

FAMILY SERVICE UNIT SCOTLAND
(A Company Limited by Guarantee)

KNOWN AS CIRCLE

REPORT and FINANCIAL STATEMENTS

For the year ended 31 March 2016



**FAMILY SERVICE UNIT SCOTLAND
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Legal and administrative information

Directors

Val Cox, Chair (appointed 27.07.15)
The Very Reverend Ian Barcroft (appointed 10.02.06)
David Johnson (appointed 10.02.06)
Norma Baldwin (appointed 13.03.06)
Barry Rose, Chair (appointed 13.03.06; resigned 27.07.15)
Caroline Lamb, Treasurer (appointed 13.03.06)
Tracey Ashworth-Davies (appointed 19.06.06)
Peter Doran (appointed 06.09.10)
Wendy Paterson (appointed 06.09.10)

Chief Executive and Secretary

Elizabeth Dahl

Advisory Panel Members

Ewan Aitken	Oliver Aldridge (resigned)
Val Cox (resigned)	Dan Gunn
Chris Hawkes	Mary Hepburn
Romy Langland	Julie Taylor (resigned)
Dona Milne (joined)	David Liddell (joined)
Jacqui Mok (joined)	

Registered Office

18 West Pilton Park
Edinburgh
EH4 4EJ

Auditors

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

Bankers

CAF Bank Ltd	Santander	Airdrie Savings Bank
25 Kings Hill Avenue	2-3 Triton Square	56 Stirling Street
Kings Hill	London	Airdrie
West Malling	NW1 3AN	ML6 0AW
Kent		
ME19 4JQ		

Solicitors

Lindsays
Caledonian Exchange
19A Canning Street
Edinburgh
EH3 8HE

Employment advisers

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

Operating name: Circle

Charity number: SC037181

Company number: SC296943

**FAMILY SERVICE UNIT SCOTLAND
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DIRECTORS' REPORT

The Directors submit their report together with the financial statements for the year ended 31 March 2016.

Objectives and activities

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

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

The charity has the general aim of promoting the social inclusion of families with children marginalised by poverty and discrimination. The charity's purpose is to improve the lives of children by strengthening families.

Our objectives are:

- To protect and promote the best interests of children
- To support marginalised families with children to develop a self-supporting and effective family life
- To provide holistic and preventative services
- To establish locally based, effective, accessible and flexible services
- To work in partnership with other agencies to promote integrated services
- To support student learning and post qualifying learning and development
- To develop and disseminate good practice to influence policy and practice

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

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

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

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

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

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DIRECTORS' REPORT (CONTINUED)

The charity's areas of activity are described below.

Circle Edinburgh provides the following services:

- Project which supports families with children in Edinburgh affected by parental drug and alcohol use and young people who use drugs and alcohol and their families. Workers offer support to all family members. (Harbour Project)
- Project based in Muirhouse which provides whole family support on an outreach basis and centre based work which includes parenting groups and creches; 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 expectant parents and parents with babies. (Haven Project)
- Project based in Pilton linking 5th and 6th year pupils with primary aged children who are struggling in mainstream schools. The mentoring service runs after school in term time and aims to improve the educational and social skills of the children involved. (ISSEP)
- Placements for social work students, who experience a rich mix of learning opportunities. (Practice Learning)

Circle Lanarkshire provides the following services:

- Project which supports families with children in North and South Lanarkshire who are affected by parental drug and alcohol use.
- Action: Lone Parents, based in North Lanarkshire, is a partnership between Circle, Routes to Work Limited, Greater Easterhouse Money Advice Project, One Parent Families Scotland and Voluntary Action North Lanarkshire. The Project aims to support lone parents to improve their employability prospects.

Circle West Lothian provides the following service:

- Project which supports families with children in West Lothian who are affected by parental drug and alcohol use. This is a partnership between Circle and West Lothian Drug and Alcohol Service (WLDAS).
- West Lothian Public Social Partnership (PSP) called Supporting Families is a partnership between Circle, Barnardos, Family and Community Development and West Lothian Council to support families with a range of issues who are 'just coping' to minimise the risk of crisis and to reduce the need for statutory intervention.

Circle East and Midlothian provides the following services:

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

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

- Project which has workers who identify and support men in HMP Addiewell who are fathers and have children affected by parental drug and alcohol use and who are returning to their families and communities in West Lothian and North and South Lanarkshire. The workers also provide community based support to the fathers and their families.
- National Women's Mentoring PSP called Shine is a partnership between SACRO, the lead partner, Circle, Venture Trust, Turning Point, Access to Industry, Barnardos, Apex and The Wise Group. Circle's role is to support mothers in prison, on remand and on community orders and their families.
- National Prolific Male Offenders PSP called New Routes is a partnership between The Wise Group, the lead partner, Circle, SACRO, Apex, SAMH, Turning Point, Families Outside, Relationship Scotland and YCSA. Circle's role is to support fathers in prison and their families.
- New pilot Project funded by CJA which works with mothers on community orders in Lanarkshire.

