

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

**KNOWN AS CIRCLE**

**REPORT and FINANCIAL STATEMENTS**

**For the year ended 31 March 2013**



**FAMILY SERVICE UNIT SCOTLAND  
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**Legal and administrative information**

**Directors**

The Very Reverend Ian Barcroft (appointed 10.02.06)  
Joan Elliott (appointed 10.02.06)  
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**

Oliver Aldridge  
Val Cox  
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  
80 Cornhill  
London  
EC3V 3NJ

**Santander**

2-3 Triton Square  
London  
NW1 3AN

**Solicitors**

Lindsays  
Caledonian Exchange  
19A Canning Street  
Edinburgh  
EH3 8HE

**Operating name**

Circle

**Charity number**

SC037181

**Company number**

SC296943

**FAMILY SERVICE UNIT SCOTLAND  
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**DIRECTORS' REPORT**

The Directors submit their report together with the financial statements for the year ended 31 March 2013.

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

The areas of activity are described below.

**DIRECTORS' REPORT (CONTINUED)**

**Circle Edinburgh** provides the following services:

- 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 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 5<sup>th</sup> and 6<sup>th</sup> year pupils with primary aged children who are struggling in mainstream schools. The service runs after school in term time and aims to boost the educational and social skills of the children involved (ISSEP).
- Independent assessments and planned support in complex child care cases across Edinburgh. This service ended in September 2012. (Social Work Team)
- 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)
- Placements for social work students, who experience a rich mix of learning opportunities. A placement is also offered each year to an art therapy student supporting both children and adults. (Practice Learning)

**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.
- Project based in St Mary's Episcopal Church, Hamilton, supporting children who attend local primary and secondary schools and their families, to promote each child's potential at home, at school and in the community.
- Placements for social work students, who experience a rich mix of learning opportunities. (Practice Learning)

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

- A project which supports children and families in West Lothian who are affected by parental drug and alcohol use. In November 2011 this project developed a new early years' service.

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

- Project which has workers who identify and support women in HMP Cornton Vale, Edinburgh, Greenock and Polmont who are mothers and have children affected by parental drug and alcohol use and who are returning to their families and communities in the Lothian and Borders, Lanarkshire, Glasgow, North Strathclyde, Fife and Forth Valley and Tayside Community Justice Authority(CJA) areas. The workers also provide community based support to the mothers and their families.
- 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)**

**Achievements and performance**

Between April 2012 and March 2013 Circle provided whole family support to 484 families consisting of 1,052 children, 652 parents and 156 kinship carers. In addition, through Circle's Haven project we also provided group work programmes to 162 children, 62 mothers and 40 fathers who were not accessing our family support services. In total Circle worked with 2,157 individuals.

This year Circle's Families Affected by Imprisonment (FABI) project has supported 157 families with 289 children affected by parental imprisonment; this included 76 kinship carers who are caring for grandchildren as a result of parental imprisonment. Our through care service for mothers leaving prison and their families has now been externally evaluated over a four year period and achievements highlighted in the January 2013 report include reducing re-offence rates by 81% for the mothers.

In April 2012 the Scottish Government awarded Circle £50,000 to cover the cost of a fulltime family support worker in Edinburgh and part time family support worker in Fife for the FABI team, this replaced funding from Lothian & Borders and Fife & Forth Valley CJAs which came to an end in March 2012. In October 2012 the Reducing Reoffending Change Fund awarded Circle £55,000 to be spent between November 2012 and March 2013. This covered the cost of two current posts and one new post and enabled us move into Tayside which is a new geographical area for us.

Circle's Harbour project has supported 78 families with 191 children affected by parental drug and alcohol use; this included 12 kinship carers who are caring for grandchildren as a result of parental drug and alcohol use. New three year funding from Comic Relief in October 2012 has enabled the project to further develop its work to include young people who use drugs and alcohol and their families.

