

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

**KNOWN AS CIRCLE**

**REPORT and FINANCIAL STATEMENTS**

**For the year ended 31 March 2012**



**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

**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 2012.

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

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

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

The areas of activity are described below.

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**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 (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 (Social Work Team).
- Placements for social work students, who experience a rich mix of learning opportunities. A placement is also offered each year to an art therapy student supporting both children and adults (Practice Learning).

**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.
- 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 and Greenock 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 and Fife and Forth Valley 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 2011 and March 2012 Circle provided whole family support to 486 families consisting of 828 children, 608 parents and 117 kinship carers. Circle also provided group work programmes to 157 children, 67 mothers and 24 fathers who were not accessing our family support services. In total Circle worked with 1,901 individuals. 298 families with 414 children affected by parental substance use have been assisted to provide safer and more secure homes for their children.

A particular highlight over the last year has been our Families Affected by Imprisonment (FABI) project which has supported 149 families with 275 children affected by parental imprisonment and enabling 117 kinship carers to receive desperately needed support to enable them to look after children as a result of imprisonment or addiction. This work was externally evaluated and achievements highlighted in the report include reducing re-offence rates by 79% for the mothers and 66% for the fathers with whom FABI has worked.

Circle's Families Affected by Imprisonment project won two awards in June 2011, an SSSC Care Accolade within the 'Working Better, Working Together' category, in association with partners HMP Addiewell, Cornton Vale and Greenock and the Scottish 2011 Charity Award within the partnership category, in association with HMP Addiewell. These awards are recognition of the fact that effective partnership working has enabled us to make a tremendous difference to the lives of many families with children affected by parental imprisonment. We also received two very good external evaluations that validate this work.

In association with Edinburgh World Heritage Trust (EWHT) and Daisy Chain Associates, Circle was involved in an educational project every Friday afternoon for 10 weeks where 17 children came together in Edinburgh's city centre to explore ideas of heritage. Thirteen were children we work with and four were from a city centre school. We were treated to a fantastic range of site visits and educational exercises, from the grand offices of EWHT, next door to Bute House. The project was made possible by the commitment of our social work students who were stars. The children really engaged, evidenced in the amazing turn-out every week. Following the project, we put on a presentation at Doors Open day in September 2011, at Circle's 5<sup>th</sup> birthday event at the Scottish parliament in November 2011 and then at City Arts Centre. The ultimate event was an invitation to London in April 2012 to showcase the project to MP's and funders, a fantastic outing for 3 of the boys.

Eleven children and three Lanarkshire staff went on a week's residential Hopscotch holiday in May 2011. The 5 girls and 6 boys spent the week in Ardvullin near Fort William. The house was set in a beautiful backdrop and the accommodation was excellent. The children enjoyed the dressing up box, arts and crafts activities and helping the staff to make the evening meal. Outdoors there was an amazing assault course which the children enjoyed. The children were involved in a lot of great activities such as swimming, sea life centre, an outing to the chocolate factory where the children made their own chocolates, a trip into Fort William where they went up on the gondoliers, and hill walking. The steaming hot mug of chocolate at the end was warmly welcomed by all! We even managed to spend a morning at the beach. The week was very successful; all the children made new friends, learnt new skills and managed being away from home. For many this was their first time away for a long period. Angus who lives on site was very helpful and the children enjoyed having him around. Staff and children returned exhausted but all agree it was very worthwhile. More trips are planned for this coming year.

Several families benefitted from our partnership with Society of St Vincent de Paul (SVP) who provided caravan holidays for families in Fife. The families had a great time and building on this, we are arranging for 12 families to go on holidays this coming year.

Our involvement in Forest school has grown from strength to strength. We have had several weeks of children developing new skills and learning and being introduced to nature with plenty of free play and opportunities to climb on rocks, gather leaves, sticks and stones. The experience provides an excellent opportunity for good interaction between all the children, especially when they are engaged in team work with building the campfire which is then used for cooking lunch. The children respond positively when given responsibility for certain tasks such as fire guards, washing dishes in the river and gathering correct sizes of wood for tent pegs. The forest school provides a good way for learning through play which increases confidence, self esteem and overall wellbeing.