DIRECTORS' REPORT (CONTINUED)

Achievements and performance from April 2015 to March 2016

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

Circle's income for this financial year, April 2015 to March 2016, is £1,723,682 a reduction of £494,467. This is due to a number of funding streams coming to an end and Circle ending its involvement in the New Routes PSP. Overall this has resulted in ten redundancies throughout the year (from a starting staff of 55). On the whole Circle has weathered the storm well.

During this financial year we have been successful in a number of funding bids that will commence in April 2016 and will stand us in good stead for the next three years. These include:

- Successful applications to The Robertson Trust for £60,000 over three years and the Dulverton Trust for £90,000 over three years for infrastructure funding; this will enable us to employ a new Income Generation Manager
- A successful application to the Scottish Government's Children, Young People and Families Early Intervention Fund for £70,000 a year for three years; this will enable us to continue to employ a fulltime Business Manager and a part time Development Manager
- A successful tender bid to the City of Edinburgh Council's Alcohol and Drugs Partnership for £419,365 a year for three years; this will enable us to continue the work of Circle's Harbour Project in Edinburgh in partnership with CrossReach
- A successful application to the City of Edinburgh Council's Children and Families Grant Fund for £137,310 a year for three years; this will enable us to continue the work of Circle's Haven Project in Edinburgh
- A successful application to Big Lottery's Investing in Communities Fund for £489,070 over three years; this will enable us to provide support to mothers on community orders in Lanarkshire
- A successful application to Big Lottery's Improving Lives Fund for £137,918 over three years, this will enable us to support fathers with substance use issues, during their partner's pregnancy and after their baby's birth in Edinburgh in partnership with PrePare
- Two successful applications to Edinburgh and Lothians Health foundation for £37,000 for one year for Circle's East and Midlothian Family Support Project and £37,000 for one year for Circle's West Lothian Family Support Project.

Between April 2015 and March 2016 Circle provided whole family support to 715 families comprised of 1,317 children, 1,043 parents, and 67 kinship carers; in total Circle worked with 2,631 family members. Although we experienced a substantial reduction in funding we achieved a slight increase in the numbers of families we worked with.

Circle staff record the work that they do with families against five overarching outcomes, using recognised indicators to evidence "journey travelled" for the families. The quarterly recording of outcome assessments for families shows the following for 2015-16:

- 414 families reported *improved health and well-being*, including
 - 161 who reduced or stopped their drug/alcohol misuse
 - 218 whose physical, mental and emotional health had improved
 - 181 for whom family relationships had improved
- 336 families reported that they had *increased equality of opportunity*, including
 - 151 for whom their finances had improved
 - 77 who had managed to get involved in work
 - 83 who had got involved in training and education

DIRECTORS' REPORT (CONTINUED)

Achievements and performance from April 2015 to March 2016 (Continued)

- 335 families reported that their children were *living in safer, more secure and stimulating home environments*, including
 - 150 who were spending more time with their children
 - 143 who had improved their parenting skills through better routines and boundaries in the home

- 225 families reported that their children were *making a positive contribution in school and in the community*, including
 - 103 whose children were more involved in community activities
 - 82 who were getting their children to school more often and on time
 - 89 for whom their children's achievement/attainment had increased

- 310 families reported that they were now *living in safer community environments*, including
 - 138 who had secured suitable accommodation
 - 121 who were getting care of or contact with their children
 - 94 who had reduced the frequency and severity of their reoffending

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

In April 2015, seven families from Edinburgh benefited from caravan holidays at Pettycur Bay in Fife funded through Edinburgh ADP; the funding also covered transport to and from the holiday and activity passes which allowed the children to experience a range of activities. For most of the families this was their first ever holiday. This was repeated in March 2016 for another seven families as Easter came early this year.

In May 2015 Edinburgh and Lothian Greenspace Trust awarded Circle's Haven Project £350 to develop its garden; this has enabled children and parents to create an edible garden and grow fruit and vegetables throughout the year.

Throughout the month of July 2015 Circle's Lanarkshire Family Support Project ran a Fun in the Forest programme for children; this involved building dens, outdoor cooking and learning about the plants and trees and wildlife that grow and live in the forest.

Throughout the month of July 2015 Circle's Haven Project's dads and their children enjoyed a varied activity programme that included games in the park, cycling to Cramond and canoeing on the Union Canal.

In July 2015, 33 families from Circle's East Lothian Family Support Project enjoyed a picnic on Musselburgh beach. The picnic was donated by Tesco, Baynes Bakers and the Sheriffhall Café in Musselburgh.

In July 2015, 43 children enjoyed week long camping trips in a variety of settings throughout Scotland. These holidays were coordinated by a staff member from the FABI team and were funded by the Prison Fellowship and organised and staffed by the Scripture Union.

In August 2015, a number of families from Circle's Harbour Project enjoyed a family BBQ funded by Cash for Kids. There was face painting, bouncy castles and even the local fire crew turned up. The children were delighted to be allowed to explore the fire engine and try out the hoses.

In August 2015, a number of families from the Haven Project took part in a storytelling week; the week was a great success and resulted in a fantastic story named "The Alien Assignment". The story was published as a book using the children's artwork and the book was launched in November 2015.

In October 2015 Big Lottery's Communities and Families Fund awarded Circle's Haven Project £10,000 to run a variety of activities for families throughout the year.