Circle's Early Years Family Support project based in Edinburgh, West Lothian and North and South Lanarkshire and funded by Inspiring Scotland to work with families with very young children affected by parental drug and alcohol use has proved so successful that in September 2012 Inspiring Scotland agreed to fund an additional five family support workers and a half time project manager on top of the eight family support workers and full time project manager they were already funding. This enabled us to provide support to 184 families with 355 children this year

In October 2012 the City of Edinburgh Council commissioned Circle to provide a new Kinship Care Family Support project. Between October 2012 and March 2013 the project has supported 26 families made up of 36 kinship carers and 50 children. The families have comprised grandparents, aunts and uncles, neighbours and family friends of the children for whom they are caring. The children have invariably been placed due to their parents' substance use. Through our other family support projects Circle has supported an additional 120 kinship carers this year.

Between April 2012 and March 2013 Circle's Practice Learning project provided 29 placements to social work students from Edinburgh University, Stirling University, Glasgow School of Social Work, University of the West of Scotland and the Open University. We also provided an art therapy placement to a student from Queen Margaret's University.

In April 2012 Edinburgh Drug and Alcohol Partnership (EADP) provided funds of £4,530 to Circle's Harbour project to enable families to have a holiday. Twelve families had a five day caravan holiday during the first week of the Easter Holidays and in spite of the weather being unseasonably cold, the families had a great time at Haggerston Castle and Berwick Holiday Village. In total 53 people benefitted (22 adults and 31 children).

In May 2012 9 children from Circle Lanarkshire Project and 9 children from Circle's Haven project in Edinburgh went on a five day holiday to a beautiful house in Ardvullin, just south of Fort William, owned by Hopscotch. Activities included a ride in the cable cars up 2,150 feet on the north face of Aonach Mor, a boat trip to Seal Island, horse riding, fun and games on the beach and wonderful memories for everyone involved.

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**DIRECTORS' REPORT (CONTINUED)**

Over the summer of 2012 Circle's Dads' group and their children had a very busy programme including a fantastic Dads & Kids Fun Day at the Haven project which a total of 70 parents and children attended. There were weekly activities including canoeing, rock climbing, gorge walking, cycling, swimming and an overnight bothy trip to the Borders. This was funded through the Neighbourhood Partnership Fund.

The Scripture Union were able to offer 43 children from Circle's FABI project the opportunity to attend week activity breaks throughout Scotland in July 2012. Graeme from the FABI team has made close links with the Scripture Union which has greatly benefitted many of the children and offered them opportunities which otherwise they may not have had. It is fair to say that the drop-offs and pickups had to be arranged with military precision and since they took place at the weekend many of the staff had to work on a Saturday to accommodate the children. It is a credit to the staff that they happily gave up their time to ensure the children had a lovely time.

Maura Daly, Circle's Operational Manager completed her MBA in August 2012 and at her graduation ceremony she was awarded the Student of the Year prize.

Circle held an event at Edinburgh University on 21 November 2012 hosted by Knowledge Exchange. This was to launch our report titled 'Listening to Fathers - men's experience of child protection in Central Scotland'. Norma Baldwin, a Circle Trustee, chaired the event, Mark Smith from Edinburgh University gave an excellent presentation and three dads spoke very candidly about their experiences. The event was very well attended and received a lot of media coverage.

The Herald printed an excellent two page spread on FABI's partnership with the Scripture Union - a mother spoke of her experience of the support she and her children received from Circle and what the children got out of going on the holiday organised by the Scripture Union.

Margaret McCulloch MSP visited Circle's office in Hamilton on 10 December to find out about our work, she was able to meet with a number of service users and was visibly overwhelmed by their stories.

The run up to Christmas was extremely busy; a lot of organisations such as Radio Forth, the Samaritans and a number of local churches were very generous with food and presents which meant Christmas was a happier and less worrying time for the children and families Circle works with. Circle staff were still delivering bags of food and presents on Christmas Eve.

Circle had a very good staff development day in December which reviewed our work in 2012, focussed on outcomes for our internal project evaluations for 2012/13 and enabled Circle to develop project action plans for 2013/14. It ended with an excellent Christmas lunch.

In January 2013 at the Board and Management Away Day, the Management Team presented Circle's Strategic Plan for 2013 to 2016, The Organisational Action Plan for 2013 to 2014 and all the Project Action Plans for 2013 to 2014 to the Board. It was also agreed to set up an Advisor Panel of experts in the various fields of our work, Circle now has a panel membership of six who bring a wealth of skills, knowledge and experience to the organisation.