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**DIRECTORS' REPORT (CONTINUED)**

In April 2011 we gained three year funding from Lloyds TSB Foundation for Scotland to fund a new Early Years post in West Lothian for families with children affected by parental substance use. In the same month we also received two year funding from Porticus UK (a new funder for Circle) towards the cost of our work with families with children affected by parental imprisonment.

In April 2011 we employed a consultant, Brian Cavanagh, to work with the organisation to develop an Influencing Strategy and Action Plan. This involved three training events, the first with the management team in April, then with the Board in May and the whole staff group in June. The Plan was reviewed and revised at management meetings in September and December. This work has stood us in good stead this year at both a local and national level.

Angela Constance MSP and Minister for Children and Young People visited Circle on the 21 June 2011, she spent time with some of the families we work with and showed a particular interest in our work with dads.

Chris McCracken joined Circle in July 2011 as Finance Administrator and has proved himself to be a huge asset to the organisation.

Nick Smithers, our dads' worker, started an exchange fellowship at Edinburgh University in June 2011. This scheme is an opportunity for the voluntary sector and the university to collaborate on projects of mutual interest. In this case Nick is collaborating with Mark Smith to conduct research into fathers' experience of child protection. We hope to have this research published in the near future.

Grant Sugden, Circle's then Operational Manager, undertook a two week study tour in June 2011 at Crossroads Centre in Antigua funded by the Crossroads Foundation which was founded by Eric Clapton in 1997. This was to inform our work with families with children affected by parental drug and alcohol use.

Marina Shaw, Project Manager of our FABI team, was invited to attend a 'Day of General Discussion on Children of Incarcerated Parents' at the United Nations Office in Geneva on 30 September 2011. Marina has ensured that Circle has a voice at an international level as well as a national level.

In September 2011 Circle was awarded just over £400,000 a year from Inspiring Scotland's Early Years Early Action Fund, this enabled us to employ eight new family support workers across Edinburgh, West Lothian and North and South Lanarkshire to support families with very young children affected by parental drug and alcohol use.

In October 2011 Circle was awarded £436,068 over five years to develop our work with fathers in HMP Addiewell and their families, this enabled us to employ two new family support workers to work in HMP Addiewell and North and South Lanarkshire and West Lothian.

In November 2011 Circle was awarded £43,994 a year for three years from Lloyds TSB Foundation for Scotland, this has enabled us to employ a family support worker to work with families with very young children affected by parental drug and alcohol use in Edinburgh.

In December 2011 Circle was awarded £73,000 from The Robertson Trust 50<sup>th</sup> Anniversary Award to upgrade our IT Systems. This has enabled us to purchase a new server, laptops and PCs, improve our database, website and publicity leaflets.

The funding listed above necessitated the biggest recruitment drive Circle has experienced and fortunately we have been able to attract some excellent staff. We also experienced major change within our management team over the last year, Morven Stuart and Gilly Hainsworth retired and Grant Sugden left to take up the Chief Executive post at Waverley Care. Maura Daly replaced Grant as Operational Manager and Rhona Hunter replaced Maura as Project Manager. These changes are working out extremely well.

In November we held Circle's 5<sup>th</sup> Birthday celebration at the Scottish Parliament hosted by Malcolm Chisholm MSP, this was so successful we plan to have an annual lecture.

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**DIRECTORS' REPORT (CONTINUED)**

In January 2012 we held our annual Board and Management Away Day. The day focussed on Circle's USP, a review of our Strategic goals for 2012 to 2015 and drawing up our Action Plan for 2012/13.

**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 was a Director of Wolfson Microelectronics plc until April 2011, and is Chair of the Board of Baillie Gifford Shin Nippon plc. Family Service Unit Scotland's Board meets in premises owned by or associated with both these companies. No payment is made for use of these premises.

Risk Management

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

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**DIRECTORS' REPORT (CONTINUED)**

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

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

**Financial Review**

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

As a result of the work put into the above the charity has had a positive outcome for the period. Costs were contained within budget. Outgoing resources exceeded incoming resources in the year by £198,802. Within this figure outgoing resources of £367,569 associated with the project in Lanarkshire were covered from restricted reserves. There was a deficit on restricted funds for the year of £226,535. If the impact of the winding down of the Lanarkshire project is excluded then the underlying position is an increase in restricted funds of £145,039. Unrestricted funds show a surplus for the year of £27,733 before transfers.