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DIRECTORS' REPORT (CONTINUED)

In December 2015 Circle was delighted to be one of Edinburgh's Christmas Tree Festival's chosen charities. A number of children and parents made decorations and decorated Circle's very own Christmas tree which was on display at St Andrew's and St George's West Church in Edinburgh throughout the festive season. The Festival awarded Circle £1,135 in January 2016.

In December 2015 the Tartan Army Children's Charity awarded Circle's FABI team £5,000 towards the cost of Christmas hampers for families and Christmas gifts for children affected by parental imprisonment. 56 families and 93 children benefited from this.

In December 2015 all the families Circle works with benefited from Christmas gifts for children and Christmas hampers for families from donations made by the Salvation Army, Cash for Kids, Edinburgh Nursery, Inverleith Church, Pilrig and St Paul's Church in Edinburgh and St Mary's Episcopal Church in Hamilton.

In December 2015 the Lord Provost provided Circle with five tickets for families to be his guests at a production of Snow White and the Seven Dwarfs at the King's Theatre. The children who attended with parents/carers received ice cream, a selection box, a Christmas present and got to meet the cast.

In March 2016 Lloyds TSB Foundation for Scotland on behalf of the STV Appeal awarded Circle £2,342 for activities and outings for children and young people living with kinship carers. This funding enabled one young girl to join a gymnastics class, paying for her lessons and necessary kit. For another young person the funding covered the cost of his provisional driving licence, theory test materials and a number of driving lessons. For a number of younger children it paid for visits to places like Edinburgh Zoo with their kinship carers.

Between April 2015 and March 2016 staff applied for individual grants for families and raised £7,918 to improve the home environments of the families Circle works with, through the purchase of white goods bedding and furniture.

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

Circle provides practice learning opportunities for social work students which are supervised by staff who are practice teachers. Between April 2015 and March 2016 Circle provided 19 placements and 4 observation opportunities to social work students from Edinburgh, Stirling and Glasgow universities and the Open University.

In April 2015 one member of staff started her Practice Learning Qualification (PLQ) course; in June 2015 one member of staff completed her PLQ course and is now a qualified Practice Teacher. In October 2015 two members of staff completed their Link Worker training. This course is done in preparation for embarking on a PLQ course in the future.

Between April 2015 and March 2016 a number of staff undertook external training courses in 'Strengthening Families', 'Parents Under Pressure' and 'Incredible Years'. These are all accredited courses used throughout the Local Authorities we work in and effectively encourage partnership work between partner agencies both voluntary and statutory.

Between April 2015 and March 2016 there have been a number of changes in the Management team. Two new external appointments were made, a new Practice Learning and Development Manager came into post in April 2015 and a new Service Development Manager came into post in June 2015. In September Circle's Operations Manager resigned to take up a full time PhD and although the post was advertised externally it was an internal candidate who was successful. This has proved a seamless transition. Two of Circle's family support workers were also promoted to Management posts in October 2015. The organisation has managed these changes well and is stronger as a result.

Between April 2015 and March 2016 two Advisory Panel members resigned, one to take up a new post in Canada and one to take up a new post in England. Three new Advisory Panel members have been recruited and bring a wealth of experience in child health and the impact of neglect and abuse, public health, and the drug and alcohol field.

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DIRECTORS' REPORT (CONTINUED)

Between April 2015 and March 2016 the Board, Management team and staff have worked with Intrelate to improve our outcome focused recording, monitoring and evaluation systems.

In October 2015 Circle undertook a review of our recruitment processes to improve them and to make them more competency based. This has proved beneficial in the recruitment that has taken place since then.

In November 2015 St Mary's for All in Hamilton completed its renovation and the Circle Lanarkshire staff and FBI staff were able to move back in. In December 2015 Circle's Staff Development Day was held at St Mary's; this was attended by students, staff, managers and a couple of Board members. The morning was spent reflecting upon our practice over the last year and sharing our learning with each other. A celebratory Christmas lunch was then had by all.

In January 2016 the Management and Board held an Away Day to review Circle's Strategic Plan and to draw up an Action Plan for 2016 which encompassed both worst and best case scenarios in terms of finance and human resource planning.

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

In April 2015 a member of staff and service users presented at two Holyrood conferences on our work with mothers and fathers in prison and the community. Service users shared their experiences of the criminal justice system and the positive impact Circle's support has made to them and their families.

In May 2015 a member of staff and service users presented a piece of research on Circle's work with fathers titled 'Working with Fathers: Promoting Positive Involvement of Fathers in Vulnerable Families' at an international conference run by the British Association for the Study and Prevention of Child Abuse and Neglect.

In May 2015 a member of staff and service users presented at a NHS Maternal and Early Years Conference.

In May 2015 Circle's Kinship Choir was featured on The Fountainbridge Show on STV Edinburgh. We took this opportunity to talk to viewers about the needs of kinship families.

In June 2015 Circle's Inter School Social Education Project (ISSEP) was a finalist in the Scottish Charity Awards.

In June 2015 an article about Circle's work with families with children affected by parental imprisonment appeared in Justice Matters quarterly publication.