Circle held an excellent Early Intervention seminar in West Lothian on 13 February to showcase Circle's Early Years' service. It was very well attended and a member of the audience was so inspired that she decided to raise sufficient funding to enable Circle to employ two workers to provide a similar service in East and Mid Lothian. To date she has raised £130,000 and we are just about to recruit to these posts.

In March 2013 Joanne McBrearty, one of Circle's family support workers in Lanarkshire, was awarded a distinction in her Certificate (HE) Drug and Alcohol Studies.

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**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. It is registered as a Scottish charity with OSCR. The Board is the governing body of Family Service Unit Scotland. The members of the Board are both directors of the Company and trustees of the charity. Family Service Unit Scotland is known as Circle.

Appointment of Directors

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

Director induction and training

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

Organisation

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

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.

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**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 Audit Group play a major role in this.

As a result of the work put into the above the charity has had a positive outcome for the period. Costs were contained within budget. Outgoing resources exceeded incoming resources in the year by £163,638. Within this figure outgoing resources of £123,794 associated with the project in Lanarkshire, and resources of £21,684 associated with the Hamilton project were covered from restricted reserves related to those projects. There was a deficit on restricted funds for the year of £193,515. If the impact of the utilisation of restricted funds referred to above is excluded then the underlying position is a decrease in restricted funds of £48,037. Unrestricted funds show a surplus for the year of £29,877.

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, various Community Justice Authorities, 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, Inspiring Scotland and Big Lottery. The charity has benefited hugely from personal donations and personal Trusts.

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 £887,000. The Directors consider that this level of reserves is one which is prudent considering the level and extent of risks associated with funding streams which the charity is required to manage. They continue to work towards this figure. Currently, unrestricted funds stand at £377,688.

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 address this, 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.

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**DIRECTORS' REPORT (CONTINUED)**

- 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).

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

29/7/2013

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

We have audited the financial statements of Family service Unit Scotland for the year ended 31 March 2013 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 United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 page 8, 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. 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 2013, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

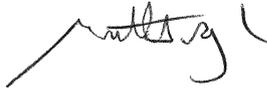
**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion 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 periods 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.



**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**

1 August 2013

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

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

**For the year ended 31 March 2013**

	Note	Un- Restricted Funds £	Restricted Funds £	Total 2013 £	Total 2012 £
<b>Incoming resources</b>					
<i>Incoming resources from generated funds</i>					
Voluntary income – donations and grants		25,319	20,000	45,319	57,564
Investment income – bank interest		10,882	-	10,882	9,455
<i>Incoming resources from charitable activities</i>	2	-	1,554,906	1,554,906	1,299,532
<b>Total incoming resources</b>		36,201	1,574,906	1,611,107	1,366,551
<b>Resources expended</b>					
<i>Cost of generating voluntary income</i>	3	890	-	890	543
<i>Charitable activities</i>	4	-	1,768,421	1,768,421	1,559,880
<i>Governance costs</i>	6	5,434	-	5,434	4,930
<b>Total resources expended</b>		6,324	1,768,421	1,774,745	1,565,353
Net incoming/(outgoing) resources and net movement of funds		29,877	(193,515)	(163,638)	(198,802)
Reserves brought forward		347,811	392,524	740,335	939,137
<b>Reserves carried forward</b>	14,15	377,688	199,009	576,697	740,335

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

The notes on pages 13 to 21 form part of these financial statements.

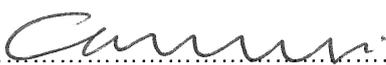
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**BALANCE SHEET**

**As at 31 March 2013**

	Notes	£	2013 £	£	2012 £
<b>Fixed assets</b>					
Tangible assets	10		23,473		35,733
<b>Current assets</b>					
Debtors	11	50,045		89,910	
Cash at bank and in hand		640,229		781,496	
		-----		-----	
		690,274		871,406	
<b>Creditors:</b> amounts due within one year	12	137,050		166,804	
		-----		-----	
Net current assets			553,224		704,602
			-----		-----
<b>Net assets</b>			576,697		740,335
			=====		=====
<b>Reserves</b>					
Unrestricted funds	15		377,688		347,811
Restricted funds	14		199,009		392,524
			-----		-----
			576,697		740,335
			=====		=====

The financial statements were approved by the Directors on 29/7/ 2013 and are signed on their behalf by:

  
.....  
Caroline Lamb, Director

  
.....  
Barry Rose, Director

Company No. SC296943

The notes on pages 13 to 21 form part of these financial statements.

