,867
Social security costs	124,473	119,707
Pension costs	65,385	62,055
Staff travel costs	106,445	109,853
	-----	-----
	1,715,475	1,556,482
	=====	=====

The average full time equivalent number of employees during the period was 54 (2013: 46).

No individual employees earned £60,000 or more during the period (2013: £Nil). None of the directors were remunerated for their duties as directors during the year. Out of pocket expenses totalling £Nil (2013: £49) were reimbursed during the year in respect of two directors.

**FAMILY SERVICE UNIT SCOTLAND
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NOTES to the FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March 2014

9. 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.

10. Fixed Assets	Computer & Telephone Equipment £	
Cost		
At 1 April 2013		36,780
Additions		5,193

At 31 March 2014		41,973

Accumulated depreciation		
At 1 April 2013		13,307
Charge for year		12,779

At 31 March 2014		26,086

Net book value		
At 31 March 2014		15,887
		=====
At 31 March 2013		23,473
		=====
 11. Debtors	2014	2013
	£	£
Other debtors	84,850	41,479
Prepayments	11,289	8,566
	-----	-----
	96,139	50,045
	=====	=====
 12. Creditors: amounts falling due within one year	2014	2013
	£	£
Trade creditors	9,850	20,264
Other creditors and accruals	7,590	7,635
Other taxes and social security costs	46,410	43,027
Deferred income (Note 13)	118,004	66,124
	-----	-----
	181,854	137,050
	=====	=====

**FAMILY SERVICE UNIT SCOTLAND
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NOTES to the FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March 2014

13. Deferred income

Deferred income consists of the following balances, all of which relate specifically to periods subsequent to 31 March 2014:

	2014	2013
	£	£
East and MidLothian	40,188	-
Big Fund	49,446	-
Lloyds TSB	-	26,124
Comic Relief	19,370	-
Early Years Partnership Development	9,000	-
Tam O'Shanter Trust	-	40,000
	-----	-----
	118,004	66,124
	=====	=====

14. Restricted funds	Brought Forward	Incoming Resources	Resources Expended	Transfer of funds	Carried Forward
	£	£	£	£	£
West Lothian	20	79,012	73,318	-	5,714
Harbour	54,345	260,095	297,854	-	16,586
Haven	8,209	55,655	63,864	-	-
Sure Start	413	64,913	65,326	-	-
ISSEP	2,939	54,418	56,779	-	578
Practice Teaching	1,126	44,797	30,153	-	15,770
Kinship Care	10,831	127,731	115,902	-	22,660
Hamilton	5,286	-	5,286	-	-
Cornton Vale	23,974	352,409	339,306	-	37,077
Addiewell	21,422	125,732	130,792	-	16,362
Early Years	40,158	595,373	537,905	-	97,626
Early Years Mid & East Lothian	-	105,000	74,243	-	30,757
Action Lone Parents	-	27,487	25,801	-	1,686
Children with Learning Disabilities	-	5,000	679	-	4,321
East Lothian Family Support	-	22,500	15,603	-	6,897
Early Years Partnership Development	-	5,417	3,368	-	2,049
West Lothian Family Support	-	18,340	13,479	-	4,861
Development Work	30,286	75,000	79,454	-	25,832
	-----	-----	-----	-----	-----
	199,009	2,018,879	1,929,112	-	288,776
	=====	=====	=====	=====	=====

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

Harbour Project

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

NOTES to the FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March 2014

14. Restricted funds (Contd.)

Haven Project

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

Surestart

Supports families with young children, this includes outreach support for families and individual and group support to fathers and their children.

ISSEP

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

Kinship Care Team

Kinship Care team was established in October 2012 and supports families with children being cared for by kinship carers.

North and South Lanarkshire

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

Hamilton

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

HMP Cornton Vale – Meet at the Gate Project

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

HMP Addiewell Project

A project supporting men who are fathers with children affected by parental drug and alcohol use and who are serving a sentence and will be returning to their families in North and South Lanarkshire and West Lothian. This is supported by funding from the Robertson Trust, Kalyx Limited and the Big Lottery Fund.

Early Years and Early Years Mid & East Lothian

Projects supporting young children who are affected by parental drug and alcohol use. Funding is primarily from the Scottish Government/Inspiring Scotland.

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

**FAMILY SERVICE UNIT SCOTLAND
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NOTES to the FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March 2014

14. Restricted funds (Contd.)

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

Supporting Families in East Lothian 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.

Early Years Partnership Development

This comprises funding for a hub in Edinburgh to support families with young children who are affected by parental drug and alcohol use.

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.

15. Unrestricted Funds	Brought Forward	Income	Expenditure	Transfer	Carried Forward
	£	£	£	£	£
General unrestricted funds	377,688	32,612	6,103	-	404,197
	=====	=====	=====	=====	=====

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

16. Analysis of net assets between funds	Fixed Assets	Net Current Assets	Total
	£	£	£
Unrestricted funds	-	404,197	404,197
Restricted funds	15,887	272,889	288,776
	-----	-----	-----
	15,887	677,086	692,973
	=====	=====	=====

17. Related party transactions

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

Barry Rose who is a Chair of the Board of Directors of Family Service Unit Scotland is Chair of the Board of Baillie Gifford Shin Nippon plc, and a Director of Aberdeen Smaller High Income Trust plc. Circle's Board meets in premises owned by or associated with both these companies. No payment is made for use of these premises.

NOTES to the FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March 2014

18. Pension scheme

Circle participates 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.

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).

As at the balance sheet date there were 30 active members of the Scheme employed by Circle. The annual pensionable payroll in respect of these members was £781,434.

Circle continues to offer membership of the Scheme to its employees.

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

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

The last formal valuation of the Scheme was performed as at 30 September 2010 by a professionally qualified actuary using the 'projected unit' method. The market value of the Scheme's assets at the valuation date was £21.3 million. The valuation revealed a deficit of assets compared to liabilities of £2.6 million, equivalent to a past service funding level of 89%.

NOTES to the FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March 2014

18. Pension scheme (Contd.)

The financial assumptions underlying the valuation as at 30 September 2010 were as follows:

	% p.a.
Rate of return pre retirement (non-orphans)	6.5
Rate of return post retirement (non-orphans)	4.3
Rate of return pre retirement (orphans)	3.0
Rate of return post retirement (non-orphans)	3.5
Rate of pension increases pre 5 April 2005	2.6
Rate of pension increases post 5 April 2005	2.1
Rate of price inflation	3.0

If an actuarial valuation reveals a shortfall of assets compared to liabilities the Trustee must prepare a Recovery Plan setting out the steps to be taken to make up the shortfall.

Following consideration of the results of the actuarial valuation, it was agreed that the shortfall of £2.6 million would be dealt with by the payment of deficit contributions of £208,000 per annum, increasing each year by 3%, from 1 April 2012 to 31 March 2022. Circle's share of these deficit contributions is £3,811 per annum, payable in monthly instalments of £316. These deficit contributions are in addition to the contribution rates set out above.

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2012. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The funding update revealed an increase in the assets of the Scheme to £29.3 million and indicated an increase in the shortfall of assets compared to liabilities to approximately £12.8 million, equivalent to a past service funding level of 70%.

The Scheme's 30 September 2013 valuation is currently in progress and will be finalised by 31 December 2014. The results of the 2013 valuation will be included in next year's disclosure note.

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 2013. At this date the estimated employer debt for Circle was £693,000.