In September 2015 Circle was involved in a roundtable event to discuss and debate issues being raised through the JRF anti-poverty strategy work and the Scottish Government's Fairer Scotland discussions on Childhood.

In October 2015 Circle held its third Annual Lecture, Professor Brigit Daniel presented a lecture titled 'Doing the Best for Children and Families When Times Are Hard'. This was well received and elicited an excellent question and answer session.

In October 2015 Naomi Eisenstadt, the Scottish Government's independent anti-poverty advisor, attended a focus group and talked to twelve parents Circle works with on the impact of welfare reform. The group's contribution was highlighted in Naomi's report 'Shifting the Curve' which she presented to the First Minister in January 2016.

In November 2015 The Shine PSP won the Herald Award for partnership work. A Circle member of staff and one of the mothers she works with also took part in a new Shine DVD which has already been used at two conferences.

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DIRECTORS' REPORT (CONTINUED)

In December 2015 Circle in partnership with the West Lothian PSP and West Lothian Council, organised an event titled 'Celebrating Whole Family Support'. A Circle member of staff and a group of mothers we work with presented a workshop titled 'Families Own Experiences'.

In February 2016, Circle, in Partnership with Families Outside and HMP Addiewell, held a Year of the Dad seminar in Addiewell Prison. Four of the dads Circle works with spoke of their positive experiences of being dads and how this was keeping them from returning to a life of crime and imprisonment.

In February 2016 at the request of the Violence Reduction Unit, Circle hosted four senior police officers from England who were undertaking a Senior Policing Strategic Command Course. The police officers spent two days shadowing Circle staff members and meeting and speaking to the families. This was a learning experience for everyone concerned and was hugely successful.

In March 2016 two Circle staff won Scottish Social Work Awards. Aileen Campbell, the Minister for Children, Young People and Families presented the awards to Pete Cloke who won Social Worker of the Year for his work with dads, and Sylvia Sword who won Practice Teacher of the Year for her work with social work students on placement at Circle.

Financial Review

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

The financial results for the year to 31st March 2016 have been materially impacted by the requirement to recognise the net present value of payments agreed to be made to fund past service deficits relating to the organisation's defined benefit pension scheme. This has impacted on the opening unrestricted reserves and has resulted in a material charge to the unrestricted reserves. Setting aside these adjustments, the Directors are satisfied with the underlying financial performance, particularly given the difficult financial context in which we are currently operating.

Investment Policy

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

Principal Funding Sources

The principal funding sources for the charity are by way of grant and contract income from the City of Edinburgh Council, West Lothian Council, Scottish Government and payments from Universities for practice placements for student social workers. The charity is also receiving one to three year grants from a number of large trusts and foundations, including Lloyds TSB Foundation for Scotland, The Robertson Trust, Henry Smith Charity, R S Macdonald Charitable Trust and Big Lottery. The charity has benefited hugely from personal donations and personal Trusts.

As stated previously under Achievements and Performance this has been a difficult year for Circle financially in that we have seen a reduction in income of almost £500,000. During this period of financial woe we have been successful in a number of funding bids that will commence in April 2016 and will stand us in good stead for the next three years.

DIRECTORS' REPORT (CONTINUED)

Financial Review (continued)

Reserves Policy

The Directors' long term aim is to ensure that the charity builds up general funds equivalent to approximately three months running expenses for the total organisation. At current levels of activity that is equivalent to around £472,373. 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, at the beginning of this accounting period total unrestricted reserves stood at £404,899, however the requirement to recognise the deficit on the pension scheme has reduced this figure to £183,604. The Directors have taken prudent measures to reduce the exposure of the organisation to pension scheme deficits and will now seek to work to reduce the gap between the target and actual level of reserves through continuing to seek grants and donations.

Restricted reserves amounted to £422,542 (2015: £288,776) at the year end, the details of which are set out in note 15.

Pension Fund

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

The Directors consider the deficit payments required under the scheme to be manageable within the overall resources of the Charity. The Directors equally recognise the impact that the recognition of the deficit has had both on the unrestricted reserves, as referenced above, and on the balance sheet.

Principal risks and uncertainties

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.

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

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

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

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

Another major risk to the charity has been an increasing pension deficit, as a result of this the Directors decided to change the charity's Pension provider in April 2015 and agreed a Deficit Reduction Plan with the charity's previous pension provider. Due to pension legislation the charity was obliged to auto-enrol all staff into the new scheme; this comes with an addition financial cost to the charity.

DIRECTORS' REPORT (CONTINUED)

Financial Review (continued)

Winning a Tender in February 2016 created another major risk to charity in that it created a TUPE situation with potential new pension liabilities. It was an extremely complex process and created a huge amount of additional work. The Directors sought specialist legal advice as the information required was outwith the remit of the charity's HR provider and came at a considerable cost which was not budgeted for. It was a huge learning curve and will prepare the charity well for future tendering opportunities.

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

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

Plans for Future Periods

Circle plans to continue the activities outlined above in the forthcoming year subject to satisfactory funding arrangements. The major financial concern for the charity is its reliance on short term and uncertain funding sources, the introduction of Public Social Partnerships, tendering for contracts and the reduction in ring fenced funding to Councils. This means that fundraising in support of existing services and new developments will remain a key priority of the charity.