Investment Policy

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

Principal Funding Sources

The principal funding sources for the charity are by way of grant and contract income from the City of Edinburgh Council, West Lothian Council, various Community Justice Authorities 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, Esmee Fairbairn Foundation, Dulverton Trust, The Robertson Trust, The Volant Trust, J Paul Getty Trust, and Charles Hayward Foundation. The charity has benefited from company and personal donations.

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 £783,000. 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 five years after establishment unrestricted funds stand at £347,811.

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. They took the decision to change its pension fund arrangements from April 2012 from a defined benefits scheme to a defined contribution scheme to address this.

**Plans for Future Periods**

Circle plans to continue the activities outlined above in the forthcoming year subject to satisfactory funding arrangements, apart from the services funded by NHS Lanarkshire, these will end in August 2012. The major financial concern for the charity is its reliance on short term and uncertain funding sources, the introduction of tendering for contracts and the reduction in ring fenced funding to Councils particularly in the financial years 2010-2013. 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.

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**DIRECTORS' REPORT (CONTINUED)**

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

23/7/ 2012



We have audited the financial statements of Family service Unit Scotland for the year ended 31 March 2012 set out on pages 12 to 21. 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 Trustees' Responsibilities Statement set out on pages 7 and 8, the trustees (who are also the directors 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 2012, 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).

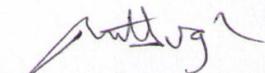
**Opinion on other matter prescribed by the Companies Act 2006**

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 CA (Senior Statutory Auditor)**

**For and on behalf of**

**CHIENE + TAIT**

**Chartered Accountants and Statutory Auditor**

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

**61 Dublin Street**

**Edinburgh, EH3 6NL**

2 August 2012

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**STATEMENT of FINANCIAL ACTIVITIES**  
**(including Income and Expenditure Account)**

**For the year ended 31 March 2012**

	Note	Un- Restricted Funds £	Restricted Funds £	Total 2012 £	Total 2011 £
<b>Incoming resources</b>					
<i>Incoming resources from generated funds</i>					
Voluntary income – donations and grants		24,798	32,766	57,564	45,948
Investment income – bank interest		9,455	-	9,455	7,954
<i>Incoming resources from charitable activities</i>	2	-	1,299,532	1,299,532	1,610,314
<b>Total incoming resources</b>		34,253	1,332,298	1,366,551	1,664,216
<b>Resources expended</b>					
<i>Cost of generating voluntary income</i>	3	543	-	543	1,307
<i>Charitable activities</i>	4	1,047	1,558,833	1,559,880	1,472,399
<i>Governance costs</i>	6	4,930	-	4,930	5,574
<b>Total resources expended</b>		6,520	1,558,833	1,565,353	1,479,280
Net incoming/(outgoing) resources, before transfers		27,733	(226,535)	(198,802)	184,936
Transfers between funds	13	(4,005)	4,005	-	-
Net movement of funds in year		23,728	(222,530)	(198,802)	184,936
Reserves brought forward		324,083	615,054	939,137	754,201
<b>Reserves carried forward</b>	14,15	347,811	392,524	740,335	939,137

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 21 form part of these financial statements.

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**BALANCE SHEET**

**As at 31 March 2012**

	Notes	£	2012 £	£	2011 £
<b>Fixed assets</b>					
Tangible assets	10		35,733		-
<b>Current assets</b>					
Debtors	11	89,910		68,257	
Cash at bank and in hand		781,496		946,564	
		871,406		1,014,821	
<b>Creditors:</b> amounts due within one year	12	166,804		75,684	
Net current assets			704,602		939,137
<b>Net assets</b>			740,335		939,137
			=====		=====
<b>Reserves</b>					
Unrestricted funds	15	347,811		324,083	
Restricted funds	14	392,524		615,054	
			740,335		939,137
			=====		=====

The financial statements were approved by the Directors on 23/2/ 2012 and are signed on their behalf by:

  
.....  
Caroline Lamb, Director

  
.....  
Barry Rose, Director

Company No. SC296943

The notes on pages 14 to 21 form part of these financial statements.