**NOTES to the FINANCIAL STATEMENTS**

**For the year ended 31 March 2013**

**1. Accounting policies**

**Accounting convention**

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

**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%

**Funds**

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

**Pensions**

The company' participates in a multi-employer defined benefit pension scheme 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.

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

**For the year ended 31 March 2013**

**1. Accounting policies (Contd.)**

**Operating leases**

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

<b>2. Incoming resources from charitable activities</b>	<b>Restricted Funds</b>	<b>Total 2013</b>	<b>Total 2012</b>
	£	£	£
Support for families with children looked after by kinship carers (previously social work team)	174,245	174,245	209,721
Support for families with children at risk of school exclusion	123,421	123,421	132,774
Support for families with children affected by substance abuse	807,481	807,481	447,099
Support for fathers in their role as parents	74,653	74,653	63,017
Support for families with children affected by parental imprisonment	375,106	375,106	373,921
Developmental Activities	-	-	73,000
	-----	-----	-----
	1,554,906	1,554,906	1,299,532
	=====	=====	=====

**3. Cost of generating voluntary income**

	<b>2013</b>	<b>2012</b>
	£	£
Other fundraising costs	890	543
	=====	=====

<b>4. Charitable activities</b>	<b>Direct Costs</b>	<b>Support Costs</b>	<b>Total 2013</b>	<b>Total 2012</b>
	£	£	£	£
<b>Restricted</b>				
Support for families with children looked after by kinship carers (previously social work team)	163,232	18,211	181,443	213,792
Support for families with children at risk of school exclusion	119,204	14,558	133,762	108,160
Support for families with children affected by substance abuse	835,562	87,233	922,795	749,491
Support for fathers in their role as parents	69,795	7,115	76,910	66,175
Support for families with children affected by parental imprisonment	373,853	39,635	413,488	365,267
Management support for charitable activities	20,000		20,000	32,767
Developmental Activities	20,023		20,023	24,228
	-----	-----	-----	-----
	1,601,669	166,752	1,768,421	1,559,880
	=====	=====	=====	=====

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

**For the year ended 31 March 2013**

<b>5. Support Costs</b>	<b>Social work now Children living with kinship carers</b>	<b>Children at risk of school exclusion</b>	<b>Families affected by substance use</b>	<b>Support for fathers</b>	<b>Families affected by imprison- ment</b>	<b>Total 2013</b>	<b>Total 2012</b>
	£	£	£	£	£	£	£
<b>Restricted</b>							
Wages and salaries	16,738	12,803	78,908	6,401	35,445	150,295	107,134
Professional fees	1,473	1,755	8,325	713	4,191	16,457	19,896
	-----	-----	-----	-----	-----	-----	-----
	18,211	14,558	87,233	7,114	39,636	166,752	127,030
	=====	=====	=====	=====	=====	=====	=====

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

<b>6. Governance costs</b>	<b>2013</b>	<b>2012</b>
	£	£
Auditor's remuneration – audit services	3,075	2,970
- non -audit services	846	805
Directors' liability insurance	1,513	1,155
	-----	-----
	5,434	4,930
	=====	=====
<b>7. Net outgoing resources</b>	<b>2013</b>	<b>2012</b>
	£	£
This is stated after charging:		
Auditor's remuneration – audit services	3,075	2,970
Rentals payable in respect of operating leases – land and buildings	24,612	19,963
	=====	=====
<b>8. Staff costs</b>	<b>2013</b>	<b>2012</b>
	£	£
Wages and salaries	1,264,867	1,112,755
Social security costs	119,707	94,385
Pension costs	62,055	57,298
Staff travel costs	109,853	107,472
	-----	-----
	1,556,482	1,371,910
	=====	=====

The average full time equivalent number of employees during the period was 46 (2012: 40).