Circle will seek funds in support of the following areas of activities:

- Project funding - where the current income associated with a project is insufficient to cover the total cost and where the project is thus required to demonstrate that action is in hand to address this position.
- Quality assurance and sustainability – the charity will continue efforts to generate funds to cover organisation costs. These include the costs of central support systems such as finance, payroll, HR and IT support, the costs of supervision, management, quality assurance and regulatory costs. The charity has the strategic aim of covering all these costs through overall project funding; however it recognises that this may not always be possible and that some flexibility is required. It will therefore continue to make appropriate applications for organisation and development costs.
- Development and innovation – the charity wishes to develop further its capacity to identify new service needs and pilot innovative projects to support these. This requires an element of funding to be available to respond to policy change and undertake assessments of need.

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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 (revised July 2014). It is registered as a Scottish charity with OSCR. The Board is the governing body of Family Service Unit Scotland. The members of the Board are both directors of the Company and trustees of the charity. Family Service Unit Scotland is known as Circle.

Appointment of Directors

As set out in the Articles of Association at an Annual General Meeting the Company may by ordinary resolution (subject to Article 79) appoint or reappoint as an elected Director any member in respect of whom a written notice of willingness has been received in compliance with Article 76.

Director induction and training

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

Organisation

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

Related parties

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

Barry Rose who was Chair of the Board of Directors of Family Service Unit Scotland until July 2015, was Chair of the Board of Baillie Gifford Shin Nippon plc. and is a Director of Aberdeen Smaller Companies 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.

Key management personnel and remuneration policy

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

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

Reference and administrative details

Information about the charity is set out on page 1.

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DIRECTORS' REPORT (CONTINUED)

Statement of Directors' Responsibilities

The Directors (who are also trustees of Family Service Unit Scotland for the purposes of charity law) are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- 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

26/7 / 2016

INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS AND MEMBERS

We have audited the financial statements of Family Service Unit Scotland for the year ended 31 March 2016 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cashflows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom 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 12, the directors (who are also the trustees of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

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

Scope of the audit of the financial statements

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

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 2016, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (applicable to smaller entities); and
- have been prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

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

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

1/8/2016

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

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

STATEMENT of FINANCIAL ACTIVITIES
(including Income and Expenditure Account)

For the year ended 31 March 2016

	Notes	Un- Restricted Funds £	Restricted Funds £	Total 2016 £	Un- Restricted Funds £	Restricted Funds £	Restated Total 2015 £
Income from:							
Donations		17,396	-	17,396	31,663	-	31,663
Charitable activities	3	-	1,703,753	1,703,753	-	2,182,917	2,182,917
Investments							
– bank interest		2,533	-	2,533	3,569	-	3,569
Total income		19,929	1,703,753	1,723,682	35,232	2,182,917	2,218,149
Expenditure							
Raising funds	4	97	-	97	188	-	188
Charitable activities	5	241,127	1,889,493	2,130,620	2,928	2,039,867	2,042,795
Total expenditure		241,224	1,889,493	2,130,717	3,116	2,039,867	2,042,983
Net expenditure/(income) and net movement in funds for the year							
		(221,295)	(185,740)	(407,035)	32,116	143,050	175,166
Reconciliation of funds							
Fund balances as previously stated		434,174	431,826	866,000	404,197	288,776	692,973
Prior year adjustment	22	(29,275)	-	(29,275)	(31,414)	-	(31,414)
Fund balances brought forward at 1 April	15,16	404,899	431,826	836,725	372,783	288,776	661,559
Fund balances carried forward at 31 March	15,16	183,604	246,086	429,690	404,899	431,826	836,725

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

The notes on pages 18 to 29 form part of these financial statements.

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

BALANCE SHEET

As at 31 March 2016

	Notes	£	2016 £	Restated 2015 £
Fixed assets				
Tangible assets	10		8,289	11,600
Current assets				
Debtors	11	59,399	103,612	
Cash at bank and in hand		788,692	869,688	
		-----	-----	
		848,091	973,300	
Liabilities: amounts due within one year	12	190,974	122,943	
		-----	-----	
Net current assets			657,117	850,357
			-----	-----
Total assets less current liabilities			665,406	861,957
			-----	-----
Liabilities: amounts due after more than one year	14		235,716	25,232
			-----	-----
Net assets			429,690	836,725
			=====	=====
Funds				
Unrestricted funds	16		183,604	404,899
Restricted funds	15		246,086	431,826
			-----	-----
			429,690	836,725
			=====	=====

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

The financial statements were approved by the Directors on 26/7/2016 and are signed on their behalf by:



.....
Caroline Lamb, Director



.....
Val Cox, Director

Company No. SC296943

The notes on pages 18 to 29 form part of these financial statements.