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**NOTES to the FINANCIAL STATEMENTS**

**For the year ended 31 March 2012**

**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 Company's ability to continue as a going concern and have reasonable expectation that the 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, further details of which are included in note 17. Contributions are charged to the Statement of Financial Activities as they become payable in accordance with the rules of the scheme.

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

**For the year ended 31 March 2012**

<b>2. Incoming resources from charitable activities</b>	<b>Restricted Funds</b>	<b>Total 2012</b>	<b>Total 2011</b>
	£	£	£
Support for families with children in need or at risk	209,721	209,721	225,685
Support for families with children at risk of school exclusion	132,774	132,774	177,184
Support for families affected by substance abuse	447,099	447,099	804,729
Support for fathers	63,017	63,017	63,017
Prisons Work	373,921	373,921	339,699
Developmental Activities	73,000	73,000	-
	-----	-----	-----
	1,299,532	1,299,532	1,610,314
	=====	=====	=====

<b>3. Cost of generating voluntary income</b>	<b>2012</b>	<b>2011</b>
	£	£
Other fundraising costs	543	1,307
	=====	=====

<b>4. Charitable activities</b>	<b>Direct Costs</b>	<b>Support Costs</b>	<b>Total 2012</b>	<b>Total 2011</b>
	£	£	£	£
<b>Restricted</b>				
Support for families with children in need or at risk	198,112	15,680	213,792	230,065
Support for families with children at risk of school exclusion	94,621	13,539	108,160	165,669
Support for families affected by substance abuse	688,726	59,718	748,444	687,694
Support for fathers	58,925	7,250	66,175	69,548
Prisons Work	334,424	30,843	365,267	295,813
Management support for charitable activities	32,767	-	32,767	23,610
Developmental Activities	24,228	-	24,228	-
	-----	-----	-----	-----
	1,431,803	127,030	1,558,833	1,472,399
	=====	=====	=====	=====

<b>5. Support Costs</b>	<b>Children In need or at risk</b>	<b>Children at risk of school exclusion</b>	<b>Families affected by substance abuse</b>	<b>Support for fathers</b>	<b>Prisons Work</b>	<b>Total 2012</b>	<b>Total 2011</b>
	£	£	£	£	£	£	£
<b>Restricted</b>							
Wages and salaries	13,232	11,327	50,079	6,279	26,215	107,132	124,495
Professional fees	2,448	2,211	9,638	972	4,627	19,896	18,440
	-----	-----	-----	-----	-----	-----	-----
	15,680	13,538	59,717	7,251	30,842	127,030	142,935
	=====	=====	=====	=====	=====	=====	=====

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

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

**For the year ended 31 March 2012**

<b>6. Governance costs</b>	<b>2012</b>	<b>2011</b>
	£	£
Auditor's remuneration – audit services	2,970	2,850
- non -audit services	805	1,499
Directors' liability insurance	1,155	1,225
	-----	-----
	4,930	5,574
	=====	=====
<b>7. Net outgoing resources</b>	<b>2012</b>	<b>2011</b>
	£	£
This is stated after charging:		
Auditor's remuneration – audit services	2,970	2,850
	=====	=====
<b>8. Staff costs</b>	<b>2012</b>	<b>2011</b>
	£	£
Wages and salaries	1,112,755	1,099,310
Social security costs	94,385	94,980
Pension costs	57,298	68,201
Staff travel costs	107,472	69,153
	-----	-----
	1,371,910	1,331,644
	=====	=====

The average full time equivalent number of employees during the period was 40 (2011: 41).

No individual employees earned £60,000 or more during the period (2011: £Nil). None of the directors were remunerated for their duties as directors during the year. Out of pocket expenses totalling £22 (2011: £136) were reimbursed during the year in respect of two directors.