No individual employees earned £60,000 or more during the period (2012: £Nil). None of the directors were remunerated for their duties as directors during the year. Out of pocket expenses totalling £49 (2012: £22) were reimbursed during the year in respect of two directors.

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

**For the year ended 31 March 2013**

**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.

<b>10. Fixed Assets</b>	<b>Computer Equipment £</b>
<b>Cost</b>	
At 1 April 2012	36,780
Additions	-
	-----
At 31 March 2013	36,780
	-----
<b>Accumulated depreciation</b>	
At 1 April 2012	1,047
Charge for year	12,260
	-----
At 31 March 2013	13,307
	-----
<b>Net book value</b>	
At 31 March 2013	23,473
	=====
At 31 March 2012	35,733
	=====

<b>11. Debtors</b>	<b>2013 £</b>	<b>2012 £</b>
Trade debtors	41,479	81,902
Other debtors and prepayments	8,566	8,008
	-----	-----
	50,045	89,910
	=====	=====

<b>12. Creditors: amounts falling due within one year</b>	<b>2013 £</b>	<b>2012 £</b>
Trade creditors	20,264	64,076
Other creditors and accruals	7,635	8,445
Other taxes and social security costs	43,027	29,832
Deferred income (Note 13)	66,124	64,451
	-----	-----
	137,050	166,804
	=====	=====

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

**For the year ended 31 March 2013**

**13. Deferred income**

Deferred income consists of the following balances, all of which relate specifically to periods subsequent to 31 March 2013:

	<b>2013</b>	<b>2012</b>
	£	£
North Strathclyde Community Justice Authority	-	9,000
Inspiring Scotland	-	27,955
Lloyds TSB	26,124	27,496
Tam O'Shanter Trust	40,000	-
	-----	-----
	66,124	64,451
	=====	=====

<b>14. 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	-	84,477	84,457	-	20
Harbour	30,930	231,329	207,914	-	54,345
Haven	21,490	62,285	75,566	-	8,209
Sure Start	2,670	74,653	76,910	-	413
ISSEP	-	61,136	58,197	-	2,939
Social Work	19,155	106,187	124,216	-	1,126
Kinship Care	-	68,057	57,226	-	10,831
Lanarkshire	123,794	-	123,794	-	-
Hamilton	21,684	-	16,398	-	5,286
Cornton Vale	73,263	247,773	297,062	-	23,974
Addiewell	10,513	127,334	116,425	-	21,422
Early Years	38,716	491,675	490,233	-	40,158
Development Work	50,309	-	20,023	-	30,286
Management Support	-	20,000	20,000	-	-
	-----	-----	-----	-----	-----
	392,524	1,574,906	1,768,421	-	199,009
	=====	=====	=====	=====	=====

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.

Haven Project

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

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

**For the year ended 31 March 2013**

**14. Restricted funds (Contd.)**

Surestart

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

ISSEP

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

Social Work Team/Kinship Care Team

Independent assessments and planned support in complex child care cases across Edinburgh. This work ends in September 2012 and a new Kinship Care team was established in October 2012.

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

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

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.

Management Support for Charitable Activities

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

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

**For the year ended 31 March 2013**

<b>15. Unrestricted Funds</b>	<b>Brought Forward</b>	<b>Income</b>	<b>Expenditure</b>	<b>Transfer</b>	<b>Carried Forward</b>
	£	£	£	£	£
General unrestricted funds	347,811	36,201	6,324	-	377,688
	=====	=====	=====	=====	=====

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

<b>16. Analysis of net assets between funds</b>	<b>Fixed Assets</b>	<b>Net Current Assets</b>	<b>Total</b>
	£	£	£
Unrestricted funds	-	377,688	377,688
Restricted funds	23,473	175,536	199,009
	-----	-----	-----
	23,473	553,224	576,697
	=====	=====	=====

**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.

**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.

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

**For the year ended 31 March 2013**

**18. 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).

As at the balance sheet date there were 25 active members of the Scheme employed by Circle. The annual pensionable payroll in respect of these members was £660,016.

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-eighth 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%.

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

	<b>% p.a.</b>
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.

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

**For the year ended 31 March 2013**

**18. Pension scheme (Contd.)**

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%.

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 2012. At this date the estimated employer debt for Circle was £850,000.