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

STATEMENT OF CASHFLOWS

For the year ended 31 March 2016

	Notes	2016 £	2015 £
Cash (used in) / provided by operating activities	21	(83,529)	113,620
		-----	-----
Cash flows from investing activities			
Bank interest income		2,533	1,643
Purchase of fixed assets		-	(8,376)
		-----	-----
Cash/(used in) investing activities		2,533	(6,733)
		-----	-----
(Decrease)/Increase in cash and cash equivalents in the year		(80,996)	106,887
Cash and cash equivalents at the beginning of the year		869,688	762,801
		-----	-----
Cash and cash equivalents at the end of the year		788,692	869,688
		=====	=====
 Analysis of cash and cash equivalents			
Cash at bank – current accounts		287,235	469,688
Cash at bank – term deposits		501,457	400,000
		-----	-----
		788,692	869,688
		=====	=====

The notes on pages 18 to 29 form part of these financial statements.

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

NOTES to the FINANCIAL STATEMENTS

For the year ended 31 March 2016

1. Company information

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

2. Accounting policies

Basis of accounting

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

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

Transition from and Reconciliation with previous Generally Accepted Accounting Practice

The date of transition is 1 April 2014, with the financial statements for the year ended 31 March 2015 being the last prepared under the old UK GAAP.

Reconciliation with previous Generally Accepted Accounting Practice

In preparing the financial statements, the Directors have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102 a restatement of comparative items was needed.

In accordance with the requirements of FRS 102 a reconciliation of opening balances and net income/(expenditure) for the year is provided with the net income/(expenditure), and liabilities under previous GAAP adjusted for the recognition of agreed payments to fund past service deficits on the company's pension scheme. Further detail in relation to this is set out in note 22.

In carrying out the transition to FRS102, the company has not applied any of the optional exemptions as permitted by Section 35 "Transition to this FRS".

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.

Significant judgements and estimation uncertainty

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

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

(i) Useful economic lives of tangible assets

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

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

NOTES to the FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March 2016

Taxation

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

Donations, legacies and similar income

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

Investment income

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

Grants receivable

Grants received, including capital grants, are reflected in the Statement of Financial Activities when relevant conditions for entitlement have been met, it is probable they will be received, and the amounts can be quantified with sufficient reliability. Where donors specify that grants are for particular purposes, this income is included in incoming resources within restricted funds when receivable. Where grants are specifically made for the performance of charitable activities in a period subsequent to the year-end they are deferred and excluded from the Statement of Financial Activities.

Expenditure

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

Operating leases

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

Tangible fixed assets

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

Depreciation

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

Computer equipment – 33.3%

Telephone equipment – 10%

Debtors

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

Cash at bank and in hand

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

Creditors

Creditors are recognised where the company has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors are normally recognised at their settlement amount after allowing for any trade discounts due.

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

NOTES to the FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March 2016

Financial instruments

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

Pensions

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

Funds

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

3. Incoming resources from charitable activities	Restricted Funds	Total 2016	Total 2015
	£	£	£
Support for families and kinship carers	348,808	348,808	516,501
Support for families with children affected by substance abuse	835,478	835,478	1,046,664
Support for families with children affected by parental imprisonment	364,828	364,828	489,832
Support with employability for lone parents	84,639	84,639	46,520
Developmental Activities	70,000	70,000	83,400
	-----	-----	-----
	1,703,753	1,703,753	2,182,917
	=====	=====	=====

4. Cost of generating voluntary income	2016	2015
	£	£
Other fundraising costs	97	188
	-----	-----

5. Charitable activities	Direct Costs	Support Costs	Total 2016	Total 2015
	£	£	£	£
Restricted				
Support for families and kinship carers	262,060	39,657	301,717	510,854
Support for families with children affected by substance abuse	939,779	121,059	1,060,838	908,677
Support for families with children affected by parental imprisonment	340,555	41,224	381,779	484,125
Support with employability for lone parents	57,690	8,424	66,114	46,559
Developmental Activities	71,874	7,171	79,045	89,652
	-----	-----	-----	-----
	1,671,958	217,535	1,889,493	2,039,867
	=====	=====	=====	=====

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

NOTES to the FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March 2016

5. Charitable activities (Contd.)	Pension Deficit Costs £	Support Costs £	Total 2016 £	Total 2015 £
Unrestricted				
Support for families and kinship carers	36,169	-	36,169	527
Support for families with children affected by substance abuse	137,442	-	137,442	1,523
Support for families with children affected by parental imprisonment	48,226	-	48,226	703
Support with employability for lone parents	9,645	-	9,645	58
Developmental Activities	9,645	-	9,645	117
	-----	-----	-----	-----
	241,127	-	241,127	2,928
	=====	=====	=====	=====

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

6. Support Costs	Wages and Salaries £	Profes- sional Costs £	Total 2016 £	Total 2015 £
Restricted				
Support for families including kinship carers	35,475	4,182	39,657	58,421
Support for families affected by parental substance abuse	100,950	20,109	121,059	95,751
Support for families with children affected by parental imprisonment	37,243	3,981	41,224	52,005
Support with employability for lone parents	7,656	768	8,424	4,326
Developmental Activities	6,322	849	7,171	8,907
	-----	-----	-----	-----
	187,646	29,889	217,535	219,410
	=====	=====	=====	=====

	2016 £	2015 £
Unrestricted		
Support for families including kinship carers	-	912
Support for families affected by parental substance abuse	-	2,635
Support for families with children affected by parental imprisonment	-	1,216
Support with employability for lone parents	-	101
Developmental Activities	-	203
	-----	-----
	-	5,067
	=====	=====