**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 2011	-
Additions	36,780
	-----
At 31 March 2012	36,780
	-----
<b>Accumulated depreciation</b>	
At 1 April 2011	-
Charge for year	1,047
	-----
At 31 March 2012	1,047
	-----
<b>Net book value</b>	
At 31 March 2012	35,733
	=====
At 31 March 2011	-
	=====

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

**For the year ended 31 March 2012**

<b>11. Debtors</b>	<b>2012</b>	<b>2011</b>
	£	£
Trade debtors	81,902	58,718
Other debtors	8,008	9,539
	-----	-----
	89,910	68,257
	=====	=====

<b>12. Creditors: amounts falling due within one year</b>	<b>2012</b>	<b>2011</b>
	£	£
Trade creditors	64,076	3,371
Other creditors and accruals	8,445	6,758
Other taxes and social security costs	29,832	27,430
Deferred income (Note 13)	64,451	38,125
	-----	-----
	166,804	75,684
	=====	=====

**13. Deferred income**

Deferred income consists of the following balances, all of which relate specifically to periods subsequent to 31 March 2012:

	<b>2012</b>	<b>2011</b>
	£	£
Dulverton Trust	-	11,667
Volant Trust	-	833
Esmee Fairburn	-	25,000
Various small grants	-	625
North Strathclyde Community Justice Authority	9,000	-
Inspiring Scotland	27,955	-
Lloyds	27,496	-
	-----	-----
	64,451	38,125
	=====	=====

<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>
	£	£	£	£	£
Hearth	-	77,541	82,009	4,468	-
Harbour	-	191,750	160,820	-	30,930
Haven	1,965	74,472	54,947	-	21,490
Sure Start	5,829	63,017	66,176	-	2,670
ISSEP	1,060	47,301	48,945	584	-
Social Work	23,228	209,720	213,792	-	19,155
Lanarkshire	491,363	120	367,689	-	123,794
Hamilton	14,951	11,000	4,267	-	21,684
Cornton Vale	66,847	311,833	305,417	-	73,263
Addiewell – Robertson Trust, Kalyx	8,274	41,000	38,761	-	10,513
Addiewell – Big Lottery Fund	-	21,088	21,088	-	-
Early Years	-	177,688	137,925	(1,047)	38,716
Development Work	1,537	73,000	24,228	-	50,309
Management Support	-	32,768	32,768	-	-
	-----	-----	-----	-----	-----
	615,054	1,332,298	1,558,833	4,005	392,524
	=====	=====	=====	=====	=====

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

**For the year ended 31 March 2012**

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

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

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

Details of the nature of each fund are noted below:

Hearth

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

Harbour Project

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

Haven Project

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

Surestart

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

ISSEP

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

Social Work Team

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

North and South Lanarkshire

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

Hamilton

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

HMP Cornton Vale – Meet at the Gate Project

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

HMP Addiewell Project

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

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

**For the year ended 31 March 2012**

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

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 development of a database in 2009/10, 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.

<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	324,083	34,253	(6,520)	(4,005)	347,811
	=====	=====	=====	=====	=====

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

Transfers have been made from unrestricted funds to meet restricted fund deficits and from restricted to unrestricted funds to meet depreciation on fixed assets acquired using restricted grants.

<b>16. Analysis of net assets between funds</b>	<b>Fixed Assets</b> £	<b>Net Current Assets</b> £	<b>Total</b> £
Unrestricted funds	-	347,811	347,811
Restricted funds	35,733	356,791	392,524
	-----	-----	-----
	35,733	704,602	740,335
	=====	=====	=====

**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 Director of Family Service Unit Scotland was also a Director of Wolfson Microelectronics plc until April 2011. Family Service Unit Scotland's Board meets in premises owned by or associated with Wolfson Microelectronics.

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

**For the year ended 31 March 2012**

**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 prior to 1 April 2012**

For members in the one-eightieth structure of the Scheme, employers pay contributions at the rate of 10.0% of earnings and members pay contributions based on an age-related scale (equal to age divided by ten).

Employers that have closed the one-eightieth structure of the Scheme to new entrants are required to pay an additional employer contribution loading of 1.5% to reflect the higher costs of a closed arrangement.

**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  $[(\text{age} / 10) + 0.5]$ . 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 26 active members of the Scheme employed by Circle. The annual pensionable payroll in respect of these members was £594,390.

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

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

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

**For the year ended 31 March 2012**

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

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 £3,700 per annum, payable in monthly instalments of £308. 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 2011. 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 £24.5 million and indicated an increase in the shortfall of assets compared to liabilities to approximately £6.8 million, equivalent to a past service funding level of 78%.

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 2011. At this date the estimated employer debt for Circle was £767,000.