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

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

NOTES to the FINANCIAL STATEMENTS (Contd.)
For the year ended 31 March 2016

7. Governance costs	2016	2015
	£	£
Auditor's remuneration - audit services	3,200	3,125
- non-audit services	690	745
-Other accounting services	1,350	-
Directors' liability insurance	438	1,197
	-----	-----
	5,678	5,067
	=====	=====

8. Net income	2016	2015
	£	£
This is stated after charging:		
Rentals payable in respect of operating leases – land and buildings	28,455	27,058
	=====	=====

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

	2016	2015
	£	£
Wages and salaries	1,343,191	1,489,851
Social security costs	122,944	146,221
Pension costs – annual employer contributions	116,487	71,633
Remeasurement and discounting adjustments – defined benefit scheme	241,000	(2,139)
Redundancy payments	6,149	-
Staff travel costs and pension advice fees	97,806	103,182
	-----	-----
	1,927,577	1,808,748
	=====	=====

No individual employees earned £60,000 or more, excluding employer pension contributions, during the year (2015: £Nil). None of the directors were remunerated for their duties as directors during the year. Out of pocket expenses totalling £Nil (2015: £Nil) were reimbursed during the year in respect of directors.

The key management personnel of the charitable company comprise the Directors and the Chief Executive. The total employee benefits of the key management personnel of the charitable company during the year were £59,641 (2015: £59,641).

The average number of employees during the period was 47 (2015: 58).

10. Tangible fixed Assets	Computer & Telephone Equipment
	£
Cost	
At 1 April 2015	50,349
Additions	-

At 31 March 2016	50,439

Accumulated depreciation	
At 1 April 2015	38,749
Charge for year	3,311

At 31 March 2016	42,060

Net book value	
At 31 March 2016	8,289
	=====
At 31 March 2015	11,600
	=====

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

NOTES to the FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March 2016

11. Debtors	2016	2015
	£	£
Other debtors	44,403	82,439
Prepayments	14,996	21,173
	-----	-----
	59,399	103,612
	=====	=====

12. Liabilities: amounts falling due within one year	2016	2015
	£	£
Trade creditors	24,728	6,933
Other creditors and accruals	7,224	20,523
Other taxes and social security costs	25,253	41,452
Pension deficit reduction plan payments (Note 20)	17,280	4,043
Deferred income (Note 13)	116,489	49,992
	-----	-----
	190,974	122,943
	=====	=====

13. Deferred income

Deferred income consists of the following balances, all of which relate specifically to periods subsequent to 31 March 2016:

	2016	2015
	£	£
East Lothian Family Support	55,000	-
Big Fund	31,849	30,922
Infrastructure Funding	30,000	-
Comic Relief	-	10,070
Early Years Partnership Development	-	9,000
	-----	-----
	116,849	49,992
	=====	=====

All amounts deferred at 31 March 2014 and 2015 were released in full in the following years.

14. Liabilities: amounts falling due after more than one year	2016	2015
	£	£
Pension deficit reduction plan payments (Note 20)	235,716	25,232
	=====	=====

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

NOTES to the FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March 2016

15. Restricted funds	Brought Forward	Incoming Resources	Resources Expended	Transfer of funds	Carried Forward
	£	£	£	£	£
West Lothian	38,717	108,575	(128,933)	-	18,359
Harbour	92,977	267,062	(352,628)	841	8,252
Haven	16,957	87,559	(59,606)	-	44,910
Sure Start	1,143	78,482	(79,625)	-	-
Practice Teaching	755	35,840	(35,974)	-	621
Kinship Care	23,931	22,165	(16,785)	-	29,311
Shine PSP	50,029	233,947	(244,997)	-	38,979
Addiewell	9,117	130,881	(136,783)	-	3,215
Early Intervention Project	92,242	381,269	(436,190)	-	37,321
East and Midlothian Family Support	60,561	78,571	(143,086)	5,381	1,427
Action Lone Parents	1,647	84,639	(66,114)	-	20,172
Children with Learning Disabilities	4,060	-	-	-	4,060
East Lothian Family Support	13,387	69,877	(70,506)	-	12,758
West Lothian Family Support	501	54,886	(39,221)	-	16,166
East Lothian Lloyds TSB	5,381	-	-	(5,381)	-
Early Years Partnership	841	-	-	(841)	-
Development Work	19,580	70,000	(79,045)	-	10,535
	-----	-----	-----	-----	-----
	431,826	1,703,753	(1,889,493)	-	246,086
	=====	=====	=====	=====	=====

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

Details of the nature of each fund are noted below:

West Lothian

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

Harbour Project

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

Haven Project

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

Surestart

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

Practice Teaching

Provides placements to universities for their social work students.

Kinship Care Team

Supports families with children being cared for by kinship carers.

Shine PSP

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

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

NOTES to the FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March 2016

15. Restricted funds (Contd.)

HMP Addiewell Project

Supports men who are fathers with children affected by parental drug and alcohol use and who are serving a sentence and will be returning to their families in North and South Lanarkshire and West Lothian.

Early Intervention Project

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

East and Midlothian Family Support

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

Action Lone Parents

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

Children with Learning Disabilities

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

East Lothian Family Support

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

West Lothian Family Support

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

East Lothian Lloyds TSB

Supports families with children affected by parental drug and alcohol use living in East Lothian. The opening balance on this fund was transferred to East Lothian Family Support on the basis that it was still able to be used for support of families in East Lothian.

Development Work

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

16. Unrestricted Funds	Restated Brought Forward	Income	Expenditure	Transfer	Carried Forward
	£	£	£	£	£
General unrestricted funds	404,899	19,929	(241,224)	-	183,604
	=====	=====	=====	=====	=====

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

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

NOTES to the FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March 2016

17. Analysis of net assets between funds	Fixed Assets £	Net Current Assets £	Due after More than One year £	Total £
Unrestricted funds	-	419,320	(235,716)	183,604
Restricted funds	8,289	237,797	-	246,086
	-----	-----	-----	-----
	8,289	657,117	(235,716)	429,690
	=====	=====	=====	=====

18. Financial commitments

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

	2016 £	2015 £
Within one year	2,371	2,322
	=====	=====

19. Related party transactions

Ian Barcroft who is a Director of Family Service Unit Scotland is also the Rector of St Mary's Episcopal Church. 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.

The aggregate amount of unconditional donations received from Directors during the year was £1,000 (2015: £500).

20. Pension scheme

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

The main benefits provided by the Scheme are a pension of one-eightieth of the member's career average revalued earnings for each year (and months proportionately) of pensionable service if contracted-out of the State scheme.

Contributions from 1 April 2012

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

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

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

NOTES to the FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March 2016

20. Pension scheme (Contd.)

The Trustee commissions an actuarial valuation of the Scheme every three years. The actuarial valuation assesses whether the Scheme's assets at the valuation date are likely to be sufficient to pay the pension benefits accrued by members as at the valuation date. Asset values are calculated by reference to market levels. Accrued pension benefits are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

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

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

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

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

As a result of pension scheme legislation there is a potential debt on the employer that could be levied by the Trustee of the Scheme. The debt is due in the event of the employer ceasing to participate in the Scheme or the Scheme winding up.

The debt for the Scheme as a whole is calculated by comparing the liabilities for the Scheme (calculated on a buyout basis i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Scheme. If the liabilities exceed assets there is a buy-out debt.

The leaving employer's share of the buy-out debt is the proportion of the Scheme's liability attributable to employment with the leaving employer compared to the total amount of the Scheme's liabilities (relating to employment with all the currently participating employers). The leaving employer's debt therefore includes a share of any 'orphan' liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Scheme liabilities, Scheme investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of debt can therefore be volatile over time.

Circle has been notified by The Pensions Trust of the estimated employer debt on withdrawal from The CARE Scheme, based on the financial position of the Scheme as at 30 September 2015. At this date the estimated employer debt for Circle was £1,554,000.

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

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

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

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NOTES to the FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March 2016

20. Pension scheme (Contd.)

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

Deficit contributions

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

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

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

	2016	2015
	£	£
Present value of provision	252,996	29,275
	=====	=====
Reconciliation of opening and closing provisions	2016	2015
	£	£
Provision at start of period	29,275	31,414
Unwinding of discount factor	-	773
Deficit contribution paid	(17,279)	(3,925)
Remeasurements – impact of any change in assumptions	241,000	1,013
	-----	-----
Provision at end of period	252,996	29,275
	=====	=====
Assumptions	2016	2015
	% pa	% pa
Rate of discount	2.24	1.61
	=====	=====

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

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

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NOTES to the FINANCIAL STATEMENTS (Contd.)

For the year ended 31 March 2016

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

	2016	2015
	£	£
Net movement in funds	(407,035)	175,166
Add back depreciation charge	3,311	12,663
Deduct interest income shown in investing activities	(2,533)	(3,569)
Decrease/(Increase) in debtors	44,213	(5,547)
(Decrease)/increase in creditors	278,515	(65,093)
	-----	-----
Net cash (used in)/provided by operating activities	(83,529)	113,620
	=====	=====

22. Reconciliation with previous Generally Accepted Accounting Practice and prior year adjustment

In accordance with the requirements of FRS 102 a reconciliation of opening balances and net income/(expenditure) for the year is set out below:

	£
Reconciliation of reported net income	
Net income as previously stated - 2015	173,027
Reallocation of deficit reduction plan payments to liabilities	3,925
Interest expense – unwinding of discount factor (Note 20)	(773)
Remeasurements – impact of changes in assumptions (Note 20)	(1,013)

2015 net income as restated	175,166
	=====

	1 April 2015	31 March 2016
	£	£
Reconciliation of reported opening reserves		
Opening reserves as previously stated	692,973	866,000
Adjustment for net present value of past service deficit reduction plan payments	(31,414)	(29,275)
	-----	-----
Opening reserves as stated	661,559	836,725
	=====	=====

Prior year adjustment

As a result of the adoption of FRS102 and the FRS102 SORP, the net present value of payments agreed to be made in order to fund past service deficits relating to the company's pension scheme has now been provided for. Opening unrestricted reserves as at 1 April 2015 have therefore been adjusted by £31,414 in respect of the additional liability not previously recognised.